

The Empire Life Insurance Company

Annual Report 2023



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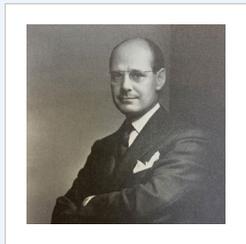
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1923 – Then

Our story begins in 1923, when our founders chose the name The Empire Life Insurance Company to convey strength, security and life. The Empire Life Insurance Company is founded in Toronto, Ontario by Milton Palmer Langstaff and his four business partners, W.B. Peace, Dr. H.C. Parsons, S. Casey Wood and Edward “Ward” Wright.

Our first policy was issued on February 22, 1923—a \$5,000 whole life policy with an annual premium of \$103.



1933

Charles (Percy) Fell becomes Empire Life’s third president, marking the beginning of an era.

1936

We move our head office to Kingston, Ontario into what is now known as the Historic Building at the corner of King East and William streets.



1956

The Jackman family becomes shareholders and Henry (Harry) R. Jackman is elected as Chairman of the Board of Directors.



1964

We begin selling segregated funds—one of the first companies to introduce investment funds into its product portfolio.

1926 - 1945



1934

Empire Life takes over the policies and sick benefit funds of the General Lodge of the Canadian Order of Oddfellows and amalgamates with the Mutual Relief Life Insurance Company two years later.

1948 - 1964



1957

We begin selling employee benefits plans in Canada and more than double our new business in six years—from \$15 million to \$36 million.

1968 - 1992

1970

Henry (Hal) N.R. Jackman succeeds his father as Chairman of the Board. Our inforce insurance business grows to \$1 billion.

1968

E-L Financial Corporation Limited, owned by the Jackman family, is formed as a holding company of Empire Life.

2023 – Now

Today, we are one of the top 10 life insurance companies in Canada*. Our story has been one of steady growth and innovation. We manage \$19 billion in assets** with more than 550,000 individual customers and 252,000 group plan members. We are 100% Canadian owned and operated and our focus is on understanding and meeting the financial needs of Canadians.

* Based on total assets as reported in December 31, 2022 OSFI filings

** As at December 31, 2023



1987

E-L Financial Corporation Limited brings together, through merger and acquisition activities, The Empire Life Insurance Company, The Montreal Life Insurance Company and the life insurance section of The Dominion of Canada General Insurance Company.

2003

Henry (Hal) N.R. Jackman retires from the Board of Directors and becomes Honorary Chairman. His son, Duncan N.R. Jackman, is named Chairman.

2005

Empire Life breaks into National Post Business magazine's Top 10 Life Insurance Companies list, based on assets, for the first time.

2012

We launch our Group eClaims service, which allows plan members to submit their claims online.

2015

Canadians now have the ability to buy term insurance online directly from us at empirelife.ca

Our parent company, E-L Financial Corporation Limited, increases its ownership share to 98.3%, solidifying its commitment to our company.

2021

We are the first Canadian insurer to issue Limited Recourse Capital Notes.

We purchase six financial services firms and amalgamate them into one wholly-owned subsidiary of Empire Life under the name TruStone Financial Inc.

1992 - 1997

2000 - 2012

2013 - 2022

1992

We acquire a block of group business from The Metropolitan Life Insurance Company.

1997

We acquire the Colonia Life Insurance Company (later renamed Concordia Life Insurance Company) and enter into the managing general agent (MGA) channel.

2002

We amalgamate Concordia Life Insurance Company into our operations.

2011

We set up a new wholly-owned subsidiary, Empire Life Investments Inc. (ELII), which begins selling mutual funds the next year.



2013

We launch Fast & Full®, a simple, fast and easy way for advisors to sell life insurance to their clients online. A major update to the app was released in 2019.

2019

We launch a new retirement and savings tool to help Canadians plan and achieve their financial goals. We invest in The Gryphin Advantage Inc. as a minority shareholder.

2022

We invest in EXOS Wealth Systems Inc. as a minority shareholder.

We enhance our digital life insurance application process with the creation of eVision Illustrator.

2023 Financial Highlights

155%

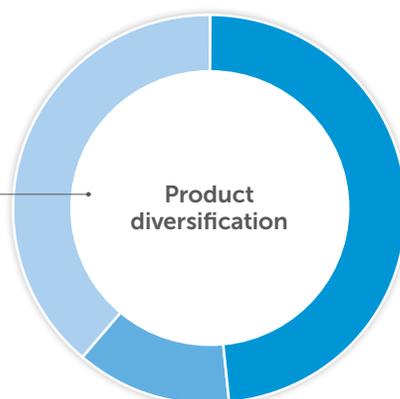
LICAT total ratio
as at December 31, 2023

Capital Strength

Our Life Insurance Capital Adequacy Test (LICAT) ratio is above the minimum requirements set by OSFI. The company continues to have a strong capital position under the LICAT framework.

What is a LICAT ratio?

The LICAT measures the capital adequacy of an insurer and is one of several indicators used by OSFI to assess an insurer's financial condition. OSFI has established supervisory target levels of 70% for Core and 100% for Total ratio.



Product diversification

Net insurance service result for the year ended December 31, 2023 is across three product lines:

Wealth Management

49%



Group Solutions

13%



Individual Insurance

39%



Common Shareholders'
Net Income
2023 (in millions)

\$156

Common Shareholders'
Net Income
2022 (in millions): \$55

Net insurance service result
2023 (in millions)

\$181

Net insurance service result
2022 (in millions): \$193

Total Assets Under Management
2023 (in millions)

\$18,668

Total Assets Under Management
2022 (in millions): \$17,574

Financial ratings

These financial ratings give you an independent opinion of our financial strength as an insurer and our ability to meet policyholder obligations.

Financial Strength Rating: A

Issuer Rating: A

Subordinated Debt Rating: A (low)

DBRS (as at May 25, 2023)

Note: The selected financial information presented above is derived from the audited Consolidated Financial Statements of The Empire Life Insurance Company and Management's Discussion and Analysis included in the Empire Life 2023 Annual Report.

Message from the Chairman of the Board

2023 Annual Report – Message from the Chair of the Board

The Empire Life Insurance Company celebrated our 100th anniversary in 2023. Interestingly, when reflecting on our 90th anniversary a decade ago, I mentioned that history repeats itself. Regardless of the era, it seems that industry changes and regulatory matters continued to play a significant role in how we do business. The same is true today as we mark a centennial of serving Canadians.

After 100 years, Empire remains the leading, independently owned Canadian financial services company. Empire started with a capital base of \$500,000 and a first policy of \$5,000. Today, we manage \$19 billion in assets. We provide service and solutions to 550,000 individual customers, 11,300 group employer customers and over 252,000 group life and health plan members. That's a remarkable achievement.

When asked what I think the future holds for Empire, I stated the next 100 years will look a lot like the last. Through the hard work of our teams—employees, management and distribution partners—we are well positioned to remain competitive while providing Canadians with the products they need to help build wealth and protect their financial security. Future challenges are like past challenges, and we will continue to meet these head on with innovative and financially sound solutions.

Despite the pandemic and some economic uncertainty of late, we've had some of the best years ever thanks to the commitment and dedication of our employees. We have earned a reputation for fairness, integrity and respect in our dealings with customers, employees and business partners. With the support of the Board of Directors, Empire will continue to be a people-based organization by Canadians and for Canadians.

It is for all these reasons that I am proud to be the third generation behind this great company. The strong foundation built by my grandfather and father continues to thrive today thanks to the employees of Empire Life. Congratulations to all on this exceptional milestone.



Duncan N. R. Jackman

Chair of the Board

February 29, 2024

Message from the President and Chief Executive Officer

2023 Annual Report – Message from the President and Chief Executive Officer

It's rare for a company to reach 100 years in business and Empire Life is proud to have reached this milestone in 2023. At the heart of Empire's longstanding success is its focus on people, purpose and strategy.

Everything that we've done for the last 100 years has been about relationships with people—providing financial services to our customers, support to our advisors and distribution partners, and a rewarding and mutually beneficial workplace for our employees.

Business strategy

Building and maintaining relationships and knowing our purpose are critical to implementing our 3D strategy—data, digital, distribution—especially during periods of rapid change or upset such as the pandemic. Our industry continues to experience rapid change in several areas. Customer expectations have been impacted by the availability of technology. We must increase the speed of transactions and ensure financial information is available to customers immediately. Our regulatory framework is also changing rapidly as government entities attempt to ensure oversight reflects the digital world in which we now live.

We have embraced change. We are investing heavily in our data management and digital infrastructure. We are measuring our customer service performance to ensure we meet expectations. We are fully committed to continuous improvement and offering the right solutions to Canadians. We believe we are well positioned to meet and exceed our goals.

Products and distribution

We have continued to focus on solving business problems that emerge, improving our productivity and customer service and seeking new ways to grow our business. I am immensely proud of all that we accomplished. It was a successful year due to the teamwork and focus on innovation that makes our company unique. We continued to streamline and improve processes in addition to several exciting launches.

Some highlights of our centennial year include:

- the launch of two new segregated funds under our Guaranteed Investment Fund contract that expands our ability to offer investors choice and diversification;
- the launch of digital enrolment for group plan members and a new mobile app for the group plan member website as well as a pilot of our Group Retirement Savings Plan; and
- the launch of a new eVision Investment Illustrator that gives advisors the power to create segregated fund portfolio illustrations for clients.

Corporate responsibility

We believe that corporate responsibility is a hallmark of corporate quality. In 2023, we continued a number of foundational Environmental, Social and Governance (ESG)-related activities including climate risk reporting, energy-saving and efficiency programs, essential cyber security and data privacy measures, and creating a safe and positive work environment.

We forged ahead on our diversity and inclusion (D&I) journey. In 2023, we added two new employee resource groups to provide support, promote collaboration, foster networking and encourage advancement of these communities and allies at Empire.

Our community investment program allows us to support people and organizations in our communities by providing both financial contributions and volunteer support. In honour of our 100th anniversary, we launched three special projects. The Empire Cares grant challenge encouraged employees to nominate and vote for

Message from the President and Chief Executive Officer

registered charities across the country with 10 each receiving a \$10,000 donation, for a total donation of \$100,000. The new Empire Cares volunteer program provides regular employees with one full working day each calendar year to volunteer in their community. Finally, we provided a three-year commitment to the Actuarial Foundation of Canada (AFC) Equality of Opportunity Fund that helps financially challenged Black, Indigenous and People of Colour (BIPOC) students attend university or college in actuarial, mathematics, data management and computer science programs.

Looking ahead

In 2023, we celebrated our 100th anniversary. Our mission is to assist individuals, families and small businesses build wealth and achieve financial security. This mission remains unchanged as we enter our second century. Our steadfast commitment to service has made us successful and is an enduring legacy.



Mark Sylvia

President and Chief Executive Officer

February 29, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

Dated as of February 29, 2024

This document provides Management's Discussion and Analysis (MD&A) of the operating results and financial condition of The Empire Life Insurance Company (Empire Life or the Company) for the years ended December 31, 2023 and 2022. This MD&A should be read in conjunction with the Company's Consolidated Financial Statements for the year ended December 31, 2023, which form part of The Empire Life Insurance Company 2023 Annual Report dated February 29, 2024. Unless otherwise noted, both the Consolidated Financial Statements and this MD&A are expressed in Canadian dollars. Some variances may not reconcile, and analysis of components may not sum to the analysis for the grouped components due to rounding.

MD&A contains forward-looking information and involves numerous risks and uncertainties, including, but not limited to, those described in the "Risk Factors" section of the Annual Information Form which is available at www.sedarplus.ca. No assurance can be given that results, performance or achievement expressed in or implied by any of the forward-looking information will occur or, if they do, that any benefits may be derived from them. Actual results may differ materially from those expressed or implied by such forward-looking information. See the Forward-Looking Statements and Information section in this report.

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB) (IFRS Accounting Standards). This MD&A makes reference to certain non-IFRS measures. These measures are not recognized measures under IFRS Accounting Standards and do not have a standardized meaning prescribed by IFRS Accounting Standards. Therefore, they are unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information and complement IFRS Accounting Standards measures by providing further understanding of the Company's results of operations from management's perspective. Accordingly, they should not be considered in isolation nor as a substitute for analysis of the Company's financial information under IFRS Accounting Standards. Refer to the Non-IFRS Measures section in this report. Note that certain comparative amounts have been reclassified and restated to conform with the presentation adopted in the current period.

Financial Analysis - Overview

(in millions of dollars except per share amounts)	Fourth quarter		Year	
	2023	2022 restated	2023	2022 restated
Common shareholders' net income (loss)	\$ 111	\$ 5	\$ 156	\$ 55
Earnings per share - basic and diluted	\$ 112.15	\$ 5.32	\$ 158.70	\$ 55.72

Empire Life reported fourth quarter common shareholders' net income of \$111 million for 2023, compared to net income of \$5 million for the fourth quarter of 2022. Full year common shareholders' net income was \$156 million compared to \$55 million in 2022. The increase in common shareholders' net income for the fourth quarter and full year compared to the prior year was primarily due to higher net investment and insurance finance results driven by a more favourable economic environment from interest rate movements and positive equity returns.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Selected Financial Information

Statement of Operations Information (in millions of dollars)	For the years ended December 31	
	2023	2022 restated
Insurance service result	\$ 254	\$ 237
Net recovery (expense) from reinsurance contracts held	(73)	(44)
Net insurance service result	181	193
Net investment result, excluding segregated funds	789	(1,654)
Net insurance finance income (expense), excluding segregated funds	(653)	1,568
Segregated funds net investment and insurance finance result	—	—
Net investment and insurance finance result	136	(86)
Total other income and expenses	(81)	(50)
Net income (loss) before taxes	236	57
Income taxes	(46)	2
Net income (loss) after taxes	190	59
Other comprehensive income (loss), net of income taxes:		
Remeasurements of post-employment benefit liabilities	(1)	25
Total comprehensive income (loss)	189	84
Return on common shareholders' equity	10.5 %	4.0 %
Earnings per share - basic and diluted (\$)	158.70	55.72

Statement of Financial Position Information, as at (in millions of dollars)	December 31, 2023	December 31, 2022 restated	January 1, 2022 restated
Assets			
Cash and cash equivalents	\$ 348	\$ 176	\$ 193
Investments	8,917	8,160	9,839
Other assets	587	656	516
Segregated fund assets	8,813	8,566	9,257
Total assets	\$ 18,665	\$ 17,558	\$ 19,805
Liabilities			
Insurance contract liabilities, excluding segregated fund account balances	\$ 6,708	\$ 6,145	\$ 7,598
Reinsurance contracts held liabilities	253	217	339
Investment contract liabilities, excluding segregated fund account balances	490	335	322
Subordinated debt	399	399	399
Insurance and investment contract liabilities for account of segregated fund holders	8,813	8,566	9,257
Other liabilities	113	111	105
Total liabilities	16,776	15,772	18,020
Total equity	1,888	1,785	1,785
Total liabilities and equity	\$ 18,665	\$ 17,558	\$ 19,805

MANAGEMENT'S DISCUSSION AND ANALYSIS

Other Financial Information, as at (in millions of dollars)	December 31, 2023	December 31, 2022 restated	January 1, 2022 restated
Assets under management⁽¹⁾			
General fund assets ⁽¹⁾	\$ 9,852	\$ 8,992	\$ 10,548
Segregated fund assets ⁽¹⁾	8,813	8,566	9,257
Subordinated debt	399	399	399
Preferred shares and other equity	297	297	250

(1) See Non-IFRS Measures.

LICAT Ratio Information (in millions of dollars)	As at December 31		
	2023	2022 ⁽¹⁾	2021 ⁽¹⁾
Available regulatory capital			
Tier 1	\$ 2,135	\$ 1,776	\$ 1,898
Tier 2	714	600	591
Total	2,849	2,376	2,489
Surplus allowance and eligible deposits	651	916	1,115
Base solvency buffer	2,252	2,393	2,508
LICAT total ratio	155%	138%	144%
LICAT core ratio	115%	101%	107%

(1) Amounts prior to January 1, 2023 have not been adjusted for the impacts from the adoption of IFRS 17 and IFRS 9. For additional details on the 2022 amounts, please refer to Note 2.4 New and amended standards and interpretations in our Consolidated Financial Statements.

Cash dividends per share	For the years ended December 31		
	2023	2022	2021
Preferred shares series 1	\$ —	\$ —	\$ 0.72
Preferred shares series 3	\$ 1.55	\$ 1.23	\$ 1.23
Common shares	\$ 76.32	\$ 73.80	\$ 53.27

MANAGEMENT'S DISCUSSION AND ANALYSIS

Results by Product Line

The following tables provide a summary of Empire Life results segmented by product line for the periods ended December 31, 2023 and December 31, 2022. A discussion of results is provided in the Product Line Results sections of the MD&A.

For the three months ended December 31, 2023 (in millions of dollars)	Wealth Management	Group Solutions	Individual Insurance	Capital & Surplus	Total
Insurance service result					
Insurance revenue	\$ 58	\$ 163	\$ 114	\$ —	335
Insurance service expenses	(38)	(149)	(78)	—	(265)
Insurance service result	20	14	36	—	70
Net recovery (expense) from reinsurance contracts held	—	(5)	(17)	—	(22)
Net insurance service result	20	9	19	—	48
Investment and insurance finance result					
Investment income (loss), excluding segregated funds					
Investment income	67	17	721	158	963
Change in investment contracts	(19)	—	—	—	(19)
Net investment result, excluding segregated funds	48	17	721	158	944
Insurance finance income (expense), excluding segregated fund account balances					
Insurance contracts	(33)	(20)	(699)	—	(752)
Reinsurance contracts held	1	10	(61)	—	(50)
Net insurance finance income (expense), excluding segregated funds	(32)	(10)	(760)	—	(802)
Segregated funds net investment and insurance finance result					
Investment income (loss) on investments for segregated fund account balances	538	—	1	—	539
Insurance finance income (expenses) segregated fund account balances	(538)	—	(1)	—	(539)
Segregated funds net investment and insurance finance result	—	—	—	—	—
Net investment and insurance finance result	16	7	(39)	158	142
Other income and expenses					
Fee and other income	—	2	—	7	9
Non-insurance expenses	(8)	(4)	(5)	(11)	(28)
Interest expenses	—	—	—	2	2
Total other income and expenses	(8)	(2)	(5)	(2)	(17)
Net income (loss) before taxes	28	14	(25)	156	173
Income taxes					(35)
Net income (loss) after taxes					138
Less: net income (loss) attributable to the participating account					20
Shareholders' net income (loss)					118
Less: preferred share dividends declared and distributions on other equity instruments					(7)
Common shareholders' net income (loss)				\$	111

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended December 31, 2022 restated (in millions of dollars)	Wealth Management	Group Solutions	Individual Insurance	Capital & Surplus	Total
Insurance service result					
Insurance revenue	\$ 58	\$ 156	\$ 109	\$ —	323
Insurance service expenses	(31)	(142)	(74)	—	(247)
Insurance service result	27	14	35	—	76
Net recovery (expense) from reinsurance contracts held	4	(8)	(14)	—	(18)
Net insurance service result	31	6	21	—	58
Investment and insurance finance result					
Investment income (loss), excluding segregated funds					
Investment income	(1)	1	(3)	3	—
Change in investment contracts	(4)	—	—	—	(4)
Net investment result, excluding segregated funds	(5)	1	(3)	3	(4)
Insurance finance income (expense), excluding segregated fund account balances					
Insurance contracts	(5)	(3)	(41)	—	(49)
Reinsurance contracts held	—	1	8	—	9
Net insurance finance income (expense), excluding segregated funds	(5)	(2)	(33)	—	(40)
Segregated funds net investment and insurance finance result					
Investment income (loss) on investments for segregated fund account balances	519	—	(1)	—	518
Insurance finance income (expenses) segregated fund account balances	(519)	—	1	—	(518)
Segregated funds net investment and insurance finance result	—	—	—	—	—
Net investment and insurance finance result	(10)	(1)	(36)	3	(44)
Other income and expenses					
Fee and other income	1	2	(1)	6	8
Non-insurance expenses	(8)	(4)	(4)	(3)	(19)
Interest expenses	—	—	—	3	3
Total other income and expenses	(7)	(2)	(5)	6	(8)
Net income (loss) before taxes	14	3	(20)	9	6
Income taxes					7
Net income (loss) after taxes					13
Less: net income (loss) attributable to the participating account					1
Shareholders' net income (loss)					12
Less: preferred share dividends declared and distributions on other equity instruments					(7)
Common shareholders' net income (loss)				\$	5

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended December 31, 2023 (in millions of dollars)	Wealth Management	Group Solutions	Individual Insurance	Capital & Surplus	Total
Insurance service result					
Insurance revenue	\$ 235	\$ 639	\$ 452	\$ —	1,326
Insurance service expenses	(147)	(598)	(327)	—	(1,072)
Insurance service result	88	41	125	—	254
Net recovery (expense) from reinsurance contracts held	—	(17)	(56)	—	(73)
Net insurance service result	88	24	69	—	181
Investment and insurance finance result					
Investment income (loss), excluding segregated funds					
Investment income	72	16	598	131	817
Change in investment contracts	(28)	—	—	—	(28)
Net investment result, excluding segregated funds	44	16	598	131	789
Insurance finance income (expense), excluding segregated fund account balances					
Insurance contracts	(34)	(22)	(557)	—	(613)
Reinsurance contracts held	1	10	(51)	—	(40)
Net insurance finance income (expense), excluding segregated funds	(33)	(12)	(608)	—	(653)
Segregated funds net investment and insurance finance result					
Investment income (loss) on investments for segregated fund account balances	734	—	2	—	736
Insurance finance income (expenses) segregated fund account balances	(734)	—	(2)	—	(736)
Segregated funds net investment and insurance finance result	—	—	—	—	—
Net investment and insurance finance result	11	4	(10)	131	136
Other income and expenses					
Fee and other income	1	8	—	22	31
Non-insurance expenses	(30)	(16)	(19)	(30)	(95)
Interest expenses	—	—	—	(17)	(17)
Total other income and expenses	(29)	(8)	(19)	(25)	(81)
Net income (loss) before taxes	70	20	40	106	236
Income taxes					(46)
Net income (loss) after taxes					190
Less: net income (loss) attributable to the participating account					22
Shareholders' net income (loss)					168
Less: preferred share dividends declared and distributions on other equity instruments					(12)
Common shareholders' net income (loss)				\$	156

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended December 31, 2022 restated (in millions of dollars)	Wealth Management	Group Solutions	Individual Insurance	Capital & Surplus	Total
Insurance service result					
Insurance revenue	\$ 234	\$ 604	\$ 417	\$ —	1,255
Insurance service expenses	(126)	(585)	(307)	—	(1,018)
Insurance service result	108	19	110	—	237
Net recovery (expense) from reinsurance contracts held	3	(13)	(34)	—	(44)
Net insurance service result	111	6	76	—	193
Investment and insurance finance result					
Investment income (loss), excluding segregated funds					
Investment income	(77)	(15)	(1,336)	(236)	(1,664)
Change in investment contracts	10	—	—	—	10
Net investment result, excluding segregated funds	(67)	(15)	(1,336)	(236)	(1,654)
Insurance finance income (expense), excluding segregated fund account balances					
Insurance contracts	52	24	1,409	—	1,485
Reinsurance contracts held	(1)	(9)	93	—	83
Net insurance finance income (expense), excluding segregated funds	51	15	1,502	—	1,568
Segregated funds net investment and insurance finance result					
Investment income (loss) on investments for segregated fund account balances	(353)	—	(1)	—	(354)
Insurance finance income (expenses) segregated fund account balances	353	—	1	—	354
Segregated funds net investment and insurance finance result	—	—	—	—	—
Net investment and insurance finance result	(16)	—	166	(236)	(86)
Other income and expenses					
Fee and other income	1	6	—	17	24
Non-insurance expenses	(23)	(13)	(11)	(15)	(62)
Interest expenses	—	—	—	(12)	(12)
Total other income and expenses	(22)	(7)	(11)	(10)	(50)
Net income (loss) before taxes	73	(1)	231	(246)	57
Income taxes					2
Net income (loss) after taxes					59
Less: net income (loss) attributable to the participating account					(6)
Shareholders' net income (loss)					65
Less: preferred share dividends declared and distributions on other equity instruments					(10)
Common shareholders' net income (loss)				\$	55

Empire Life reported fourth quarter common shareholders' net income of \$111 million for 2023, compared to net income of \$5 million for the fourth quarter of 2022. The increase in fourth quarter compared to the prior year was primarily due to higher net investment and insurance finance results driven by a more favourable economic environment from interest rate movements and positive equity returns.

Net insurance service result decreased \$10 million in the fourth quarter compared to the same period in 2022, primarily due to higher expenses in our Wealth Management product line.

Net investment and insurance finance result increased \$186 million in the fourth quarter compared to the same period in 2022. This was mainly due to gains from equity market movements and favourable yield curve movements relative to the fourth quarter in 2022.

Total other income and expenses changed by \$9 million in the fourth quarter compared to the same period in 2022 due to increased employee expenses and project spend.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Full year common shareholders' net income was \$156 million compared to \$55 million in 2022. The increase over prior year is primarily due to higher net investment and insurance finance results driven by a more favourable economic environment driven by interest rate movements and equity market returns.

Net insurance service result decreased \$12 million in 2023 compared to the same period in 2022, primarily due to higher expenses in our Wealth Management product line, which was partially offset by favourable claims experience and insurance contract liability assumption updates in our Group Solutions product line.

Net investment and insurance finance result increased \$222 million in 2023 compared to the same period in 2022. This was mainly due to gains from equity market movements relative to 2022. Net losses experienced in 2022 were driven by the impact from rising interest rates and credit spreads on our investments.

The year-over-year change in total other income and expenses of \$31 million in 2023 compared to the same period in 2022 relates to higher employee expenses and project spend.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Product Line Results - Wealth Management

(in millions of dollars)	Fourth quarter		Year	
	2023	2022	2023	2022
Fixed annuities				
Assets under management ^{(1),(2)}	\$ 918	\$ 754	\$ 918	\$ 754
Gross sales ⁽¹⁾	79	62	242	148
Net sales ⁽¹⁾	51	32	140	44
Segregated funds				
Assets under management ^{(1),(2)}	\$ 8,813	\$ 8,566	\$ 8,813	\$ 8,566
Gross sales ⁽¹⁾	189	199	751	841
Net sales ⁽¹⁾	(99)	(26)	(305)	(91)

(1) See Non-IFRS Measures section.

(2) 2022 figures have been restated.

(in millions of dollars)	Fourth quarter		Year	
	2023	2022 restated	2023	2022 restated
Net insurance service result	\$ 20	\$ 31	\$ 88	\$ 111
Net investment and insurance finance result	16	(10)	11	(16)
Fee and other income	—	1	1	1
Non-insurance operating expenses	(8)	(8)	(30)	(23)
Net income (loss) before taxes	\$ 28	\$ 14	\$ 70	\$ 73

Fixed annuities assets under management were 22% higher relative to the same period in 2022. Gross sales in the fourth quarter were 27% higher than the same period in 2022, relating to strong demand for GICs, driven by higher interest rates.

Segregated fund assets under management are 3% higher relative to the same period in 2022, reflecting favourable market movements, partially offset by net outflows. For the fourth quarter of 2023, gross sales of segregated funds were 5% lower than the same period in 2022, and 11% lower over the year, as consumers continue to favour Empire Life's fixed annuity products.

Net income for the fourth quarter increased \$14 million compared to the same period in 2022 mainly from the net investment and insurance finance result for our fixed annuity business due to decreasing interest rates in the fourth quarter. This increase was partially offset by higher expenses and onerous contracts.

Net income for 2023 decreased \$3 million or 4% compared to the same period in 2022 due to higher expenses. This was partially offset by favourable interest rate movements impacting our fixed annuities business.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Product Line Results - Group Solutions

(in millions of dollars)	Fourth quarter		Year	
	2023	2022	2023	2022
Annualized premium sales				
Core	\$ 12	\$ 15	\$ 49	\$ 59
Other	6	7	25	25
Total annualized premium sales⁽¹⁾	\$ 18	\$ 22	\$ 74	\$ 84

(1) See Non-IFRS Measures section.

(in millions of dollars)	Fourth quarter		Year	
	2023	2022 restated	2023	2022 restated
Insurance revenue, gross	\$ 163	\$ 156	\$ 639	\$ 604
Net insurance service result	\$ 9	\$ 6	\$ 24	\$ 6
Net investment and insurance finance result	7	(1)	4	—
Fee and other income	2	2	8	6
Non-insurance operating expenses	(4)	(4)	(16)	(13)
Net income (loss) before taxes	\$ 14	\$ 3	\$ 20	\$ (1)

Total annualized premium sales decreased 18% in the fourth quarter compared to the same period in 2022 and 12% compared to prior year, due to a large block sale in Q4 of 2022.

Total insurance revenue increased 4% in the fourth quarter and 6% for the year compared to the same period in 2022, primarily due to organic growth in specialty partnerships.

For the fourth quarter, net income before taxes increased \$11 million compared to the same period in 2022 due to an increase in the net investment and insurance finance result and favourable insurance contract liability assumption updates on life and long-term disability (LTD) products. For 2023, net income before taxes of \$20 million improved from prior year, due to favourable claims experience and insurance contract liability assumption updates for life and LTD products, and an increase in net investment and insurance finance result. These gains were partially offset by adverse claims experience on the health and dental products.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Product Line Results - Individual Insurance

(in millions of dollars)	Fourth quarter		Year	
	2023	2022	2023	2022
Shareholders'				
Shareholders' annualized premium sales ⁽¹⁾	\$ 10	\$ 9	\$ 40	\$ 32
Net income (loss) before taxes ⁽²⁾	(29)	(20)	35	236
Policyholders'				
Policyholders' annualized premium sales ⁽¹⁾	\$ 3	\$ 4	\$ 14	\$ 15
Net income (loss) before taxes ⁽²⁾	4	—	5	(5)

(1) See Non-IFRS Measures section.

(2) 2022 figures have been restated.

(in millions of dollars)	Fourth quarter		Year	
	2023	2022 restated	2023	2022 restated
Net insurance service result	\$ 19	\$ 21	\$ 69	\$ 76
Net investment and insurance finance result	(39)	(36)	(10)	166
Fee and other income	—	(1)	—	—
Non-insurance operating expenses	(5)	(4)	(19)	(11)
Net income (loss) before taxes	\$ (25)	\$ (20)	\$ 40	\$ 231

Shareholders' annualized premium sales increased by 11% in the fourth quarter and 25% for the year, compared to the same period in 2022, primarily from strong sales of our non-participating term insurance products.

Policyholders' annualized premium sales declined slightly from the prior year, and decreased 7% from 2022, due to higher demand for non-participating term products.

Shareholders' net income before taxes for the fourth quarter of 2023 decreased \$9 million or 45% in 2023 compared to 2022. Higher mortality losses in our traditional and universal life products were the main driver of the decrease. The insurance contract liability assumption updates for individual insurance reduced the CSM amortization compared to the prior period, which also contributed to the lower net income result.

Shareholders' net income before taxes decreased \$201 million or 85% in 2023 compared to 2022, primarily due to strong gains from interest rate movements in 2022 that did not occur in 2023, along with higher operating expenses in 2023. Higher mortality losses in our universal life products also contributed to the decrease.

Results - Capital and Surplus

(in millions of dollars)	Fourth quarter		Year	
	2023	2022 restated	2023	2022 restated
Net investment result	\$ 158	\$ 3	\$ 131	\$ (236)
Other income and expenses	(2)	6	(25)	(10)
Net income (loss) before taxes	\$ 156	\$ 9	\$ 106	\$ (246)

Compared to the prior year, net income before taxes increased in the Capital and Surplus segment. The positive net income for 2023 was mainly driven by the fourth quarter results due to the impact decreasing interest rates had on our investment portfolio. For the year, losses in 2022 were driven by increasing interest rates which did not repeat in 2023.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Results - Net Contractual Service Margin

(Amounts are net of reinsurance contracts held, in millions of dollars)	Fourth quarter		Year	
	2023	2022	2023	2022
Net contractual service margin, beginning of period	\$ 1,567	\$ 1,452	\$ 1,544	\$ 1,358
Impact of new insurance business	15	17	62	64
Interest accretion	6	6	25	25
Insurance experience ⁽¹⁾	10	2	3	17
Economic experience ⁽¹⁾	(17)	104	71	281
Assumption updates ⁽¹⁾	(125)	5	(126)	(38)
CSM recognized for services provided	(41)	(42)	(164)	(163)
Net contractual service margin, end of period	\$ 1,415	\$ 1,544	\$ 1,415	\$ 1,544

(1) Insurance experience, Economic experience and Assumption updates are components of our Changes in estimates that adjust the CSM. Insurance experience represents the current period impacts of insurance experience, resulting in a change in future cash flows that adjust CSM. Economic experience represents the changes in the effect of time value of money and financial risk relating to contracts measured using the VFA for our Wealth Management and Individual Insurance product lines. Assumption updates represent the future period impacts of changes in fulfilment cash flows that adjust CSM.

The Net contractual service margin (CSM) decreased \$129 million in 2023 largely driven by the impact of insurance contract liability assumption updates. Additional details on these assumption updates can be found in the section below. Other components of the CSM movement include:

- New insurance business: Strong Traditional Non-Participating sales helped offset the shift away from Segregated Funds to fixed annuity products.
- Economic experience: Increase for the year was driven by the positive impact of equity market returns on the Company's Segregated Funds, partially offset by the lower interest rates.
- CSM amortization: Remained relatively consistent throughout the year.

Results - Impact of Insurance Contract Liability Assumption Updates

Impacts from the update of insurance contract liability assumption for the year ended December 31, 2023 (Amounts are net of reinsurance contracts held, in millions of dollars)	Pre-tax income	CSM
Components of insurance contract liability assumption updates		
Mortality	\$ 13	\$ (80)
Lapse	3	(38)
Expense	1	(7)
Other	2	(1)
Total change from the update of insurance contract liability assumptions (excludes policyholders' portion)	\$ 19	\$ (126)

In 2023, insurance contract liability assumption updates primarily related to expected mortality and lapse rates.

The individual life line of business was impacted by mortality updates related to revised expectations to future mortality experience, which was unfavourable to the CSM. This is partially offset by similar updates for the fixed annuity business.

The assumption updates also reflected lapse impacts on segregated fund and universal life products. In addition, updates to the expense assumptions were made in order to reflect Company experience with respect to inflation and changes to operations.

Shareholder Dividends

The declaration and payment of common shareholder dividends and the amounts thereof are at the discretion of the Board of Directors.

Common shareholder dividends are reviewed on a quarterly basis and depend upon various factors, including the results of operations, the economic environment and the financial condition of Empire Life, taking into account regulatory restrictions on the payment of shareholder dividends, as well as any other factors deemed relevant by the Board of Directors.

MANAGEMENT'S DISCUSSION AND ANALYSIS

On February 28, 2024, the Board of Directors declared dividends for common shareholders and series 3 preferred shareholders. The following table provides details of the amounts and dates for Empire Life's per share dividends.

	Amount of Dividend per share	Payable Date	Record Date
Common shares	\$ 20.31	April 9, 2024	March 14, 2024
Non-Cumulative Rate Reset Preferred Shares, Series 3	\$ 0.3866875	April 17, 2024	March 18, 2024

Empire Life advises that the above-referenced dividends are eligible dividends for the purposes of the Income Tax Act, Canada and any similar provincial tax legislation.

Total Cash Flow

(in millions of dollars)	Year	
	2023	2022 restated
Cash flow provided from (used for)		
Operating activities	\$ 632	\$ 301
Investing activities	(358)	(224)
Financing activities	(102)	(94)
Net change in cash and cash equivalents	\$ 172	\$ (17)

Cash flows provided from operating activities include insurance premiums, net investment income and fee income. Cash outflows from operating activities include policy benefit payments, commissions, operating expenses and policyholder dividends. Cash flows from investing activities primarily relate to purchases and sales of investments supporting insurance contract liabilities and the capital and surplus accounts. Cash flows related to financing activities include issuance and redemption of capital instruments and related dividend and interest payments.

For the period, cash and cash equivalents increased by \$172 million. Cash flows provided by operating activities increased by \$331 million, in line with overall business growth. Cash used for investing activities increased by \$134 million compared to the same period in 2022 as the prior period was attributable to higher net purchases on investments. Cash used for financing activities was higher than the corresponding period in 2022, primarily due to the higher dividend payments to common shareholders and preferred shareholders.

For an analysis of liquidity for Empire Life, refer to Notes 23.3. and 23.4. of our Consolidated Financial Statements for the year ended December 31, 2023.

Financial Instruments

Empire Life buys investment quality bonds to support the liabilities under the insurance and investment contracts of the Company. Empire Life's investment strategy also includes the use of publicly listed common stocks or exchange-traded funds (ETFs) to support the liabilities under its insurance contracts and its Capital and Surplus segment. Cash flows arising from these financial instruments are intended to match the liquidity requirements of Empire Life's insurance and investment contract liabilities, within the limits prescribed by the Company. Empire Life is subject to credit and market risk on these financial instruments.

Credit risk on these financial instruments could result in a financial loss should the other party fail to discharge an obligation. This credit risk is derived primarily from investments in bonds, debentures, preferred shares, short-term investments and mortgages. Empire Life manages credit risk by applying its investment guidelines established by the Investment Committee of the Board of Directors. The investment guidelines establish minimum credit ratings for issuers of bonds, debentures and preferred share investments, and provide for concentration limits by issuer of such debt instruments. Management reviews credit quality relative to investment purchases and monitors the credit quality of invested assets over time. Management reports regularly to the Investment Committee of Empire Life's Board on the credit risk to which the portfolio is exposed.

Empire Life manages market risk exposure mainly through investment limits and oversight of its in-house investment managers and external investment firms by the Chief Investment Officer, Chief Actuary, Asset Management

MANAGEMENT'S DISCUSSION AND ANALYSIS

Committee and Investment Committee of the Board. The Investment Committee actively monitors the portfolio and asset mix. Empire Life has a semi-static hedging program as part of its approach to managing this risk.

Empire Life manages credit risk with respect to derivatives by applying limits and credit rating restrictions established by the Investment Committee in its investment guidelines, which set out permitted derivatives and permitted uses for derivatives, as well as limits to the use of these instruments. In particular, no leverage is permitted in the use of derivatives and strict counterparty credit restrictions are imposed.

For additional information on our financial instruments, refer to Note 3 Financial Instruments of our Consolidated Financial Statements for the year ended December 31, 2023.

Effective January 1, 2023, we adopted IFRS 9 Financial Instruments. Except for assets impacted by the overlay approach, results from periods prior to January 1, 2023 are reported in accordance with IAS 39 Financial Instruments: Recognition and Measurement. For further details on the impacts of the adoption of IFRS 9, including the description of accounting policies selected, refer to Note 2.4.2 IFRS 9 *Financial Instruments* and Note 2.6 Financial instruments, of our Consolidated Financial Statements for the year ended December 31, 2023.

Sources of Capital

Empire Life has issued private and public securities to strengthen its capital position and fund new business growth. The securities outstanding are summarized in the following table.

(in millions of dollars)	As at	
	December 31, 2023	December 31, 2022
Subordinated debentures	\$ 399	\$ 399
Equity		
Preferred shares and other equity instruments	297	297
Common shares	1	1
Total Equity	\$ 298	\$ 298

Details of the Company's outstanding subordinated debentures are as follows:

(in millions of dollars)	Date Issued	Earliest Redemption Date	Yield	As at	
				December 31, 2023	December 31, 2022
Subordinated debentures, Series 2017-1 ⁽¹⁾	September 2017	March 15, 2023	3.664%	\$ —	\$ 200
Subordinated debentures, Series 2021-1 ⁽²⁾	September 2021	September 24, 2026	2.024%	\$ 199	\$ 199
Subordinated debentures, Series 2023-1 ⁽³⁾	January 2023	January 13, 2028	5.503%	\$ 199	\$ —

(1) All of the outstanding Series 2017-1 Subordinated 3.664% Unsecured Debentures were redeemed on March 15, 2023.

(2) Series 2021-1 Subordinated 2.024% Unsecured Debentures due 2031. From September 24, 2026, interest is payable at 0.67% over CDOR.

(3) Series 2023-1 Subordinated 5.503% Unsecured Debentures due 2033. From January 13, 2028, interest is payable at 2.26% over CORRA.

On January 13, 2023, the Company issued \$200 million principal amount of unsecured debentures, Series 2023-1, with a maturity date of January 13, 2033. The net proceeds of the issue will be used for regulatory capital purposes and for general corporate purposes which may include the redemption of outstanding debt. The interest rate is payable semi-annually until the interest reset date, which is January 13, 2028. The Company may call for redemption of the debentures any time after January 13, 2028 subject to the prior written approval of the Office of the Superintendent of Financial Institutions (OSFI). The debentures are subordinated in right of payment to all insurance contract liabilities of the Company and all other senior indebtedness of the Company.

On March 15, 2023, the Company redeemed all of its outstanding \$200 million 3.664% Unsecured Subordinated Debentures, Series 2017-1 due March 15, 2028. The redemption was approved by OSFI.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Details of the Company's outstanding preferred shares and other equity instruments are as follows:

(in millions of dollars)	Date Issued	Earliest Redemption Date	Yield	As at	
				December 31, 2023	December 31, 2022
Preferred shares, Series 3	November 2017	January 17, 2028	6.187%	\$ 100	\$ 100
Limited Recourse Capital Notes, Series 1	February 2021	April 17, 2026	3.625%	\$ 197	\$ 197

Empire Life did not exercise its right to redeem all or part of the outstanding Series 3 Preferred Shares on January 17, 2023. E-L Financial Corporation Limited elected not to exercise its right to convert all or part of their Series 3 Preferred Shares into Non-Cumulative Rate Reset Preferred Shares, Series 4. As a result, holders of Series 3 Preferred Shares are entitled to receive fixed non-cumulative quarterly dividends yielding 6.187% annually, as and when declared by the Board of Directors of Empire Life, payable commencing April 17, 2023 until January 17, 2028. Thereafter, the dividend rate will be reset every five years at a rate equal to the 5-year Government of Canada bond yield plus 3.24%.

Securities Rating

The securities issued by Empire Life are rated by DBRS Limited (DBRS). DBRS has assigned the following ratings to the Company's securities:

Evaluation type	Rating	Trend	Date of last rating action
Financial strength rating	A	Stable	May 25, 2023
Issuer rating	A	Stable	May 25, 2023
Subordinated debt	A (low)	Stable	May 25, 2023
Preferred shares	Pfd-2	Stable	May 25, 2023
Limited Recourse Capital Notes	BBB (high)	Stable	May 25, 2023

Regulatory Capital

The Life Insurance Capital Adequacy Test (LICAT) is intended to measure a life insurer's solvency position by recognizing the long-term economics of the life insurance business. The Company continues to have a strong capital position under the LICAT framework. Empire Life is required to maintain a minimum Core Ratio of 55% and a Total Ratio of 90%. OSFI has established supervisory target levels of 70% for Core and 100% for Total ratio.

LICAT (in millions of dollars)		Dec 31 2023	Sep 30 2023	Jun 30 2023	Mar 31 2023	Dec 31 2022 ⁽¹⁾
Available capital						
Tier 1	(A) \$	2,135	2,190	2,180	2,213	1,776
Tier 2	(B)	714	626	663	647	600
Total	(C) \$	2,849	2,816	2,843	2,860	2,376
Surplus allowance and eligible deposits	(D)	651	561	608	598	916
Base solvency buffer	(E)	2,252	2,228	2,293	2,276	2,393
LICAT total ratio	((C+D)/E * 100)	155%	152%	151%	152%	138%
LICAT core ratio	((A+70%D)/E * 100)	115%	116%	114%	116%	101%

(1) LICAT results prior to January 1, 2023 have not been adjusted for the impacts from the adoption of IFRS 17 and IFRS 9. For additional details on the 2022 amounts, please refer to Note 2.4 New and amended standards and interpretations in our Consolidated Financial Statements.

The increase in the LICAT total ratio from December 31, 2022 is due to the adoption of IFRS 17 and IFRS 9 and the related changes to OSFI's regulatory capital calculations. Empire Life's LICAT total ratio increased in the fourth quarter due to strong earnings in the period, partly offset by the impact of insurance contract liability assumption updates.

Industry Dynamics and Management's Strategy

Empire Life's operations are organized by product line with each line of business having responsibility for product development, product pricing, marketing, distribution and customer service within their particular markets. This structure recognizes that there are distinct marketplace dynamics in each of the three major product lines.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management believes this structure enables each line of business to develop strategies to achieve the enterprise-wide objectives of business growth and expense management while recognizing the unique business environment in which each operates. The lines of business are supported by corporate units that provide administrative and technology services to the lines of business, manage invested assets and oversee enterprise risk management policies.

Based on general fund and segregated fund assets, Empire Life is among the 10 largest life insurance companies in Canada. Empire Life has approximately 6% market share of segregated funds, 6% market share for group benefits and 3% market share for new life insurance premiums. Empire Life focuses exclusively on the Canadian marketplace and, within it, on particular market segments where management feels there are opportunities to build solid, long-term relationships with its distribution partners. The Company offers competitively priced products and more personal service, while also providing long-term value to our shareholders. Empire Life, as a mid-sized company, must continue to be cost competitive with the larger companies that may have the advantage of economies of scale. By focusing on particular market segments and providing competitive product offerings for our independent advisors, management believes these solid relationships will enable profitable growth. Across all business lines, Empire Life is focused on growth and diversification of distribution as well digital enablement and adoption, all while maintaining personalized service.

Empire Life has invested in distribution companies whose leadership teams are respected in the industry and have a proven track record of growing the business, such as TruStone Financial (a MGA subsidiary). These investments support the Company's commitment to facilitating access to independent financial advice for Canadians.

The Wealth Management product line at Empire Life consists of segregated fund products and guaranteed interest products. These products compete against products offered by a variety of financial institutions. A key element of any competitive strategy in this market is providing a competitive rate of return to customers. Empire Life has focused on developing long-term investment performance through the diversification of the investment styles and strategies of its segregated funds. Management will continue to improve competitiveness by focusing on delivering consistent long-term performance, providing new and differentiated products to customers along with broadening distribution reach. Empire Life continues to achieve strong growth in assets under management from its segregated fund business as a result of net new sales and equity market appreciation. Empire Life is continuing to monitor and manage guaranteed minimum withdrawal benefit (GMWB) risk exposure and the competitive landscape for this product.

Within the broader group benefits marketplace in Canada, Empire Life continues to focus on the small and medium-sized group employer market, representing the majority of Canadian companies. This niche strategy, coupled with an ongoing focus on balancing growth and profit, has enabled Empire Life to be cost competitive within this market segment and is expected to enable this product line to grow its market share while generating acceptable returns.

Empire Life offers both traditional non-participating and participating individual insurance products, with a range of terms to suit the needs of Canadians. Long-term mortality trends continue to be favourable for life insurance products. Because of the reasonable long-term returns of this product line, management continues to focus on steady growth, technology development and process improvement to continue to have a cost structure that allows the Company to compete while generating an acceptable long-term financial contribution. Individual Insurance products are very long-term in nature and consequently are subject to long-term reserve and capital requirements. Empire Life is continuously reviewing its Individual Insurance product mix to improve profitability, reduce interest rate risk, reduce required regulatory capital, develop web-based products and processes, and improve the customer and advisor experience.

Risk Management

Empire Life is a financial institution offering wealth management, group solutions and individual insurance products. The Company is exposed to a number of risks as a result of its business activities. Effective risk management is critical to the overall profitability, competitive market positioning and long-term financial viability of the Company. While all risks cannot necessarily be eliminated or known with certainty, the goal of the Company's risk management program is to ensure that risk-taking activities are aligned with its strategy, in order to achieve business goals and deliver acceptable shareholder returns.

MANAGEMENT'S DISCUSSION AND ANALYSIS

When making decisions about risk taking and risk management, Empire Life considers:

- The need to meet the expectations of its customers, employees, shareholders and creditors and to protect the commitments that have been made to them;
- The need to be adequately compensated for the capital it deploys to support business activities and strategic objectives;
- The need to protect its brand, which includes building and maintaining trust, fair treatment of its customers, consideration of corporate social responsibility, and embedding sustainability into its strategic plans; and
- The need to maintain (or improve) its external financial strength rating.

Empire Life's risk appetite defines the aggregate level of risk the Company is willing to take to achieve its business strategies. The risk appetite supports the pursuit of sustainable shareholder value but does not compromise the Company's ability to pay claims and fulfil policyholder commitments.

Empire Life's risk management framework is structured based on a number of guiding principles:

- Due to the long-term nature of the majority of its commitments, the Company accepts capital market risk provided it is managed within specific risk tolerances and limits. The Company takes a low-risk, value-oriented approach to managing its investments - it accepts credit and alternative asset risk provided it is rewarded through appropriately enhanced returns;
- The Company manages liquidity across the business to provide a high level of confidence that all obligations (to customers, employees, creditors and shareholders) will be met when they fall due;
- The Company accepts risks related to its products provided they are properly designed, priced and managed to add value to its customers and shareholders;
- The Company is forward-looking in its business planning and takes a prudent approach to capital management. It strives to have a high level of confidence that capital is sufficient to support planned future activities;
- Management is active in industry committees and, through a network of oversight functions, monitors the landscape so that the Company is appropriately positioned to manage regulatory, tax, accounting and actuarial changes;
- The Company accepts that operational risks are a part of doing business and knows that risk management is a key part of decision-making. It protects its business and customers' assets by engaging in cost-effective risk mitigation, and
- The Company expects ethical conduct by all of its employees, and it acts with integrity at all times.

The Board of Directors oversees and monitors Empire Life's risk management framework, processes and practices, and reviews and approves the Company's Enterprise Risk Management Framework and overall risk appetite. The Company's risk appetite is the primary mechanism to operationalize the guiding principles outlined above and includes a wide array of qualitative and quantitative standards.

Senior management shares responsibility and accountability for risk management across the organization. This enables a cross-functional perspective on risk management, enhanced by the frequency of contact across the management team. The Company has an Asset Management Committee with responsibility for overseeing the management of corporate policies established by both the Investment Committee and Risk and Capital Committee of the Board, with specific focus on market, credit and liquidity risk including asset/liability management as well as capital management. The Product Management Review Committee is responsible for overseeing management of corporate policy established by the Risk and Capital Committee of the Board, with specific focus on product risk. Activities not delegated to one of these two committees remain under the oversight of senior management. More information related to governance can be found under the Corporate Governance over Risk Management section of Empire Life's 2023 Annual Report. The Chief Risk Officer is a member of the Asset Management Committee and Product Management Review Committee and has Board reporting responsibility with respect to risk and capital management, the latter of which is shared with the Chief Actuary. All risk management policies and procedures are regularly reviewed for relevance and changes in the risk environment. Accountability, application, day-to-day management and procedural elements are the responsibility of area management, supported by business unit compliance officers, security champions and the risk management department. There is senior management representation and oversight on various interdisciplinary risk committees. The Company formally establishes and documents its values and risk

MANAGEMENT'S DISCUSSION AND ANALYSIS

tolerances through several company-wide policies including a code of business conduct, corporate disclosure principles, enterprise risk management, capital management and whistleblower policies. The Company's strategic risk management policies (including those related to product design and pricing, investment and capital management) are also approved by its Board, or a Board committee. Subsidiaries have adopted practices for risks to which they are exposed, appropriate to their business plan, strategy and risk appetite.

Caution Related to Sensitivities

In the sections that follow, the Company provides sensitivities and risk exposure measures for certain risks. These include sensitivities due to specific changes in market prices and interest rates, based on the market prices, interest rates, assets, liabilities and business mix in place as at the respective calculation dates. The sensitivities are calculated independently for each risk variable, generally assuming that all other risk variables remain constant. The sensitivities do not take into account indirect effects such as potential impacts on goodwill impairments or valuation allowances on deferred tax assets. The sensitivities are provided for the consolidated entity. Actual results can differ materially from these estimates for a variety of reasons, including differences in the pattern or distribution of market shocks, the interaction between these risk factors, model errors, or changes in other assumptions such as business mix, effective tax rates, policyholder behaviour and other market variables relative to those underlying the calculation of the sensitivities. Changes due to new sales or maturities, asset purchases/sales, or other management actions could also result in material changes to these reported sensitivities. For these reasons, the sensitivities should only be viewed as directional estimates of the underlying sensitivities for the respective factors based on the assumptions outlined and should not be viewed as predictors for the Company's future Net income, CSM, Equity and capital sensitivities. Given the nature of these calculations, the Company cannot provide assurance that the actual impact will be consistent with the estimates provided. Changes in risk variables in excess of the ranges illustrated may result in other than proportionate impacts.

Market Risk

Empire Life has equity market risk related to its segregated fund products and from equity assets backing life insurance contract liabilities and surplus. Empire Life maintains a semi-static hedging program. The objective of the hedging program is to partially protect the Company from regulatory capital (LICAT) ratio declines that might result from adverse stock market price changes. The hedging program may employ derivatives positions including put options and futures. The extent of derivatives used is monitored and managed on an ongoing basis, giving consideration to equity market risk and the level of available capital.

There is income statement volatility from this hedging program. Based on current equity market levels, Empire Life has required capital for LICAT purposes as well as liabilities on the statement of financial position related to segregated fund guarantees. Some net income volatility can result from the hedging instruments, as gains or losses are not directly offset by changes in the value of other assets and liabilities exposed to equity risk. For the year ended December 31, 2023, Empire Life experienced a loss of \$14.2 million pre-tax on the hedging program, due to realized and unrealized fair value gains. This compares to a hedge loss of \$8.4 million pre-tax in 2022.

Empire Life's LICAT ratio is also sensitive to stock market volatility, due primarily to liability and capital requirements related to segregated fund guarantees. As of December 31, 2023, Empire Life had \$8.8 billion of segregated fund assets and liabilities. Of this amount, approximately \$8.5 billion have guarantees. The following table provides a percentage breakdown by type of guarantee.

	December 31 2023	December 31 2022
Percentage of segregated fund liabilities with:		
75% maturity guarantee and a 75% death benefit guarantee	9%	8%
75% maturity guarantee and a 100% death benefit guarantee	43%	44%
100% maturity and death benefit guarantee (with a minimum of 15 years between deposit and maturity date)	7%	7%
Guaranteed minimum withdrawal benefit (GMWB)	41%	41%
Total	100%	100%

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All Empire Life segregated fund guarantees are policy-based (not deposit-based), thereby generally lowering Empire Life's stock market sensitivity relative to products with deposit-based guarantees. Policy-based guarantees consider all the deposits in the customer's policy (whether the fund value is below or above the guaranteed amount) to arrive at an overall net guarantee payment, whereas deposit-based guarantees consider only the deposits where the fund value is below the guaranteed amount and ignore all the deposits in the customer's policy where the fund value is above the guaranteed amount. Therefore, policy-based guarantees generally pay less than deposit-based guarantees. For segregated fund guarantee insurance contract liabilities, the level of sensitivity is highly dependent on the level of the stock market at the time of performing the sensitivity test. If period-end stock markets are high relative to market levels at the time that segregated fund policies are issued, the sensitivity is reduced. If period-end stock markets are low relative to market levels at the time that segregated fund policies are issued, the sensitivity is increased.

The segregated fund regulatory capital framework includes the use of various constraints that provide a partial cushion against impacts. As a result, the sensitivity impacts are often non-linear or asymmetric. In addition, the contractual service margin provides a significant offset to potential impacts in the segregated fund guarantee liability. This significantly reduces the net income impacts from changes in interest rates or stock market levels.

Empire Life also has equity market risk related to its equity assets backing life insurance contract liabilities and surplus. The Company is in the process of changing its asset mix and reducing its exposure to equity risk in 2024. As at December 31, 2023 and December 31, 2022, the sensitivity of Empire Life shareholders' net income resulting from changes in equity market prices is provided in the following table:

Sensitivity to equity risk:	Increase		Decrease	
	20%	10%	10%	20%
As at December 31, 2023				
Net income, before-tax	\$ 58	\$ 28	\$ (27)	\$ (42)
Total equity	43	21	(20)	(31)
CSM	187	100	(116)	(254)
As at December 31, 2022				
Net income, before-tax	\$ 77	\$ 39	\$ (29)	\$ (53)
Total equity	57	29	(21)	(39)
CSM	208	111	(125)	(271)

Based on equity market prices as at December 31, 2023 and December 31, 2022, the sensitivity of Empire Life's LICAT Total ratio resulting from increases and decreases on equity market prices is provided in the following table:

Sensitivity to equity risk: Impact on LICAT ⁽¹⁾	Increase		Decrease		
	20%	10%	10%	20%	30%
Segregated fund guarantees	13 %	5 %	(1)%	(11)%	(23)%
Other equity risk	1 %	— %	— %	(1)%	(2)%
Equity hedge	(2)%	(1)%	1 %	1 %	1 %
As at December 31, 2023	12 %	4 %	— %	(11)%	(24)%
Segregated fund guarantees	17 %	9 %	(2)%	(7)%	(14)%
Other equity risk	— %	— %	— %	— %	— %
Equity hedge	(2)%	(1)%	1 %	1 %	2 %
As at December 31, 2022	15 %	8 %	(1)%	(6)%	(12)%

(1) LICAT results prior to January 1, 2023 have not been adjusted for the impacts from the adoption of IFRS 17 and IFRS 9. For additional details on the 2022 amounts, please refer to Note 2.4 New and amended standards and interpretations in our Consolidated Financial Statements.

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The amount at risk related to segregated fund maturity guarantees and segregated fund death benefit guarantees, and the resulting insurance contract liabilities and LICAT base solvency buffer for Empire Life's segregated funds is provided in the following table.

Segregated funds (in millions of dollars)	Withdrawal benefit > fund value		Maturity guarantee > fund value		Death benefit > fund value		Insurance Contract Liabilities ⁽²⁾	LICAT capital ⁽¹⁾
	Fund value	Amount at risk	Fund value	Amount at risk	Fund value	Amount at risk		
December 31, 2023	\$ 2,557	\$ 952	\$ 44	\$ 2	\$ 1,101	\$ 12	\$ 102	\$ 422
December 31, 2022	\$ 2,651	\$ 1,048	\$ 160	\$ 10	\$ 3,073	\$ 104	\$ 79	

(1) LICAT results prior to January 1, 2023 have not been adjusted for the impacts from the adoption of IFRS 17 and IFRS 9. For additional details on the 2022 amounts, please refer to Note 2.4 New and amended standards and interpretations in our Consolidated Financial Statements.

(2) December 31, 2022 amount has been adjusted to reflect the impacts from the adoption of IFRS 17.

The first six columns of the above table show all segregated fund policies where the future withdrawal benefit, future maturity guarantee, or future death benefit guarantee is greater than the fund value. The amount at risk represents the excess of the future withdrawal benefit, future maturity guarantee or future death benefit guarantee amount over the fund value for these policies. The withdrawal benefit amounts in the above table relate to GMWB products. The GMWB withdrawal benefit amount at risk represents the amount that could be paid by Empire Life to GMWB policyholders if the net return on each GMWB policyholder's assets is zero for the remainder of each GMWB policyholder's life, based on life expectancy. At December 31, 2023, the aggregate amount at risk for all three categories of risk was \$966 million. At December 31, 2022, the aggregate amount at risk for these three categories of risk was \$1,162 million. For these three categories of risk, the amount at risk is not currently payable, as payment is contingent on future outcomes, including fund performance, deaths, deposits, withdrawals and maturity dates.

The level of insurance contract liabilities and required regulatory capital in the above table is calculated based on the probability that Empire Life will ultimately have to make payment to the segregated fund policyholders for any fund value deficiency that may exist on future payments to GMWB policyholders, or upon future maturity of the segregated fund policies, or upon future death of the segregated fund policyholders.

In addition, Empire Life considers the sensitivity of its LICAT ratio to changes in market interest rates. The impact of a 50 basis point parallel shift in interest rates for December 31, 2023 and December 31, 2022, is shown in the table below. No change to credit spreads is assumed.

Sensitivity to market interest rates - LICAT	Impact of 50 bps Decrease
December 31, 2023 LICAT total ratio	2%
December 31, 2022 LICAT total ratio ⁽¹⁾	2%

(1) LICAT results prior to January 1, 2023 have not been adjusted for the impacts from the adoption of IFRS 17 and IFRS 9. For additional details on the 2022 amounts, please refer to Note 2.4 New and amended standards and interpretations in our Consolidated Financial Statements.

Operational Risk

Operational risk is broadly defined as the risk of loss resulting from human error, decisions, actions or failure to act, inadequate or failed internal processes and systems, or from external events that affect business operations. Operational risk is naturally present in all of Empire Life's business activities, as well as those of its subsidiaries. Effective management of operational risk contributes to and influences the operational resilience of the Company. The following is a further description of some operational risks and their associated risk management strategies.

(1) Legal and Regulatory Compliance Risk

Empire Life is governed by the Insurance Companies Act and supervised by OSFI and is also subject to extensive requirements imposed by legislation and regulation in each of the provinces and territories of Canada applicable to insurance companies and companies providing other financial services. Material changes in the regulatory framework could have an adverse effect on Empire Life. Failure to comply with regulatory requirements or public expectations could adversely impact Empire Life's reputation and ability to conduct business. Empire Life is subject to litigation from time to time, in the normal course of business, and currently has outstanding lawsuits. There can be no assurance that the present or any future litigation will not have a material adverse effect on Empire Life.

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Empire Life's corporate compliance department, headed by the Chief Compliance Officer, oversees the regulatory compliance framework. This framework promotes risk-based management of regulatory compliance risk and includes Company-wide policies, operating guidelines, programs to promote awareness of laws and regulations impacting Empire Life, ongoing monitoring of emerging compliance issues and regulatory changes and employee education programs that include anti-money laundering and anti-terrorist financing, privacy, information/cyber security and Empire Life's code of business conduct. The framework is supported by a network of business unit compliance officers as well as the corporate legal services department. Subsidiaries maintain regulatory compliance frameworks for their respective operations with regular reporting to Empire Life's Chief Compliance Officer. The Chief Compliance Officer reports regularly to the Conduct Review Committee of the Board on the state of compliance, key compliance risks and emerging regulatory trends. The General Counsel reports regularly to the Audit Committee of the Board on litigation activity and trends for both the Company and the industry.

(2) *Model Risk*

Empire Life uses models to support many business functions including product development and pricing, valuation of insurance contract liabilities, financial planning, asset/liability management, capital management, project management, investment analysis, risk management and advanced analytics (such as artificial intelligence, predictive modeling and decision-making algorithms). The risk of inappropriate use or interpretation of Empire Life's models or their output, or the use of deficient models, data or assumptions could result in financial losses or inappropriate business decisions. Empire Life has developed management and mitigation processes related to model use and oversight of models to limit financial, operational and strategic impacts from misinterpretation or misuse of models and their results. Senior management has overall responsibility and accountability for models in use to support activities within their business area. The Chief Risk Officer reports regularly to senior management and the Risk and Capital Committee of the Board on model use and related oversight activities.

(3) *Human Resources Risk*

Competition for qualified employees, including executives, is intense both in the financial services industry and non-financial services industries. If Empire Life is unable to retain and attract qualified employees and executives, and is unable to maintain and effectively deploy resources with the in-depth knowledge and necessary skills needed to support business activities, the results of its operations and financial condition, including its competitive position, could be adversely affected. To mitigate this risk, Empire Life has human resources policies, processes and practices in place. Management reports regularly to the Human Resources Committee of the Board on recruitment, workforce and succession planning, employee development, and diversity and inclusion program initiatives, as well as compensation practices and programs, all of which are designed to attract, motivate and retain a highly skilled workforce whose differences, stories, experiences and ideas contribute to high-performing, high-potential employees. Empire Life is committed to cultivating a diverse, engaged and sustainable organization while building an inclusive community.

(4) *Third-Party Risk*

Empire Life obtains different types of goods and/or services through a number of third-party arrangements and has outsourced certain business functions or processes to third parties. Should these third parties fail to deliver systems and/or services in compliance with contractual or other service arrangements, Empire Life's business may be adversely impacted. To mitigate this risk, Empire Life has established policies and guidelines that set out requirements to identify, assess, manage, monitor, and report on third-party risks commensurate with the risks associated with the service provider and the nature of the arrangement. Quarterly reporting is provided to the Risk and Capital Committee of the Board. Annually, management reports to the Conduct Review Committee of the Board on outsourcing activities including details on those arrangements deemed to be most material to Empire Life.

(5) *Technology and Information Security Risk*

Empire Life relies on technology in virtually all aspects of its business and operations, including the creation and support of new products and services, and the nature of life insurance business necessitates a substantial investment in technology. The Chief Technology Officer is responsible for the digital and data technology strategy for the Company and oversees technology initiatives and transformation projects and reports regularly to the IT Oversight Committee of the Board on strategic information technology-related project, initiatives and technology architecture. Operational integrity, data integrity and security of information and systems infrastructure are all relied upon for normal business operations. Disruptions due to system failure, information security breaches, privacy breaches, cyber-attacks, human errors, criminal activity, fraud or the loss of certain software licensing agreements could have a material adverse impact on Empire Life.

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Information security breaches, including various forms of cyber-attacks, are occurring at an increasing pace across industry sectors, governments and individuals. These malicious activities pose a significant risk to Empire Life and may result in inappropriate disclosure or use of personal or confidential information. To mitigate this risk, Empire Life has an information security program overseen by the Chief Information Security Officer, who reports regularly to the IT Oversight Committee of the Board and at least annually to the Risk and Capital Committee of the Board. This program is comprised of standards, procedures and guidelines focused on management of cybersecurity risk and maintenance of the security and integrity of the data entrusted to Empire Life. An incident management process is in place for monitoring and managing security events. The Company continues to invest in people, processes and technology to strengthen its abilities to respond to the evolving landscape.

Privacy breaches could occur and may result in unauthorized disclosure or use of private and confidential information. To manage this risk, Empire Life has a privacy program overseen by the Chief Privacy Officer. The program includes policies and standards, ongoing monitoring of emerging privacy legislation and a network of business unit privacy officers. Processes have been established to provide guidance to employees on the handling of personal information and the reporting of privacy incidents and issues to appropriate management for response and resolution. The Chief Privacy Officer reports regularly to the Conduct Review Committee of the Board on privacy and data security risks and emerging trends.

(6) Business Continuity Risk

Empire Life has an enterprise-wide business continuity, incident management and disaster recovery program overseen by the Business Continuity Management Committee and senior management. The program includes policies, plans and procedures designed so that, to the extent practically possible, key business functions can continue and normal operations can resume effectively and efficiently should a major disruption of key business functions occur as a result of unanticipated events, including pandemics. Such a disruption could impact the availability of trained employees, physical locations to conduct operations and/or access to technology. Each business unit is accountable for preparing and maintaining detailed business continuity plans and processes. Empire Life establishes and regularly tests business continuity and disaster recovery plans and maintains services and failover capability designed to minimize downtime and accelerate system recovery. The Business Continuity Management Committee Chair reports at least annually to the Risk and Capital Committee of the Board on business continuity preparedness and operational resiliency.

Business and Strategic Risk

Business and strategic risk includes risks related to the uncertainty in future earnings and capital related to the potential inability to implement appropriate business plans and strategies, make decisions and allocate resources, risks related to the economic, political or business environment, that may impact distribution channels and customer behaviour, such as the competitive landscape, regulatory and tax changes or changes in accounting and actuarial standards; risks to our brand and; environmental and social risks. Empire Life and its subsidiaries regularly review and adapt its business strategies and plans in consideration of changes in the external business environment, economic, political and regulatory environment. Empire Life's financial performance is dependent upon its ability to implement and execute business strategies and plans for growth.

There is alignment across the Company's business strategies and plans and its risk appetite, capital position and financial performance objectives. Empire Life periodically reassesses risk appetite taking into consideration the economic, regulatory and competitive environments in which it operates. The current environment requires Empire Life to adapt rapidly to new opportunities and challenges and to refine its strategies accordingly. If Empire Life fails to revise its strategies on a timely basis or adapt to the changing environment, it may not be able to achieve its growth objectives.

Empire Life's business strategies and plans are dependent on the successful execution of organizational and strategic initiatives designed to support the growth of its business. The ability to effectively manage these changes and prioritize initiatives directly affects Empire Life's ability to execute these strategies. Identifying and implementing the right set of initiatives is critical to achieving Empire Life's business plan targets. Failure to implement these initiatives could also lead to cost structure challenges.

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Successful execution of Empire Life's business strategies and plans depends on a number of factors including its ability to (i) generate sufficient earnings to maintain an adequate level of capital; (ii) generate sustained investment performance; (iii) meet regulatory requirements; (iv) manage risk exposures effectively; (v) attract and retain customers, employees and distributors; (vi) have the right set of products; and (vii) reduce operating expenses while maintaining the ability to hire, retain and motivate key personnel.

Empire Life's business and strategic plans are reviewed and discussed by its senior management team and are subject to approval by the Board of Directors, which also receives regular updates on implementation progress against key business plan objectives. The Board and its subcommittees receive regular updates on key risks.

Environmental and Social Risk

Empire Life's business strategies are influenced by attitudes towards societal issues. Factors such as diversity, equity and inclusion and climate change are considered as part of the strategic planning process and are reflected in Empire Life's risk management program and associated policies. Collectively referred to as "ESG" (environmental, social, governance), these risks are not a stand-alone risk category, but rather underlie all risk categories (credit, market, liquidity, product, operational and business and strategic). As such, they are integrated into our enterprise risk management framework and the processes for managing them are embedded in the processes for managing each risk category.

As a long-term oriented underwriter and investor, Empire Life's financial performance, operations and reputation may be adversely affected if it does not adequately prepare for the direct or indirect negative impacts of environmental and social risks. Environmental and social risks include but are not limited to events and developments related to impacts of climate change and the transition to a lower-carbon economy, emerging regulatory and public policy developments, public health issues and issues of inequality. These risks may occur in the Company's direct operations, investment activities or other areas, such as through third party arrangements.

Empire Life's investment management team integrates ESG considerations in their investment decision-making for Company and customer assets. The Company is committed to diversity and inclusion and has reviewed its policies and practices to ensure equity and clarity. The Company is actively monitoring environmental, social and sustainability developments and has initiated efforts to embed ESG practices in all aspects of its business. Management reports regularly to the Board on emerging issues and related progress, recognizing that its strategy will evolve over time, building on experience and external developments. Additional information may be found in the Company's annual Public Accountability Statement, available at www.empire.ca/about-us/community.

In addition to the discussion of risks included in this MD&A, a comprehensive discussion of the material risks that impact Empire Life is included in Empire Life's Annual Information Form available at www.sedarplus.ca. Additional disclosures of Empire Life's sensitivity to risks are included in Note 23 of the Consolidated Financial Statements.

Disclosure Controls and Procedures

Empire Life's disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by Empire Life under Canadian securities laws is recorded, processed, summarized and reported within the specified time periods, and include controls and procedures that are designed to ensure that information is accumulated and communicated to management on a timely basis to allow appropriate decisions regarding public disclosure. Under the supervision of management, an evaluation was carried out on the effectiveness of Empire Life's disclosure controls and procedures as of December 31, 2023. Based on that evaluation, management concluded that Empire Life's disclosure controls and procedures were effective as at December 31, 2023.

Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with IFRS Accounting Standards. Under the supervision of management, an evaluation of Empire Life's internal control over financial reporting was carried out as at December

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31, 2023. Based on that evaluation, management concluded that Empire Life's internal control over financial reporting was effective as at December 31, 2023.

As a result of the adoption of IFRS 17 on January 1, 2023, the Company revised its internal controls over financial reporting. The revisions were principally for implementation governance and controls over the initial implementation of IFRS 17 and ongoing controls in the Company's actuarial and financial reporting processes, including the adoption of IFRS 17 accounting policies and significant judgements and estimates, the use of new information technology systems and the reconciliation of financial data between existing reporting processes and IFRS 17.

Outlook

Across all business lines, Empire Life is focused on growth and diversification of distribution as well digital enablement and adoption, all while maintaining exceptional personalized service. The Company is well-positioned following investments made in product development, digital capabilities and operational improvements throughout 2023. While the Canadian financial services regulatory landscape continues to evolve, Empire Life is proud to continue serving Canadian individuals and small business owners.

2023 started off with turbulence as a regional banking crisis in March was triggered by the failure of Silicon Valley Bank, leading to widespread fears of a broader banking crisis. However, credit spreads and other risky assets rallied and priced in the potential for a soft landing in the economy.

Central banks across the developed world continued their monetary tightening campaigns in 2023. The Bank of Canada increased rates from 5% in Q1 2023 to 5.5% in Q3 before holding rates steady for the remainder of the year. The Federal Reserve held rates at 5.25-5.5% at its last policy meeting of the year and indicated that rate cuts were likely in the coming year.

Out-sized enthusiasm surrounding the technology sector was a key performance driver of the S&P 500 in 2023. A handful of stocks dubbed the "Magnificent Seven" accounted for about two-thirds of the gains in the S&P 500 in 2023. Most major indexes ended the year strong in 2023. The S&P/TSX Composite and S&P 500 were up 11.8% and 26.3% respectively. The Dow Jones Industrial Average was up more than 16% and the tech-heavy Nasdaq closed the year up 44.6%.

Heading into 2024, monetary policy and its impact on global growth, is expected to slightly decline from 3.0% to 2.9% in 2024. We expect to see the lagged effects of tighter policy, especially in Canada where high consumer debt levels and shorter duration mortgages make the economy more sensitive to interest rates.

We continue to monitor the impact of emerging technologies, particularly around generative AI, the transition to a green economy and other innovative technologies in healthcare, to ensure that the Empire Life products are appropriately positioned to withstand volatility and benefit from opportunities as they arise.

The individual insurance market continues to grow modestly even with the increase in long-term interest rates. Empire Life has increased its emphasis on long-term life insurance products while continuing to maintain its position in shorter-term products, such as 10-year renewable term life insurance. Long-term interest rates, product mix and product pricing are expected to continue to be challenges for Empire Life's Individual Insurance product line. The segregated fund product line saw a decline in net sales while experiencing a market shift toward fixed income and guaranteed interest products; increased competition and fee pressures may impact this line going forward. Empire Life will continue to develop low-cost efficient products and new digital services to satisfy consumer needs.

Empire Life maintained market share for group solutions for small to medium-sized employers amid a challenging environment with inflationary headwinds and competitive pricing pressures from increased rate guarantees and renewal caps. Across the industry, the previous upward trajectory on long-term disability claims, particularly mental health claims, has leveled off. Plan flexibility and sustainability remains a key focus, balancing access with affordability for plan sponsors. Empire Life will continue to closely manage drug costs via transition to biosimilars, use of prior authorization, agreements negotiated with pharmaceutical manufacturers and other cost managing levers.

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In 2023, digital capabilities were strengthened, including a new mobile app for benefit plan members, a new digital enrollment tool for plan administrators, as well as continued emphasis on connectivity with distribution partners. Heading into 2024, Empire Life is focused on profitable growth and service excellence with our distribution partners. On the product expansion side, Empire Life has introduced a digital retirement savings ecosystem along with five new target date segregated funds. The Group Solutions line of business, including a new Group Retirement Savings offering, enables plan sponsors to facilitate physical, mental and financial well-being for their employees; the market has seen an increase in groups placing benefits and retirement savings with the same carrier.

In March 2023, OSFI released its final Guideline B-15 - Climate Risk Management, which will require disclosure of Empire Life's management of climate-related risks, effective fiscal year-end 2025. In June 2023, the International Sustainability Standards Board (ISSB) also finalized its standards for disclosure of sustainability-related financial information. As these are subject to jurisdictional adoption, the Company continues to monitor communication from Canadian Securities Administrators for further guidance. In November 2023, the Quebec regulator, the Autorité des marchés financiers (AMF) released its draft Climate Risk Management Guideline, with broader requirements than OSFI's Guideline B-15, including consideration of product design and marketing, and underwriting processes. The Company has initiated work to comply with these regulatory requirements and continues to monitor requirements related to climate risk.

In April 2023, OSFI released its final Guideline B-10 - Third-Party Risk Management, which sets out expectations for managing risks associated with third-party arrangements for federally regulated financial institutions (FRFIs), which is effective May 1, 2024. In addition, Guideline B-13 Technology and Cyber Risk Management came into effect on January 1, 2024, which is intended to help FRFIs develop greater resilience to technology and cyber risks. The Company has assessed these requirements and does not anticipate any issues with compliance by the effective date.

OSFI is developing a new framework for determining capital requirements for segregated fund guarantees. Changes to the capital required for products with guaranteed income may ultimately impact the industry's ability to offer some of these products at reasonable prices to the consumer. OSFI has indicated that the new requirements will become effective in January 2025.

In October 2023, OSFI released its draft Integrity and Security Guideline outlining expectations for all FRFIs to have in place adequate policies and procedures to protect against threats to integrity and security threats, including foreign interference. The final guideline was released in January 2024, with a phased implementation timeline.

OSFI also announced its comprehensive update to its supervisory framework, effective April 2024, which will provide a structure to OSFI's risk assessment, guide oversight activities and help in the identification and management of risks.

The Company has existing risk management programs in place covering a broad range of risks. The program is continually reviewed for relevance and in response to emerging regulatory guidance. In addition, the Company continues to manage the cost of increasing regulatory requirements. The insurance industry faces increasing consumer and financial solvency regulation which the Company must absorb. Empire Life must continue to grow its business and improve operating efficiency to absorb these costs while creating shareholder value.

Selected Financial Information

The following table summarizes various financial results on a quarterly basis for the most recent eight quarters:

Selected quarterly financial results (in millions of dollars, except per share amounts)	Dec 31 2023	Sep 30 2023	Jun 30 2023	Mar 31 2023	Dec 31 2022 restated	Sep 30 2022 restated	Jun 30 2022 restated	Mar 31 2022 restated
Insurance revenue - Gross	\$ 335	\$ 337	\$ 328	\$ 326	\$ 323	\$ 310	\$ 318	\$ 304
Common shareholder's net income	\$ 111	\$ (5)	\$ (1)	\$ 52	\$ 5	\$ 36	\$ (34)	\$ 47
Earnings per share - basic and diluted	\$ 112.15	\$ (5.25)	\$ (0.86)	\$ 52.66	\$ 5.32	\$ 36.61	\$ (34.08)	\$ 47.87

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The following table summarizes various financial results on an annual basis for the most recent three years:

Selected annual financial information (in millions of dollars, except per share amounts)	For the years ended December 31		
	2023	2022 restated	2021 ⁽¹⁾
Insurance revenue	\$ 1,326	\$ 1,255	
Net investment result, excluding segregated funds	789	(1,654)	
Fee and other income	31	24	
Total revenue			1,259
Common shareholders' net income (loss)	156	55	239
Earnings per share - basic and diluted (\$)	158.70	55.72	242.66
Total assets	18,665	17,558	19,531

(1) Amounts prior to January 1, 2022 have not been adjusted for the impacts from the adoption of IFRS 17 and IFRS 9. Amounts were reported under IFRS 4 and IAS 39.

Critical Accounting Estimates

Empire Life's significant accounting policies are described in Note 2 of the Consolidated Financial Statements. Certain of these policies require management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities as at the date of the Consolidated Financial Statements, and the reported amounts of revenue and expenses during the year. On an on-going basis, management evaluates its judgements, estimates, and critical assumptions in relation to assets, liabilities, revenue and expenses.

Insurance and reinsurance contracts held

Key assumptions and sources of estimation can result in a material adjustment to the carrying amounts of assets and liabilities. The Company bases assumptions and estimates on parameters available when the insurance and reinsurance contracts held are measured. Actuarial assumptions relate to events that are anticipated to occur, however, these may not be realized due to market changes, developing experience or circumstances arising that are unpredictable. Management applied judgement in determining the level of aggregation of information in which the disclosures are presented in Note 10 of the Consolidated Financial Statements.

The methods used to measure insurance contracts

The Company uses the probability weighted average of cash flows to estimate the present value of expected future cash flows. Product guarantees for universal life, participating products and segregated funds are valued using stochastic models. Assumptions relating to mortality rates, morbidity rates, longevity, expenses, and policyholder behavior are discussed further in Note 2 of the Consolidated Financial Statements.

Discount rates

IFRS 17 differentiates the requirements for discount rates for cash flows that do not vary based on the returns of any underlying items from cash flows that do vary based on the returns of any underlying items. For those that do not vary, cash flows are discounted using risk free rates, plus an illiquidity premium. For the observable period (30 years), risk free rates are determined by reference to the yields of highly liquid AAA-rated Canadian sovereign securities. The ultimate (year 70) risk free rate was determined to be 3.15%, with an ultimate illiquidity premium of 1.50% for both 2022 and 2023. The total discount rate between the observable and the ultimate periods were derived using linear interpolation. For additional information refer to Note 2.3.1 Insurance and reinsurance contracts held, of our Consolidated Financial Statements.

Investment contracts, which represent deferred annuities and guaranteed annuities, require discount rates that include a provision to reflect the Company's own credit risk and an illiquidity adjustment.

Risk adjustment for non-financial risk

The risk adjustment (RA) for non-financial risk represents the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows that arise from non-financial risk as the entity fulfills

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insurance contracts. The risk adjustment reflects an amount that an insurer would rationally pay to remove the uncertainty that future cash flows will exceed the current estimate amount.

The Company derives risk adjustment for non-financial risk using a margin for adverse deviation (MfAD) approach. The approach adds a margin (conservatism) to each insurance risk assumption.

Amortization of the CSM

The CSM is a component of the carrying amount of the asset or liability for a group of insurance contracts representing the expected future profits the Company will recognize as it provides insurance contract services under the insurance contracts in the group. An amount of the CSM for a given group of insurance contracts is recognized in insurance service revenue in each period to reflect the insurance services provided.

For universal life contracts, the coverage units are defined as the total current death benefit. Empire Life's position is that universal life products contain investment return services, whereas products with fixed Cash Surrender Values (CSVs) do not contain investment return services. Hence, the coverage units for individual non-participating contracts with fixed or no CSVs, are the sum insured less the CSVs.

Coverage units for fixed life contingent payout annuities (immediate annuities) are the expected annualized payment amounts. For participating products, coverage units are the total death benefit amount which approximates the benefits provided under the insurance coverage and investment return service.

For contracts measured using the GMM, coverage units are discounted at locked-in rates in order to determine the CSM amortization.

Amortization of the segregated funds CSM's use fund values as the coverage units and incorporates adjustments that reflect the impact of economic returns.

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

For reinsurance contracts held, the CSM amortization reflects the expected pattern of underwriting of the underlying contracts because the level of service provided depends on the number of underlying contracts in-force.

Accounting model eligibility

IFRS 17 requires the application of one of three models to groups of insurance contracts:

- General Measurement Model (GMM);
- Variable Fee Approach (VFA);
- Premium Allocation Approach (PAA).

For further details on the application of each model, refer to Note 2.3.1 of the Consolidated Financial Statements.

Fair value estimates

In measuring the fair value of financial instruments, management exercises judgment in the selection of fair value inputs and in determining their significance to the fair value estimate. Judgment is also required in the classification of fair value measurements within the levels of the fair value hierarchy, in particular those items categorized within Level 3 of the hierarchy. Additional information regarding the fair value of financial instruments in Note 3 of the Consolidated Financial Statements.

Pension and other post-employment benefits

Pension and other employee future benefits expense is calculated by independent actuaries using assumptions determined by management. The assumptions affect the pension and other employee future benefits expense included in Statements of Operations. If actual experience differs from the assumptions used, the resulting experience

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gain or loss is recorded in OCI. Additional information regarding Pension and other post-employment benefits is included in Notes 2.19 and 11 of the Consolidated Financial Statements.

Changes in Accounting Policies

IFRS 17 *Insurance Contracts* (IFRS 17) and IFRS 9 *Financial Instruments* (IFRS 9) adopted in 2023

For periods beginning on or after January 1, 2023, the Company adopted IFRS 17, which replaces IFRS 4 *Insurance Contracts*, and has restated comparative information for 2022 applying the transition provisions in IFRS 17. IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts. Effective January 1, 2023, we have also adopted IFRS 9, which replaces IAS 39 *Financial Instruments: Recognition and Measurement*.

IFRS 17

The adoption of IFRS 17 did not change the classification of the majority of the Company's insurance or investment contract liabilities. Up to and including December 31, 2022, the insurance industry has been permitted to continue using IFRS 4 and the Canadian Asset Liability Method (CALM) to measure insurance and investment contract liabilities. The exception is deferred annuities which were classified as insurance contracts under IFRS 4 and are now classified as investment contracts under IFRS 9. IFRS 17 establishes specific principles for the recognition and measurement of insurance contracts issued and reinsurance contracts held by the Company.

The primary principles of IFRS 17 are that the Company:

- Identifies insurance contracts as those under which the Company accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder.
- Identifies and separates distinct investment components and distinct services other than insurance contract services from insurance contracts and accounts for them in accordance with other standards.
- Aggregates insurance contracts issued and reinsurance contracts held into portfolios of contracts which represent similar insurance risks to the Company and which are managed together. Portfolios of contracts consist of groups of insurance contracts which are separated at initial recognition between contracts expected to produce a loss (onerous contracts) and the remaining contracts. Each group contains contracts which are issued no more than one year apart except those transitioned to IFRS 17 under the Fair Value method.
- Recognizes each group of insurance contracts separately at initial recognition and measures each separately in each future accounting period.
- Recognizes and measures groups of insurance contracts at the risk-adjusted present value of the expected future cash flows that incorporates all available information about the fulfilment cash flows in a way that is consistent with observable market information.
- Establishes a contractual service margin (CSM), representing the unearned profit in the group of insurance contracts.
- Recognizes insurance service revenue from a group of insurance contracts over the period that insurance contract services are provided. If a group of insurance contracts is expected to be onerous (loss making, exclusive of ceded risks) over the remaining coverage period, losses are recognized immediately.
- Measures insurance contract liabilities as the total of the following measurement components:
 - probability weighted, discounted, future cash flows;
 - a risk adjustment for non-financial risk; and
 - CSM.

Transition

IFRS 17 transition is applied using a full retrospective approach unless impracticable. Due to the lack of historical data, the Company applied the fair value approach (defined below) in determining the transition values for all lines of business except for group insurance. Full retrospective approach was used for the Group insurance contracts which qualified for the PAA. The Company has derecognized any existing balances that would not exist had IFRS 17 always applied. Resulting net differences are recognized in equity.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For additional information on IFRS 17 refer to Note 2.3 Estimates, assumptions and judgments and Note 2.4.1 IFRS 17 Insurance Contracts, in the Consolidated Financial Statements.

IFRS 9

IFRS 9 includes three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVOCI) and FVTPL. IFRS 9 eliminates the previous IAS 39 categories of held-to-maturity investments, loans and receivables, and available-for-sale (AFS) financial assets. Financial assets are measured at initial recognition at fair value, and are classified and subsequently measured at FVTPL, FVOCI or amortized cost based on the Company's business model for managing the financial assets and the contractual cash flow characteristics of the assets.

Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of IFRS 9 are not separated. Instead, the hybrid financial instrument as a whole is assessed for classification. IFRS 9 maintains the IAS 39 classification for financial liabilities that may be measured at either amortized cost or FVTPL.

IFRS 9 replaces the incurred loss impairment model in IAS 39 with a forward-looking expected credit loss impairment model. After adoption of IFRS 9, the majority of financial assets will be reported at FVTPL, so the expected credit loss model will not have a significant impact.

For additional information on the change to the classification and measurement of financial assets and liabilities upon the adoption of IFRS 9, refer to Note 2.4.2 IFRS 9 *Financial Instruments* in the Consolidated Financial Statements.

Overlay approach

As permitted, the Company has elected to apply the overlay approach which allows the classification and remeasurement requirements of IFRS 9 to be applied to all financial assets held in comparative periods, including those that were derecognized during that period, in order to reduce the volatility in profit or loss arising from the different effective dates of IFRS 9 and IFRS 17.

Transition

Changes in accounting policies resulting from the adoption of IFRS 9 was initially applied on January 1, 2023 without restatement of comparatives. For additional information on the impact of the Overlay approach and the IFRS 9 transition, refer to Note 2.4.2 IFRS 9 *Financial Instruments* and Note 2.6 Financial instruments, of our Consolidated Financial Statements.

Forward-Looking Statements and Information

Certain statements in this MD&A about Empire Life's current and future plans, expectations and intentions, results, market share growth and profitability, strategic objectives or any other future events or developments constitute forward-looking statements and information within the meaning of applicable securities laws. The words "may", "will", "would", "should", "could", "expects", "plans", "intends", "trends", "indications", "anticipates", "believes", "estimates", "predicts", "likely" or "potential" or the negative or other variations of these words or other comparable words or phrases, are intended to identify forward-looking statements and information. Although management anticipates that the expectations and assumptions on which such forward-looking statements and information are based are reasonable, undue reliance should not be placed on the forward-looking statements and information because there can be no assurance that they will prove to be correct. By their nature, such forward-looking statements and information are subject to various risks and uncertainties, which could cause the actual results and expectations to differ materially from the anticipated results or expectations expressed. These risks and uncertainties include, but are not limited to: investment risk, including market risk (including equity risk, interest rate risk, and foreign exchange rate risk), liquidity risk, credit risk (including counterparty risk), and hedging risk; product risk, including product design and pricing risk, underwriting and claims risk, and reinsurance risk; operational risk, including legal and regulatory compliance risk, model risk, human resources risk, third-party risk, technology and information security risk, and business continuity risk; pension risk, and risk with respect to risk management policies; business and strategic risk, including environmental and social risk, risk with respect to financial strength, capital adequacy risk, risk with respect to competition, risk with respect to distribution channels, risk with respect to changes to applicable income tax

MANAGEMENT'S DISCUSSION AND ANALYSIS

legislation, risk with respect to brand, risk with respect to intellectual property and risk with respect to significant ownership of common shares; risk relating to the securities of Empire Life, including risk with respect to market value, and risk with respect to regulatory constraints. Please see the section titled "Risk Factors" in Empire Life's Annual Information Form available at www.sedarplus.ca for more details on these risks.

Material factors or assumptions that were applied in drawing a conclusion or making an estimate set out in the forward-looking statements and information include that the general economy remains stable; assumptions on interest rates, mortality rates and insurance contract liabilities; and that capital markets continue to provide access to capital. These factors are not intended to represent a complete list of the factors that could affect Empire Life; however, these factors should be considered carefully, and readers should not place undue reliance on forward-looking statements made herein or in the documents reproduced herein.

To the extent any forward-looking information in this MD&A constitutes future-oriented financial information or financial outlooks within the meaning of securities laws, such information is being provided to demonstrate potential benefits and readers are cautioned that this information may not be appropriate for any other purpose. Future-oriented financial information and financial outlooks are, without limitation, based on the assumptions and subject to the risks set out above.

The forward-looking information contained herein is expressly qualified in its entirety by this cautionary statement. When relying on Empire Life's forward-looking statements and information to make decisions, investors and others should carefully consider the foregoing factors, assumptions and other uncertainties and potential events. Readers are cautioned not to place undue reliance on this forward-looking information, which is given as of the date hereof or the date indicated, and to not use such forward-looking information for anything other than its intended purpose. Empire Life undertakes no obligation to update publicly or revise any forward-looking statements and information, whether as a result of new information, future events or otherwise after the date of this document, except as required by law.

Non-IFRS Measures

Empire Life uses non-IFRS measures including return on common shareholders' equity, assets under management, annualized premium sales, gross and net sales for segregated funds and fixed annuities to provide investors with supplemental measures of its operating performance and to highlight trends in its core business that may not otherwise be apparent when relying solely on IFRS Accounting Standards financial measures. Empire Life also believes that securities analysts, investors and other interested parties frequently use non-IFRS measures in the evaluation of issuers. Empire Life's management also uses non-IFRS measures to facilitate operating performance comparisons from period to period, to prepare annual operating budgets and to determine components of management compensation. Empire Life believes that these measures provide information useful to its shareholders and policyholders in evaluating the Company's underlying financial results.

Return on common shareholders' equity is a profitability measure that is not prescribed under IFRS Accounting Standards and a comparable measure under IFRS Accounting Standards is not available. Empire Life calculates this measure as the net income available to common shareholders as a percentage of the average capital deployed to earn the income, on a trailing 4-quarters basis.

Annualized premium sales is used as a method of measuring sales volume. It is equal to the premium expected to be received in the first 12 months for all new individual insurance and employee benefit policies sold during the period. For segregated funds and annuity contracts, sales include new and renewal deposits to policy contracts. Net sales in the Wealth Management line reflect the gross sales less the effect of redemptions and surrenders.

Assets under management is a non-IFRS measure of the assets managed by Empire Life, which includes general fund assets, mutual fund assets and segregated fund assets. It represents the total assets of Empire Life and the assets its customers invest in.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following table provides a reconciliation of assets under management to total assets in Empire Life's financial statements.

Reconciliation of Assets Under Management

As at (in millions of dollars)	December 31, 2023	December 31, 2022 restated
Assets Under Management		
General fund assets	\$ 9,855	\$ 8,992
Segregated fund assets	8,813	8,566
Total assets per financial statements	18,668	17,558
Mutual fund assets	—	16
Assets under management	\$ 18,668	\$ 17,574

The previous table includes the following amounts held by Empire Life's defined benefit (DB) pension plans.

As at (in millions of dollars)	December 31, 2023	December 31, 2022
DB plan assets		
Segregated fund assets	\$ 227	\$ 209
Other	—	16
	\$ 227	\$ 225

Management's Responsibility for Financial Reporting

The Consolidated Financial Statements in this annual report have been prepared by management, who is responsible for their integrity, objectivity and reliability. This responsibility includes selecting and applying appropriate accounting policies, making judgments and estimates, and ensuring information contained throughout the annual report is consistent with these statements. The Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB) (IFRS Accounting Standards).

The Company maintains a system of internal control over financial reporting which is designed to provide reasonable assurance that assets are safeguarded, expenditures are made in accordance with authorizations of management and directors, transactions are properly recorded, and the financial records are reliable for preparing the Consolidated Financial Statements in accordance with IFRS Accounting Standards. Under the supervision of management, an evaluation of the effectiveness of the Company's internal control over financial reporting was carried out as at December 31, 2023. Based on that evaluation, management concluded that the Company's internal control over financial reporting was effective as at December 31, 2023.

The Board of Directors, acting through the Audit Committee which is comprised of directors who are not officers or employees of the Company, oversees management's responsibility for financial reporting and for internal control systems. The Audit Committee is responsible for reviewing the Consolidated Financial Statements and annual report and recommending them to the Board of Directors for approval. The Audit Committee meets with management, internal audit and the external auditors to discuss audit plans, internal controls over accounting and financial reporting processes, auditing matters, and financial reporting issues.

The Appointed Actuary is appointed by the Board of Directors and is responsible for ensuring that the assumptions and methods used in the valuation of the insurance contract liabilities are in accordance with accepted actuarial practice and regulatory requirements. The Appointed Actuary is required to provide an opinion regarding the appropriateness of the insurance contract liabilities at the consolidated statement of financial position date and are appropriate for its purpose. Examination of supporting data for accuracy and completeness and analysis of Company assets for their ability to support the amount of insurance contract liabilities are important elements of the work required to form this opinion. The Appointed Actuary is also required each year to analyze the financial condition of the Company and prepare a report for the Board of Directors. The analysis tests the capital adequacy of the Company under adverse economic and business conditions for the current year and the next four years.

PricewaterhouseCoopers' responsibility as external auditor is to report to the policyholders and shareholders regarding the fairness of presentation of the Company's annual Consolidated Financial Statements. The external auditors have full and free access to, and meet periodically with, the Audit Committee to discuss their audit. The Independent Auditor's Report outlines the scope of their examination and their opinion.



Mark Sylvia

President and Chief Executive Officer
Kingston, Ontario



Rebecca Rycroft

Senior Vice-President and Chief Financial Officer
Kingston, Ontario

Appointed Actuary's Report

To the policyholders and shareholders of The Empire Life Insurance Company

I have valued the policy liabilities of Empire Life for its Consolidated Financial Statements prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB) (IFRS Accounting Standards) for the year ended 31 December 2023.

In my opinion, the amount of policy liabilities is appropriate for its purpose. The valuation conforms to accepted actuarial practice in Canada and the Consolidated Financial Statements fairly present the results of the valuation.



Dan Doyle, FSA, FCIA, MAAA

Fellow, Canadian Institute of Actuaries

Kingston, Ontario

February 29, 2024

Independent Auditor's Report

To the Policyholders and Shareholders of The Empire Life Insurance Company

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of The Empire Life Insurance Company and its subsidiaries (together, the Company) as at December 31, 2023 and 2022 and January 1, 2022, and its financial performance and its cash flows for the years ended December 31, 2023 and 2022 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2023 and 2022 and January 1, 2022;
- the consolidated statements of operations for the years ended December 31, 2023 and 2022;
- the consolidated statements of comprehensive income for the years ended December 31, 2023 and 2022;
- the consolidated statements of changes in equity for the years ended December 31, 2023 and 2022;
- the consolidated statements of cash flows for the years ended December 31, 2023 and 2022; and the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

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

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

Independence

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report

Key audit matter	How our audit addressed the key audit matter
<p>Valuation of insurance contract liabilities – Estimation of fulfilment cash flows</p> <p><i>Refer to note 2 – Material accounting policies and note 10 – Insurance contracts and reinsurance contracts held to the consolidated financial statements.</i></p> <p>The Company has insurance contract liabilities of \$15.2 billion, reinsurance contracts held liabilities of \$0.3 billion and reinsurance contracts held assets of \$0.3 billion as at December 31, 2023. Insurance contract liabilities consist of:</p> <ul style="list-style-type: none"> • fulfilment cash flows (FCFs) comprising unbiased and probability weighted estimates of future cash flows, discounted to present value to reflect the time value of money and financial risks, plus a risk adjustment for non-financial risk (risk adjustment) and; • contractual service margin (CSM) representing the unearned profit in the group of insurance contracts. <p>Reinsurance contracts held consist of FCFs ceded to reinsurers and a CSM representing the net cost or net gain deferred in the group of reinsurance contracts.</p> <p>Measurement of the FCFs requires management judgments in estimating the probability weighted mean of future cash flows on a present value basis, in addition to applying a risk adjustment. Estimates of expected cash flows incorporate assumptions used in the stochastic modelling of guarantees for segregated funds and best-estimate assumptions for mortality, morbidity, longevity, expenses, and policyholder behaviour, as well as assumptions for discount rates and the risk adjustment. These assumptions are reviewed and updated at least annually by the Company's Appointed Actuary.</p> <p>We considered this a key audit matter due to the judgment applied by management when determining the FCFs, which in turn led to a high degree of auditor judgment and effort in evaluating specifically the significant best-estimate assumptions for mortality, policyholder behaviour, discount rates, the assumptions used in the stochastic modelling of guarantees for segregated funds, and the risk adjustment. Professionals with specialized skill and knowledge in the field of actuarial sciences assisted us in performing our procedures.</p>	<p>Our approach to addressing the matter included the following procedures, among others:</p> <ul style="list-style-type: none"> • Tested how management determined the FCFs, which included the following: <ul style="list-style-type: none"> – Tested the operating effectiveness of certain controls over the actuarial models used in management's determination of FCFs and certain controls related to the completeness and accuracy of data used in the calculation of FCFs. – Tested accuracy and completeness of data used in the estimates of future cash flows. – With the assistance of professionals with specialized skill and knowledge in the field of actuarial science, assessed the reasonableness of management's best-estimate assumptions for mortality, policyholder behaviour, discount rates, assumptions used in the stochastic modelling of guarantees for segregated funds, and the risk adjustment by: <ul style="list-style-type: none"> • Evaluating these assumptions in accordance with the requirements of the Canadian Institute of Actuaries (CIA). • Evaluating the Company's internal experience studies for appropriateness and considering the relationship of the results with recent CIA industry experience and observable market information. – With the assistance of professionals with specialized skill and knowledge in the field of actuarial science, evaluated a sample of actuarial models used in management's determination of the FCFs, by: <ul style="list-style-type: none"> • Assessing the appropriateness of the modelling of product features. • Assessing the appropriateness of the application of best-estimate assumptions for mortality, policyholder behaviour, discount rates, assumptions used in the stochastic modelling of guarantees for segregated funds and the risk adjustment. • Assessed the disclosures made in the consolidated financial statements, particularly on the sensitivity of best-estimate assumptions on insurance contract liabilities.

Independent Auditor's Report

Key audit matter	How our audit addressed the key audit matter
<p>Adoption of IFRS 17, <i>Insurance Contracts</i> – Contractual service margin (CSM) determined using the fair value approach as at January 1, 2022</p> <p><i>Refer to note 2 – Material accounting policies and note 10 – Insurance contracts and reinsurance contracts held to the consolidated financial statements.</i></p> <p>On January 1, 2023, the Company has retrospectively adopted IFRS 17, Insurance Contracts (IFRS 17) which impacted how the Company recognizes, measures, presents and discloses insurance contracts. In adopting the new standard, the Company used judgment in implementing accounting policies, including accounting policy choices specific to transition.</p> <p>Due to the lack of historical data, the Company applied the fair value approach in determining the transition CSMs as at January 1, 2022 for all lines of business except for group insurance.</p> <p>This transition CSM of \$1.5 billion for insurance contracts issued and \$0.2 billion for reinsurance contracts held was determined as the difference between the fair value of the groups of insurance contracts and the FCFs measured at the date of transition.</p> <p>Management used an income approach to calculate the fair value of the insurance contracts liabilities at the transition date. The weighted average cost of capital (WACC), Life Insurance Capital Adequacy Test (LICAT) targets and underlying insurance assumptions used in applying the fair value approach were determined using market rates for a company of Empire Life Insurance Company's size and capital sources as at January 1, 2022, which were considered to be consistent with those of a market participant in Canada. Allowances were made for the uncertainty around changes to segregated fund regulatory capital requirements expected in 2025.</p> <p>We considered this a key audit matter due to (i) the judgment used by management when adopting IFRS 17, specifically determining the transition CSM using the fair value approach, (ii) a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating audit evidence related to management's judgments and assumptions used to determine the transition CSM using the fair value approach, specifically the actuarial methodology used in the income approach and the market participant assumptions for the WACC and the LICAT targets, and (iii) the audit effort involved the use of professionals with specialized skills and knowledge.</p>	<p>Our approach to addressing the matter included the following procedures, among others:</p> <ul style="list-style-type: none"> • Evaluated the appropriateness of management's IFRS 17 accounting policies and tested that they were appropriately implemented. • Tested how management determined the fair value of the group of insurance contracts to measure the transition CSM as at January 1, 2022, which included the following: <ul style="list-style-type: none"> – With the assistance of professionals with specialized skill and knowledge in the field of actuarial science and valuations, assessed the reasonableness of the market participant assumptions used for the WACC and the LICAT targets by independently constructing a WACC and capital target benchmarking against industry experience. – Reconciled underlying insurance assumptions to the assumptions used in the FCFs. – With the assistance of professionals with specialized skill and knowledge in the field of actuarial science, evaluated the appropriateness of the actuarial methodology • Assessed the disclosures made in the consolidated financial statements about the adoption of IFRS 17, including the CSM at transition determined using the fair value approach.

Independent Auditor's Report

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis, which we obtained prior to the date of this auditor's report and the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual report, which is expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard. When we read the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

In preparing the consolidated 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 consolidated financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Independent Auditor's Report

- 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario

February 29, 2024

Consolidated Statements of Financial Position

(in thousands of Canadian dollars)

As at	Notes	December 31, 2023	December 31, 2022 restated	January 1, 2022 restated
Assets				
Cash and cash equivalents	3	\$ 347,707	\$ 175,523	\$ 193,218
Investments	3	8,916,945	8,160,299	9,839,335
Accrued investment income		49,068	48,645	40,789
Current tax asset		—	46,644	15,241
Other assets	4	32,193	32,725	16,765
Reinsurance contracts held assets	10	281,359	310,044	283,299
Property and equipment		13,751	13,642	14,889
Deferred tax asset	14	89,444	89,623	93,123
Investment in associates		34,891	29,816	22,504
Intangible assets	5	61,511	60,571	28,511
Goodwill	6	24,950	24,465	—
Segregated fund assets	8	8,812,724	8,565,675	9,257,298
Total assets		\$ 18,664,543	\$ 17,557,672	\$ 19,804,972
Liabilities				
Insurance contract liabilities, excluding segregated fund account balances	10	\$ 6,708,434	\$ 6,145,378	\$ 7,598,470
Reinsurance contracts held liabilities	10	253,230	217,056	338,922
Investment contract liabilities, excluding segregated fund account balances	3	490,020	334,664	322,208
Accounts payable and other liabilities	9	97,318	110,308	104,615
Current tax liability		15,780	—	—
Subordinated debt	12	398,897	399,129	398,858
Total liabilities, excluding those for account of segregated fund holders		7,963,679	7,206,535	8,763,073
Insurance contract liabilities for segregated fund account balances	10	8,507,285	8,278,948	8,947,820
Investment contract liabilities for segregated fund account balances	3	305,439	286,727	309,478
Insurance and investment contract liabilities for account of segregated fund holders		8,812,724	8,565,675	9,257,298
Total liabilities		16,776,403	15,772,210	18,020,371
Equity				
Preferred shares	16	100,000	100,000	100,000
Common shares	16	985	985	985
Other equity instruments	16	196,664	196,664	196,664
Contributed surplus		19,387	19,387	19,387
Retained earnings		1,498,732	1,417,584	1,435,391
Accumulated other comprehensive income		26,215	26,787	2,245
Total shareholders' equity		1,841,983	1,761,407	1,754,672
Participating account surplus		46,157	24,055	29,929
Total equity		1,888,140	1,785,462	1,784,601
Total liabilities and equity		\$ 18,664,543	\$ 17,557,672	\$ 19,804,972



Duncan N. R. Jackman

Chairman of the Board



Mark Sylvia

President and Chief Executive Officer

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

Consolidated Statements of Operations

(in thousands of Canadian dollars except per share amounts)

For the year ended	Notes	December 31, 2023	December 31, 2022 restated
Insurance service result			
Insurance revenue	10	\$ 1,325,508	\$ 1,255,349
Insurance service expenses	13	(1,071,549)	(1,018,110)
Insurance service result		253,959	237,239
Net recovery (expense) from reinsurance contracts held	10	(72,637)	(44,428)
Net insurance service result		181,322	192,811
Investment and insurance finance result			
Investment income (loss), excluding segregated funds			
Investment income	3	816,789	(1,663,952)
Change in investment contracts	3	(28,171)	10,331
Net investment result, excluding segregated funds	3	788,618	(1,653,621)
Insurance finance income (expense), excluding segregated fund account balances			
Insurance contracts	3	(613,392)	1,484,918
Reinsurance contracts held	3	(39,503)	83,005
Net insurance finance income (expense), excluding segregated funds		(652,895)	1,567,923
Segregated funds net investment and insurance finance result			
Investment income (loss) on investments for segregated fund account balances	3	735,834	(353,668)
Insurance finance income (expenses) segregated fund account balances	3	(735,834)	353,668
Segregated funds net investment and insurance finance result		—	—
Net investment and insurance finance result	3	135,723	(85,698)
Other income and expenses			
Fee and other income		30,701	24,184
Non-insurance expenses	13	(95,525)	(62,116)
Interest expenses	13	(16,615)	(11,648)
Total other income and expenses		(81,439)	(49,580)
Net income (loss) before taxes		235,606	57,533
Income taxes		(45,650)	1,722
Net income (loss) after taxes		189,956	59,255
Less: net income (loss) attributable to the participating account		22,102	(5,874)
Shareholders' net income (loss)		167,854	65,129
Less: preferred share dividends declared and distributions on other equity instruments	17	(11,525)	(10,237)
Common shareholders' net income (loss)		\$ 156,329	\$ 54,892
Earnings per share - basic and diluted	15	\$ 158.70	\$ 55.72
(2,000,000 shares authorized; 985,076 shares outstanding)			

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

Consolidated Statements of Comprehensive Income

(in thousands of Canadian dollars)

For the year ended	Notes	December 31, 2023	December 31, 2022 restated
Net income (loss) after taxes		\$ 189,956	\$ 59,255
Other comprehensive income (loss), net of income taxes:			
Items that will not be reclassified to net income:			
Remeasurements of post-employment benefit liabilities	14	(572)	24,542
Total other comprehensive income (loss)		(572)	24,542
Total comprehensive income (loss)		\$ 189,384	\$ 83,797
Comprehensive income (loss) attributable to:			
Participating account		\$ 22,102	\$ (5,874)
Shareholders		167,282	89,671
Total comprehensive income (loss)		\$ 189,384	\$ 83,797

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

Consolidated Statements of Changes in Equity

(in thousands of Canadian dollars)

	Preferred Shares	Common Shares	Other Equity Instruments	Contributed Surplus	Retained Earnings	AOCI (AOCL)	Total Shareholders' Equity	Participating Account Surplus	Total Equity
Previously reported balance as at December 31, 2021	\$ 100,000	\$ 985	\$ 196,664	\$ 19,387	\$ 1,746,945	\$ 52,217	\$ 2,116,198	\$ 55,380	\$ 2,171,578
Impact of initial application of IFRS 17, net of taxes					(361,940)	—	(361,940)	(27,951)	(389,891)
Impact of initial application of IFRS 9 overlay, net of taxes					50,386	(49,972)	414	2,500	2,914
Restated balance as at January 1, 2022	100,000	985	196,664	19,387	1,435,391	2,245	1,754,672	29,929	1,784,601
Restated for the year ended December 31, 2022									
Comprehensive income (loss)					65,129	24,542	89,671	(5,874)	83,797
Preferred share dividends and distributions on other equity instruments					(10,237)		(10,237)		(10,237)
Common share dividends					(72,699)		(72,699)		(72,699)
Restated balance as at December 31, 2022	100,000	985	196,664	19,387	1,417,584	26,787	1,761,407	24,055	1,785,462
For the year ended December 31, 2023									
Comprehensive income (loss)					167,854	(572)	167,282	22,102	189,384
Preferred share dividends and distributions on other equity instruments					(11,525)		(11,525)		(11,525)
Common share dividends					(75,181)		(75,181)		(75,181)
Balance as at December 31, 2023	\$ 100,000	\$ 985	\$ 196,664	\$ 19,387	\$ 1,498,732	\$ 26,215	\$ 1,841,983	\$ 46,157	\$ 1,888,140

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

Consolidated Statements of Cash Flows

(in thousands of Canadian dollars)

For the year ended	Note	December 31, 2023	December 31, 2022 restated
Operating activities			
Net income before tax		\$ 235,606	\$ 57,533
Adjustments for:			
Accrued investment income		(423)	(7,856)
Depreciation of right-of-use assets		1,386	5,596
Amortization of (premium) discount on invested assets		(81,855)	(76,850)
Amortization related to property and equipment and intangible assets		16,137	15,870
Accrued Interest on Lease Liabilities		176	804
Net unrealized (gains)/losses on invested assets		(342,482)	1,896,302
Amortization of (premium) discount on subordinated debts		468	871
Accrued interest on subordinated debts		7,667	4,735
Share of loss (income) of associates		(1,300)	(1,466)
Changes in:			
Other assets		(320)	15,960
Accounts payable and other liabilities		(4,219)	18,720
Insurance contracts liabilities		544,344	(1,430,341)
Reinsurance contracts held		62,950	(148,611)
Investment contract liabilities		174,068	(10,295)
Cash generated from (used for) operating activities		612,203	340,972
Tax refund received (paid)		19,310	(40,277)
Cash provided from (used for) operating activities		631,513	300,695
Investing activities			
Portfolio investments			
Purchases and advances		(2,022,167)	(2,014,246)
Sales and maturities		1,685,826	1,873,830
Purchase of property and equipment and intangible assets		(16,682)	(19,779)
Dividends from associates		985	495
Investment in associates		(4,760)	(6,340)
Payments for acquisition of subsidiary, net of cash acquired		(988)	(57,910)
Cash provided from (used for) investing activities		(357,786)	(223,950)
Financing activities			
Dividends paid to common shareholders	17	(75,181)	(72,699)
Dividends paid to preferred shareholders and distributions from other equity instruments		(11,204)	(10,238)
Redemption of subordinated debt		(200,000)	—
Issuance of subordinated debt		199,300	—
Payment of lease liabilities		(1,243)	(726)
Interest paid on subordinated debt		(13,215)	(10,777)
Cash provided from (used for) financing activities		(101,543)	(94,440)
Net change in cash and cash equivalents		172,184	(17,695)
Cash and cash equivalents - beginning of year	3	175,523	193,218
Cash and cash equivalents - end of year	3	\$ 347,707	\$ 175,523
Supplementary cash flow information related to operating activities:			
Income taxes paid, net of (refunds)		\$ (19,310)	\$ 40,277
Interest income received		256,610	224,779
Dividend income received		56,724	49,857

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

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars except for per share amounts, shares authorized and outstanding and where otherwise stated)

1. Description of Company and Summary of Operations

The Empire Life Insurance Company (the Company or Empire Life) celebrated its 100th anniversary, as it was founded in 1923 when it was organized under a provincial charter in Toronto, Ontario. Authorization to continue as a federal corporation was obtained in 1987. The Company underwrites life and health insurance policies and provides segregated funds, mutual funds and annuity products for individuals and groups across Canada. The Company is a 98.3% owned subsidiary of E-L Financial Services Limited (ELFS), which in turn is a 100.0% owned subsidiary of E-L Financial Corporation Limited (E-L). E-L owns, directly and indirectly through ELFS, 99.4% of the common shares of Empire Life. The head office, principal address and registered office of the Company are located at 259 King Street East, Kingston, Ontario, K7L 3A8. Empire Life is a Federally Regulated Financial Institution, regulated by the Office of the Superintendent of Financial Institutions, Canada (OSFI) and subject to regulations in all of the provinces in which we conduct business. Empire Life became a public company on August 5, 2015 and registered as a reporting issuer with the Ontario Securities Commission.

The Company owns 100% of the voting shares and maintains control of its subsidiary, Empire Life Investments Incorporated. (ELII), which was established in 2011. ELII became a registered Investment Funds Manager on January 5, 2012. The head office for ELII is located at 165 University Avenue, 9th Floor, Toronto, Ontario, M5H 3B8.

TruStone Financial Inc. (TSFI), an Empire Life subsidiary, was established in 2022. Empire Life owns 100% of the voting shares and maintains control of its subsidiary. The head office for TSFI is located at 259 King Street East, Kingston, Ontario, K7L 3A8.

These Consolidated Financial Statements were approved by the Company's Board of Directors (the Board) on February 29, 2024.

2. Material Accounting Policies

2.1. Basis of preparation

The Consolidated Financial Statements of the Company for the year ended December 31, 2023 have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB) (IFRS Accounting Standards).

IFRS 17 Insurance Contracts (IFRS 17) replaces IFRS 4 Insurance Contracts (IFRS 4) for annual periods beginning on or after January 1, 2023. The Company has restated comparative information for 2022 applying the transition provisions in IFRS 17. Details of the Company's material accounting policies are included in this note.

The IASB issued IFRS 9 Financial Instruments (IFRS 9), replacing IAS 39 Financial Instruments: Recognition and Measurement (IAS 39). IFRS 9 is effective for annual periods beginning on or after January 1, 2023.

All amounts included in the Consolidated Financial Statements are presented in thousands of Canadian dollars except for per share amounts and where otherwise stated.

2.2. Basis of consolidation

The Company's Consolidated Financial Statements include the assets, liabilities, results of operations and cash flows of the Company and its subsidiaries. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases. The Financial Statements of subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. Inter-company transactions, balances, income and expenses are eliminated on consolidation.

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars except for per share amounts, shares authorized and outstanding and where otherwise stated)

2.3. Estimates, assumptions and judgments

The preparation of the Consolidated Financial Statements, in accordance with IFRS Accounting Standards, requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities as at the date of the Consolidated Financial Statements, and the reported amounts of revenue and expenses during the year. On an on-going basis, management evaluates its judgements, estimates, and critical assumptions in relation to assets, liabilities, revenue and expenses. Actual results may differ from the Company's estimates thereby impacting the Consolidated Financial Statements. Information on the Company's use of estimates and assumptions related to measurement of insurance contract liabilities and investment contract liabilities are discussed in this Note.

2.3.1. Insurance and reinsurance contracts held

Key assumptions and sources of estimation that can result in a material adjustment to the carrying amounts of assets and liabilities are discussed below. The Company bases assumptions and estimates on parameters available when the insurance and reinsurance contracts held are measured. Actuarial assumptions relate to events that are anticipated to occur, however, these may not be realized due to market changes, developing experience or circumstances arising that are unpredictable. Management applied judgement in determining the level of aggregation of information in which the disclosures are presented in Note 10 of the Consolidated Financial Statements.

Product guarantees for universal life, participating products and segregated funds are valued using stochastic models. Assumptions are discussed in more detail below and in Note 23.

Mortality rates (life insurance business)

Current estimates are based on a combination of Company and industry experience. Mortality projections are further adjusted for expected future mortality improvements. Assumptions are differentiated by policyholder gender, underwriting class and contract size.

Morbidity rates (health insurance business)

Morbidity rates relate to insurance contracts that have health risks. Morbidity refers to both the rates of accident or sickness and the rates of recovery from the accident or sickness. Assumptions are based on a combination of Company and industry experience.

Longevity (immediate annuity business)

Assumptions are based on a combination of Company and industry experience. An appropriate allowance is made for expected future mortality improvements.

Expenses

Expenses that are directly attributable to the fulfilment of insurance contracts are within the contract boundary (defined in Note 2.5.4) and included in the measurement of the group of insurance contracts. These expenses include costs of administering policies in-force, renewal commissions, acquisition costs, general expenses, transactional taxes, investment income tax and an allocation of fixed and variable overhead expenses. Overhead expenses are allocated to groups of insurance contracts using methods that are systematic and rational. The current level of expenses is taken as an appropriate expense base, projections adjusted for expected inflation. Expected inflation rates are based on management current estimates.

Policyholder behaviour

Policy lapse, surrender and premium payment assumptions (collectively policyholder behaviour) are based on Company and industry experience.

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars except for per share amounts, shares authorized and outstanding and where otherwise stated)

Discount rates

IFRS 17 differentiates the requirements for discount rates for cash flows that do not vary based on the returns of any underlying items from cash flows that do vary based on the returns of any underlying items. For those that do not vary, cash flows are discounted using risk free rates, plus an illiquidity premium. For the observable period (30 years), risk free rates are determined by reference to the yields of highly liquid AAA-rated Canadian sovereign securities. The ultimate (year 70) risk free rate was determined to be 3.15%, with an ultimate illiquidity premium of 1.50% for both 2022 and 2023. The total discount rate between the observable and the ultimate periods were derived using linear interpolation.

Discount rates applied to cash flows that do not vary based on the returns of any underlying items use the following rates for discounting of expected future cash flows:

For contracts whose cash flows do not vary with the underlying items		
Portfolio duration	December 31, 2023	December 31, 2022
1 year	5.36 %	5.53 %
3 years	4.76 %	5.25 %
5 years	4.55 %	5.07 %
10 years	4.74 %	5.15 %
20 years	4.83 %	5.31 %
30 years	4.89 %	5.29 %
Ultimate (year 70)	4.65 %	4.65 %

The illiquidity premium, determined using guidance outlined in Canadian Institute of Actuaries (CIA) Standards of Practice, references observable market rates for corporate debt. Empire Life applies the same illiquidity premium to all groups of insurance contracts where the General Measurement Model (GMM) applies. It was determined that these insurance contracts were very illiquid, which is reflected in the illiquidity premium used.

Risk adjustment for non-financial risk

The risk adjustment (RA) for non-financial risk represents the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows that arise from non-financial risk as the entity fulfills insurance contracts. The risk adjustment reflects an amount that an insurer would rationally pay to remove the uncertainty that future cash flows will exceed the current estimate amount.

The Company derives risk adjustment for non-financial risk using a margin for adverse deviation (MfAD) approach. The approach adds a margin (conservatism) to each insurance risk (mortality, morbidity, longevity, expenses, policyholder behaviour) assumption. These MfADs are aggregated to derive the Company's total risk adjustment. The risk adjustment recognizes the benefits of diversification and is further adjusted to achieve the target confidence level.

The net direct and ceded risk adjustment for non-financial risk for the Company corresponds to a confidence level target range of 80% to 85% as at December 31, 2023 and December 31, 2022.

Amortization of the CSM

The CSM is a component of the carrying amount of the asset or liability for a group of insurance contracts representing the expected future profits the Company will recognize as it provides insurance contract services under the insurance contracts in the group. An amount of the CSM for a given group of insurance contracts is recognized in insurance service revenue in each period to reflect the insurance services provided.

For universal life contracts, the coverage units are defined as the total current death benefit. Empire Life's position is that universal life products contain investment return services, whereas products with fixed Cash Surrender Values (CSVs) do not contain investment return services. Hence, the coverage units for individual non-participating contracts with fixed or no CSVs, are the sum insured less the CSVs.

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars except for per share amounts, shares authorized and outstanding and where otherwise stated)

Coverage units for fixed life contingent payout annuities (immediate annuities) are the expected annualized payment amounts. For participating products, coverage units are the total death benefit amount which approximates the benefits provided under the insurance coverage and investment return service.

For contracts measured using the GMM, coverage units are discounted at locked-in rates in order to determine the CSM amortization.

Amortization of the segregated funds CSM's use fund values as the coverage units and incorporates adjustments that reflect the impact of economic returns.

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

For reinsurance contracts held, the CSM amortization reflects the expected pattern of underwriting of the underlying contracts because the level of service provided depends on the number of underlying contracts in-force.

Accounting model eligibility

IFRS 17 requires the application of one of three models to groups of insurance contracts:

- General Measurement Model (GMM);
- Variable Fee Approach (VFA);
- Premium Allocation Approach (PAA).

The GMM is the default measurement model under IFRS 17. The GMM applies to all individual non-participating business including fixed life-contingent annuities and universal life insurance contracts. The universal life business contains some features of risk pass through where the VFA model might apply, however, management determined that there was not a link to clearly identified pool of underlying items, therefore the GMM applies.

The VFA applies to all groups of insurance contracts that are substantially investment-related service contracts under which the policyholder receives a substantial share of the investment returns on the linked underlying items. The VFA applies to the segregated fund business and eligible participating policies. There was judgment involved in deciding to apply the VFA model to the Company's participating business. Empire Life's approach is to define the underlying as the entire participating account, including any surplus. The policyholders benefit from a substantial share of the return on these assets.

The PAA model is applicable when the coverage period of each contract in the group is one year or less or the Company reasonably expects that the resulting measurement of the liability for remaining coverage (LRC) would not differ materially from that of applying the GMM. The PAA is therefore applied to the Company's short-term group insurance business as it does not differ materially from that of applying the GMM. The Company does not adjust the LRC to reflect the time value of money and effect of financial risk if at initial recognition it does not expect that the time between providing each part of the services and the related premium due date will be more than one year.

2.3.2. Pension and other post-employment benefits

Pension and other employee future benefits expense is calculated by independent actuaries using assumptions determined by management. The assumptions affect the pension and other employee future benefits expense included in Statements of Operations. If actual experience differs from the assumptions used, the resulting experience gain or loss is recorded in OCI.

Additional information regarding pension and other post-employment benefits is included in Notes 2.19 and 11.

2.3.3. Fair value estimates

In measuring the fair value of financial instruments, management exercises judgment in the selection of fair value inputs

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars except for per share amounts, shares authorized and outstanding and where otherwise stated)

and in determining their significance to the fair value estimate. Judgment is also required in the classification of fair value measurements within the levels of the fair value hierarchy, in particular those items categorized within Level 3 of the hierarchy.

Additional information regarding the fair value of financial instruments is included in Note 3.

2.4. New and amended standards and interpretations

The Company adopted the amendments to IFRS Accounting Standards for IAS 1, *Presentation of Financial Statements* and IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*. The adoption of these amendments did not have a material impact on the Company's financial statements. See 2.4.1 and 2.4.2 for summaries of the nature of changes in accounting policies as a result of adopting IFRS 17 and IFRS 9 respectively.

The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

2.4.1. IFRS 17 Insurance Contracts

IFRS 17 was adopted on January 1, 2023 with a transition date of January 1, 2022. It is effective beginning on January 1, 2023. The Company has restated comparative information for 2022 applying the transition provisions in IFRS 17. The nature of changes in accounting policies are summarized below.

Changes to classification and measurement

The adoption of IFRS 17 did not change the classification of the majority of the Company's insurance or investment contract liabilities. Up to and including December 31, 2022, the insurance industry has been permitted to continue using IFRS 4 and the Canadian Asset Liability Method (CALM) to measure insurance and investment contract liabilities. The exception is deferred annuities which were classified as insurance contracts under IFRS 4 and are now classified as investment contracts under IFRS 9. IFRS 17 establishes specific principles for the recognition and measurement of insurance contracts issued and reinsurance contracts held by the Company.

The primary principles of IFRS 17 are that the Company:

- Identifies insurance contracts as those under which the Company accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder.
- Identifies and separates distinct investment components and distinct services other than insurance contract services from insurance contracts and accounts for them in accordance with other standards.
- Aggregates insurance contracts issued and reinsurance contracts held into portfolios of contracts which represent similar insurance risks to the Company and which are managed together. Portfolios of contracts consist of groups of insurance contracts which are separated at initial recognition between contracts expected to produce a loss (onerous contracts) and the remaining contracts. Each group contains contracts which are issued no more than one year apart except those transitioned to IFRS 17 under the Fair Value method.
- Recognizes each group of insurance contracts separately at initial recognition and measures each separately in each future accounting period.
- Recognizes and measures groups of insurance contracts at the risk-adjusted present value of the expected future cash flows that incorporates all available information about the fulfilment cash flows in a way that is consistent with observable market information.
- Establishes a contractual service margin (CSM), representing the unearned profit in the group of insurance contracts.
- Recognizes insurance service revenue from a group of insurance contracts over the period that insurance contract services are provided. If a group of insurance contracts is expected to be onerous (loss making, exclusive of ceded risks) over the remaining coverage period, losses are recognized immediately.
- Measures insurance contract liabilities as the total of the following measurement components:
 - probability weighted, discounted, future cash flows;
 - a risk adjustment for non-financial risk; and

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars except for per share amounts, shares authorized and outstanding and where otherwise stated)

- CSM.

The Company's classification and measurement of insurance contracts issued and reinsurance contracts held is explained in Note 2.5.

Changes to presentation and disclosure

IFRS 17 introduces changes to the way in which the Company is required to present and disclose financial results.

Under IFRS 17, a number of insurance-related assets and liabilities that were previously reported on the Consolidated Statement of Financial Position are now incorporated into the insurance contract liabilities caption. Examples include loans on policies, insurance receivables, insurance payables, policyholders' funds on deposit and provision for profit to policyholders.

Under IFRS 17 the changes to the Consolidated Statement of Operations are significant. The Consolidated Statement of Operations no longer reports gross and ceded premiums written, gross and ceded benefits and claims paid, change in insurance and reinsurance contract liabilities or commissions. Instead, it reports insurance service result comprising insurance revenue and insurance service expenses, net recovery (expense) from reinsurance contracts held, net investment result and net insurance finance result.

IFRS 17 requires additional detailed disclosures about amounts recognized in the financial statements, at a more granular level than under IFRS 4. This includes roll-forward schedules on insurance contract liabilities and reinsurance contracts held, as well as disclosure information on discount rates, new business, the expected emergence pattern of CSM and significant judgments made when applying IFRS 17. There are expanded disclosures about the nature and extent of risks from insurance contracts issued and reinsurance contracts held.

Transition Impact

IFRS 17 transition is applied using a full retrospective approach unless impracticable. Due to the lack of historical data, the Company applied the fair value approach (defined below) in determining the transition values for all lines of business except for group insurance. Full retrospective approach was used for the Group insurance contracts which qualified for the PAA. The Company has derecognized any existing balances that would not exist had IFRS 17 always applied. Resulting net differences are recognized in equity.

Fair value approach

For all in-force business at transition, for each portfolio, the Company grouped insurance contracts from multiple cohorts into a single group for measurement purposes. The Company determined the CSM included in the LRC at the transition date as the difference between the fair value of the group of insurance contracts and the fulfilment cash flows (FCFs) (as defined in Note 2.5.5) measured at January 1, 2022. In determining fair value, the Company applied the principles of IFRS 13 Fair Value Measurement.

For the application of the fair value approach, the Company has used reasonable and supportable information available at the transition date in order to:

- Identify groups of insurance contracts and whether they are within the scope of IFRS 17
- Determine which measurement model (GMM, VFA, PAA) applies to each group of insurance contracts
- Determine appropriate fulfilment cash flow assumptions and project them into the future
- Project policy values and regulatory capital amounts

The Company used an income approach to calculate the fair value of the insurance contract liabilities at the transition date. CSM balances were derived separately for non-participating life, health, universal life, fixed life-contingent annuities, segregated funds and participating business.

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars except for per share amounts, shares authorized and outstanding and where otherwise stated)

The weighted average cost of capital (WACC), Life Insurance Capital Adequacy Test (LICAT) targets and underlying insurance assumptions used in applying the fair value approach were determined using market rates for a company of Empire Life's size and capital sources as at January 1, 2022, which were considered to be consistent with those of a market participant in Canada. Allowances were made for the uncertainty around changes to segregated fund regulatory capital requirements expected in 2025. The fair value calculations are based on a number of actuarial assumptions, including discount rates, and involves consideration of the most appropriate assumptions for use by a market participant. Empire assumed that the market participant would have the same characteristics (size, market, risk appetite) as itself. Projected cash flows use Empire Life's valuation assumptions.

The CSM derived at transition is as follows:

Transition CSM as at January 1, 2022		
(\$ millions)		
Gross	\$	1,544
Ceded		(186)
Net	\$	1,358

The total transition CSM is made up of approximately 40% wealth business (including segregated funds) and 60% individual life insurance.

2.4.2. IFRS 9 *Financial Instruments*

In 2014, the IASB issued IFRS 9, replacing IAS 39. IFRS 9 includes guidance on the classification and measurement of financial assets, including impairment requirements and a new general hedge accounting model. IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics and determines how a financial instrument is subsequently measured. The impairment model under IFRS 9 applies to all financial assets not measured at fair value through profit or loss (FVTPL) and requires recognition of full lifetime expected credit losses if certain criteria are met.

Financial assets that would otherwise fall into a different category are permitted to be voluntarily designated at FVTPL. This designation is irrevocable and can only be applied if reliable fair values are available and when doing so eliminates or significantly reduces a measurement inconsistency that would otherwise arise from measuring assets and liabilities on different bases.

Changes to classification and measurement

IFRS 9 includes three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVOCI) and FVTPL. IFRS 9 eliminates the previous IAS 39 categories of held-to-maturity investments, loans and receivables, and available-for-sale (AFS) financial assets. Financial assets are measured at initial recognition at fair value, and are classified and subsequently measured at FVTPL, FVOCI or amortized cost based on the Company's business model for managing the financial assets and the contractual cash flow characteristics of the assets.

Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of IFRS 9 are not separated. Instead, the hybrid financial instrument as a whole is assessed for classification. IFRS 9 maintains the IAS 39 classification for financial liabilities that may be measured at either amortized cost or FVTPL.

Additional information regarding the classification and measurement of the Company's financial assets and liabilities is included in Note 3.

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars except for per share amounts, shares authorized and outstanding and where otherwise stated)

The following table provides the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of financial assets and liabilities as at January 1, 2023, as well as the impacts of IFRS 9 on January 1, 2023, including any reclassification and measurement changes.

Financial instrument	IAS 39 Classification	IFRS 9 Classification	Carrying amount as at December 31, 2022 (IAS 39) ⁽¹⁾	Impact of classification and measurement	Carrying amount as at January 1, 2023 (IFRS 9)
Financial assets					
Cash and cash equivalents	FVTPL (Designated)	FVTPL	\$ 2,346	\$ —	\$ 2,346
Cash and cash equivalents	FVTPL (Designated)	FVTPL (Designated)	173,177	—	173,177
Short-term investments ⁽²⁾	AFS	FVTPL	592	—	592
Short-term investments	FVTPL (Designated)	FVTPL (Designated)	8,439	—	8,439
Bonds ⁽²⁾	AFS	FVTPL	397,072	—	397,072
Bonds ⁽²⁾	AFS	FVTPL (Designated)	1,285,373	—	1,285,373
Bonds	FVTPL (Designated)	FVTPL	207,699	—	207,699
Bonds	FVTPL (Designated)	FVTPL (Designated)	4,854,613	—	4,854,613
Preferred shares ⁽³⁾	AFS	FVTPL	17,238	(17,238)	—
Preferred shares	FVTPL (Designated)	FVTPL	384,927	17,238	402,165
Common shares ⁽³⁾	AFS	FVTPL	41,064	(41,064)	—
Common shares	FVTPL (Designated)	FVTPL	789,569	41,064	830,633
Derivative assets	FVTPL (Designated)	FVTPL	9,776	—	9,776
Mortgages	Loans and receivables	FVTPL (Designated)	113,901	—	113,901
Loans ⁽⁴⁾⁽⁵⁾	Loans and receivables	FVTPL (Designated)	50,036	—	50,036
Segregated fund assets	FVTPL	FVTPL	8,565,675	—	8,565,675
Total financial assets			\$ 16,901,497	\$ —	\$ 16,901,497
Financial liabilities					
Accounts payable and other liabilities	Amortized cost	Amortized cost	\$ 110,308	\$ —	\$ 110,308
Investment contract liabilities, excluding segregated fund account balances ⁽⁶⁾	Amortized cost	FVTPL (Designated)	27,246	307,418	334,664
Investment contract liabilities for account of segregated fund holders ⁽⁷⁾	FVTPL	FVTPL	—	286,727	286,727
Total financial liabilities⁽⁸⁾			\$ 137,554	\$ 594,145	\$ 731,699

⁽¹⁾ Amounts for the year ended December 31, 2022 include the impact of the overlay approach.

⁽²⁾ Certain amounts classified as AFS under IAS 39 were reclassified to FVTPL under IFRS 9 because they do not pass the SPPI test or because doing so can eliminate or significantly reduce an accounting mismatch.

⁽³⁾ Under IAS 39, certain preferred shares and common shares were classified as AFS. Under IFRS 9, these financial assets are classified as FVTPL, and we have not elected to designate them as FVOCI.

⁽⁴⁾ Certain balances, such as \$59,979 in Loans on policies, that were previously presented separately as financial instruments, are excluded from the above table and are now included in the determination and reported balance of Insurance contract liabilities.

⁽⁵⁾ Certain non-current balances have been reclassified from Accounts receivable.

⁽⁶⁾ Deferred annuities of \$291,293 were classified as insurance contracts under IFRS 4 and are now classified as investment contracts under IFRS 9.

⁽⁷⁾ Investment contract liabilities for account of segregated fund holders \$286,727 are now classified as investment contracts under IFRS 9.

⁽⁸⁾ Total financial liabilities excludes Subordinated debt (Note 12), which has had no impact from IFRS 9 and remains classified as amortized cost.

Impairment of Financial Assets

IFRS 9 replaces the 'incurred loss' impairment model in IAS 39 with a forward-looking 'expected credit loss' impairment model. The new impairment model applies to financial assets measured at amortized cost and FVOCI. After adoption of IFRS 9, the majority of the Company's financial assets are reported at FVTPL so the expected credit loss model does not have a significant impact.

Transition Impact

Except for the application of the overlay approach (see discussion below), changes in accounting policies resulting from the adoption of IFRS 9 were initially applied on January 1, 2023 without restatement of comparatives. In addition, the following assessments have been made on the basis of the facts and circumstances that existed at January 1, 2023:

- The determination of the business model within which a financial asset is held;

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- The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.

Overlay approach

As permitted, the Company has elected to apply the overlay approach which allows the classification and remeasurement requirements of IFRS 9 to be applied to all financial assets held in comparative periods, including those that were derecognized during that period, in order to reduce the volatility in profit or loss arising from the different effective dates of IFRS 9 and IFRS 17.

The overlay approach involves reclassifying between net income and other comprehensive income (OCI), for designated financial assets, the difference between the amount reported in the Consolidated Statements of Operations under IFRS 9 and the amount that would have been reported under the application of IAS 39. In determining this amount, the Company considered gains and losses on sales of securities, as well as impairment losses on equity instruments using accounting policies required by IAS 39. For financial assets in which the impairment requirements of IFRS 9 applies, the Company has elected to continue presenting in the comparative periods the loss allowance that was determined in accordance with IAS 39.

The following provides a summary of the impact from applying the overlay approach on the classification and measurement of financial assets for the comparative year:

Financial instrument	IAS 39 Measurement	IFRS 9 Measurement	Original carrying amount as at December 31, 2021	Impact of overlay application	Adjusted carrying amount as at January 1, 2022
Financial assets impacted by the overlay application					
Short-term investments	AFS	FVTPL	\$ 4,998	\$ —	\$ 4,998
Bonds ⁽¹⁾	AFS	FVTPL	1,891,988	—	1,891,988
Preferred shares ⁽²⁾	AFS	FVTPL	8,044	—	8,044
Common shares ⁽²⁾	AFS	FVTPL	57,725	—	57,725
Mortgages	Loans and receivables	FVTPL	153,564	5,094	158,658
Financial assets not impacted by the overlay application⁽³⁾					
Cash and cash equivalents	FVTPL	FVTPL	193,218	—	193,218
Short-term investments	FVTPL	FVTPL	3,649	—	3,649
Bonds	FVTPL	FVTPL	6,257,472	—	6,257,472
Preferred shares	FVTPL	FVTPL	433,295	—	433,295
Common shares	FVTPL	FVTPL	961,709	—	961,709
Segregated fund assets	FVTPL	FVTPL	9,257,298	—	9,257,298
Derivative assets	FVTPL	FVTPL	6,302	—	6,302
Loans	Loans and receivables	FVTPL	52,808	—	52,808
Total financial assets			\$ 19,282,070	\$ 5,094	\$ 19,287,164

⁽¹⁾ Certain bonds classified as AFS under IAS 39 were reclassified to FVTPL under IFRS 9 because they do not pass the IFRS 9 Solely Payments of Principal and Interest (SPPI) test or because doing so can eliminate or significantly reduce an accounting mismatch.

⁽²⁾ Under IAS 39, certain preferred shares and common shares were classified as AFS. Under IFRS 9, these financial assets are classified as FVTPL, and we have not elected to designate them as FVOCI.

⁽³⁾ Certain balances, such as Loans on policies, that were previously presented separately as financial instruments, are excluded from the above table and are now included in the determination and reported balance of Insurance contract liabilities or Reinsurance contracts held liabilities under IFRS 17.

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2.5. Insurance contracts and reinsurance contracts held

The Company issues insurance contracts in the normal course of business, under which it accepts significant insurance risk from its policyholders by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. The Company determines whether it has significant insurance risk by comparing benefits payable after an insured event with benefits payable if the insured event had not occurred. The Company issues a broad suite of insurance contracts including life, health, wealth and group benefits solutions. IFRS 17 requires one of three accounting models to be applied to insurance contracts. Empire Life has applied the following models depending on the underlying contract type. Group benefits contracts generally apply the simplified PAA. Segregated fund contracts and participating insurance contracts contain direct participation features and are measured using the VFA. All other insurance contracts apply the GMM.

2.5.1. Separating components from insurance and reinsurance contracts held

The Company has assessed its insurance contracts and reinsurance contracts held products to determine whether they contain distinct components which must be accounted for under another IFRS Accounting Standard rather than IFRS 17. After separating any distinct components, an entity must apply IFRS 17 to all remaining components of the (host) insurance contract.

Some insurance contracts issued by the Company include a surrender option under which the surrender value is paid to the policyholder on maturity or earlier lapse of the contract. These surrender options have been assessed to meet the definition of a non-distinct investment component under IFRS 17. IFRS 17 defines investment components as the amounts that an insurance contract requires an insurer to repay to a policyholder in all circumstances. For participating contracts, the non-distinct investment component includes the CSV (including dividends on deposit) and the policyholder dividends. The policyholder account value is the non-distinct component for segregated fund contracts. Investment components which are highly interrelated with the insurance contract of which they form a part are considered non-distinct and are not separately accounted for. However, receipts and payments of the investment components are excluded from insurance service revenue and insurance service expenses. Differences between expected and actual cash surrender payouts flow through the CSM and, as such, impact future profitability.

2.5.2. Level of aggregation

IFRS 17 requires an entity to determine the level of aggregation for applying its requirements. The level of aggregation for the Company is determined by dividing business written into portfolios of contracts which have similar risks and are managed together. IFRS 17 also requires that no new groups contain contracts issued more than one year apart. Portfolios are further divided based on each contract's expected profitability at inception.

The direct insurance portfolios are divided into groups of insurance contracts:

- That are onerous at initial recognition;
- That at initial recognition have no significant possibility of becoming onerous subsequently; and
- All other remaining contracts in the portfolio.

The Company evaluates the expected profitability of each new contract issued by comparing its specific policy characteristics, including coverage, age, sex, amount and smoker status to a pre-defined modeled profitability of a similar contract. The Company has identified six portfolios of insurance contracts issued based on the fact that these portfolios contain products that are subject to similar risks and managed together. The expected profitability of these portfolios is based on the current actuarial valuation assumptions which includes existing and new business. For financial reporting, the Company has assigned portfolios to one of three reporting segments, namely, Individual Insurance, Wealth Management and Group Solutions.

For PAA business, groups of insurance contracts are assumed to not be onerous unless the facts and circumstances indicate otherwise.

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The reinsurance contracts held portfolios are divided into similar groups as the direct insurance contracts, and follow the underlying direct contracts that they support:

- A group of insurance contracts on which there is a net gain on initial recognition;
- A group of insurance contracts that have no significant possibility of a net gain arising subsequent to initial recognition;
- A group of the remaining contracts in the portfolio.

The Company has identified portfolios of reinsurance contracts held based products that are subject to similar risks and managed together. The expected profitability of these portfolios is based on the current actuarial valuation assumptions which includes existing and new business. For financial reporting, the Company has assigned portfolios to one of three reporting segments, namely, Individual Insurance, Wealth Management and Group Solutions.

2.5.3. Recognition

The Company recognizes groups of insurance contracts that it issues from the earliest of the following:

- The beginning of the coverage period of the group of insurance contracts; or
- The date when the first payment from a policyholder in the group becomes due; or
- For a group of onerous contracts, when a group becomes onerous.

The Company recognizes a group of reinsurance contracts held from the beginning of the coverage period of the group or when the first underlying direct contract is recognized for proportionate reinsurance. The Company adds new contracts to the group when they are issued or initiated.

2.5.4. Contract boundary

The Company includes in the measurement of a group of insurance contracts all the expected future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the policyholder to pay the premiums, or in which the Company has a substantive obligation to provide the policyholder with services.

For life contracts with renewal periods, the Company assesses whether premiums and related cash flows that arise from the renewed contract are within the contract boundary. The Company reassesses contract boundary of each group at the end of each reporting period.

2.5.5. Measurement models

Insurance contracts – initial measurement

Insurance contract liabilities under IFRS 17 include two components: an LRC and a liability for incurred claims (LIC). The LRC reflects the Company's obligation to pay valid claims for insured events that have not yet occurred.

The LIC reflects the Company's obligation to pay claims for insured events that have already occurred, including events that have occurred but for which claims have not been reported, and other incurred insurance expenses. At initial recognition of a group of insurance contracts, the LIC is nil as no insured events have occurred.

Outlined below are the requirements for initial measurement of the LRC for the three measurement models included in IFRS 17.

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GMM and VFA

For non-onerous GMM and VFA insurance contracts, the LRC of a group of insurance contracts is the total of:

- Fulfilment cash flows (FCFs) which represent the present value of the expected future cash flows, and
- CSM representing the unearned profit the Company will recognize as it provides service to the insurance contracts in the group.

FCFs comprise unbiased and probability-weighted estimates of future cash flows, discounted to present value to reflect the time value of money and financial risks, plus a risk adjustment for non-financial risk. The CSM on initial recognition is an amount that, unless the group of insurance contracts is onerous, results in no net income arising from initial recognition of the FCFs.

The Company's objective in estimating expected future cash flows is to determine the expected value, or the probability-weighted mean, of the full range of possible outcomes, considering all reasonable and supportable information available at the reporting date without undue cost or effort. The Company estimates expected future cash flows considering a range of scenarios which have commercial substance and give a good representation of possible outcomes. The cash flows from each scenario are probability-weighted and discounted using current assumptions.

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

- Premiums and related cash flows;
- Claims and benefits including reported claims not yet paid, incurred claims not yet reported and expected future claims:
 - Payments to policyholders resulting from embedded surrender value options;
 - An allocation of insurance acquisition cash flows attributable to the portfolio to which the contract belongs.
- Claims handling costs;
- Acquisition costs;
- Policy administration and maintenance costs, including recurring commissions that are expected to be paid to intermediaries;
- An allocation of fixed and variable overheads directly attributable to fulfilling insurance contracts; and
- Investment and premium taxes.

The Company estimates the probabilities and amounts of future payments under existing contracts based on information obtained, including:

- Information about claims already reported by policyholders;
- Other information about the known or estimated characteristics of the insurance contracts;
- Historical data about the Company's own experience, supplemented, when necessary, with data from other sources and adjusted to reflect current conditions; and
- Current pricing information.

Insurance acquisition cash flows arise from selling and underwriting activities required to initiate a group of contracts. The measurement of fulfilment cash flows includes insurance acquisition cash flows which are allocated as a portion of premium to profit or loss (through insurance service revenue) over the period of the contract in a systematic and rational way based on the passage of time. For policies accounted for under the GMM and VFA, acquisition costs are deferred and amortized into income using the same coverage units as the CSM amortization.

A loss component represents a notional record within the LRC of the losses attributable to each group of onerous insurance contracts (or contracts profitable at inception that have become onerous). For groups of contracts assessed as onerous on initial recognition, the Company recognizes a loss in insurance service expenses in the Consolidated Statement of Operations for the net outflow, resulting in the carrying amount of the liability for the group being equal to the FCFs and the CSM of the group being zero.

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PAA

Measurement on initial recognition under the PAA consist of premiums received. If a group of PAA contracts is onerous on initial recognition, then the Company recognizes a loss in insurance service expenses and increases the LRC for the difference between the current estimates of the FCFs that relate to remaining coverage and the carrying amount of the LRC. The Company has selected the accounting policy option to expense acquisition costs as incurred when applying the PAA.

Insurance contracts – subsequent measurement

Subsequent measurement of the LRC included in the insurance contract liability is different depending on the measurement model being applied to the group of insurance contracts. Outlined below are the requirements for subsequent measurement of the LRC for the three IFRS 17 measurement models.

For all measurement models, the LIC is measured as cash flows for claims and expenses that relate to past service and have not yet been paid, including a risk adjustment for non-financial risk and the time value of money.

GMM

For a group of insurance contracts where the GMM applies, the carrying amount of the CSM of the group at the end of the reporting period equals the carrying amount at the beginning of the reporting period adjusted, as follows:

- The effect of any new contracts added to the group;
- Interest accreted on the carrying amount of the CSM during the reporting period, measured at the discount rates at initial recognition;
- The changes in FCFs relating to future service, except to the extent that:
 - Such increases in the FCFs exceed the carrying amount of the CSM, giving rise to a loss; or
 - Such decreases in the FCFs are allocated to the loss component of the LRC.
- The amount recognized as insurance service revenue because of the transfer of services in the period, determined by the allocation of the CSM remaining at the end of the reporting period (before any allocation) over the current and remaining coverage period.

The locked-in discount rate is set at the date of initial recognition for contracts that joined a group over a 12-month period. The discount rate used for accretion of interest on the CSM is determined using a bottom-up approach (Note 2.3.1) at inception.

The changes in FCFs relating to future service that adjust the CSM comprise:

- Experience adjustments that arise from the difference between the premium receipts (and any related cash flows such as insurance acquisition cash flows and insurance premium taxes) and the estimate, at the beginning of the period, of the amounts expected. Differences in premiums received (or due) related to current or past services are recognized immediately in profit or loss while differences related to premiums received (or due) for future services are adjusted against the CSM.
- Changes in estimates of the present value of expected future cash flows in the LRC, except those relating to the time value of money and changes in financial risk (recognized in the Consolidated Statement of Operations rather than adjusting the CSM).
- Differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period.
- Differences between any loan to a policyholder expected to become repayable in the period and the actual amount repaid in the period.
- Changes in the risk adjustment for non-financial risk that relate to future service.

Except for changes in the risk adjustment, adjustments to the CSM noted above are measured at the locked-in discount rates.

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VFA

For a group of insurance contracts where the VFA applies, the carrying amount of the CSM of the group at the end of the reporting period equals the carrying amount at the beginning of the reporting period adjusted, as follows:

- The effect of any new contracts added to the group;
- The change in the entity's share of the fair value of underlying items, except to the extent a decrease exceeds the carrying amount of the CSM;
- The changes in FCFs relating to future service, except to the extent that:
 - Such increases in the FCFs exceed the carrying amount of the CSM, giving rise to a loss; or
 - Such decreases in the FCFs are allocated to the loss component of the LRC.
- The amount recognized as insurance service revenue because of the transfer of services in the period, determined by the allocation of the CSM remaining at the end of the reporting period (before any allocation) over the current and remaining coverage period.

For VFA and GMM contracts, the Company chose an accounting policy to not change the treatment of accounting estimates made in previous Interim Consolidated Financial Statements when applying IFRS 17 in subsequent Interim or Annual Consolidated Financial Statements. Therefore, the CSM at the end of the reporting period is the CSM at the beginning of the reporting period adjusted as described above, rather than the CSM at the beginning of the calendar year adjusted as described above.

For onerous VFA and GMM groups of contracts, the loss component is released based on a systematic allocation of the subsequent changes in the FCFs to: (i) the loss component; and (ii) the LRC excluding the loss component. The loss component is also updated for subsequent changes in estimates of the FCFs related to future service. The systematic allocation of subsequent changes to the loss component results in the total amounts allocated to the loss component being equal to zero by the end of the coverage period of a group of contracts (since the loss component will have been materialized in the form of incurred claims). The Company uses a systematic allocation percentage calculated as a ratio of the loss component amount expressed as a percentage of the liability for remaining coverage, where adjustments are made to include or exclude particular cash flows in the allocation.

PAA

For subsequent measurement of insurance contracts measured applying the PAA, the LRC is increased for any additional premiums received and decreased by amounts recognized as insurance service revenue for services provided during the period.

For onerous PAA groups of contracts, the LRC is adjusted to reflect reversals or increases in the loss component by comparing the current estimates of the FCFs that relate to remaining coverage and the carrying amount of the LRC. If a loss component did not exist on initial recognition but there are indications that a group of contracts is onerous on subsequent measurement, then the Company establishes the loss component using the same methodology as on initial recognition.

Reinsurance contracts held

The initial measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued, with the exception of the following:

- Measurement of the cash flows include an allowance on a probability-weighted basis for the effect of any non-performance by the reinsurers, including the effects of collateral and losses from disputes.
- The Company determines the risk adjustment for non-financial risk so that it represents the amount of risk being transferred to the reinsurer.
- The Company defers both profits and losses at initial recognition in the statement of financial position as a CSM and releases this to profit or loss as the reinsurer renders services.

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For subsequent measurement of reinsurance contracts held, the carrying amount of the CSM of the group at the end of the reporting period equals the carrying amount at the beginning of the reporting period adjusted, as follows:

- The effect of any new contracts added to the group;
- Interest accretion on the carrying amount of the CSM;
- Income recognized in profit or loss in the period for the recovery of losses recognized on initial recognition of onerous underlying contracts (see below);
- Reversals of loss recovery components to the extent that the reversals are not changes in fulfilment cash flows of the reinsurance contract held (see below);
- The changes in FCFs relating to future service, except to the extent that the change results from a change in the fulfilment cash flows allocated to a group of underlying insurance contracts that does not adjust its CSM;
- The amount recognized in income due to services rendered in the period.

When a loss component is recognized on underlying insurance contracts, the CSM of the reinsurance contract held is adjusted to establish a loss-recovery component and a recovery is simultaneously recognized in profit or loss relating to the recovery of that loss. The Company calculates the loss-recovery component by multiplying the loss recognized on the underlying insurance contracts and the percentage of claims on the underlying insurance contracts the Company expects to recover from the group of reinsurance contracts held. Where only some contracts in the onerous underlying group are covered by the group of reinsurance contracts held, the Company uses a systematic and rational method to determine the portion of losses recognized on the underlying group of insurance contracts to insurance contracts covered by the group of reinsurance contracts held.

Loss-recovery components are tracked, similar to the loss component, and determines the amounts that are subsequently presented in the Consolidated Statement of Operations within net reinsurance results. The loss recovery component is adjusted on subsequent measurement to reflect changes in the loss component of the onerous group of underlying contracts, however it cannot exceed the portion of the loss component of the onerous group of underlying contracts that the Company expects to recover from the reinsurance contracts held. On this basis, the loss-recovery component recognized at initial recognition is reduced to zero in line with reductions in the onerous group of underlying insurance contracts and is nil when loss component of the onerous group of underlying insurance contracts is nil.

2.5.6. Modification and derecognition

The Company derecognizes insurance contracts when the rights and obligations relating to the contract are extinguished (i.e., discharged, cancelled or expired), or the contract is modified such that the modification would result in a different insurance contract or a change in measurement model.

Reinsurance assets and liabilities held are derecognized when the contractual rights and obligations are extinguished or expire or when the contract is transferred to another party.

2.5.7. Presentation

The Company has presented separately in the Annual Statement of Financial Position the carrying amount of portfolios of insurance contracts issued that are assets, portfolios of insurance contracts issued that are liabilities, portfolios of reinsurance contracts held that are assets and portfolios of reinsurance contracts held that are liabilities.

The Company disaggregates the amounts recognized in the Consolidated Statement of Operations and other comprehensive income into an insurance service result, comprising insurance service revenue, insurance service expenses, insurance finance income or expenses and net expense from reinsurance contracts held. The Company chooses not to disaggregate insurance finance income or expenses between profit or loss and other comprehensive income and instead presents the total amount within net finance and investment result. Insurance finance income related to segregated fund account liabilities and the corresponding income on segregated fund assets are separately presented in the Consolidated Statement of Operations.

The Company disaggregates the change in risk adjustment for non-financial risk between the financial and non-financial portion and includes the non-financial change as part of risk adjustment movements in the insurance service result.

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The Company separately presents income and expenses from reinsurance contracts held from the expenses or income from insurance contracts issued.

Insurance service revenue

Insurance service revenue from a group of insurance contracts is the amount that is earned in the period arising from:

- Expected future cash outflows in the period, including claims and directly attributable expenses expected to be incurred;
- Release of the risk adjustment for non-financial risk as risk expires throughout the term of the contract;
- CSM earned over the service period, based on coverage units for each period of service;
- Allocation of expected premium receipts from PAA contracts;
- Amortization of insurance acquisition cash flows;
- Revenue excludes non-distinct investment components described in Note 2.5.1.

For approaches applied to the amortization of CSM, please refer to Note 2.3.1.

Insurance finance income or expense

For insurance contracts issued and reinsurance contracts held measured using the GMM, insurance finance income or expense comprise the change in the carrying amount of the group of insurance contracts arising from:

- The effect of the time value of money and changes in the time value of money; and
- The effect of financial risk and changes in financial risk.

For insurance contracts issued that are measured using the VFA, insurance finance income or expense includes the changes in the fair value of underlying items, while changes in the effect of time value of money and financial risk not arising from underlying items adjusts the CSM.

Net recovery (expense) from reinsurance contracts held

The Company presents net recovery (expense) from reinsurance contracts held on the face of the Consolidated Statement of Operations as the amounts expected to be recovered from reinsurers, and an allocation of the reinsurance premiums paid. The Company treats reinsurance cash flows that are contingent on claims on the underlying contracts as part of the claims that are expected to be reimbursed under the reinsurance contracts held and excludes investment components and commissions from an allocation of reinsurance premiums presented on the face of the Consolidated Statement of Operations. Amounts relating to the recovery of losses relating to reinsurance of onerous direct contracts are included as amounts recoverable from the reinsurer.

2.5.8. Participating insurance policies

The Company maintains an account in respect of participating policies (“participating account”), separate from those maintained in respect of other policies, as required by sections 456-464 of the Insurance Companies Act (Canada) (ICA). The participating account includes all policies issued by the Company that entitle its policyholders to participate in the profits of the participating account. The Company has discretion as to the amount and timing of dividend payments which take into consideration the continuing solvency of the participating account. Dividends are paid annually, with certain older plans paying dividends every five years as per contractual provisions. Participating policyholder dividends are projected in the FCFs of the insurance contract liabilities and are excluded from insurance service revenue and insurance service expenses.

At the end of the reporting period, all participating insurance contract liabilities, both guaranteed and discretionary, are held within insurance contract liabilities. Related participating policy reinsurance contracts held at the end of the reporting period are held within reinsurance contracts held assets or reinsurance contracts held liabilities. Net income attributable to the participating account is shown on the Consolidated Statements of Operations. Comprehensive income attributable to the participating account is shown on the Consolidated Statements of Comprehensive Income.

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2.6. Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provision of the financial instrument.

Financial assets are classified and measured based on three categories: amortized cost, FVOCI and FVTPL. Financial liabilities are classified and measured based on two categories: amortized cost or FVTPL.

The classification and measurement of financial assets is based on the business model for managing these financial assets and their contractual cash flow characteristics:

- Assets held for the purpose of collecting contractual cash flows that represent solely payments of principal and interest (SPPI) are measured at amortized cost;
- Assets held within a business model where assets are held for both the purpose of collecting contractual cash flows and selling financial assets prior to maturity, and the contractual cash flows represent solely payments of principal and interest, are measured at FVOCI; and
- Assets held within another business model or assets that do not have contractual cash flow characteristics that are SPPI are measured at FVTPL.

Financial assets are not reclassified subsequent to their initial recognition, unless there is a change in the business model in managing the financial asset that would cause the Company to reassess the classification of financial assets. Financial liabilities are measured subsequently at amortized cost using the effective interest method or at FVTPL. Refer to Note 2.7 Investment contracts for additional details on the classification and measurement of our Investment contract liabilities.

Financial assets that would otherwise fall into a different category are permitted to be voluntarily designated at FVTPL. This designation is irrevocable and can only be applied if reliable fair values are available and when doing so eliminates or significantly reduces a measurement inconsistency that would otherwise arise from measuring assets and liabilities on different bases. Financial liabilities may also be designated at FVTPL when they are part of a portfolio which is managed on a fair value basis in accordance with the Company's risk management strategy and are reported internally on that basis.

See Note 2.4.2 for a summary of the classification and measurement of financial assets and liabilities.

Prior to January 1, 2023, with the exception of the overlay approach (See Note 2.4.2), most financial assets supporting insurance contract liabilities and investment contract liabilities are designated as FVTPL. These assets may be comprised of cash and cash equivalents, short-term investments, bonds and debentures, common and preferred shares, futures, forwards and options. Changes in the fair value of these financial assets are recorded in investment income in the Consolidated Statements of Operations in the period in which they occur.

All transactions are recorded on the trade date. Transaction costs are expensed for FVTPL instruments and capitalized for all others.

2.6.1. Fair value

Fair value is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. When a financial instrument is initially recognized, its fair value is generally the value of the consideration paid or received. Subsequent to initial recognition, the fair value of a financial asset or liability quoted in an active market is generally the closing price. For financial instruments such as cash equivalents and short-term investments that have a short duration, the carrying value of these instruments approximates fair value.

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Fair value measurements used in these Consolidated Financial Statements have been classified using a fair value hierarchy based upon the transparency of the inputs used in making the measurements. The three levels of the hierarchy are:

Level 1 - Fair value is based on unadjusted quoted prices for identical assets or liabilities in an active market. The types of financial instruments classified as Level 1 generally include cash and exchange traded common and preferred shares and derivatives.

Level 2 - Fair value is based on quoted prices for similar assets or liabilities in active markets, valuation that is based on significant observable inputs, or inputs that are derived principally from or corroborated with observable market data through correlation or other means. The types of financial instruments classified as Level 2 generally include cash equivalents, short-term investments, government bonds, certain corporate and private bonds, loans, certain common shares (real estate limited partnership units) and over the counter derivatives.

Level 3 - Fair value is based on valuation techniques that require one or more significant inputs that are not based on observable market inputs. These unobservable inputs reflect the Company's expectations about the assumptions market participants would use in pricing the asset or liability.

2.6.2. Cash and cash equivalents

Cash and cash equivalents are short-term, highly liquid investments that are subject to insignificant changes in value and are readily convertible into known amounts of cash. Cash equivalents comprise financial assets with maturities of three months or less from the date of acquisition. Short-term investments comprise financial assets with maturities of greater than three months and less than one year when acquired.

2.6.3. Derivative financial instruments

The Company uses derivative financial instruments to manage exposure to foreign currency, equity and other market risks associated with certain assets and liabilities. Derivative financial assets and liabilities are classified as FVTPL. Therefore, they are initially recorded at fair value on the acquisition date and subsequently revalued at their fair value at each reporting date. Derivative financial instruments with a positive fair value are disclosed as Derivative assets while derivative financial instruments with a negative fair value are included in the reported balance of Accounts payable and other liabilities. Changes in fair value are recorded in investment income in the Consolidated Statements of Operations.

2.6.4. Other

Trade accounts receivables are measured at amortized cost and presented as other assets. The simplified approach is used when calculating the expected credit loss for trade accounts receivables, which represents the lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. Historical experience, external indicators and forward-looking information is used to calculate the expected credit losses.

Accounts payable and other liabilities (excluding derivative liabilities) are measured at amortized cost. For these financial instruments, carrying value approximates fair value due to their short-term nature.

2.6.5. AFS instruments (IAS 39)

Prior to January 1, 2023, with the exception of the overlay approach (See Note 2.4.2), most financial assets supporting capital and surplus and participating account surplus were classified as AFS. These assets comprised of short-term investments, bonds and debentures or common and preferred shares. AFS assets were carried at fair value in the Consolidated Statements of Financial Position. Except for foreign currency gains and losses on monetary AFS assets and impairment losses, any changes in the fair value were recorded, net of income taxes, in Other comprehensive income (OCI). Gains and losses realized on sale or maturity of AFS assets were reclassified from OCI to realized gain (loss) on AFS assets in the Consolidated Statements of Operations.

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars except for per share amounts, shares authorized and outstanding and where otherwise stated)

AFS debt instruments

Prior to January 1, 2023, an AFS debt instrument would be identified as impaired when there is objective evidence suggesting that timely collection of the contractual principal or interest is no longer reasonably assured. This may result from a breach of contract by the issuer, such as a default or delinquency in interest or principal payments, or evidence that the issuer is in significant financial difficulty. Impairment was recognized through net income. Impairment losses previously recorded in net income were reversed if the fair value subsequently increases and can be objectively related to an event occurring after the impairment loss was recognized.

AFS equity instruments

Prior to January 1, 2023, objective evidence of impairment of an equity instrument existed if there had been a significant or prolonged decline in the fair value of the investment below its cost or if there was a significant adverse change in the technological, market, economic or legal environment in which the issuer operated or the issuer was experiencing financial difficulties.

The accounting for an impairment that was recognized in net income is the same as described for AFS debt instruments above with the exception that impairment losses previously recognized in net income cannot be subsequently reversed through net income. Any subsequent increase in value is recorded in OCI.

2.6.6. Policy loans and insurance receivables (IAS 39)

Prior to January 1, 2023, with the exception of the overlay approach (See Note 2.4.2), loans and receivables include insurance and trade accounts receivables. These assets were recorded at amortized cost, using the effective interest rate method, net of provisions for impairment losses, if any. Mortgages were secured by real estate and in most instances, loans are secured by policy values. Loans and receivables were defined as non-derivative financial assets with fixed or determinable payments that are not quoted in active markets. Loans on policies are included in insurance contract cash flows under IFRS 17.

Prior to January 1, 2023, mortgages and loans were individually evaluated for impairment in establishing the allowance for impairment.

Objective evidence of impairment exists if there was no longer reasonable assurance of full collection of loan principal or loan interest related to a mortgage or loan. Events and conditions considered in determining if there was objective evidence of impairment included the value of the security underlying the mortgage or loan, geographic location, industry classification of the borrower, an assessment of the financial stability and credit worthiness of the borrower, repayment history or an assessment of the impact of current economic conditions. If objective evidence of impairment was found, allowances for credit losses were established to adjust the carrying value of these assets to their net recoverable amount and the impairment loss was recorded in net income. If, in a subsequent period, the amount of the impairment loss decreased and the decrease could be objectively related to an event occurring after the impairment was recognized, the impairment loss was reversed by adjusting the allowance account and the reversal is recognized in net income.

2.6.7. Derecognition

A financial asset is derecognized when the contractual rights to its cash flows expire, or the Company has transferred its economic rights to the asset and substantially all risks and rewards. In instances where substantially all risks and rewards have not been transferred or have been retained, the assets are derecognized if the asset is not controlled through rights to sell or pledge the asset.

2.6.8. Securities lending

The Company engages in securities lending through its custodian as lending agent. Loaned securities are not derecognized and continue to be reported within Investments in the Consolidated Statements of Financial Position, as the Company retains substantial risks and rewards and economic benefits related to the loaned securities. For further details, refer to Note 3.4.

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars except for per share amounts, shares authorized and outstanding and where otherwise stated)

2.7. Investment contracts

Investment contracts include products that do not involve the transfer of significant insurance risk, either at inception or during the life of the investment contract. For the Company, these products are limited to certain segregated funds, deferred annuities and term certain annuities that provide for income payments for a specified period of time.

Investment contract liabilities are designated at FVTPL. As the Company's segregated fund products have fair values dependent on the fair value of underlying financial assets, the designation at FVTPL will eliminate the accounting mismatch that would otherwise arise from measuring the assets or liabilities or recognizing the gains or losses on them on different bases. Deferred annuity products are designated at FVTPL as they are managed on a fair value basis, in accordance with the Company's risk management strategy, and are reported internally on that basis. Similarly, the Company's term certain annuity products are designated at FVTPL.

Prior to January 1, 2023, under IAS 39, investment contract liabilities are measured at amortized cost or FVTPL. Investment contracts recorded at amortized cost are initially recognized at fair value, and subsequently they are carried at amortized cost based on expected future cash flows using the effective interest rate method. The expected future cash flows are re-estimated at each reporting date and the carrying amount of the financial liability is recalculated as the present value of estimated expected future cash flows using the financial liability's original effective interest rate. Any adjustment is immediately recognized in the Consolidated Statements of Operations. If investment contracts have fair values dependent on the fair value of underlying financial assets, then they are designated at inception at FVTPL to eliminate the accounting mismatch that would otherwise arise from measuring the assets or liabilities or recognizing the gains or losses on them on different bases. Deposits and withdrawals are recorded in investment contract liabilities on the Consolidated Statements of Financial Position.

2.8. Foreign currency translation

The Company uses the Canadian dollar as both its functional and presentational currency.

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognized in the Consolidated Statements of Operations.

For monetary and non-monetary financial assets classified as FVTPL and amortized cost, translation differences are recognized in the Consolidated Statements of Operations.

2.9. Comprehensive income

Comprehensive income consists of net income and OCI. OCI includes items that will not be reclassified to net income (i.e., remeasurements of post-employment benefit liabilities). All OCI amounts are presented net of taxes.

Prior to January 1, 2023, with the exception of the overlay approach (see Note 2.4.2), OCI includes items that may be reclassified subsequently to net income, which included unrealized fair value change on AFS investments, net of amounts reclassified to net income and the amortization of loss on derivative investments designated as cash flow hedges.

2.10. Segregated funds

Certain insurance contracts allow the policyholder to invest in segregated investment funds managed by the Company for the benefit of these policyholders. Although the underlying assets are registered in the Company's name and the policyholder has no direct access to the specific assets, the contractual arrangements are such that the segregated fund policyholder bears the risk and rewards of the segregated fund's investment performance. Segregated fund assets are not available to pay liabilities of the Company's general fund. The assets of these segregated funds are carried at their period-end fair values based on quoted market prices or, where quoted market prices are not readily available, on prevailing market prices for instruments with similar characteristics and risk profiles or by using internal or external valuation models with observable market-based inputs. The Company provides minimum guarantees on certain segregated fund contracts,

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars except for per share amounts, shares authorized and outstanding and where otherwise stated)

these include death, maturity and withdrawal benefit guarantees. The Company presents an insurance contract liability for account of segregated fund holders equal to the fair value of the assets and any benefit guarantees are presented as a separate line on the Statement of Financial Position within insurance contract liabilities, excluding segregated fund account balances.

The Company earns a fee for the management of these segregated funds which is included in the determination of expected future cash flows.

2.11. Fee income

Fee income, earned from policy administration and distribution service, is recognized on an accrual basis for investment contracts issued.

2.12. Investment income

Changes in the fair value of financial assets are recorded in investment income, excluding segregated funds in the Consolidated Statements of Operations in the period in which they occur.

Interest income is recognized using the effective interest rate method. Fees that are an integral part of the effective yield of the financial asset are recognized as an adjustment to the effective interest rate of the instrument.

Dividend income is recognized when the right to receive payment is established, which is usually the ex-dividend date.

Interest income and dividend income, excluding amounts from segregated funds, are included in investment income in the Consolidated Statements of Operations for all financial assets.

2.13. Income taxes

Income tax expense for the period is comprised of current and deferred tax. Tax is recognized in the Consolidated Statements of Operations except to the extent that it relates to items recognized in OCI or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured as the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of each reporting period.

Deferred income tax assets and liabilities are recorded for the expected future income tax consequences of events that have been reflected in the Consolidated Financial Statements. Deferred income taxes are provided for using the liability method. Under the liability method, deferred income taxes are recognized for all significant temporary differences between tax and financial statement bases for assets and liabilities and for certain carry-forward items.

Deferred income tax assets are recognized only to the extent that, in the opinion of management, it is probable that the deferred income tax assets will be realized. Deferred income tax assets and liabilities are adjusted for the effects of changes in tax laws and rates, on the date of their substantive enactment.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity.

On January 1, 2022, the Company recorded a deferred tax asset on transition to IFRS 17 in the amount of \$138,700. During 2022, all of the restatements related to the adoption of IFRS 17 were treated as temporary differences and reflected in the net Deferred tax asset balance.

The federal tax legislation related to the adoption of IFRS 17 became effective January 1, 2023. The transition adjustment was calculated at this date and taken over five years.

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars except for per share amounts, shares authorized and outstanding and where otherwise stated)

2.14. Property and equipment

Property and equipment comprises own use land, buildings, leasehold improvements and furniture and equipment. All classes of assets are carried at cost less accumulated amortization including any impairment losses, except for land, which is not subject to amortization. Cost includes all expenditures that are directly attributable to the acquisition of an asset. Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably.

Amortization is calculated to write down the cost of property and equipment to their residual values over their estimated useful lives as follows:

Land	No amortization
Building	Five percent (declining balance)
Furniture and equipment	Three to five years (straight-line)
Leasehold improvements	Remaining lease term (straight-line)

Amortization is allocated between insurance service expenses and non-insurance expenses in the Consolidated Statements of Operations.

The estimated useful lives, residual values and amortization methods are reviewed at each year-end, with the effect of any changes in estimate accounted for on a prospective basis. Impairment reviews are performed when there are indicators that the carrying value may not be recoverable. An impairment loss is recognized for the amount by which the carrying value of the asset exceeds its expected recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. Impairment losses are recognized in the Consolidated Statements of Operations.

2.15. Intangible assets

Intangible assets include customer and distributor relationships, computer software, related licenses and software development costs, which are carried at cost less accumulated amortization and any impairment losses. Amortization of intangible assets is calculated using the straight-line method to allocate the costs over their estimated useful lives, which are generally between three and seven years. Amortization is allocated between insurance service expenses and non-insurance expenses in the Consolidated Statements of Operations. For intangible assets under development, amortization begins when the asset is available for use. The Company does not have intangible assets with indefinite useful lives.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Impairment reviews are performed when there are indicators that the carrying value may not be recoverable. An impairment loss is recognized for the amount by which the carrying value of the asset exceeds its expected recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Impairment losses are recognized in the Consolidated Statements of Operations.

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2.16. Goodwill

Goodwill represents the portion of purchase price that is in excess of the net fair value assigned to assets purchased and liabilities assumed in a business acquisition. It is initially recorded at cost and subsequently measured at cost less any impairment charges incurred.

An impairment assessment is conducted at least annually or when circumstances indicate possible presence of goodwill impairment, which is when there is evidence that the carrying amount exceeds the recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. Impairment losses are recognized in the Consolidated Statement of Operations during the period in which they occur and cannot be reversed in future periods.

Impairment assessment involves significant judgments and use of a variety of forward-looking inputs, estimates, and assumptions, including but not limited to factors such as discount rates, projected cash flow patterns, expenses, and external market and competitive environment. Due to these uncertainties, the actual experience may differ materially from the results obtained from impairment assessment modelling.

2.17. Investment in associates

Associates are entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the Company's share of the income or loss of the investee after the date of acquisition.

The Company's share of post-acquisition income or loss is recognized in the Consolidated Statements of Operations, and its share of OCI is recognized in the Consolidated Statements of Comprehensive Income. The Company determines at each reporting date whether there is any objective evidence that each investment in associates is impaired. The Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount as share of income (loss) of associates in the Consolidated Statements of Operations. Income and losses resulting from transactions between the Company and its associates are recognized in the Company's Consolidated Financial Statements only to the extent of unrelated investor's interests in the associates. Unrealized losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Company.

2.18. Subordinated debt

Subordinated debt is recorded at amortized cost using the effective interest rate method. Interest on subordinated debt is reported as Interest expense in the Consolidated Statements of Operations.

2.19. Employee benefits

The Company provides employee pension benefits through either a defined benefit or a defined contribution component of its pension plan. The Company discontinued new enrolments in the defined benefit component effective October 1, 2011 and introduced a defined contribution component effective January 1, 2012 for new enrolments and for any existing employees who chose to transfer from the defined benefit component. The Company also provides other post-employment benefits.

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Pension benefits

The defined benefit plan defines an amount of pension benefit that an employee will receive on retirement, dependent on factors such as age, years of service and compensation. The liability recognized in the balance sheet in respect of the defined benefit component is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using current interest rates of high-quality corporate bonds.

Defined benefit expense includes the net interest on the net defined benefit liability (asset) calculated using a discount rate based on market yields on high quality bonds as of prior-year end. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to OCI in the period in which they arise, and remain in Accumulated other comprehensive income (AOCI). Past-service costs are recognized immediately in net income.

The defined contribution component of the Plan is a component under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay employees the benefits relating to employee service in the current and prior periods. The contributions are recognized as employee benefit expense when they are due.

Other post-employment benefits

The Company also provides other post-employment benefits to their retirees. The entitlement to these benefits is conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to OCI in the period in which they arise and remain in AOCI. These obligations are valued annually by independent actuaries and are not funded.

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without realistic possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

2.20. Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. If the outflow of economic benefits is not probable, a contingent liability is disclosed unless the possibility of an outflow of economic benefits is remote. Any change in estimate of a provision is recorded in Net income. Provisions are not recognized for future operating losses. Provisions are measured as the present value of the expected expenditures to settle the obligation using a discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

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2.21. Leases

The Company leases certain property and equipment. When the Company enters into a lease as a lessee, a right-of-use asset and a lease liability is recognized in the Statements of Financial Position. The initial lease liability is computed based on the present value of the lease payments, discounted at the Company's incremental borrowing rate. Subsequent to the initial recognition the lease liability is measured at the amortized cost using the effective interest rate method and is included in Accounts payable and other liabilities. The interest expense is allocated between insurance service expenses and non-insurance expenses. The depreciation on the corresponding right-of-use asset is allocated between insurance service expenses and non-insurance expenses.

The Company has elected to apply the option to recognize lease payments for short-term and low value assets on a straight-line basis over the lease term.

2.22. Earnings per share (EPS)

Basic EPS is calculated by dividing the Net income for the period attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. The Company does not have any potentially dilutive instruments. As a result, diluted EPS are the same as basic EPS.

3. Financial Instruments

The carrying values of the Company's financial assets and liabilities, excluding subordinated debt (Note 12), are shown in the following table:

As at	December 31, 2023			December 31, 2022 restated			
	Mandatory	Designated	Total	Mandatory	Designated	Total	
Assets							
Cash and cash equivalents	FVTPL	\$ 6,897	\$ 340,810	\$ 347,707	\$ 2,346	\$ 173,177	\$ 175,523
Short-term investments	FVTPL	—	4,957	4,957	592	8,439	9,031
Bonds	FVTPL	696,084	6,760,099	7,456,183	604,771	6,139,986	6,744,757
Preferred shares	FVTPL	519,359	—	519,359	402,165	—	402,165
Common shares	FVTPL	776,777	—	776,777	830,633	—	830,633
Derivative assets	FVTPL	13,825	—	13,825	9,776	—	9,776
Mortgages	FVTPL	—	98,679	98,679	—	113,901	113,901
Loans	FVTPL	—	47,165	47,165	—	50,036	50,036
		2,012,942	7,251,710	9,264,652	1,850,283	6,485,539	8,335,822
Segregated funds	FVTPL	8,812,724	—	8,812,724	8,565,675	—	8,565,675
		10,825,666	7,251,710	18,077,376	10,415,958	6,485,539	16,901,497
Liabilities							
Accounts payable and other liabilities	Amortized cost			97,318			110,308
Investment contract liabilities, excluding segregated fund account balances	FVTPL	—	490,020	490,020	—	334,664	334,664
Investment contract liabilities for account of segregated fund holders	FVTPL	—	305,439	305,439	—	286,727	286,727
		\$ —	\$ 795,459	\$ 892,777	\$ —	\$ 621,391	\$ 731,699

⁽¹⁾ December 31, 2022 amounts include the impact of the overlay approach. See Note 2.4.2 for additional details.

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(in thousands of Canadian dollars except for per share amounts, shares authorized and outstanding and where otherwise stated)

3.1. Summary of cash and cash equivalents and investments

The following table presents the fair value of cash and cash equivalents and investments classified by the fair value hierarchy:

As at	December 31, 2023				December 31, 2022 restated		
	Level 1	Level 2	Level 3	Total FVTPL	Level 1	Level 2	Total FVTPL
Assets							
Cash and cash equivalents	\$ 68,486	\$ 279,221	\$ —	\$ 347,707	\$ 78,310	\$ 97,213	\$ 175,523
Short-term investments	—	4,957	—	4,957	—	9,031	9,031
Bonds	—	7,427,458	28,725	7,456,183	—	6,744,757	6,744,757
Preferred shares	519,359	—	—	519,359	299,524	102,641	402,165
Common shares	686,225	79,260	11,292	776,777	687,798	142,835	830,633
Derivative assets	2,641	11,184	—	13,825	7,604	2,172	9,776
Mortgages	—	98,679	—	98,679	—	113,901	113,901
Loans	—	47,165	—	47,165	—	50,036	50,036
	1,276,711	7,947,924	40,017	9,264,652	1,073,236	7,262,586	8,335,822
Liabilities							
Investment contract liabilities, excluding segregated fund account balances	—	490,020	—	490,020	—	334,664	334,664
Investment contract liabilities for segregated fund account balances	—	305,439	—	305,439	—	286,727	286,727
	\$ —	\$ 795,459	\$ —	\$ 795,459	\$ —	\$ 621,391	\$ 621,391

Level 2 investments use fair values based on quoted prices for similar assets or liabilities in active markets, valuation that is based on significant observable inputs, or inputs that are derived principally from or corroborated with observable market data through correlation or other means. The fair value of mortgages and loans have been calculated by discounting cash flows of each mortgage or loan at a discount rate appropriate to its remaining term to maturity. The discount rates are determined based on regular competitive rate surveys.

Included in Level 3 are investments in notes, common shares and units of certain limited partnerships. The fair value of limited partnership investments are based on fair values determined and reported by the respective investment managers, which are principally based on net asset value (NAV). The Financial Statements used in calculating the NAV are generally audited annually. We review the NAV of the limited partnership investments and perform analytical and other procedures to ensure the fair value is reasonable.

The classification of a financial instrument into a level is based on the lowest level of input that is significant to the determination of the fair value. There were no transfers between Level 1 and Level 2 during the year ended December 31, 2023, during the fourth quarter of 2023 there was a transfer between Level 2 and Level 3. There were no transfers between Level 1, Level 2 and Level 3 during the year ended December 31, 2022.

A summary of changes in the fair values of Level 3 financial instruments measured at FVTPL for the year:

For the year ended	December 31, 2023
Balance beginning of year	\$ —
Transfer-in	40,666
Purchases	536
Sales	(72)
Net fair value change	(1,113)
Balance end of year	\$ 40,017

For additional information on the composition of the Company's invested assets and analysis of the Company's risks arising from financial instruments refer to Note 23 Risk Management.

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(in thousands of Canadian dollars except for per share amounts, shares authorized and outstanding and where otherwise stated)

3.2. Investment income

Net investment result recognized in net income

For the year ended	December 31, 2023	December 31, 2022 restated
Net investment result, excluding segregated funds		
Interest and other investment income	\$ 397,297	\$ 358,991
Change in fair value of investments	419,492	(2,022,943)
Investment income, excluding segregated funds	816,789	(1,663,952)
Change in investment contracts	(28,171)	10,331
Net investment result, excluding segregated funds	788,618	(1,653,621)
Insurance finance income (expense) from insurance contracts, excluding segregated fund account balances		
Interest accreted	(179,411)	(113,687)
Effect of changes in interest rates and other financial assumptions	(364,332)	1,484,067
Changes in fair value of underlying items in insurance contracts with direct participation features	(69,649)	114,538
Insurance finance income (expense) from insurance contracts, excluding segregated fund account balances	(613,392)	1,484,918
Finance income (expense) from reinsurance contracts held		
Interest accreted	4,409	4,024
Effect of changes in interest rates and other financial assumptions	(43,912)	78,981
Reinsurance finance income (expense) from reinsurance contracts held	(39,503)	83,005
Investment income (loss) related to segregated fund net assets		
Investment income (loss) on investments related to segregated fund net assets, insurance contracts	711,118	(342,957)
Investment income (loss) on investments related to segregated fund net assets, investment contracts	24,716	(10,711)
Investment income (loss) related to segregated fund net assets	735,834	(353,668)
Changes in underlying items of the segregated funds		
Insurance finance income (expenses), insurance contracts segregated fund account balances	(711,118)	342,957
Change in investment contracts, segregated fund account balances	(24,716)	10,711
Changes in underlying items of the segregated funds	(735,834)	353,668
Net finance and investment result	\$ 135,723	\$ (85,698)

With regards to general fund assets and liabilities, the duration of insurance contract liability cash flows is greater than the assets supporting them. Hence, the liabilities are generally more sensitive to interest rate changes than the assets. Changes in equity values and other non-fixed income assets that are not passed through to policyholders generally have an impact on investment income with no offsetting change in insurance finance expense.

Amounts related to changes in investment contracts, which includes deferred annuities and guaranteed annuities, arise from discount rates that include a provision to reflect the Company's own credit risk and an illiquidity adjustment.

With regards to VFA contracts (participating insurance and segregated funds), the change in the underlying items would be recognized both as insurance finance income (or expense) and investment income, with offsetting impacts. For these contracts, changes in the effect of time value of money and financial risk not arising from underlying items adjusts the CSM and are not included in the insurance finance income (expense) amounts presented in the table above.

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Investment income, excluding segregated funds

For the year ended	December 31, 2023	December 31, 2022 restated
Investment income (loss), excluding segregated funds		
Interest and other investment income		
Interest income ⁽¹⁾	\$ 339,199	\$ 308,509
Dividend income ⁽²⁾	56,724	48,960
Income from investments in associates	1,300	1,466
Other	74	56
Total interest and other investment income	397,297	358,991
Net realized and unrealized gain (loss)	419,492	(2,022,943)
Total investment income (loss), excluding segregated funds	\$ 816,789	\$ (1,663,952)

⁽¹⁾ Primarily from financial assets designated as fair value through profit or loss.

⁽²⁾ Primarily from financial assets mandatorily classified as fair value through profit or loss.

Net realized and unrealized gains (losses) from financial instruments classified and designated as FVTPL

Financial instruments classified and designated as FVTPL are measured at fair value with realized and unrealized gains and losses recognized in investment income.

For the year ended	December 31, 2023	December 31, 2022 restated
Net realized and unrealized gain (loss)		
Mandatorily classified as fair value through profit or loss	\$ 57,969	\$ (245,544)
Designated as fair value through profit or loss	361,523	(1,777,399)
Total net realized and unrealized gain (loss)	\$ 419,492	\$ (2,022,943)

3.3. Derivative financial instruments

The values of derivative instruments are set out in the following table. The use of derivatives is measured in terms of notional principal amounts, which serve as the basis for calculating payments and are generally not actual amounts that are exchanged.

As at	December 31, 2023			December 31, 2022		
	Notional principal	Fair value assets	Fair value liabilities	Notional principal	Fair value assets	Fair value liabilities
Exchange-traded						
Equity index futures	\$ —	\$ —	\$ —	57,846	1,008	2,193
Equity options	765,152	2,835	—	430,061	6,268	—
Over-the-counter						
Foreign currency forwards	204,756	6,243	—	172,979	19	32
Cross currency swaps	66,484	4,747	672	44,943	2,481	1,388
Total	\$ 1,036,392	\$ 13,825	\$ 672	\$ 705,829	\$ 9,776	\$ 3,613

All contracts mature in less than one year, except for cross currency swaps which mature in more than five years. Fair value asset amounts are reported in the Consolidated Statements of Financial Position as Derivative assets. Fair value liability amounts are reported in the Consolidated Statements of Financial Position as part of Accounts payable and other liabilities. Fair value of exchange traded derivatives is determined based on Level 1 inputs. Foreign currency forward contracts are valued based primarily on the contract notional amount, the difference between the contract rate and the forward market rate for the same currency, interest rates and credit spreads.

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(in thousands of Canadian dollars except for per share amounts, shares authorized and outstanding and where otherwise stated)

Cross currency swaps are valued by discounting the expected future cash flows for both legs at the underlying market interest rate curves in each currency applicable at the valuation date. The sum of the cash flows denoted in the foreign currency is converted with the spot rate applicable at that time. The foreign currency leg, where Empire Life owes interest and principal, produces a negative fair value to Empire Life while the Canadian dollar leg produces a positive fair value to Empire Life. The net of these amounts represents the reported fair value of the cross currency swap. Contracts for which counterparty credit spreads are observable and reliable, or for which the credit-related inputs are determined not to be significant to fair value, are classified as Level 2.

For analysis of the Company's risks arising from financial instruments, refer to Note 23.

3.4. Securities lending

The Company has a securities lending agreement with its custodian. Under this agreement, the custodian may lend securities from the Company's portfolio to other institutions, as approved by the Company, for periods of time. In addition to a fee, the Company receives collateral which exceeds the market value of the loaned securities, which is retained by the Company until the underlying security has been returned to the Company. In the event that any of the loaned securities are not returned to the custodian, at its option the custodian may either restore to the Company securities identical to the loaned securities or it will pay to the Company the value of the collateral up to but not exceeding the market value of the loaned securities on the date on which the loaned securities were to have been returned (Valuation Date) to the custodian. If the collateral is not sufficient to allow the custodian to pay such market value to the Company, the custodian shall indemnify the Company only for the difference between the market value of the securities and the value of such collateral on the Valuation Date. As a result, there is no significant exposure to credit risk associated with this securities lending agreement.

As at December 31, 2023 and December 31, 2022, the aggregate fair values of the Company's securities loaned and the collateral received were as follows:

As at	December 31, 2023			December 31, 2022		
	General Funds	Segregated Funds	Total	General Funds	Segregated Funds	Total
Value of securities loaned	\$ 1,421,820	\$ 1,479,136	\$ 2,900,956	\$ 1,183,898	\$ 1,839,056	\$ 3,022,954
Value of collateral received	\$ 1,450,283	\$ 1,510,186	\$ 2,960,469	\$ 1,207,628	\$ 1,877,197	\$ 3,084,825

Income recognized from securities lending activities was as follows:

For the year ended	December 31, 2023	December 31, 2022
General funds	\$ 2,055	\$ 2,184
Segregated funds	2,012	2,036
Total	\$ 4,067	\$ 4,220

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(in thousands of Canadian dollars except for per share amounts, shares authorized and outstanding and where otherwise stated)

4. Other Assets

Other assets consist of the following:

As at	December 31, 2023	December 31, 2022 restated
Other assets		
Trade accounts receivable	\$ 4,423	\$ 7,725
Prepaid expenses	9,288	8,422
Right-of-use assets	4,009	5,192
Net post-employment benefit asset (Note 11)	14,473	11,386
Total other assets	\$ 32,193	\$ 32,725

Of the above total, \$18,482 (2022 \$16,578) is expected to be settled more than one year after the Consolidated Statements of Financial Position date. Trade accounts receivable are short-term in nature and their fair values approximate carrying value. In the absence of an active market for post-employment benefit assets, the actuarial determined value provides a reasonable approximation of fair value.

5. Intangible Assets

	Intangible assets	
Cost		
As at January 1, 2022	\$	95,845
Additions		50,590
Disposals		—
As at December 31, 2022		146,435
Additions		15,178
Disposals		—
As at December 31, 2023	\$	161,613
Amortization		
As at January 1, 2022	\$	(67,334)
Charge for the year		(18,530)
Disposals		—
As at December 31, 2022		(85,864)
Charge for the year		(14,238)
Disposals		—
As at December 31, 2023	\$	(100,102)
Carrying amount		
December 31, 2023	\$	61,511
December 31, 2022	\$	60,571

There were no asset impairments during 2023 or 2022.

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6. Goodwill

The goodwill represents the excess amount after the allocation of the purchase price to identifiable tangible and intangible net assets. Goodwill is not subject to amortization however is assessed annually for impairment.

As at	December 31, 2023	December 31, 2022
Balance beginning of year	\$ 24,465	\$ —
Business acquisitions and dispositions	485	24,465
Balance end of year	\$ 24,950	\$ 24,465

There was no impairment charge booked against goodwill in 2023 or 2022.

7. Business Acquisition

On March 10, 2022, the Company acquired 100% of the shares of six financial services firms and amalgamated them into one wholly owned subsidiary of Empire Life under the name TruStone Financial Inc. (TSFI). The six purchased agencies are Life Management Financial Group Ltd., LMF Investor Services Inc., Paradigm Financial Advisors (North) Inc., Paradigm Financial Advisors Inc., Dwight Goertz & Associates Insurance Agency Limited and Pacific Place Financial Services Inc. The acquisitions support the Company's commitment to facilitating access to independent financial advice for Canadians.

Total consideration for the 100% acquisition of TSFI was paid with \$57,910 in cash. The purchase price is primarily comprised of goodwill and intangible assets, including customer relationships, distributor relationships, and non-competition agreements.

The fair values of the identifiable assets acquired and liabilities assumed were:

For the year ended	December 31, 2022
Business acquisitions	
Intangible assets	\$ 32,500
Other net assets	945
Total identifiable net assets at fair value	33,445
Goodwill arising on acquisition	24,465
Total consideration	\$ 57,910

8. Segregated Funds

8.1. The following table identifies segregated fund assets by category of asset:

As at	December 31, 2023			December 31, 2022		
	Insurance contracts	Investment contracts	Total	Insurance contracts	Investment contracts	Total
Cash	\$ 9,897	\$ 402	\$ 10,299	\$ 7,344	\$ 393	\$ 7,737
Short-term investments	627,676	14,345	642,021	564,500	14,648	579,148
Bonds	1,690,358	131,286	1,821,644	1,651,525	102,993	1,754,518
Common and preferred shares	6,157,983	253,647	6,411,630	6,046,280	254,978	6,301,258
	8,485,914	399,680	8,885,594	8,269,649	373,012	8,642,661
Add other assets	28,734	216	28,950	14,533	827	15,360
Less segregated funds held within general fund investments	(7,363)	(94,457)	(101,820)	(5,234)	(87,112)	(92,346)
Total	\$ 8,507,285	\$ 305,439	\$ 8,812,724	\$ 8,278,948	\$ 286,727	\$ 8,565,675

All segregated fund assets are categorized as FVTPL.

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(in thousands of Canadian dollars except for per share amounts, shares authorized and outstanding and where otherwise stated)

8.2. The following table presents the investments of the segregated funds measured on a recurring basis at fair value classified by the fair value hierarchy:

As at	December 31, 2023			December 31, 2022		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Cash	\$ 10,299	\$ —	\$ 10,299	\$ 7,737	\$ —	\$ 7,737
Short-term investments	—	642,021	642,021	—	579,148	579,148
Bonds	—	1,821,644	1,821,644	—	1,754,518	1,754,518
Common and preferred shares	6,411,630	—	6,411,630	6,301,258	—	6,301,258
Total	\$ 6,421,929	\$ 2,463,665	\$ 8,885,594	\$ 6,308,995	\$ 2,333,666	\$ 8,642,661

There were no transfers between Level 1 and Level 2 during the year ended December 31, 2023 or during the year ended December 31, 2022. There were no Level 3 investments as at December 31, 2023 or December 31, 2022.

8.3. The following table presents the change in segregated fund assets:

For the year ended	December 31, 2023	December 31, 2022
Segregated fund assets at beginning of year	\$ 8,565,675	\$ 9,257,298
Additions to segregated funds:		
Amount received from policyholders	887,284	872,244
Interest	88,396	77,045
Dividends	196,582	178,688
Other income and (expense)	28,349	23,332
Net realized gains on sale of investments	238,020	102,624
Net unrealized increase in fair value of investments	184,487	—
Total	1,623,118	1,253,933
Deductions from segregated funds:		
Amounts withdrawn or transferred by policyholders	(1,117,282)	(964,437)
Net unrealized decrease in fair value of investments	—	(735,370)
Management fees and other operating costs	(249,302)	(250,261)
Total	(1,366,584)	(1,950,068)
Net change in segregated funds held within general fund investments	(9,485)	4,512
Segregated fund assets at end of year	\$ 8,812,724	\$ 8,565,675

9. Accounts Payable and Other Liabilities

Accounts payable and other liabilities consist of:

As at	December 31, 2023	December 31, 2022 restated
Accounts payable	\$ 84,597	\$ 96,451
Accrued interest on subordinated debt	7,667	4,735
Derivative liabilities (Note 3.3)	672	3,613
Lease liabilities	4,382	5,509
Accounts payable and other liabilities	\$ 97,318	\$ 110,308

Of the above total, \$3,300 (2022 \$4,408) is expected to be settled more than one year after the Consolidated Statements of Financial Position date. Derivative liabilities are carried at fair value, as disclosed in Note 3.3. All other amounts are short-term in nature and their fair value approximates carrying value.

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10. Insurance Contracts and Reinsurance Contracts Held Assets/Liabilities

Assets and liabilities

The breakdown of groups of insurance contracts and reinsurance contracts held, that are in an asset position and those in a liability position is set out in the table below:

As at	December 31, 2023			December 31, 2022 restated			January 1, 2022 restated		
	(Assets)	Liabilities	Total	(Assets)	Liabilities	Total	(Assets)	Liabilities	Total
Insurance contracts									
Insurance contracts not measured under PAA, excluding segregated fund account balances	\$ —	\$ 6,311,068	\$ 6,311,068	\$ —	\$ 5,791,737	\$ 5,791,737	\$ —	\$ 7,238,640	\$ 7,238,640
Insurance contracts measured under PAA	—	397,366	397,366	—	353,641	353,641	—	359,830	359,830
Insurance contracts, excluding segregated fund account balances	—	6,708,434	6,708,434	—	6,145,378	6,145,378	—	7,598,470	7,598,470
Insurance contracts for segregated fund account balances	—	8,507,285	8,507,285	—	8,278,948	8,278,948	—	8,947,820	8,947,820
Total insurance contracts	—	15,215,719	15,215,719	—	14,424,326	14,424,326	—	16,546,290	16,546,290
Less insurance contracts measured under PAA	—	(397,366)	(397,366)	—	(353,641)	(353,641)	—	(359,830)	(359,830)
Total insurance contracts not measured under PAA	\$ —	\$ 14,818,353	\$ 14,818,353	\$ —	\$ 14,070,685	\$ 14,070,685	\$ —	\$ 16,186,460	\$ 16,186,460
Reinsurance contracts held									
Reinsurance contracts held not measured under PAA	\$ (113,071)	\$ 253,230	\$ 140,159	\$ (150,168)	\$ 217,056	\$ 66,888	\$ (132,336)	\$ 338,922	\$ 206,586
Reinsurance contracts held measured under PAA	(168,288)	—	(168,288)	(159,876)	—	(159,876)	(150,963)	—	(150,963)
Total reinsurance contracts held	\$ (281,359)	\$ 253,230	\$ (28,129)	\$ (310,044)	\$ 217,056	\$ (92,988)	\$ (283,299)	\$ 338,922	\$ 55,623

10.1. Effect on measurement components of insurance contracts initially recognized in the period

The components of new business for insurance contracts issued applying the VFA or the GMM are disclosed in the table below. There were no insurance contracts acquired in a business combination or portfolio transfer in 2023 or 2022.

For the year ended	December 31, 2023			December 31, 2022 restated			Total
	Non-onerous contracts issued	Onerous contracts issued	Total	Non-onerous contracts issued	Onerous contracts issued	Total	
Insurance contracts initially recognized in the period							
Insurance acquisition cash outflows	\$ 94,724	\$ 67,368	\$ 162,092	\$ 100,300	\$ 44,844	\$ 145,144	
Claims and other cash outflows	262,938	151,487	414,425	345,049	90,677	435,726	
Estimates of the present value of future cash outflows	357,662	218,855	576,517	445,349	135,521	580,870	
Estimates of the present value of future cash inflows	(434,162)	(255,842)	(690,004)	(544,602)	(152,214)	(696,816)	
Risk adjustment for non-financial risk	39,392	56,572	95,964	60,605	26,075	86,680	
Contractual service margin	37,108	—	37,108	38,648	—	38,648	
Increase in insurance contract liabilities from contracts recognized in the year	\$ —	\$ 19,585	\$ 19,585	\$ —	\$ 9,382	\$ 9,382	

Notes to the Consolidated Financial Statements

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10.2. Analysis by measurement component for insurance contracts

The tables below present the net asset or liability for insurance contracts issued showing estimates of the present value of expected future cash flows, risk adjustment and CSM by product line.

As at December 31, 2023	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin		Total
			Fair value approach	Post transition	
Insurance contracts					
Insurance contracts not measured under PAA, excluding segregated fund account balances					
Wealth Management	\$ (316,719)	\$ 81,186	\$ 718,604	\$ 40,162	\$ 523,233
Group Solutions	4,580	227	—	—	4,807
Individual Insurance	4,052,159	1,025,096	658,104	47,669	5,783,028
Total	3,740,020	1,106,509	1,376,708	87,831	6,311,068
Insurance contracts for segregated fund account balances					
Wealth Management	8,489,371	—	—	—	8,489,371
Individual Insurance	17,914	—	—	—	17,914
Total	8,507,285	—	—	—	8,507,285
Total Insurance contracts not measured under PAA	\$ 12,247,305	\$ 1,106,509	\$ 1,376,708	\$ 87,831	\$ 14,818,353

As at December 31, 2022 restated	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin		Total
			Fair value approach	Post transition	
Insurance contracts					
Insurance contracts not measured under PAA, excluding segregated fund account balances					
Wealth Management	\$ (333,408)	\$ 56,239	\$ 766,220	\$ 25,034	\$ 514,085
Group Solutions	5,197	196	—	—	5,393
Individual Insurance	3,447,753	879,168	922,995	22,342	5,272,258
Total	3,119,542	935,603	1,689,215	47,376	5,791,736
Insurance contracts for segregated fund account balances					
Wealth Management	8,260,834	—	—	—	8,260,834
Individual Insurance	18,114	—	—	—	18,114
Total	8,278,948	—	—	—	8,278,948
Total Insurance contracts not measured under PAA	\$ 11,398,490	\$ 935,603	\$ 1,689,215	\$ 47,376	\$ 14,070,684

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars except for per share amounts, shares authorized and outstanding and where otherwise stated)

The tables below present a roll-forward of the net asset or liability for insurance contracts issued showing estimates of the present value of expected future cash flows, risk adjustment and CSM. These tables exclude insurance contracts measured using the PAA.

For the year ended December 31, 2023	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin		Total
			Fair value approach	Post transition	
Insurance contracts at beginning of year					
Insurance contract liabilities	\$ 3,119,542	\$ 935,603	\$ 1,689,215	\$ 47,376	\$ 5,791,736
Insurance contract liabilities for segregated fund account balances	8,278,948	—	—	—	8,278,948
Net insurance contracts at beginning of year	11,398,490	935,603	1,689,215	47,376	14,070,684
Changes that relate to current services					
CSM recognized for services provided			(176,342)	(6,505)	(182,847)
Change in risk adjustment for non-financial risk for risk expired		(53,408)			(53,408)
Experience adjustments	13,568				13,568
Changes that relate to future services					
Contracts initially recognized in the period	(113,487)	95,964	—	37,108	19,585
Changes in estimates that adjust the CSM	116,231	39,324	(163,681)	8,126	—
Changes in estimates that do not adjust the CSM	3,383	(19,951)			(16,568)
Changes that relate to past services					
Adjustments to liabilities for incurred claims	(802)	43	—	—	(759)
Insurance service result	18,893	61,972	(340,023)	38,729	(220,429)
Insurance finance (income) expense, excluding segregated fund account balances	453,336	108,934	27,516	1,726	591,512
Insurance finance (income) expenses segregated fund account balances	711,118				711,118
Total changes in the Consolidated Statement of Operations	1,183,347	170,906	(312,507)	40,455	1,082,201
Cash flows					
Premiums received	872,649				872,649
Claims and other expenses paid	(547,837)				(547,837)
Insurance acquisition cash flows	(176,563)				(176,563)
Total cash flows	148,249				148,249
Movements related to insurance contract liabilities for segregated fund account balances	(482,781)				(482,781)
Net insurance contracts at end of year	\$ 12,247,305	\$ 1,106,509	\$ 1,376,708	\$ 87,831	\$ 14,818,353
Insurance contracts at end of year					
Insurance contract liabilities	\$ 3,740,020	\$ 1,106,509	\$ 1,376,708	\$ 87,831	\$ 6,311,068
Insurance contract liabilities for segregated fund account balances	8,507,285	—	—	—	8,507,285
Net insurance contracts at end of year	\$ 12,247,305	\$ 1,106,509	\$ 1,376,708	\$ 87,831	\$ 14,818,353

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For the year ended December 31, 2022 restated	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin		Total
			Fair value approach	Post transition	
Insurance contracts at beginning of year					
Insurance contract liabilities	\$ 4,503,851	\$ 1,190,973	\$ 1,543,816	\$ —	\$ 7,238,640
Insurance contract liabilities for segregated fund account balances	8,947,820	—	—	—	8,947,820
Net insurance contracts at beginning of year	13,451,671	1,190,973	1,543,816	—	16,186,460
Changes that relate to current services					
CSM recognized for services provided			(182,808)	(2,082)	(184,890)
Change in risk adjustment for non-financial risk for risk expired		(49,774)			(49,774)
Experience adjustments	13,776				13,776
Changes that relate to future services					
Contracts initially recognized in the period	(115,946)	86,680	—	38,648	9,382
Changes in estimates that adjust the CSM	(256,905)	(51,176)	297,714	10,367	—
Changes in estimates that do not adjust the CSM	(63)	(6,248)			(6,311)
Changes that relate to past services					
Adjustments to liabilities for incurred claims	(185)	12	—	—	(173)
Insurance service result	(359,323)	(20,506)	114,906	46,933	(217,990)
Insurance finance (income) expense, excluding segregated fund account balances	(1,257,299)	(234,864)	30,493	443	(1,461,227)
Insurance finance (income) expenses segregated fund account balances	(342,957)				(342,957)
Total changes in the Consolidated Statement of Operations	(1,959,579)	(255,370)	145,399	47,376	(2,022,174)
Cash flows					
Premiums received	830,212				830,212
Claims and other expenses paid	(437,005)				(437,005)
Insurance acquisition cash flows	(160,894)				(160,894)
Total cash flows	232,313				232,313
Movements related to insurance contract liabilities for segregated fund account balances	(325,915)				(325,915)
Net insurance contracts at end of year	\$ 11,398,490	\$ 935,603	\$ 1,689,215	\$ 47,376	\$ 14,070,684
Insurance contracts at end of year					
Insurance contract liabilities	\$ 3,119,542	\$ 935,603	\$ 1,689,215	\$ 47,376	\$ 5,791,736
Insurance contract liabilities for segregated fund account balances	8,278,948	—	—	—	8,278,948
Net insurance contracts at end of year	\$ 11,398,490	\$ 935,603	\$ 1,689,215	\$ 47,376	\$ 14,070,684

Analysis of contractual service margin for insurance contracts by product line

For the year ended	December 31, 2023			December 31, 2022 restated		
	Wealth Management	Individual Insurance	Total	Wealth Management	Individual Insurance	Total
Contractual service margin at beginning of year	\$ 791,254	\$ 945,337	\$ 1,736,591	\$ 567,288	\$ 976,528	\$ 1,543,816
CSM recognized for services provided	(100,360)	(82,487)	(182,847)	(98,995)	(85,895)	(184,890)
Contracts initially recognized in the period	13,920	23,188	37,108	20,500	18,148	38,648
Changes in estimates that adjust the CSM	53,223	(208,778)	(155,555)	301,942	6,139	308,081
Interest accretion	729	28,513	29,242	519	30,417	30,936
Contractual service margin at end of year	\$ 758,766	\$ 705,773	\$ 1,464,539	\$ 791,254	\$ 945,337	\$ 1,736,591

Changes in estimates that adjust the CSM for direct insurance contracts is \$155,555. Net of reinsurance contracts held of \$99,288 (Note 10.7), changes in estimates that adjust the CSM is a decrease of \$56,267 and include assumption updates that relate to:

- Lapse impacts of \$38,000 to the Segregated fund and Universal life products;
- Expense assumptions of \$7,000 to reflect the Company's experience with respect to inflation and changes to operations; and
- Mortality updates of \$80,000 to future mortality experience, which was unfavourable to the CSM for the Individual life line of business, partially offset by similar updates for the Fixed annuity business.

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Total changes in estimates that adjust the CSM also includes an increase of \$71,000 (2022 \$281,000) of changes in the effect of time value of money and financial risk relating to contracts measured using the VFA in the Company's Wealth Management and Individual Insurance product lines.

10.3. Analysis by remaining coverage and incurred claims for insurance contracts

The table below present a roll-forward of the net asset or liability for all insurance contracts issued showing liabilities for remaining coverage and liability for incurred claims by product line. These tables include insurance contracts measured using the PAA.

As at December 31, 2023	Remaining coverage		Incurred claims			Total
	Excluding loss component	Loss component	Contracts not using PAA	Contracts using PAA		
				Estimate of PV of future cash flows	Risk adjustment	
Insurance contracts						
Wealth Management	\$ 8,981,914	\$ 1,448	\$ 29,242	\$ —	\$ —	\$ 9,012,604
Group Solutions	(7,685)	—	—	375,077	34,781	402,173
Individual Insurance	5,666,506	5,629	128,807	—	—	5,800,942
Total insurance contracts	\$ 14,640,735	\$ 7,077	\$ 158,049	\$ 375,077	\$ 34,781	\$ 15,215,719

As at December 31, 2022 restated	Remaining coverage		Incurred claims			Total
	Excluding loss component	Loss component	Contracts not using PAA	Contracts using PAA		
				Estimate of PV of future cash flows	Risk adjustment	
Insurance contracts						
Wealth Management	\$ 8,748,487	\$ —	\$ 26,432	\$ —	\$ —	\$ 8,774,919
Group Solutions	(6,945)	—	—	332,098	33,882	359,035
Individual Insurance	5,148,630	3,794	137,948	—	—	5,290,372
Total insurance contracts	\$ 13,890,172	\$ 3,794	\$ 164,380	\$ 332,098	\$ 33,882	\$ 14,424,326

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars except for per share amounts, shares authorized and outstanding and where otherwise stated)

The table below present a roll-forward of the net asset or liability for all insurance contracts issued showing liabilities for remaining coverage and liability for incurred claims. These tables include insurance contracts measured using the PAA.

For the year ended December 31, 2023	Remaining coverage		Incurred claims			Total
	Excluding loss component	Loss component	Contracts not using PAA	Contracts using PAA		
				Estimate of PV of future cash flows	Risk adjustment	
Insurance contracts at beginning of year						
Insurance contract liabilities	\$ 5,611,224	\$ 3,794	\$ 164,380	\$ 332,098	\$ 33,882	\$ 6,145,378
Insurance contract liabilities for segregated fund account balances	8,278,948	—	—	—	—	8,278,948
Net insurance contracts at beginning of year	13,890,172	3,794	164,380	332,098	33,882	14,424,326
Insurance service revenue						
Contracts under fair value approach	(634,813)					(634,813)
Contracts post transition	(690,695)					(690,695)
Insurance service expenses						
Incurred claims and other expenses		(334)	434,736	601,482	—	1,035,884
Amortization of insurance acquisition cash flows	35,524					35,524
Losses and reversal of losses on onerous contracts		3,016	—	—	—	3,016
Adjustments to liabilities for incurred claims		—	—	(1,651)	(1,224)	(2,875)
Investment components	(106,770)		106,770			—
Insurance service result	(1,396,754)	2,682	541,506	599,831	(1,224)	(253,959)
Insurance finance (income) expense from insurance contracts, excluding segregated fund account balances	590,951	601	—	19,717	2,123	613,392
Insurance finance (income) expenses, insurance contracts segregated fund account balances	711,118					711,118
Total changes in the Consolidated Statement of Operations	(94,685)	3,283	541,506	619,548	899	1,070,551
Cash flows						
Premiums received	1,504,592					1,504,592
Claims and other expenses paid			(547,837)	(576,569)		(1,124,406)
Insurance acquisition cash flows	(176,563)					(176,563)
Total cash flows	1,328,029		(547,837)	(576,569)		203,623
Movements related to insurance contract liabilities for segregated fund account balances	(482,781)		—			(482,781)
Net insurance contracts at end of year	\$ 14,640,735	\$ 7,077	\$ 158,049	\$ 375,077	\$ 34,781	\$ 15,215,719
Insurance contracts at end of year						
Insurance contract liabilities	\$ 6,133,450	\$ 7,077	\$ 158,049	\$ 375,077	\$ 34,781	\$ 6,708,434
Insurance contract liabilities for segregated fund account balances	8,507,285	—	—	—	—	8,507,285
Net insurance contracts at end of year	\$ 14,640,735	\$ 7,077	\$ 158,049	\$ 375,077	\$ 34,781	\$ 15,215,719

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(in thousands of Canadian dollars except for per share amounts, shares authorized and outstanding and where otherwise stated)

For the year ended December 31, 2022 restated	Remaining coverage		Incurred claims			Total
	Excluding loss component	Loss component	Contracts not using PAA	Contracts using PAA		
				Estimate of PV of future cash flows	Risk adjustment	
Insurance contracts at beginning of year						
Insurance contract liabilities	\$ 7,133,726	\$ —	\$ 98,749	\$ 332,151	\$ 33,844	\$ 7,598,470
Insurance contract liabilities for segregated fund account balances	8,947,820	—	—	—	—	8,947,820
Net insurance contracts at beginning of year	16,081,546	—	98,749	332,151	33,844	16,546,290
Insurance service revenue						
Contracts under fair value approach	(623,380)					(623,380)
Contracts post transition	(631,969)					(631,969)
Insurance service expenses						
Incurred claims and other expenses		(104)	405,620	555,774	—	961,290
Amortization of insurance acquisition cash flows	24,992					24,992
Losses and reversal of losses on onerous contracts		3,071	—	—	—	3,071
Adjustments to liabilities for incurred claims		—	—	26,064	2,693	28,757
Investment components	(97,016)		97,016			—
Insurance service result	(1,327,373)	2,967	502,636	581,838	2,693	(237,239)
Insurance finance (income) expenses, excluding segregated funds	(1,462,032)	827	—	(21,058)	(2,655)	(1,484,918)
Insurance finance (income) expenses, segregated funds	(342,957)					(342,957)
Total changes in the Consolidated Statement of Operations	(3,132,362)	3,794	502,636	560,780	38	(2,065,114)
Cash flows						
Premiums received	1,427,797					1,427,797
Claims and other expenses paid			(437,005)	(560,833)		(997,838)
Insurance acquisition cash flows	(160,894)					(160,894)
Total cash flows	1,266,903		(437,005)	(560,833)		269,065
Movements related to insurance contract liabilities for segregated fund account balances	(325,915)		—			(325,915)
Net insurance contracts at end of year	\$ 13,890,172	\$ 3,794	\$ 164,380	\$ 332,098	\$ 33,882	\$ 14,424,326
Insurance contracts at end of year						
Insurance contract liabilities	\$ 5,611,224	\$ 3,794	\$ 164,380	\$ 332,098	\$ 33,882	\$ 6,145,378
Insurance contract liabilities for segregated fund account balances	8,278,948	—	—	—	—	8,278,948
Net insurance contracts at end of year	\$ 13,890,172	\$ 3,794	\$ 164,380	\$ 332,098	\$ 33,882	\$ 14,424,326

10.4. Insurance service revenue

For the year ended	December 31, 2023	December 31, 2022 restated
Insurance service revenue		
Contracts not measured under the PAA		
Amounts relating to changes in liabilities for remaining coverage		
CSM recognized for services provided	\$ 182,848	\$ 184,890
Change in risk adjustment for non-financial risk for risk expired	53,284	49,730
Expected claims and other insurance service expenses	415,177	391,808
Recovery of insurance acquisition cash flows	35,524	24,992
Total	686,833	651,420
Contracts measured under the PAA	638,675	603,929
Total insurance service revenue	\$ 1,325,508	\$ 1,255,349

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars except for per share amounts, shares authorized and outstanding and where otherwise stated)

10.5. Expected remaining CSM recognition for insurance contracts

	Less than 1 year	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	5 - 10 years	More than 10 years	Total
December 31, 2023	\$ 150,637	\$ 136,156	\$ 123,865	\$ 111,999	\$ 101,043	\$ 366,474	\$ 474,365	\$ 1,464,539
December 31, 2022	\$ 171,216	\$ 155,474	\$ 141,915	\$ 129,078	\$ 117,001	\$ 430,019	\$ 591,888	\$ 1,736,591

10.6. Effect on measurement components of reinsurance contracts held initially recognized in the period

For the year ended	December 31, 2023	December 31, 2022 restated
New business reinsurance contracts held		
Estimates of present value of cash outflows	\$ 203,826	\$ 177,055
Estimates of present value of cash inflows	(192,384)	(168,940)
Risk adjustment for non-financial risk	(45,207)	(39,626)
Contractual service margin	25,000	25,714
Amount included in reinsurance contracts held (assets) liabilities for the year	\$ (8,765)	\$ (5,797)

10.7. Analysis by measurement component for reinsurance contracts held

The tables below present the net asset or liability for reinsurance contracts held showing estimates of the present value of future cash flows, risk adjustment and CSM by product line.

As at December 31, 2023	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin		Total
			Fair value approach	Post transition	
Reinsurance contracts held					
Reinsurance contracts held not measured under PAA					
Wealth Management	\$ (12,364)	\$ (603)	\$ 945	\$ —	\$ (12,022)
Individual Insurance	602,699	(400,031)	(95,529)	45,042	152,181
Total	\$ 590,335	\$ (400,634)	\$ (94,584)	\$ 45,042	\$ 140,159

As at December 31, 2022 restated	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin		Total
			Fair value approach	Post transition	
Reinsurance contracts held					
Reinsurance contracts held not measured under PAA					
Wealth Management	\$ (14,136)	\$ (730)	\$ 1,232	\$ —	\$ (13,634)
Individual Insurance	618,123	(343,812)	(214,397)	20,608	80,522
Total	\$ 603,987	\$ (344,542)	\$ (213,165)	\$ 20,608	\$ 66,888

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(in thousands of Canadian dollars except for per share amounts, shares authorized and outstanding and where otherwise stated)

The tables below present a roll-forward of the net asset or liability for reinsurance contracts held showing estimates of the present value of future cash flows, risk adjustment and CSM. These tables exclude reinsurance contracts held measured using the PAA.

For the year ended December 31, 2023	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin		Total
			Fair value approach	Post transition	
Reinsurance contracts held at beginning of year					
Reinsurance contracts held (assets)	\$ 343,690	\$ (264,761)	\$ (249,563)	\$ 20,466	\$ (150,168)
Reinsurance contracts held liabilities	260,297	(79,781)	36,398	142	217,056
Net reinsurance contracts held at beginning of year	603,987	(344,542)	(213,165)	20,608	66,888
Changes that relate to current services					
CSM recognized for services received			22,797	(3,721)	19,076
Risk adjustment recognized for non-financial risk expired		21,510			21,510
Experience adjustments	16,491				16,491
Changes that relate to future services					
Contracts initially recognized in the period	11,442	(45,207)	—	25,000	(8,765)
Changes in estimates that adjust the CSM	(109,634)	10,346	100,461	(1,173)	—
Changes in estimates that adjust recoveries of losses on onerous underlying contracts	4,147	(295)			3,852
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM			1,448	2,568	4,016
Changes that relate to past services					
Changes in amounts recoverable arising from changes in liability for incurred claims	3,781	—			3,781
Reinsurance service result	(73,773)	(13,646)	124,706	22,674	59,961
Reinsurance finance (income) expenses	96,785	(42,446)	(6,125)	1,760	49,974
Total changes in the Consolidated Statement of Operations	23,012	(56,092)	118,581	24,434	109,935
Cash flows					
Premiums paid	(127,090)				(127,090)
Amounts received	90,426				90,426
Total cash flows	(36,664)				(36,664)
Net reinsurance contracts held at end of year	\$ 590,335	\$ (400,634)	\$ (94,584)	\$ 45,042	\$ 140,159
Reinsurance contracts held at end of year					
Reinsurance contracts held (assets)	\$ 338,565	\$ (318,235)	\$ (178,218)	\$ 44,817	\$ (113,071)
Reinsurance contracts held liabilities	251,770	(82,399)	83,634	225	253,230
Net reinsurance contracts held at end of year	\$ 590,335	\$ (400,634)	\$ (94,584)	\$ 45,042	\$ 140,159

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars except for per share amounts, shares authorized and outstanding and where otherwise stated)

For the year ended December 31, 2022 restated	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin		Total
			Fair value approach	Post transition	
Reinsurance contracts held (excluding PAA contracts)					
Reinsurance contracts held (assets) at beginning of year	\$ 408,519	\$ (300,711)	\$ (240,144)	\$ —	\$ (132,336)
Reinsurance contracts held liabilities at beginning of year	388,181	(103,581)	54,322	—	338,922
Net reinsurance contracts held at beginning of year	796,700	(404,292)	(185,822)	—	206,586
Changes that relate to current services					
CSM recognized for services received			22,917	(1,143)	21,774
Risk adjustment recognized for non-financial risk expired		18,368			18,368
Experience adjustments	(2,922)				(2,922)
Changes that relate to future services					
Contracts initially recognized in the period	8,115	(39,626)	—	25,714	(5,797)
Changes in estimates that adjust the CSM	59,510	(8,646)	(44,729)	(6,135)	—
Changes in estimates that adjust recoveries of losses on onerous underlying contracts	486	(36)			450
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM			505	1,676	2,181
Changes that relate to past services					
Changes in amounts recoverable arising from changes in liability for incurred claims	—	—			—
Reinsurance service result	65,189	(29,940)	(21,307)	20,112	34,054
Reinsurance finance (income) expenses	(176,589)	89,690	(6,036)	496	(92,439)
Total changes in the Consolidated Statement of Operations	(111,400)	59,750	(27,343)	20,608	(58,385)
Cash flows					
Premiums paid	(177,060)				(177,060)
Amounts received	95,747				95,747
Total cash flows	(81,313)				(81,313)
Net reinsurance contracts held at end of year	\$ 603,987	\$ (344,542)	\$ (213,165)	\$ 20,608	\$ 66,888
Reinsurance contracts held (excluding PAA contracts)					
Reinsurance contracts held (assets) at end of year	\$ 343,690	\$ (264,761)	\$ (249,563)	\$ 20,466	\$ (150,168)
Reinsurance contracts held liabilities at end of year	260,297	(79,781)	36,398	142	217,056
Net reinsurance contracts held at end of year	\$ 603,987	\$ (344,542)	\$ (213,165)	\$ 20,608	\$ 66,888

Analysis of contractual service margin for reinsurance contracts held by product line

For the year ended	December 31, 2023			December 31, 2022 restated		
	Wealth Management	Individual Insurance	Total	Wealth Management	Individual Insurance	Total
Contractual service margin at beginning of year	\$ 1,232	\$ (193,789)	\$ (192,557)	\$ 252	\$ (186,074)	\$ (185,822)
CSM recognized for services received	(267)	19,343	19,076	(149)	21,923	21,774
Contracts initially recognized in the period	—	25,000	25,000	—	25,714	25,714
Changes in estimates that adjust the CSM	(59)	99,347	99,288	1,113	(51,977)	(50,864)
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	—	4,016	4,016	—	2,181	2,181
Interest accretion	39	(4,404)	(4,365)	16	(5,556)	(5,540)
Contractual service margin at end of year	\$ 945	\$ (50,487)	\$ (49,542)	\$ 1,232	\$ (193,789)	\$ (192,557)

Notes to the Consolidated Financial Statements

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10.8. Analysis by remaining coverage and incurred claims for reinsurance contracts held

The tables below present a roll-forward of the net asset or liability for all reinsurance contracts held showing (assets) liabilities for remaining coverage and amounts recoverable on incurred claims by product line.

As at December 31, 2023	Remaining coverage		Incurred claims			Total
	Excluding loss recovery component	Loss recovery component	Contracts not using PAA	Contracts using PAA		
				Estimate of PV of future cash flows	Risk adjustment	
Reinsurance contracts held						
Wealth Management	\$ (16,608)	\$ —	\$ 4,586	\$ —	\$ —	(12,022)
Group Solutions	(4,375)	—	—	(154,192)	(14,096)	(172,663)
Individual Insurance	153,437	(2,539)	5,658	—	—	156,556
Total reinsurance contracts held	\$ 132,454	\$ (2,539)	\$ 10,244	\$ (154,192)	\$ (14,096)	\$ (28,129)

As at December 31, 2022 restated	Remaining coverage		Incurred claims			Total
	Excluding loss recovery component	Loss recovery component	Contracts not using PAA	Contracts using PAA		
				Estimate of PV of future cash flows	Risk adjustment	
Reinsurance contracts						
Wealth Management	\$ (22,412)	\$ —	\$ 8,778	\$ —	\$ —	(13,634)
Group Solutions	—	—	—	(145,837)	(14,039)	(159,876)
Individual Insurance	80,109	(2,789)	3,202	—	—	80,522
Total reinsurance contracts	\$ 57,697	\$ (2,789)	\$ 11,980	\$ (145,837)	\$ (14,039)	\$ (92,988)

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(in thousands of Canadian dollars except for per share amounts, shares authorized and outstanding and where otherwise stated)

The tables below present a roll-forward of the net asset or liability for all reinsurance contracts held showing (assets) liabilities for remaining coverage and amounts recoverable on incurred claims.

For the year ended December 31, 2023	Remaining coverage		Incurred claims			Total
	Excluding loss recovery component	Loss recovery component	Contracts not using PAA	Contracts using PAA		
				Estimate of PV of future cash flows	Risk adjustment	
Reinsurance contracts held (assets) liabilities at beginning of year						
Reinsurance contracts held (assets)	\$ (147,379)	\$ (2,789)	\$ —	\$ (145,837)	\$ (14,039)	\$ (310,044)
Reinsurance contracts held liabilities	205,076	—	11,980	—	—	217,056
Net reinsurance contracts held (assets) liabilities at beginning of year	57,697	(2,789)	11,980	(145,837)	(14,039)	(92,988)
Allocation of premiums paid						
Contracts under fair value approach	141,464					141,464
Contracts post transition	157,089					157,089
Amounts recoverable from reinsurers						
Amounts recoverable for claims and other expenses incurred in the period		1,408	(95,943)	(136,325)	—	(230,860)
Changes in amounts recoverable from changes in liability for incurred claims			3,781	1,177	882	5,840
Changes in fulfilment cash flows which relate to onerous underlying contracts		(896)				(896)
Net income or expense from reinsurance contracts held	298,553	512	(92,162)	(135,148)	882	72,637
Reinsurance finance (income) expenses	50,236	(262)	—	(9,532)	(939)	39,503
Total changes in the Consolidated Statement of Operations	348,789	250	(92,162)	(144,680)	(57)	112,140
Cash flows						
Premiums paid	(274,032)					(274,032)
Amounts received			90,426	136,325		226,751
Total cash flows	(274,032)		90,426	136,325		(47,281)
Net reinsurance contracts held (assets) liabilities at end of year	\$ 132,454	\$ (2,539)	\$ 10,244	\$ (154,192)	\$ (14,096)	\$ (28,129)
Reinsurance contracts held (assets) liabilities at end of year						
Reinsurance contracts held (assets)	\$ (114,315)	\$ (2,539)	3,783	(154,192)	(14,096)	(281,359)
Reinsurance contracts held liabilities	246,769	—	6,461	—	—	253,230
Net reinsurance contracts held (assets) liabilities at end of year	\$ 132,454	\$ (2,539)	\$ 10,244	\$ (154,192)	\$ (14,096)	\$ (28,129)

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(in thousands of Canadian dollars except for per share amounts, shares authorized and outstanding and where otherwise stated)

For the year ended December 31, 2022 restated	Remaining coverage		Incurred claims			Total
	Excluding loss recovery component	Loss recovery component	Contracts not using PAA	Contracts using PAA		
				Estimate of PV of future cash flows	Risk adjustment	
Reinsurance contracts held (assets) liabilities at beginning of year						
Reinsurance contracts held (assets)	\$ (132,335)	\$ —	\$ —	\$ (136,674)	\$ (14,290)	\$ (283,299)
Reinsurance contracts held liabilities	317,203	—	21,719	—	—	338,922
Net reinsurance contracts held (assets) liabilities at beginning of year	184,868	—	21,719	(136,674)	(14,290)	55,623
Allocation of premiums paid						
Contracts under fair value approach	138,191					138,191
Contracts post transition	153,107					153,107
Amounts recoverable from reinsurers						
Amounts recoverable for claims and other expenses incurred in the period		443	(105,486)	(120,427)	—	(225,470)
Changes in amounts recoverable from changes in liability for incurred claims			—	(17,505)	(729)	(18,234)
Changes in fulfilment cash flows which relate to onerous underlying contracts		(3,166)				(3,166)
Net income or expense from reinsurance contracts held	291,298	(2,723)	(105,486)	(137,932)	(729)	44,428
Reinsurance finance (income) expenses	(92,261)	(66)	—	8,342	980	(83,005)
Total changes in the Consolidated Statement of Operations	199,037	(2,789)	(105,486)	(129,590)	251	(38,577)
Cash flows						
Premiums paid	(326,208)					(326,208)
Amounts received			95,747	120,427		216,174
Total cash flows	(326,208)		95,747	120,427		(110,034)
Net reinsurance contracts held (assets) liabilities at end of year	\$ 57,697	\$ (2,789)	\$ 11,980	\$ (145,837)	\$ (14,039)	\$ (92,988)
Reinsurance contracts held (assets) liabilities at end of year						
Reinsurance contracts held (assets)	\$ (147,379)	\$ (2,789)	\$ —	\$ (145,837)	\$ (14,039)	\$ (310,044)
Reinsurance contracts held liabilities	205,076	—	11,980	—	—	217,056
Net reinsurance contracts held (assets) liabilities at end of year	\$ 57,697	\$ (2,789)	\$ 11,980	\$ (145,837)	\$ (14,039)	\$ (92,988)

10.9. Expected remaining CSM recognition for reinsurance contracts held

	Less than 1 year	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	5 - 10 years	More than 10 years	Total
December 31, 2023	\$ (9,277)	\$ (8,223)	\$ (7,244)	\$ (6,311)	\$ (5,424)	\$ (15,374)	\$ 2,311	\$ (49,542)
December 31, 2022	\$ (22,658)	\$ (20,648)	\$ (18,658)	\$ (16,802)	\$ (14,986)	\$ (51,078)	\$ (47,727)	\$ (192,557)

11. Employee Benefit Plans

Empire Life sponsors pension and other post-employment benefit plans for eligible employees. The Empire Life Insurance Company Staff Pension Plan (the Plan) consists of a defined benefit component and a defined contribution component. The Company discontinued enrollments in the defined benefit component effective October 1, 2011. The Company has supplemental arrangements that provide defined pension benefits in excess of statutory limits. In addition to pension benefits, the Company also provides for post-employment health and dental care coverage and other future benefits to qualifying employees and retirees.

The defined benefit component of the Plan is a final average salary pension plan, which provides benefits to members in the form of a guaranteed level of pension payable for life. The level of benefits provided depends on members' age, length of service and their salary in the final years leading up to retirement. Pensions generally do not receive inflationary increases once in payment. In the past, however, the Company has provided ad-hoc pension increases on its defined benefit staff pension plan. Increases take place at the discretion of the Board. The pension benefit payments are from trustee-administered funds.

The Plan is governed by the Pension Benefits Act of the Province of Ontario, as amended, which requires that the plan

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sponsor fund the defined benefits determined under the plan. The Company's supplemental employee retirement benefit plan is governed by provisions of the plan, which requires that the plan sponsor fund the defined benefits determined under the plan. The amount of funds contributed to these defined benefit pension plans is determined by an actuarial valuation of the Plans.

Under the defined contribution component, contributions are made in accordance with the provisions of the Plan documents.

A Pension Committee, composed of selected senior members of management and that of its parent, E-L Financial Corporation, oversees the Pension Plan of the Company. The Pension Committee reports to the Human Resources Committee of the Board at least three times each year. The Audit Committee of the Board approves the audited annual financial statements of the Pension Plan.

The other post-employment benefit plan provides for health, dental care, and other future defined benefits to qualifying employees and retirees. It is unfunded and the Company meets the benefit payment obligation as it falls due.

The following tables present financial information for the Company's defined benefit plans:

As at	Pension benefits		Other post-employment benefits	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Present value of obligations	\$ (212,182)	\$ (197,258)	\$ (7,006)	\$ (6,785)
Fair value of plan assets	236,215	218,165	—	—
Post-employment benefit asset (liability)	24,033	20,907	(7,006)	(6,785)
Effect of asset limit	(2,554)	(2,736)	—	—
Net post-employment benefit asset (liability)	\$ 21,479	\$ 18,171	\$ (7,006)	\$ (6,785)

The post-employment benefit asset (liability), net of the cumulative impact of the asset ceiling, is included in the Consolidated Statements of Financial Position in Other assets (Note 4).

The movement in the present value of the defined benefit obligations over the year is as follows:

As at	Pension benefits		Other post-employment benefits	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Present value of defined benefit obligation - beginning of year	\$ 197,258	\$ 245,593	\$ 6,785	\$ 8,706
Current service cost	3,215	5,512	—	—
Interest expense	10,011	7,476	341	253
Decrease (increase) in net income before tax	13,226	12,988	341	253
Remeasurements				
(Gain) loss from changes in financial assumptions	9,994	(53,121)	454	(1,581)
Actuarial (gain) loss from member experience	59	3,715	(222)	(162)
Decrease (increase) in OCI before tax	10,053	(49,406)	232	(1,743)
Employee contributions	1,192	1,213	—	—
Benefits paid	(9,547)	(13,130)	(352)	(431)
Present value of defined benefit obligation - end of year	\$ 212,182	\$ 197,258	\$ 7,006	\$ 6,785

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The movement in the fair value of the Plan's defined benefit assets over the year is as follows:

As at	Pension benefits	
	December 31, 2023	December 31, 2022
Fair value of defined benefit assets - at beginning of year	\$ 218,165	\$ 232,426
Interest income	11,292	7,181
Administrative expense	(385)	(337)
Increase (decrease) in net income before tax	10,907	6,844
Remeasurements		
Return on plan assets, excluding amounts included in interest income	9,181	(16,758)
Increase (decrease) in OCI before tax	9,181	(16,758)
Employer contributions	6,317	7,570
Employee contributions	1,192	1,213
Benefits paid	(9,547)	(13,130)
Fair value of defined benefit assets - end of year	\$ 236,215	\$ 218,165

The change in the asset ceiling/onerous liability over the year is as follows:

As at	Pension benefits	
	December 31, 2023	December 31, 2022
Asset ceiling/onerous liability beginning year	\$ 2,736	\$ 1,630
Interest income	144	51
Change in asset ceiling/onerous liability (excluding interest income)	(326)	1,055
Asset ceiling/onerous liability end of year	\$ 2,554	\$ 2,736

The actual return on defined benefit assets net of administrative expense, for the year ended December 31, 2023 was a gain of \$20,088 (2022 loss of \$9,914).

Defined benefit plan expense is recognized and allocated between insurance service expenses and non-insurance expenses. Remeasurements in the defined benefit plan are included in OCI. Allocated between insurance service expenses and non-insurance expenses is \$4,014 (2022 \$2,964) of employer contributions related to the defined contribution component of the Plan.

Expected contributions (including both employer and employee amounts) to the Company's defined benefit pension plans for the year ending December 31, 2024 are approximately \$7,136.

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The Plan invests primarily in Empire Life segregated and exchange traded funds (ETFs). The fair value of the underlying assets of the funds and other investments are included in the following table:

As at	December 31, 2023		December 31, 2022		
Equity					
Canadian	\$	35,385	15%	\$ 38,626	18%
Foreign		82,623	35%	90,731	41%
Equity ETFs					
Canadian		3,010	1%	—	0%
Foreign		6,758	3%	—	0%
Total equity		127,776	54 %	129,357	59 %
Debt					
Canadian		94,923	40%	67,801	31%
Foreign		2,134	1%	—	0%
Total debt		97,057	41%	67,801	31%
Cash, cash equivalent, accruals		3,313	1%	3,864	2%
Mutual funds		—	0%	8,970	4%
Other		8,069	4%	8,173	4 %
Total fair value of assets	\$	236,215	100%	\$ 218,165	100%

Fair value is determined based on Level 1 inputs for equities and Level 2 inputs for debt.

The following weighted average assumptions were used in actuarial calculations:

As at	Pension benefits		Other post-employment benefits	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Defined benefit obligation as at December 31:				
Discount rate - defined benefit obligation	4.65%	5.25%	4.65%	5.25%
Discount rate - net interest	5.25%	3.15%	5.25%	3.00%
Rate of compensation increase (3% after 2023)	4.00%	5.00%	n/a	n/a
Assumed health care cost trend rates at December 31:				
Initial health care cost trend rate	n/a	n/a	5.3%	5.4%
Cost trend rate declines to	n/a	n/a	4.0%	4.0%
Year ultimate health care cost trend rate is reached	n/a	n/a	2040	2040

Assumptions (in number of years) relating to future mortality, to determine the defined benefit obligation and the net benefit cost for the defined benefit pension plans are as follows:

As at	December 31, 2023	December 31, 2022
Males aged 65 at measurement date	22.29	22.21
Females aged 65 at measurement date	24.95	24.88
Males aged 40 at measurement date	23.40	24.04
Females aged 40 at measurement date	25.96	26.54

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars except for per share amounts, shares authorized and outstanding and where otherwise stated)

The following table provides the sensitivity of the defined benefit pension and other post-employment benefit obligations to changes in significant actuarial assumptions. For each sensitivity test, the impact of a reasonably possible change in a single factor is shown with other assumptions left unchanged. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method has been applied as when calculating the Post-employment benefit liability recognized within the Consolidated Statements of Financial Position.

As at December 31, 2023	Change in assumption	Impact on Pension Benefit Obligation		Impact on Other Post Employment Benefit Obligations	
		Increase	Decrease	Increase	Decrease
Discount rate	1% \$	(17,754) \$	22,025 \$	(651) \$	574
Rate of compensation increase	1% \$	7,398 \$	(6,493)	n/a	n/a
Health care cost increase	1%	n/a	n/a \$	577 \$	(658)
Life expectancy	1 year \$	3,589 \$	(3,732) \$	591 \$	(761)

As at December 31, 2022	Change in assumption	Impact on Pension Benefit Obligation		Impact on Other Post Employment Benefit Obligations	
		Increase	Decrease	Increase	Decrease
Discount rate	1% \$	(15,443) \$	19,111 \$	(644) \$	531
Rate of compensation increase	1% \$	6,351 \$	(5,653)	n/a	n/a
Health care cost increase	1%	n/a	n/a	512	(636)
Life expectancy	1 year \$	3,137 \$	(3,265) \$	185 \$	(384)

The weighted average duration, in number of years, of the defined benefit obligations are:

As at	December 31, 2023	December 31, 2022
Staff pension plan	10	9
Supplemental employee retirement plan	7	7
Other post-employment benefits	9	9

Risks

Through its defined benefit pension plan and the other post-employment benefit plan, the Company is exposed to a number of risks, the most significant of which are detailed below:

Deterioration of asset values

The Plan obligations are calculated using a discount rate set with reference to corporate bond yields. If Plan assets underperform against this yield, this will create a deficit. The Plan holds a significant proportion of equities, which are expected to outperform corporate bonds in the long-term while producing volatility and risk in the short-term.

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars except for per share amounts, shares authorized and outstanding and where otherwise stated)

Longevity risk

The majority of the Plans' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the Plans' liabilities. In case of the funded plans, the Pension Committee ensures that the investment positions are managed in accordance with the investment philosophy outlined in the investment policy approved by the Human Resources Committee of the Board. The fundamental philosophy is to achieve acceptably high investment return over the long term without jeopardizing the level of security of the members' benefits and without introducing too much volatility into the Company's future expense. The Company's objective is to match assets to the pension obligations by investing in equities as well as fixed interest securities. The Company monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the pension obligations. The Plan has not changed the processes used to manage its risks from previous periods. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. The Plan invests primarily in Canadian Bonds and Equities through its ownership of units in Empire Life segregated and mutual funds.

Interest rate risk

A decrease in corporate bond yields will increase Plan obligations, although this will be partially offset by an increase in the value of the Plans' bond holdings.

In February 2023, the Plan withdrew 100% of its investment in Empire Life Aggressive Growth Mutual Fund. The proceeds were reinvested in ETFs with exposure to Canadian (30%), US (35%) and International (35%) markets.

The last triennial valuation on the Staff Pension Plan was completed in August 2022, as at December 31, 2021. The next triennial valuation will be completed in 2025, as at December 31, 2024

12. Subordinated Debt

The table below presents the obligations included in Subordinated debt.

As at	December 31, 2023					December 31, 2022
	Interest rate	Earliest par call or redemption date	Maturity	Carrying value	Carrying value	
Series 2017-1 ⁽¹⁾	3.664 %	March 15, 2023	2028	\$ —	\$ 199,964	
Series 2021-1 ⁽²⁾	2.024 %	September 24, 2026	2031	199,435	199,165	
Series 2023-1 ⁽³⁾	5.503 %	January 13, 2028	2033	199,462	—	
Total Subordinated Debt				\$ 398,897	\$ 399,129	
Fair Value				\$ 385,674	\$ 374,616	

⁽¹⁾ All of the outstanding Series 2017-1 Subordinated 3.664% Unsecured Debentures were redeemed on March 15, 2023

⁽²⁾ Series 2021-1 Subordinated 2.024% Unsecured Debentures due 2031. From September 24, 2026, interest is payable at 0.67% over CDOR

⁽³⁾ Series 2023-1 Subordinated 5.503% Unsecured Debentures due 2033. From January 13, 2028, interest is payable at 2.26% over CORRA

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars except for per share amounts, shares authorized and outstanding and where otherwise stated)

13. Claims, Operating Expenses, Commissions and Interest Expense

Claims, operating expenses, commissions and interest expense include the following:

For the year ended	December 31, 2023	December 31, 2022 restated
Insurance contracts claims and benefits	\$ 733,534	\$ 707,504
Salary and benefit expenses	134,883	116,533
Professional services	33,951	21,420
Rent, maintenance and amortization of right-of-use assets	26,833	27,238
Amortization of property and equipment and intangibles	16,028	9,924
Miscellaneous operating expenses	31,679	26,949
Insurance contracts commissions	304,142	280,751
Premium and other taxes	27,063	25,809
Interest expense	16,615	11,648
Subtotal	1,324,728	1,227,776
Amounts attributed to insurance contracts acquisition cash flows	(176,563)	(160,894)
Amortization of insurance contracts acquisition cash flows	35,524	24,992
Total	\$ 1,183,689	\$ 1,091,874
Represented by:		
Insurance service expenses	\$ 1,071,549	\$ 1,018,110
Non-insurance expenses	95,525	62,116
Interest expenses	16,615	11,648
Total	\$ 1,183,689	\$ 1,091,874

14. Income Taxes

14.1. Income tax expense

The tax provision for December 31, 2023 has been prepared in accordance with the Canadian federal tax legislation effective January 1, 2023 which includes the adoption of IFRS 17.

January 1, 2022 opening Statement of Financial Position differences between the IFRS 4 and IFRS 17 actuarial liabilities reflected in Retained earnings on adoption have been treated as temporary differences and reflected in the net Deferred tax asset balance. The tax transition adjustment for the impact of converting actuarial liabilities and the non-deductible portion of the CSM was calculated at January 1, 2023 and taken over 5 years.

The Company's income tax expense includes provisions for current and deferred taxes as follows:

For the year ended	December 31, 2023	December 31, 2022 restated
Current income tax expense	\$ 44,774	\$ 3,566
Deferred income tax expense (benefit)	876	(5,288)
Income tax expense (benefit)	\$ 45,650	\$ (1,722)

During 2023, the Company's net income tax paid (recovered) totaled (\$19,310) (2022 \$40,277).

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars except for per share amounts, shares authorized and outstanding and where otherwise stated)

14.2. Variance from statutory provision

Income taxes provided varies from the expected statutory provision as follows:

For the year ended	December 31, 2023	December 31, 2022 restated
Net income before income taxes	\$ 235,606	\$ 57,533
Income tax provision at statutory rates	62,153	15,177
Increase (decrease) resulting from:		
Tax paid on dividends	(13,562)	(10,074)
Miscellaneous	(2,941)	(6,825)
Income tax expense	\$ 45,650	\$ (1,722)

The current enacted corporate tax rates as they impact the Company in 2023 stand at 26.38% (2022 26.38%). Expected future tax rates are as follows:

2024	26.38 %
2025	26.38 %
2026	26.38 %
2027	26.38 %
2028	26.38 %

The impact of future enacted corporate tax rates has been taken into consideration in the deferred tax calculation.

14.3. Deferred income taxes

In certain instances the tax basis of assets and liabilities differs from the carrying amount. These differences will give rise to deferred income taxes, which are reflected on the Consolidated Statements of Financial Position. These differences arise in the following items:

As at	December 31, 2023	December 31, 2022 restated
Insurance contracts	\$ 91,150	\$ 94,051
Portfolio investments	973	(1,545)
Post-employment benefit plans	(3,798)	(2,981)
Other, net	1,119	98
Deferred income tax asset (liability)	\$ 89,444	\$ 89,623

Of the above total, \$89,444 is expected to be paid (2022 \$37,050 paid) more than one year after the Consolidated Statements of Financial Position date.

The net movement on the deferred income tax account is as follows:

For the year ended	December 31, 2023	December 31, 2022 restated
Deferred income tax asset (liability) - beginning of year	\$ 89,623	\$ 93,123
Deferred income tax benefit (expense)		
Consolidated Statement of operations	(876)	5,288
Other comprehensive income	206	(8,794)
Other adjustments	491	6
Deferred income tax asset (liability) - end of year	\$ 89,444	\$ 89,623

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars except for per share amounts, shares authorized and outstanding and where otherwise stated)

14.4. Income taxes included in other comprehensive income

Other comprehensive income (loss) is presented net of income taxes and includes the following income tax amounts.

For the year ended	December 31, 2023			December 31, 2022 restated		
	Before tax	Tax (provision) recovery	After tax	Before tax	Tax (provision) recovery	After tax
Remeasurements of post-employment benefit liabilities	\$ (778)	\$ 206	\$ (572)	\$ 33,336	\$ (8,794)	\$ 24,542
Total other comprehensive income (loss)	\$ (778)	\$ 206	\$ (572)	\$ 33,336	\$ (8,794)	\$ 24,542

15. Earnings Per Share

Earnings per share (EPS) is calculated by dividing common shareholders' net income by the weighted average number of common shares outstanding. The preferred shares issued (refer to Note 16) do not dilute EPS as the preferred shares are not convertible into common shares.

Details of the calculation of the net income and the weighted average number of shares used in the EPS computations are as follows:

For the year ended	December 31, 2023	December 31, 2022 restated
Basic and diluted EPS		
Shareholders' net income (loss)	\$ 167,854	\$ 65,129
Less: preferred share dividends declared and distributions on other equity instruments	(11,525)	(10,237)
Common shareholders' net income	156,329	54,892
Weighted average number of common shares outstanding	985,076	985,076
Basic and diluted EPS	\$ 158.70	\$ 55.72

16. Capital Stock

As at	December 31, 2023			December 31, 2022		
	Shares authorized	Shares issued and outstanding	Amount	Shares authorized	Shares issued and outstanding	Amount
Preferred shares - series 3	unlimited	4,000,000	\$ 100,000	unlimited	4,000,000	\$ 100,000
Limited recourse capital notes		200,000	\$ 200,000		200,000	\$ 200,000
Common shares	2,000,000	985,076	\$ 985	2,000,000	985,076	\$ 985

In the fourth quarter of 2017, Empire Life issued to E-L Financial Corporation Limited 4,000,000 Non-Cumulative Rate Reset Preferred Shares, Series 3 (Series 3 Preferred Shares) at \$25 per share. Holders of Series 3 Preferred Shares were entitled to receive fixed non-cumulative quarterly dividends yielding 4.90% annually, as and when declared by the Board of Empire Life, for the initial period ending on and including January 17, 2023. Thereafter, the dividend rate will be reset every five years at a rate equal to the 5-year Government of Canada bond yield plus 3.24%. Holders of Series 3 Preferred Shares will have the right, at their option, to convert their shares into Non-Cumulative Floating Rate Preferred Shares, Series 4 (Series 4 Preferred Shares), subject to certain conditions, on January 17, 2023 and on January 17 every five years thereafter. Holders of the Series 4 Preferred Shares will be entitled to receive non-cumulative quarterly floating dividends, as and when declared by the Board of Empire Life, at a rate equal to the 3-month Government of Canada Treasury Bill yield plus 3.24%.

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars except for per share amounts, shares authorized and outstanding and where otherwise stated)

Empire Life provided notice to E-L Financial Corporation Limited that it did not intend to exercise its right to redeem all or any part of the currently outstanding 4,000,000 Series 3 Preferred Shares of Empire Life on January 17, 2023 and, as a result and subject to certain conditions, the holders of the Series 3 Preferred Shares had the right, at their option, on the Series 3 Conversion Date, to convert all or part of their Series 3 Preferred Shares on a one-for-one basis into Series 4 Preferred Shares. In early 2023, E-L Financial irrevocably elected not to exercise this right. Effective January 18, 2023, holders of Series 3 Preferred Shares are entitled to receive fixed non-cumulative quarterly dividends yielding 6.187% annually, as and when declared by the Board of Empire Life, for the renewal period ending on and including January 17, 2028.

On February 17, 2021, the Company issued \$200 million of Limited Recourse Capital Notes Series 1 (LRCN Series 1) with recourse limited to assets held by a third party trustee in a trust which is consolidated in these Consolidated Financial Statements. Payments of interest and principal in cash on the LRCN Series 1 are made at the discretion of the Company and non-payment of interest and principal in cash does not constitute an event of default. In the event of a non-payment of interest or principal at the discretion of the Company, or in the event of bankruptcy, insolvency or liquidation of the Company, the sole remedy of note holders shall be the delivery of the holders' proportionate share of the trust assets. In such an event, the delivery of the trust assets will represent the full and complete extinguishment of the Company's obligations under the LRCN Series 1.

The trust assets consist of \$200 million of Empire Life Non-Cumulative 5-year Fixed Rate Reset Preferred Shares, Series 5 which were issued concurrently with the LRCN Series 1 at a rate of \$1,000 per Series 5. Holders of the LRCN Series 1 are entitled to receive semi-annual payments at a rate of 3.625% per annum until April 17, 2026. Thereafter, the yield will reset every five years at a rate equal to the 5-year Government of Canada bond yield plus 3.082%.

Interest paid on LRCNs have been reclassified in 2023 and 2022 from interest expense on the Consolidated Statement of Operations to Preferred share dividends and distributions on other equity instruments in the Consolidated Statement of Changes in Equity.

17. Dividends

	Dividend declaration date	Shares issued and outstanding	Dividend rate per share	Total dividend (\$ 000's)	Dividend payment date
Common shareholder dividends					
Common shares	October 26, 2023	985,076	\$ 19.290000	\$ 19,002	December 5, 2023
	August 4, 2023	985,076	\$ 19.290000	\$ 19,002	September 13, 2023
	May 9, 2023	985,076	\$ 19.290000	\$ 19,002	June 14, 2023
	February 23, 2023	985,076	\$ 18.450000	\$ 18,175	April 4, 2023
	October 27, 2022	985,076	\$ 18.450000	\$ 18,175	December 6, 2022
	July 28, 2022	985,076	\$ 18.450000	\$ 18,175	September 7, 2022
	April 28, 2022	985,076	\$ 18.450000	\$ 18,175	June 7, 2022
	February 23, 2022	985,076	\$ 18.450000	\$ 18,175	March 31, 2022
	Preferred shareholder dividends				
Series 3	October 26, 2023	4,000,000	\$ 0.3866875	\$ 1,547	January 17, 2024
	August 4, 2023	4,000,000	\$ 0.3866875	\$ 1,547	October 17, 2023
	May 9, 2023	4,000,000	\$ 0.3866875	\$ 1,547	July 17, 2023
	February 23, 2023	4,000,000	\$ 0.3866875	\$ 1,547	April 17, 2023
	October 27, 2022	4,000,000	\$ 0.3062500	\$ 1,225	January 17, 2023
	July 28, 2022	4,000,000	\$ 0.3062500	\$ 1,225	October 17, 2022
	April 28, 2022	4,000,000	\$ 0.3062500	\$ 1,225	July 17, 2022
	February 23, 2022	4,000,000	\$ 0.3062500	\$ 1,225	April 17, 2022

On February 28, 2024, the Board approved the following cash dividends:

- \$20,007 (\$20.31 per share) on the issued and outstanding Common Shares, payable on April 9, 2024.
- \$1,547 (\$0.3866875 per share) on the issued and outstanding Series 3 Preferred Shares, payable on April 17, 2024.

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars except for per share amounts, shares authorized and outstanding and where otherwise stated)

18. Participating Account

The participating account surplus balance is considered to be equity of the Company; however, its distribution is restricted by the Insurance Companies Act. Transfers from the participating account to the shareholders account is contingent upon future payment of dividends to participating policyholders.

Participating policyholders share in the returns of the underlying items. The entire participating fund is considered as the underlying. The fair value of the underlying items as at December 31, 2023 is \$1,040,923 (December 31, 2022 \$892,093).

The following table sets out the composition and fair value of the underlying assets supporting the Company's participating account at the reporting date.

As at	December 31, 2023	December 31, 2022 restated
Underlying assets supporting participating account		
Cash and cash equivalents	\$ 53,337	\$ 13,220
Bonds	660,889	579,144
Preferred shares	107,777	91,801
Common shares	170,313	154,814
Derivative assets	1,676	—
Mortgages	14,997	15,321
Other	31,934	37,793
Total underlying assets supporting participating account	\$ 1,040,923	\$ 892,093
Components of participating account		
Insurance contracts and reinsurance contracts held net assets (liabilities)	\$ 994,766	\$ 868,038
Participating account surplus	46,157	24,055
Total	\$ 1,040,923	\$ 892,093

19. Segmented Information by Product Line

The Company operates in the Canadian life insurance industry and follows a product line management approach for internal reporting and decision making. A description of the product lines is as follows:

- The Wealth Management product line includes segregated funds, mutual funds, guaranteed interest rate annuities and annuities providing income for life.
- The Group Solutions product line offers group benefit plans to employers for medical, dental, disability, and life insurance coverage of their employees.
- The Individual Insurance product line includes both non-participating and participating individual life and health insurance products.
- Capital and Surplus is made up of assets held in the shareholders' equity, the participating account surplus, and other corporate items not allocated to other segments.

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars except for per share amounts, shares authorized and outstanding and where otherwise stated)

Operating results are segmented into three product lines along with the Company's capital and surplus as follows:

For the year ended December 31, 2023	Wealth Management	Group Solutions	Individual Insurance	Capital & Surplus	Total
Insurance service result					
Insurance revenue	\$ 234,762	\$ 638,675	\$ 452,071	\$ —	1,325,508
Insurance service expenses	(147,080)	(598,019)	(326,450)	—	(1,071,549)
Insurance service result	87,682	40,656	125,621	—	253,959
Net recovery (expense) from reinsurance contracts held	340	(17,234)	(55,743)	—	(72,637)
Net insurance service result	88,022	23,422	69,878	—	181,322
Investment and insurance finance result					
Investment income (loss), excluding segregated funds					
Investment income	72,285	16,001	597,946	130,557	816,789
Change in investment contracts	(28,171)	—	—	—	(28,171)
Net investment result, excluding segregated funds	44,114	16,001	597,946	130,557	788,618
Insurance finance income (expense), excluding segregated fund account balances					
Insurance contracts	(34,335)	(21,879)	(557,178)	—	(613,392)
Reinsurance contracts held	964	10,473	(50,940)	—	(39,503)
Net insurance finance income (expense), excluding segregated funds	(33,371)	(11,406)	(608,118)	—	(652,895)
Segregated funds net investment and insurance finance result					
Investment income (loss) on investments for segregated fund account balances	734,263	—	1,571	—	735,834
Insurance finance income (expenses) segregated fund account balances	(734,263)	—	(1,571)	—	(735,834)
Segregated funds net investment and insurance finance result	—	—	—	—	—
Net investment and insurance finance result	10,743	4,595	(10,172)	130,557	135,723
Other income and expenses					
Fee and other income	1,076	7,549	317	21,759	30,701
Non-insurance expenses	(29,685)	(15,739)	(21,154)	(28,947)	(95,525)
Interest expenses	—	—	—	(16,615)	(16,615)
Total other income and expenses	(28,609)	(8,190)	(20,837)	(23,803)	(81,439)
Net income (loss) before taxes	\$ 70,156	\$ 19,827	\$ 38,869	\$ 106,754	\$ 235,606
Income taxes					(45,650)
Net income (loss) after taxes				\$	189,956

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars except for per share amounts, shares authorized and outstanding and where otherwise stated)

For the year ended December 31, 2022 restated	Wealth Management	Group Solutions	Individual Insurance	Capital & Surplus	Total
Insurance service result					
Insurance revenue	\$ 233,864	\$ 603,929	\$ 417,556	\$ —	\$ 1,255,349
Insurance service expenses	(126,344)	(584,679)	(307,087)	—	(1,018,110)
Insurance service result	107,520	19,250	110,469	—	237,239
Net recovery (expense) from reinsurance contracts held	2,823	(13,053)	(34,198)	—	(44,428)
Net insurance service result	110,343	6,197	76,271	—	192,811
Investment and insurance finance result					
Investment income (loss), excluding segregated funds					
Investment income	(77,040)	(15,037)	(1,336,007)	(235,868)	(1,663,952)
Change in investment contracts	10,331	—	—	—	10,331
Net investment result, excluding segregated funds	(66,709)	(15,037)	(1,336,007)	(235,868)	(1,653,621)
Insurance finance income (expense), excluding segregated fund account balances					
Insurance contracts	51,711	24,011	1,409,196	—	1,484,918
Reinsurance contracts held	(1,368)	(9,435)	93,808	—	83,005
Net insurance finance income (expense), excluding segregated funds	50,343	14,576	1,503,004	—	1,567,923
Segregated funds net investment and insurance finance result					
Investment income (loss) on investments for segregated fund account balances	(353,104)	—	(564)	—	(353,668)
Insurance finance income (expenses) segregated fund account balances	353,104	—	564	—	353,668
Segregated funds net investment and insurance finance result	—	—	—	—	—
Net investment and insurance finance result	(16,366)	(461)	166,997	(235,868)	(85,698)
Other income and expenses					
Fee and other income	749	6,134	115	17,186	24,184
Non-insurance expenses	(21,743)	(12,785)	(12,416)	(15,172)	(62,116)
Interest expenses	—	—	—	(11,648)	(11,648)
Total other income and expenses	(20,994)	(6,651)	(12,301)	(9,634)	(49,580)
Net income (loss) before taxes	\$ 72,983	\$ (915)	\$ 230,967	\$ (245,502)	\$ 57,533
Income taxes					1,722
Net income (loss) after taxes				\$	59,255

Assets are segmented into three product lines along with the Company's capital and surplus as follows:

As at	December 31, 2023				
	Wealth Management	Group Solutions	Individual Insurance	Capital & Surplus	Total
Assets excluding segregated funds	\$ 996,530	\$ 388,145	\$ 5,976,494	\$ 2,490,650	\$ 9,851,819
Segregated funds	8,794,810	—	17,914	—	8,812,724
Total assets	\$ 9,791,340	\$ 388,145	\$ 5,994,408	\$ 2,490,650	\$ 18,664,543

As at	December 31, 2022 restated				
	Wealth Management	Group Solutions	Individual Insurance	Capital & Surplus	Total
Assets excluding segregated funds	\$ 840,646	\$ 369,204	\$ 5,436,326	\$ 2,345,821	\$ 8,991,997
Segregated funds	8,547,561	—	18,114	—	8,565,675
Total assets	\$ 9,388,207	\$ 369,204	\$ 5,454,440	\$ 2,345,821	\$ 17,557,672

While specific general fund assets are nominally matched against specific types of general fund liabilities or held in the shareholders' equity and participating account surplus, all general fund assets are available to pay all general fund liabilities, if required. Segregated fund assets are not available to pay liabilities of the general fund.

Notes to the Consolidated Financial Statements

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20. Commitments and Contingencies

20.1. Investment commitments

In the normal course of business, outstanding investment commitments are not reflected in the Consolidated Financial Statements. There were \$4,141 (December 31, 2022, \$5,543) of outstanding commitments as at December 31, 2023. The outstanding commitments are payable at any time up to and including December 31, 2033.

20.2. Other contingencies

The Company operates in the insurance industry and is subject to legal proceedings in the normal course of business. While it is not practicable to forecast or determine the final results of all pending or threatened legal proceedings, management does not believe that such proceedings (including litigation) will have a material effect on its results and financial position.

The Company by-laws provide indemnification to its current and former directors, officers and employees to the extent permitted by law, against contractual indemnities and liabilities arising from their service to the Company. The broad general nature of these indemnification by-laws does not permit a reasonable estimate of the maximum potential amount of any liability.

In certain cases, the Company would have recourse against third parties with respect to the foregoing items and the Company also maintains insurance policies that may provide coverage against certain of these items.

21. Related Party Transactions

In the normal course of business, the Company enters into transactions with E-L and other companies under common control or common influence involving the leasing of office property, investment management services and miscellaneous office services. The amounts earned and expensed were not significant. Some directors and officers have insurance and investment policies underwritten by the Company.

Compensation of key management personnel

Key management personnel are comprised of directors and executive officers of the Company. The remuneration of key management personnel is as follows:

For the year ended	December 31, 2023	December 31, 2022
Salaries and other short-term and long-term employee benefits	\$ 8,033	\$ 7,861
Post-employment benefits	392	508
Total	\$ 8,425	\$ 8,369

Post-employment benefits are comprised of employer current service costs for pension and other post-employment benefits.

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars except for per share amounts, shares authorized and outstanding and where otherwise stated)

22. Capital Management

The Company manages its capital in order to meet the requirements of the Life Insurance Capital Adequacy Test ("LICAT") guideline, the capital framework issued by the OSFI. Under this framework, the Company's capital adequacy is measured as a ratio of available capital plus surplus allowance and eligible deposits divided by a base solvency buffer. OSFI has established a Supervisory Target Total Ratio of 100% and a Supervisory Target Core Ratio of 70%. As at January 1, 2022, December 31, 2022 and December 31, 2023, the Company was in compliance with the applicable regulatory capital ratios.

23. Risk Management

The Company is exposed to risks arising from its investing activities and its insurance operations. The following sections describe some of the principal risks and associated risk management strategies for the risks related to market, liquidity, credit and product.

23.1. Caution related to sensitivities

In the sections that follow, the Company provides sensitivities and risk exposure measures for certain risks. These include sensitivities due to specific changes in market prices and interest rates, based on the market prices, interest rates, assets, liabilities and business mix in place as at the calculation dates. The sensitivities are calculated independently for each risk variable, assuming that all other risk variables remain constant. The sensitivities do not take into account indirect effects such as potential impacts on goodwill impairments or valuation allowances on deferred tax assets. Actual results can differ materially from these estimates for a variety of reasons, including differences in the pattern or distribution of market shocks, the interaction among these factors when more than one factor changes; changes in actuarial and investment return and future investment activity assumptions; actual experience differing from the assumptions; changes in business mix, effective tax rates and other market factors; and the general limitations of the Company's internal models used for purposes of these calculations. Changes due to new sales or maturities, asset purchases/sales, or other management actions could also result in material changes to these reported sensitivities. For these reasons, the sensitivities should only be viewed as directional estimates of the underlying sensitivities for the respective factors based on the assumptions outlined and should not be viewed as predictors for the Company's future Net income, CSM, Equity and capital sensitivities. Given the nature of these calculations, the Company cannot provide assurance that the actual impact will be consistent with the estimates provided. Changes in risk variables in excess of the ranges illustrated may result in other than proportionate impacts.

23.2. Market risk

Market risk is the risk of loss arising from adverse changes in market rates and prices such as interest rates, prices of equities, real estate and other securities, credit spreads, foreign exchange rates and inflation.

Market risk is directly influenced by the volatility and liquidity in the markets in which the related financial instruments are traded, expectations of future price and yield movements and the composition of the Company's investment portfolio. Under the Canadian insurance accounting and regulatory regime, the Company's results for any period reflect equity market values and interest rates at the end of the period through mark-to-market accounting. Consequently, a decline in public equity market values or changes in interest rates or spreads could result in material changes to net income attributed to shareholders, increases to regulatory capital requirements and reduction in the Company's capital adequacy ratios. The Company buys investment quality bonds to support, to a very large extent, the liabilities under the insurance and annuity policies of the Company. The Company's investment strategy also includes the use of publicly-listed common stocks or exchange-traded funds (ETFs) to support the liabilities under its insurance policies. Cash flows arising from these investments are intended to match the liquidity requirements of the Company's policies, within the limits prescribed by the Company. However, if the Company does not achieve the expected returns underlying the pricing of its products, its net income may be adversely affected.

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Furthermore, a decrease in the fair value of the Company's common stock portfolio results in reduced shareholders' equity, reduced participating account surplus and a reduced LICAT ratio. Regulatory pressure to increase capital escalates as the LICAT ratio approaches OSFI's supervisory minimum. Net income would also be reduced if the declines in value are realized through dispositions.

The Company manages this risk exposure mainly through investment limits and oversight of its investment managers by the Chief Investment Officer, Chief Actuary, the Asset Management Committee, and the Investment Committee of the Board. The Investment Committee actively monitors the investment portfolio and asset mix.

The Company's general fund investments are subject to limits established by the Insurance Companies Act and to investment guidelines established by the Investment Committee of the Board. The investment guidelines are designed to limit overall market risk by defining investment objectives, eligible investments, diversification criteria, exposure, concentration and asset quality limits for eligible investments by product line. On at least a quarterly basis, management and the Company's investment managers report to the Investment Committee, and through the Investment Committee to the Board, on the performance of general and segregated funds and compliance with the investment guidelines.

The Company has an Asset Management Committee, which meets regularly and reports at least quarterly to the Investment Committee of the Board. The mandate of the Asset Management Committee includes monitoring the position of Empire Life's investments in relation to its liabilities within the Company's various product lines. The process is designed so that assets supporting insurance contract liabilities align with the timing and amount of policy obligations, and to plan for the appropriate amount of liquidity in order to meet its financial obligations as they fall due. Investments and asset/liability management guidelines, which are reviewed regularly with the Investment Committee, have been established to govern these activities.

The Company has established a Capital Management Policy, capital management levels that exceed regulatory minimums and Financial Condition Testing (FCT) that takes into account the potential effect of adverse risk scenarios (including adverse market conditions and adverse interest rates) on the Company's capital position and liquidity. Management monitors its LICAT ratio on a regular basis and reports at least quarterly to the Board on the Company's LICAT ratio.

For the Company, the most significant market risks are equity risk, interest rate risk and to a lesser extent foreign exchange risk.

Equity risk

The Company's investment portfolio consists primarily of bonds and equity securities and the fair value of its investments varies according to changes in general economic and securities market conditions, including volatility and declines in equity markets. Equity market volatility could occur as a result of general market volatility or as a result of specific social, political or economic events. A decline in securities markets could have an adverse impact on the return on assets backing capital, capital adequacy, and the management fees collected on segregated fund contracts and on index funds within universal life contracts and insurance contract liabilities and capital requirements, particularly in respect of segregated fund guarantees.

The risk of fluctuation of the market value of the Company's segregated funds and mutual funds is generally assumed by the policyholders and unit holders, respectively. Market value variations of such assets will result in variations in the income of the Company to the extent management fees are determined in relation to the value of such funds. A significant and steady decline of the securities markets may result in net losses on such products which could adversely affect the Company. Additionally, the majority of the Company's segregated fund products contain guarantees upon death, maturity or withdrawal, where the guarantee may be triggered by the market performance of the underlying funds. If a significant market decline is experienced, the resulting increased cost of providing these guarantees could have an adverse effect on the Company's financial position, LICAT ratio and results of operations. The Company has reinsured a portion of its segregated fund death benefit guarantee. The Company also has a semi-static, economic hedging program. The objective of the economic hedging program is to partially protect the Company from possible future LICAT ratio declines that might result from adverse stock market price changes. The program employs put options and futures on key equity indices.

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Improper use of these instruments could have an adverse impact on net income. The Company manages this risk by applying limits established by the Investment Committee in its investment guidelines, which set out permitted derivatives and permitted uses for derivatives, as well as limits to the use of these instruments. In particular, no leverage is permitted in the use of derivatives and strict counterparty credit restrictions are imposed.

The Company has an Equity Risk Hedging Policy to support general fund economic hedging programs. The policy outlines objectives, risk limits and authorities associated with its economic hedging activities. Management monitors its economic hedging activities on a regular basis and reports, at least quarterly, to the Risk and Capital Committee of the Board on the status of the economic hedging program.

The Company uses stochastic models to monitor and manage risk associated with segregated fund guarantees and establishes policyholder liabilities in accordance with IFRS 17 and the CIA Standards of Practice. Product development and pricing policies also require consideration of portfolio risk and capital requirements in the design, development and pricing of the products. The Chief Actuary reports quarterly to the Risk and Capital Committee of the Board on the nature and value of the Company's segregated fund guarantee liabilities, including capital requirements.

The following table summarizes the estimated potential impact on the Company of a change in global equity markets. The Company uses a 10% increase or decrease in equity markets as a reasonably possible change in equity markets. The Company has also disclosed the impact of a 20% increase or decrease in its equity market sensitivity. The amounts in the following table include the effect of Empire Life's general fund equity risk economic hedging program (described above). For segregated fund guarantees the level of sensitivity is highly dependent on the level of the stock market at the time of performing the sensitivity test. If period end equity markets are high relative to market levels at the time that segregated fund policies were issued, the sensitivity is reduced. If period end equity markets are low relative to market levels at the time that segregated fund policies were issued, the sensitivity is increased. CSM sensitivity included in the following table relates to insurance contracts measured applying the VFA.

The impacts of one-time changes in equity markets are found below:

As at December 31, 2023	CSM				Profit or loss before tax				Total equity			
	10% Increase	10% Decrease	20% Increase	20% Decrease	10% Increase	10% Decrease	20% Increase	20% Decrease	10% Increase	10% Decrease	20% Increase	20% Decrease
Insurance and reinsurance contracts held	\$ 99,702	\$(116,002)	\$ 186,603	\$(254,170)	\$ (37,983)	\$ 34,751	\$(76,011)	\$ 67,366	\$(27,963)	\$ 25,583	\$(55,959)	\$ 49,595
Financial assets (equities)	—	—	—	—	66,274	(61,315)	134,072	(109,796)	48,791	(45,140)	98,704	(80,832)
Total	\$ 99,702	\$(116,002)	\$ 186,603	\$(254,170)	\$ 28,291	\$(26,564)	\$ 58,061	\$(42,430)	\$ 20,828	\$(19,557)	\$ 42,745	\$(31,237)

As at December 31, 2022	CSM				Profit or loss before tax				Equity			
	10% Increase	10% Decrease	20% Increase	20% Decrease	10% Increase	10% Decrease	20% Increase	20% Decrease	10% Increase	10% Decrease	20% Increase	20% Decrease
Insurance and reinsurance contracts held	\$ 110,588	\$(125,176)	\$ 208,342	\$(270,626)	\$ (30,046)	\$ 36,260	\$(64,790)	\$ 68,039	\$(22,120)	\$ 26,695	\$(47,699)	\$ 50,090
Financial assets (equities)	—	—	—	—	69,407	(65,319)	141,915	(121,527)	51,098	(48,088)	104,478	(89,468)
Total	\$ 110,588	\$(125,176)	\$ 208,342	\$(270,626)	\$ 39,361	\$(29,059)	\$ 77,125	\$(53,488)	\$ 28,978	\$(21,393)	\$ 56,779	\$(39,378)

The following table identifies the concentration of the Company's common equity holdings in Empire Life's investment portfolios (excluding segregated funds):

As at	December 31, 2023	December 31, 2022
Holdings of common equities in the 10 issuers to which the Company had the greatest exposure	\$ 439,222	\$ 574,892
Percentage of total cash and investments	4.7%	6.9%
Exposure to the largest single issuer of common equities	\$ 244,095	\$ 348,714
Percentage of total cash and investments	2.6%	4.2%

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Interest rate risk

Interest rate risk arises when economic losses are incurred due to the need to reinvest or divest during periods of changing interest rates. Changes in interest rates, as a result of the general market volatility or as a result of specific social, political or economic events, could have an adverse effect on the Company's business and profitability.

Rapid declines in interest rates may result in, among other things, increased asset calls and mortgage prepayments and require reinvestment at significantly lower yields, which could adversely affect earnings. Rapid increases in interest rates may result in, among other things, increased surrenders.

Fluctuations in interest rates may cause losses to the Company due to the need to reinvest or divest during periods of changing interest rates, which may force the Company to sell investment assets at a loss. In addition, an interest rate sensitivity mismatch between assets and the liabilities that they are designated to support could have an adverse effect on the Company's financial position and net income.

The products offered within the Company's Individual Insurance product line and Segregated Funds included in the Wealth Management product line are more exposed to interest rate risk due to the longer term nature of the products. Products offered in the Group product line are less sensitive to interest rates due to their short term nature.

The following table outlines the impact on the Company's CSM, Profit and Equity resulting from specific changes in interest rates as at December 31, 2023 and December 31, 2022 assuming all other variables remain constant.

As at December 31, 2023	CSM				Profit or loss before tax				Equity			
	50 bps Increase	50 bps Decrease	100 bps Increase	100 bps Decrease	50 bps Increase	50 bps Decrease	100 bps Increase	100 bps Decrease	50 bps Increase	50 bps Decrease	100 bps Increase	100 bps Decrease
Insurance and reinsurance contracts held	\$ 64,397	\$ (77,504)	\$ 116,996	\$ (167,980)	\$ 411,218	\$ (463,998)	\$ 772,718	\$ (989,627)	\$ 302,739	\$ (341,596)	\$ 568,875	\$ (728,563)
Financial assets	—	—	—	—	(438,553)	488,904	(831,057)	1,032,770	(322,863)	359,931	(611,824)	760,325
Total	\$ 64,397	\$ (77,504)	\$ 116,996	\$ (167,980)	\$ (27,335)	\$ 24,906	\$ (58,339)	\$ 43,143	\$ (20,124)	\$ 18,335	\$ (42,949)	\$ 31,762

As at December 31, 2022	CSM				Profit or loss before tax				Equity			
	50 bps Increase	50 bps Decrease	100 bps Increase	100 bps Decrease	50 bps Increase	50 bps Decrease	100 bps Increase	100 bps Decrease	50 bps Increase	50 bps Decrease	100 bps Increase	100 bps Decrease
Insurance and reinsurance contracts held	\$ 64,245	\$ (77,459)	\$ 116,935	\$ (167,137)	\$ 353,297	\$ (402,866)	\$ 668,025	\$ (859,807)	\$ 260,097	\$ (296,590)	\$ 491,800	\$ (632,990)
Financial assets	—	—	—	—	(380,665)	423,340	(722,195)	893,067	(280,246)	311,663	(531,680)	657,476
Total	\$ 64,245	\$ (77,459)	\$ 116,935	\$ (167,137)	\$ (27,368)	\$ 20,474	\$ (54,170)	\$ 33,260	\$ (20,149)	\$ 15,073	\$ (39,880)	\$ 24,486

For insurance contracts with a fund component, the computation of insurance contract liabilities takes into account projected investment income net of investment expenses from the assets supporting insurance contract liabilities, and investment income expected to be earned on reinvestments.

In order to match the savings component of insurance contract liabilities that vary with a variety of indices and currencies, the Company maintains certain equity, bond and currency financial instruments as part of its general fund assets. Asset-liability mismatch risk for these liabilities is monitored regularly.

Interest rate risk in Empire Life's investment portfolio is managed through Investment Committee established limits and regular reporting by management to the Investment Committee and the Board. The Company's investment guidelines establish investment objectives and eligible interest rate sensitive investments, as well as establish diversification criteria, exposure, concentration and asset quality limits for these investments. The Asset Management Committee oversees sensitivity to interest rates. The objective is to maximize investment yields while managing the default, liquidity and reinvestment risks at acceptable levels and within risk tolerances. Product development and pricing policies and practices also require consideration of interest rate risk in the design, development and pricing of the products.

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Foreign exchange risk

Foreign exchange rate risk arises when the fair value of cash flows of a financial instrument fluctuate due to changes in exchange rates. This can create an adverse effect on earnings and equity when measured in the Company's functional currency. As at December 31, 2023 and December 31, 2022, the Company has minimal exposure to currency risk.

The Company uses derivative instruments, including futures contracts and foreign currency forward contracts, to manage foreign exchange risks. Improper use of these instruments could have an adverse impact on earnings. The Company manages this risk by applying limits established by the Investment Committee in its investment guidelines, which set out permitted derivatives and permitted uses for derivatives, as well as limits to the use of these instruments. In particular no leverage is permitted in the use of derivatives and strict counterparty credit restrictions are imposed.

The Company has a Foreign Exchange Risk Management Policy which outlines objectives, risk limits and authority associated with any foreign exchange rate exposure. Oversight and management of this policy falls under the responsibility of the Asset Management Committee, which reports exposures and any breaches to the Risk and Capital Committee of the Board.

23.3. Liquidity risk

Liquidity risk is the risk that an entity will not be able to fund all cash outflow commitments or obligations as they fall due or that, in order to fund commitments, an entity may have to sell assets at depressed prices resulting in losses at time of sale. Cash outflows could be in the form of benefit payments to policyholders, expenses, asset purchases and interest on debt. The majority of the Company's obligations relate to its insurance contract liabilities, the duration of which varies by product line and expectations relating to key policyholder actions or events (i.e., cash withdrawal, mortality, and morbidity). The remaining obligations of the Company relate to the subordinated debt (refer to Note 12 Subordinated Debt) and the Limited Recourse Capital Notes (refer to Note 16 Capital Stock), and to ongoing operating expenses as they fall due, which are expected to settle in a very short period of time.

The Company maintains a liquidity policy requiring an assessment of the Company's liquidity risk and specific procedures so that liquidity needs are met in order to support all financial commitments and obligations as they become due. Compliance with the policy is monitored by the Asset Management Committee and exposures and breaches are reported to the Investment Committee of the Board. The Company's current liquidity positions as at December 31 is noted below. Based on the Company's historical cash flows and current financial performance, management believes that the cash flows from the Company's operating activities will continue to provide sufficient liquidity for the Company to satisfy policyholder commitments, debt service obligations and to pay other expenses.

The following tables show details of the expected maturity profile of the Company's undiscounted obligations with respect to its financial liabilities and estimated cash flows of insurance contract liabilities. Subordinated debt that are not due at a single maturity date are included in the tables in the year of final maturity. Actual maturities could differ from contractual maturities because of the borrower's right to call or extend prepay obligations, with or without prepayment penalties. Insurance contract liability cash flows include estimates related to the timing and payment of death and disability claims, policy maturities, annuity payments, policyholder dividends, amounts on deposit, commission and premium taxes offset by contractual future premiums and fees on in-force business. Recoverables from reinsurance agreements are also reflected. These estimated cash flows are based on the probability weighted current estimate assumptions, with a risk adjustment for non-financial risk, used in the determination of insurance contract liabilities. Due to the use of assumptions, actual cash flows will differ from these estimates. Liability for remaining coverage for groups measured under the PAA has been excluded from this analysis.

As at	December 31, 2023						Total
	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	
Insurance contract liabilities	\$ (39,635)	\$ (31,230)	\$ 8,515	\$ 51,043	\$ 85,836	\$ 30,082,705	\$ 30,157,234
Reinsurance contract liabilities	2,704	7,764	9,442	9,767	10,792	60,324	100,793
Segregated fund liabilities	(166,380)	(142,845)	(124,112)	(108,005)	(95,112)	630,674	(5,780)
Total	\$ (203,311)	\$ (166,311)	\$ (106,155)	\$ (47,195)	\$ 1,516	\$ 30,773,703	\$ 30,252,247

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As at	December 31, 2022 restated						Total
	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	
Insurance contract liabilities	\$ (40,413)	\$ (15,973)	\$ (11,593)	\$ 28,336	\$ 67,964	\$ 28,041,558	\$ 28,069,879
Reinsurance contract liabilities	2,427	(2,394)	12,219	13,353	13,687	451,124	490,416
Segregated fund liabilities	(167,801)	(146,559)	(128,837)	(114,308)	(101,536)	662,776	3,735
Total	\$ (205,787)	\$ (164,926)	\$ (128,211)	\$ (72,619)	\$ (19,885)	\$ 29,155,458	\$ 28,564,030

As at	December 31, 2023				Total
	Less than 1 year	1 - 5 years	5 - 10 years	Over 10 years	
Investment contract liabilities	\$ 181,283	\$ 335,277	\$ 31,557	\$ 8,932	\$ 557,049
Subordinated debt	17,188	274,937	231,405	—	523,530
Preferred shares	6,187	120,108	—	—	126,295
Limited recourse capital notes	7,250	43,449	234,386	—	285,085
Accounts payable and other liabilities	133,661	—	—	—	133,661
Total	\$ 345,569	\$ 773,771	\$ 497,348	\$ 8,932	\$ 1,625,620

As at	December 31, 2022 restated				Total
	Less than 1 year	1 - 5 years	5 - 10 years	Over 10 years	
Investment contract liabilities (restated)	\$ 139,281	\$ 200,875	\$ 25,732	\$ 6,673	\$ 372,561
Subordinated debt	14,726	69,672	439,308	—	523,706
Preferred shares	5,865	24,748	101,547	—	132,160
Limited recourse capital notes	7,250	39,024	248,668	—	294,942
Accounts payable and other liabilities	330,508	30,117	—	—	360,625
Total	\$ 497,630	\$ 364,436	\$ 815,255	\$ 6,673	\$ 1,683,994

The Company maintains a portion of its investments in cash, cash equivalents and short-term investments to meet its short-term funding requirements. As at December 31, 2023, 3.7% (2022 2.2%) of cash and investments were held in these shorter duration investments.

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23.4. Liquidity position

The Company maintains a high level of liquid assets so that cash demands can be readily met. The Company's liquidity position is as follows:

As at	December 31, 2023	December 31, 2022 restated
Assets		
Cash and cash equivalents & Short-term investments	\$ 352,664	\$ 184,554
Canadian federal and provincial bonds	3,345,471	2,916,849
Other readily marketable bonds and stocks	5,406,848	5,060,706
Total liquid assets	9,104,983	8,162,109
Liabilities		
Demand liabilities ⁽¹⁾ with fixed values	1,038,114	915,899
Demand liabilities with market value adjustments	1,376,074	1,178,857
Total liquidity needs	\$ 2,414,188	\$ 2,094,756

⁽¹⁾ Demand liabilities consist of CSVs plus funds on deposit less policy loans.

23.5. Credit risk

Credit risk is the possibility of loss from amounts either owed by financial counterparties, such as debtors, reinsurers and other financial institutions, or in connection with issuers of securities held in an asset portfolio. The Company is subject to credit risk which arises from debtors or counterparties who are unable to meet their obligations under debt or derivative instruments. This credit risk is derived primarily from investments in bonds, debentures, preferred shares, cash and cash equivalents, mortgages and from reinsurers under reinsurance agreements.

The Company manages this risk by applying its investment guidelines and reinsurance risk management policy established by the Investment Committee and Risk and Capital Committee of the Board respectively. The investment guidelines establish minimum credit ratings for issuers of bonds, debentures and preferred share investments, and provide for concentration limits by issuer of such debt instruments. Management and Board Committees review credit quality relative to investment purchases and also monitor the credit quality of invested assets over time. Management reports regularly to the Investment Committee of the Board on the credit risk to which the portfolio is exposed. The Reinsurance Risk Management Policy (along with supporting material in the Product Design and Pricing Risk Management Policy) establishes reinsurance objectives and limits and requires ongoing evaluation of reinsurers for financial soundness.

Credit risk analysis includes the consideration of credit spreads. From an investment perspective, when buying credit, the Company is guided by two principles; first that there is a high likelihood of return of principal and second that there is an acceptable return on investment. The Company looks to obtain a risk/reward balance that aligns with its objectives and risk philosophy. When determining Insurance contract liabilities, credit spreads and changes in credit spreads are reflected in the interest rate assumption.

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The Company has the following assets that are exposed to credit risk:

As at	December 31, 2023		December 31, 2022 restated	
Cash and cash equivalents	\$	347,707	\$	175,523
Short-term investments		4,957		9,031
Bonds		7,456,183		6,744,757
Preferred shares		519,359		402,165
Derivative assets		13,825		9,776
Mortgages		98,679		113,901
Loans		47,165		50,036
Accrued investment income		49,068		48,645
Trade accounts receivable		4,423		8,506
Total	\$	8,541,366	\$	7,562,340

In addition to the assets disclosed above, the Company is exposed to credit risk for loans on policies and insurance receivables which are presented within insurance contract liabilities in the amount of \$63,770 (2022 \$59,979) and \$35,305 (2022 \$32,471 restated) respectively. Mortgages, loans on policies and loans are fully or partially secured.

Concentration of credit risk for financial instruments

Concentration of credit risk arises from exposures to a single debtor, a group of related debtors or groups of debtors that have similar credit risk characteristics, such as groups of debtors in the same economic or geographic regions or in similar industries. The following tables provide the carrying values of bonds and debentures by industry sector.

Bonds and debentures

The concentration of the Company's bond portfolio by investment grade is as follows:

As at	December 31, 2023		December 31, 2022	
	Fair value	% of Fair value	Fair value	% of Fair value
AAA	\$ 303,418	4 %	\$ 351,680	5 %
AA	1,967,382	26 %	1,537,528	23 %
A	3,048,351	41 %	3,078,452	45 %
BBB	2,081,353	28 %	1,731,033	26 %
BB (and lower ratings)	55,679	1 %	46,064	1 %
Total	\$ 7,456,183	100%	\$ 6,744,757	100%

Credit ratings are normally obtained from Standard & Poor's (S&P) and Dominion Bond Rating Service (DBRS). In the event of a split rating, the lower rating is used. Issues not rated by a recognized rating agency are rated internally by the Investment Department. The internal rating assessment is documented referencing suitable comparable investments rated by recognized rating agencies and/or methodologies used by recognized rating agencies.

Provincial bonds represent the largest concentration in the bond portfolio, as follows:

As at	December 31, 2023		December 31, 2022	
Provincial bond holdings	\$	3,148,856	\$	2,730,730
Percentage of total bond holdings		42.2 %		40.5 %

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The following table profiles the bond portfolio by contractual maturity, using the earliest contractual maturity date:

As at	December 31, 2023		December 31, 2022	
	Fair value	% of Fair value	Fair value	% of Fair value
1 year or less	\$ 54,742	1%	\$ 393,179	6%
1 - 5 years	334,167	4%	816,633	12%
5 - 10 years	248,349	3%	504,238	7%
Over 10 years	6,818,925	92%	5,030,707	75%
Total	\$ 7,456,183	100 %	\$ 6,744,757	100%

The following table discloses the Company's holdings of fixed income securities in the 10 issuers (excluding the federal government) to which the Company has the greatest exposure, as well as exposure to the largest single issuer of corporate bonds.

As at	December 31, 2023	December 31, 2022
Holdings of fixed income securities* in the 10 issuers (excluding federal governments) to which the Company had the greatest exposure	\$ 3,992,543	\$ 3,384,587
Percentage of total cash and investments	43.1%	40.6%
Exposure to the largest single issuer of corporate bonds	\$ 367,246	\$ 167,572
Percentage of total cash and investments	4.0%	2.0%

*Fixed income securities include bonds, debentures, preferred shares and short-term investments.

Derivative financial instruments by counterparty credit rating

Credit risk from derivative transactions is generated by the potential for the counterparty to default on its contractual obligations when one or more transactions have a positive market value to the Company. Therefore, derivative-related credit risk is represented by the positive fair value of the instrument and is normally a small fraction of the contract's notional amount.

The following table summarizes derivative financial instruments with a positive fair value by counterparty rating.

As at	December 31, 2023	December 31, 2022
Credit rating		
AA	\$ 6,151	\$ 1,385
BBB+	4,228	—
Total	10,379	1,385
Derivatives without counterparty credit risk	3,446	8,391
Total derivative assets	\$ 13,825	\$ 9,776

Credit risk for reinsurance

The Company reinsures excess risks with Canadian registered reinsurance companies. The Company enters into reinsurance agreements only with reinsurance companies that have an independent credit rating of "A-" or better. The following table summarizes the potential maximum exposure to loss of reinsurance assets, by the rating assigned to the reinsurers by external rating agencies.

As at	December 31, 2023			December 31, 2022 restated		
	Reinsurance assets	Collateral from reinsurers	Net exposure	Reinsurance assets	Collateral from reinsurers	Net exposure
A	\$ 28,129	\$ —	\$ 28,129	\$ 92,988	\$ —	\$ 92,988
Total	\$ 28,129	\$ —	\$ 28,129	\$ 92,988	\$ —	\$ 92,988

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Preferred shares

The Company's preferred share investments are all issued by Canadian companies, with 1% (2022 1%) rated as P1, 99% rated as P2 (2022 99%) and 0% (2022 0%) rated as P3.

Mortgages

Mortgages in the Province of Ontario represent the largest concentration with \$98,679 or 100% (2022 \$119,556 or 100%) of the total mortgage portfolio.

23.6. Product risk

The Company provides a broad range of life insurance, health insurance and wealth management products, group insurance and employee benefit plans, and financial services that are concentrated by product line as follows:

(millions of dollars)	Wealth Management		Group Solutions		Individual Insurance		Capital & Surplus		Total	
For the year ended December 31	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Insurance service revenue	\$ 234.8	\$ 233.9	\$ 638.7	\$ 603.9	\$ 452.0	\$ 417.5	\$ —	\$ —	\$ 1,325.5	\$ 1,255.3
Net expense from reinsurance	0.3	2.8	(17.2)	(13.1)	(55.7)	(34.1)	—	—	(72.6)	(44.4)
Total	\$ 235.1	\$ 236.7	\$ 621.5	\$ 590.8	\$ 396.3	\$ 383.4	\$ —	\$ —	\$ 1,252.9	\$ 1,210.9

Product risk is the risk that actual experience related to claims, benefit payments, expenses, cost of embedded product options and cost of guarantees associated with products, does not emerge as expected. The Company is exposed to various categories of product risk as a result of the business it writes, including: mortality, policyholder behaviour (termination/surrender or lapse), expenses, morbidity, longevity (collectively also referred to as insurance risk), product design and pricing risk, underwriting and claims risk and reinsurance risk.

Economic and environmental events, such as natural disasters, human-made disasters as well as pandemics, could occur in regions where Empire Life has significant insurance coverage, impacting financial results. The Company regularly evaluates its exposure to foreseeable risks through stress testing techniques including FCT analysis.

The principal risk the Company faces under insurance contracts is the risk that future claims, policy lapses and expenses will not emerge as expected. To the extent that emerging experience is more favourable than assumed in the valuation, income will emerge in addition to increases in the CSM. If emerging experience is less favourable, losses will result in addition to decreases in the CSM. Therefore, the objective of the Company is to establish sufficient insurance contract liabilities to cover these obligations with reasonable certainty.

The tables below provide sensitivities to changes in insurance variables impacting profit before tax, equity and CSM both gross and net of reinsurance. The products offered within the Company's Individual Insurance product lines are most exposed to insurance risk.

	December 31, 2023							
	Change in assumptions	Impact on profit before tax gross of reinsurance	Impact on profit before tax net of reinsurance	Impact on equity gross of reinsurance	Impact on equity net of reinsurance	Impact on CSM before tax gross of reinsurance	Impact on ceded CSM before tax	
Mortality	+2%	\$ 6,123	\$ 265	\$ 4,508	\$ 195	\$ (78,805)	\$ 50,402	
Morbidity	+5%	\$ (4,339)	\$ (2,631)	\$ (3,194)	\$ (1,937)	\$ (15,483)	\$ 6,587	
Longevity	-2%	\$ —	\$ —	\$ —	\$ —	\$ (6,268)	\$ 187	
Expenses	+5%	\$ 799	\$ 889	\$ 588	\$ 655	\$ (12,425)	\$ (299)	
Lapse and surrenders rate	+/-10%	\$ 7,095	\$ 2,794	\$ 5,224	\$ 2,057	\$ (193,608)	\$ 38,936	

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars except for per share amounts, shares authorized and outstanding and where otherwise stated)

	December 31, 2022 restated							
	Change in assumptions	Impact on profit before tax gross of reinsurance	Impact on profit before tax net of reinsurance	Impact on equity gross of reinsurance	Impact on equity net of reinsurance	Impact on CSM before tax gross of reinsurance	Impact on ceded CSM before tax	
Mortality	+2%	\$ 11,122	\$ 793	\$ 8,188	\$ 584	\$ (75,638)	\$ 48,868	
Morbidity	+5%	\$ (2,470)	\$ (1,541)	\$ (1,818)	\$ (1,134)	\$ (15,132)	\$ 6,428	
Longevity	-2%	\$ —	\$ —	\$ —	\$ —	\$ (6,195)	\$ (3,037)	
Expenses	+5%	\$ 1,534	\$ 1,534	\$ 1,130	\$ 1,129	\$ (12,454)	\$ (143)	
Lapse and surrenders rate	+/-10%	\$ 33,661	\$ 22,145	\$ 24,781	\$ 16,303	\$ (192,917)	\$ 51,341	

The computation of insurance contract liabilities and related reinsurance contracts held requires “probability weighted current estimate” assumptions covering the remaining life of the policies. Assumptions in use are based on past experience, current internal data, external market indices and benchmarks which reflect current observable market trends and other published information. These assumptions are made for mortality, morbidity, longevity, lapse, expenses, inflation and premium taxes. Due to the long-term risks and measurement uncertainties inherent in the life insurance business, a risk adjustment for non-financial risk is calculated separately for each variable and included in insurance contract liabilities. The effect of the risk adjustment for non-financial risk is to increase insurance contract liabilities over the probability weighted current estimate assumptions.

Insurance contract liability assumptions are reviewed and updated at least annually by the Company’s Appointed Actuary. Details related to the changes in assumptions are discussed with the Audit Committee of the Board. The methods for arriving at the most material of these assumptions are outlined below.

Mortality assumptions

The Company carries out an annual mortality study. The valuation mortality assumptions are based on a combination of Company and industry experience. An increase in the rate of mortality will lead to a larger number of claims (and claims could occur sooner than anticipated), which for life insurance, will increase expenditures and reduce profits for the shareholders. For non-participating insurance business, an increase in the probability weighted current estimate mortality assumption would increase insurance contract benefits thereby decreasing the CSM. For annuity business, lower mortality (or higher longevity) is financially adverse so a decrease in the current estimate mortality assumption would increase insurance contract benefits thereby decreasing the CSM.

Policyholder behaviour (termination or lapse)

Policy termination (lapse) and surrender assumptions are based on a combination of the Company’s own internal termination studies and recent industry experience. Separate policy termination assumptions are used for permanent cash-value business, for renewable term insurance, term insurance to age 100 and for universal life insurance. In setting policy termination rates for renewable term insurance, it is assumed that extra lapses will occur at each renewal point and that healthy policyholders are more likely to lapse at that time than those who have become uninsurable. Acquisition costs may not be recovered fully if lapses in the early policy years exceed the expected lapse assumptions. An increase in policy termination rates early in the life of the policy would tend to reduce profits for shareholders. An increase in policy termination rates later in the life of the policy would tend to increase profits for shareholders if the product is lapse supported (such as term insurance to age 100) but decrease shareholder profits for other types of policies. For non-participating insurance and annuity business, a 10.0% adverse change in the lapse assumption would result in an increase to insurance contract benefits thereby decreasing the CSM. For products where fewer terminations would be financially adverse to the Company, the change is applied as a decrease to the lapse assumption. Alternatively, for products where more terminations would be financially adverse to the Company, the change is applied as an increase to the lapse assumption.

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars except for per share amounts, shares authorized and outstanding and where otherwise stated)

Expenses

Insurance contract liabilities provide for the future expense of administering policies in-force, renewal commissions, general expenses and premium taxes. The future expense assumption is derived from internal cost studies and includes an assumption for inflation. An increase in the level of expenses would result in an increase in expenditure thereby reducing profits for the shareholders.

For non-participating insurance business and annuity business combined, a 5% increase in the maintenance expense assumption would result in reducing the CSM.

Morbidity

The Company carries out annual internal studies of its own morbidity experience where morbidity refers to both the rates of accident or sickness and the rates of recovery from the accident or sickness. The valuation assumptions are based on a combination of Company and industry experience.

For individual and group critical illness business, the incidence rates (or rates of accident or sickness) are the key assumption related to morbidity. An increase in incidence rates would result in an increase in the number of claims which increases expenditures and reduces shareholders' profits. For group long-term disability business the termination rates (or rates of recovery) are the key assumption related to morbidity. A decrease in termination rates would result in disability claims persisting longer which increases expenditures.

For non-participating insurance business where morbidity is a significant assumption, a 5% adverse change in the assumption would result in an increase to policyholder benefits thereby reducing the CSM.

Product design and pricing risk

The Company is subject to the risk of financial loss resulting from transacting insurance business where the costs and liabilities assumed in respect of a product exceed the expectations reflected in the pricing of the product. This risk may be due to an inadequate assessment of market needs, a poor estimate of the future experience of several factors, such as mortality, morbidity, lapse, future returns on investments, expenses and taxes, as well as the introduction of new products that could adversely impact the future behaviour of policyholders.

For certain types of contracts, all or part of this risk may be shared with or transferred to the policyholder through dividends and experience rating refunds or through the fact that the Company can adjust the premiums or future benefits if experience turns out to be different than expected. For other types of contracts, the Company assumes the entire risk and thus must carry out a full valuation of the commitments in this regard. Empire Life may transfer some of this risk through a reinsurance arrangement.

The Company manages product design and pricing risk through a variety of enterprise-wide programs and controls. The key programs and controls are described as follows. The Company has established insurance contract liabilities in accordance with standards set forth by the IASB and CIA Standards of Practice. Experience studies (both Company-specific and industry level) are factored into ongoing valuation, renewal and new business processes so that insurance contract liabilities, as well as product design and pricing, take into account emerging experience. The Company has established an active capital management process that includes a Capital Management Policy and capital management levels that exceed regulatory minimums. As prescribed by regulatory authorities, the Appointed Actuary conducts FCT and reports annually to the Audit Committee on the Company's financial condition, outlining the impact on capital levels should future experience be adverse. The Company has a Product Design and Pricing Risk Management Policy governing all of its major product lines. This policy, which is established by the Product Management Review Committee ("PMRC") and approved by the Risk and Capital Committee of the Board, defines the Company's product design and pricing risk management philosophy. The policy sets out principles for prudent product design and pricing, approval authorities, product concentration limits, and required product development monitoring processes and controls.

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars except for per share amounts, shares authorized and outstanding and where otherwise stated)

Underwriting and claims risk

The Company is subject to the risk of financial loss resulting from the selection and underwriting of risks to be insured and from the adjudication and settlement of claims. Many of the Company's individual insurance and group disability products provide benefits over the policyholder's lifetime. Actual claims experience may differ from the mortality and morbidity assumptions used to calculate the related premiums. Catastrophic events such as earthquakes, acts of terrorism or an influenza pandemic in Canada could result in adverse claims experience.

In addition to the risk management controls described above under Product Design and Pricing Risk, the Company also manages underwriting and claims risk through its Underwriting and Liability Risk Management Policy which governs each of its major product lines. This policy is established by the PMRC and approved by the Risk and Capital Committee of the Board. It defines the Company's underwriting and claims management philosophy and sets out principles for prudent underwriting and claims management including, underwriting classification, claims requirements, approval authorities and limits, and ongoing risk monitoring. The Company uses reinsurance to mitigate excessive exposure to adverse mortality and morbidity experience. The PMRC reviews and establishes retention limits for its various product lines and the Risk and Capital Committee of the Board recommends changes to these retention limits for approval by the Board.

Reinsurance held risk

The Company is subject to the risk of financial loss due to inadequate reinsurance coverage or a default of a reinsurer. Amounts reinsured per life vary according to the type of protection and the product. The Company also maintains a catastrophe reinsurance program, which provides protection in the event that multiple insured lives perish in a common accident or catastrophic event. Although the Company relies on reinsurance to mitigate excessive exposure to adverse mortality and morbidity experience, reinsurance does not release it from its primary commitments to its policyholders and it is exposed to the credit risk associated with the amounts ceded to reinsurers. The availability and cost of reinsurance are subject to prevailing reinsurance market conditions, both in terms of price and availability, which can also affect earnings.

The Reinsurance Risk Management Policy establishes reinsurance objectives and limits and requires ongoing evaluation of reinsurers for financial soundness. As reinsurance does not release a company from its primary commitments to its policyholders, an ongoing oversight process is critical. The PMRC reports annually to the Risk and Capital Committee of the Board on reinsurance activities. Most of Empire Life's reinsurance is on an excess basis, meaning Empire retains 100% of the risk up to its retention level. Effective April 1, 2020, Empire Life updated its single life retention limit for new business to \$1,500 in face amount (previously \$500). For some product categories, retention levels below this maximum are applied. Reinsurance is used to limit losses, minimize exposure to significant risks and to provide capacity for growth. As a result of the retention limit increase, recapture provisions of all eligible reinsurance treaties were exercised commencing April 1, 2020. These activities result in an increase in product risk for Empire Life, which it deems acceptable. The Company does not have any assumed reinsurance business.

Segregated fund guarantee risk

Segregated fund products issued by Empire Life contain minimum death, maturity, and withdrawal benefit guarantees. Market price fluctuations impact the Company's estimated liability for those guarantees.

Glossary of Terms (unaudited)

Accumulated Other Comprehensive Income (AOCI)

A separate component of shareholders' equity and policyholders' account which includes remeasurement of post-employment benefit liabilities. These items have been recognized in comprehensive income but excluded from net income.

Active Market

An active market is a market in which the items traded are homogeneous, willing buyers and sellers can normally be found at any time and prices are available to the public.

Available For Sale (AFS) Financial Assets

Non-derivative financial assets that are designated as AFS under IAS 39 or that are not classified as loans and receivables, held to maturity investments, or held for trading under IAS 39. Prior to the adoption of IFRS 9, most financial assets allocated to the Capital and Surplus segment were classified as AFS under IAS 39.

Canadian Institute of Actuaries (CIA)

The CIA is the qualifying and governing body of the actuarial profession in Canada. The CIA develops and upholds rigorous standards, shares its risk management expertise, and advances actuarial science to improve lives in Canada and around the world. Its more than 6,000 members apply their knowledge of math, statistics, data analytics, and business in providing services and advice of the highest quality to help Canadian people and organizations face the future with confidence.

Canadian Life and Health Insurance Association (CLHIA)

The Canadian Life and Health Insurance Association (CLHIA) is an organization representing life insurance and health insurance providers in Canada. The association develops guidelines, voluntarily and proactively, to respond to emerging issues and to ensure consumer interests are protected.

Chartered Professional Accountants of Canada (CPA Canada)

Canada's not-for-profit association for Chartered Professional Accountants (CPA) provides information and guidance to its members, students and capital markets. Working in collaboration with its provincial member organizations, CPA Canada supports the setting of accounting, auditing and assurance standards for business, not-for-profit organizations and government, and develops and delivers education programs.

Contractual Service Margin (CSM)

A component of the carrying amount of the asset or liability for a group of insurance contracts representing the unearned profit the entity will recognize as it provides insurance contract services under the insurance contracts in the group.

Effective Interest Method

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

Expected Credit Loss (ECL)

An expected loss amount as a result of credit deterioration of the party that has been issued the credit.

Fair Value Through Profit or Loss (FVTPL)

Invested assets are classified as financial instruments at FVTPL if they are held for trading, or if they are designated by management under the fair value option.

Fulfilment Cash Flows (FCF)

An explicit, unbiased and probability-weighted estimate (ie expected value) of the present value of the future cash outflows minus the present value of the future cash inflows that will arise as the entity fulfils insurance contracts, including a risk adjustment for non-financial risk.

Glossary of Terms (unaudited)

International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB) (IFRS Accounting Standards)

Refers to the international accounting standards that were adopted in Canada, effective January 1, 2011; these are now Canadian Generally Accepted Accounting Principles (CGAAP) for publicly accountable enterprises.

Life Insurance Capital Adequacy Test (LICAT)

The LICAT measures the capital adequacy of an insurer and is one of several indicators used by OSFI to assess an insurer's financial condition. The LICAT Ratio is the ratio of eligible capital to the base solvency buffer, each as calculated under OSFI's published guidelines.

Other Comprehensive Income (OCI)

Under IAS 39 unrealized gains and losses, primarily on financial assets supporting the Capital and Surplus segment, were recorded as Other Comprehensive Income ("OCI") or Other Comprehensive Loss ("OCL"). When these assets were sold or written down the resulting gain or loss was reclassified from OCI to net income. Upon the Company's adoption of IFRS 9, these assets were designated at FVTPL so unrealized gains and losses are now immediately recognized in net income. Remeasurements of post-employment benefit liabilities are also recorded as OCI or OCL. These remeasurements will not be reclassified to net income and will remain in AOCI.

Office of the Superintendent of Financial Institutions Canada (OSFI)

The mandate of OSFI is to regulate and supervise federally regulated financial institutions and pension plans in Canada to contribute to public confidence in the financial system.

Participating Policies

The participating account includes all policies issued by the Company that entitle its policyholders to participate in the profits of the participating account. The Company has discretion as to the amount and timing of dividend payments which take into consideration the continuing solvency of the participating account.

Return on Common Shareholders' Equity (ROE)

A profitability measure that presents the net income available to common shareholders as a percentage of the average capital deployed to earn the income.

Risk Adjustment (RA)

The compensation an entity requires for bearing the uncertainty about the amount and timing of the cash flows that arises from non-financial risk as the entity fulfills insurance contracts.

Participating Account Management Policy

Purpose

The Participating Account Management Policy sets out the management objectives for oversight of the participating account of The Empire Life Insurance Company (“Empire Life” or the “Company”).

Scope

This policy applies to all policies issued in the participating account of Empire Life that entitle its policyholder to participate in the profits of the participating account. Most policies are credited with dividends annually, while a few older plans receive the dividends every five years as per contractual provisions.

Policy

Description of the participating account and its policies

Empire Life maintains an account in respect of participating policies (“participating account”), separate from those maintained in respect of other policies, in the form and manner determined by the Office of the Superintendent of Financial Institutions under section 456 of the Insurance Companies Act. The participating account includes all policies issued by Empire Life that entitle its policyholders to participate in the profits of the participating account.

Experience for the participating account is measured by comparing policy factors and experience factors. Policy factors are elements that reflect the assumptions against which experience is to be measured, while experience factors are elements that reflect actual experience and are consistent with the underlying experience of the participating account. These factors encompass a variety of elements, including investment income, mortality, expenses, and policyholder behaviour.

Empire Life does not maintain sub-accounts within the participating account for life, disability and annuity plans, other funds, or blocks of business acquired from other companies. Empire Life does not have any closed blocks of participating business established as part of the demutualization of a mutual company into a shareholder company.

Although the participating account is open to new business, many dividend classes within the participating account are closed to new business. Being in a dividend class that is closed to new business has no material implications to policyholders.

Investment policy

The general fund investments in the participating account are subject to limits established by the Insurance Companies Act and to investment guidelines established by the Investment Committee of Empire Life’s Board of Directors (the “Board”). The investment guidelines are designed to limit overall investment risk by defining investment objectives, eligible investments, diversification criteria, exposure, concentration and asset quality limits for eligible investments. The objective is to maximize tax-adjusted investment yields while managing the default, liquidity and reinvestment risks at acceptable and measurable low levels.

The investment guidelines allow investments in the following asset classes for the participating fund: short-term securities, bonds (including private debt and limited recourse capital notes), preferred shares, mortgages, equities, real estate, commercial loans, and alternative assets (including private equity, infrastructure, and high yield mortgages). Various criteria apply to each asset class with respect to diversification, minimum credit quality, and liquidity. The investment guidelines permit the use of derivatives in the participating account to hedge certain exposures (e.g., foreign exchange risk, interest rate risk, etc.) or to create effective exposures to certain markets.

Within the participating account, Empire Life has established two asset segments to nominally match the investments to the specific type of liabilities or surplus as follows: Protection Par and Policyholders’ Surplus. Each asset segment is assigned specific assets in an amount approximately equal to its total liabilities or surplus.

Participating Account Management Policy

The Investment Committee receives monthly reporting on general fund asset mix and performance and investment transactions for all funds by asset segment. In addition, on at least a quarterly basis, management and the Company's investment managers report to the Investment Committee, and through the Investment Committee to the Board of Directors, on portfolio content, asset mix, the Company's matched position, the performance of general and segregated funds, and compliance with the investment guidelines. The investment guidelines are reviewed at least annually by the Board.

Investment income allocation

Investment income is recorded directly to each asset segment. A portion of investment income is allocated to or from the Shareholders' Capital and Surplus segment from or to the participating account's asset segments in proportion to the deficiency or excess of funds over assets of each segment.

The Company has minimal reliance on income generated by assets that support both the participating and non-participating accounts, as these assets are limited to non-financial assets which make up a small portion of the Company's balance sheet.

The investment income allocation methodology can be changed at the discretion of the Board. This could occur if the Company's asset segmentation approach were fundamentally changed.

Expense allocation

General expenses are allocated to the participating account using cost centre methods. Expenses associated directly with the participating account are so charged. Expenses arising from or varying directly with various functional activities are charged to the participating account in proportion to statistics appropriate to each cost centre. Expenses incurred by overhead cost centres are charged to the participating account in proportion to expenses directly charged.

Investment expenses are allocated monthly to the participating account in proportion to the Company's total funds at the beginning of each month.

Premium taxes are allocated in proportion to taxable premiums. Other taxes, licenses, and fees are allocated to lines of business using cost centre methods.

The Company could elect to charge expenses to the participating account at an amount other than the allocated cost in circumstances where doing so would improve fairness to the participating policyholders.

Income tax allocation

Income taxes are allocated to the participating account in proportion to total taxable income for the Company. Deferred tax assets and liabilities are treated consistently between participating and non-participating accounts.

Surplus management

The Company manages the level of surplus in the participating account taking into consideration the continuing solvency of the participating account, the participating account's ability to fulfill its contractual obligations and the extent to which existing participating business is financing new participating business. The participating account surplus is funded by contributions from participating account income.

Transfers to shareholder accounts

Empire Life intends to transfer the full permitted percentage of distributable participating profits to the shareholder accounts as allowed by section 461 of the Insurance Companies Act.

Participating Account Management Policy

Roles and Responsibilities

Board of Directors

The Company's Board of Directors is responsible for approving the Participating Account Management Policy. The Board should be satisfied that the policy is being carried out in an approved manner.

CEO and Executive Leadership Team

The Board has delegated primary responsibility and accountability for the dividend policy to the Company's CEO. The CEO shares this responsibility and accountability with the Executive Leadership Team (ELT). The CEO and ELT carry out their responsibilities by delegating responsibility to members of their management team. Members of the ELT are responsible for establishing the appropriate management framework to carry out the objectives of this policy within their business area.

Appointed Actuary

Annually, the Board will consider the Appointed Actuary's opinion on the continuing fairness of this policy to participating policyholders.

Process to Approve (and Frequency)

This policy is reviewed annually by the Vice President & Product Actuary. All non-material amendments must be approved by the Product Management Review Committee. Material amendments must be approved by the Product Management Review Committee and the Board. The principal factors that would be expected to prompt changes to the policy include changes in legislation, regulation of participating accounts, accepted actuarial practice, capital requirements, taxation and accounting rules or fundamental changes to the circumstances of the Company.

This policy will also be reviewed if the Company decides to stop accepting new business in the participating account.

Monitoring, Controls and Procedures

The Vice President & Product Actuary oversees the operation of this policy. Management is responsible for ensuring procedures are in place to support compliance with this policy and for periodically reviewing these procedures for ongoing compliance with this policy. This policy is audited by Audit Services on a periodic basis at the discretion of Audit Services and in accordance with its audit plan.

Participating Policyholder Dividends Policy

Purpose

The Participating Policyholder Dividends Policy (the “dividend policy”) sets out the process for determining, recommending, and declaring dividends for policies issued in the participating account of The Empire Life Insurance Company (“Empire Life” or the “Company”).

Scope

This dividend policy applies to each policy issued in the participating account of Empire Life that entitles its policyholder to participate in the profits of the participating account. Most policies are credited with dividends annually, while a few older plans receive the dividends every five years as per contractual provisions.

Policy

Principles used to determine the policy respecting participating policyholder dividends

The Company has determined this policy using the following principles: fairness to policyholders, consistency with policyholder reasonable expectations, and compliance with applicable laws, regulations, actuarial standards of practice, and contractual obligations.

Dividends are declared at the discretion of the Board

The aggregate amount of dividend and allocation of the dividend to the different classes of participating policies is declared annually at the discretion of the Board of Directors (the “Board”) of Empire Life under section 464(1) of the Insurance Companies Act. Before declaring the aggregate amount of dividend, the Board will consider Company management’s recommendations for policyholder dividends and the Appointed Actuary’s opinion on the conformity of these recommendations to this policy, their fairness to participating policyholders, and that the recommendations were prepared in compliance with the Standards of Practice of the Canadian Institute of Actuaries. Company management’s recommendations and the Appointed Actuary’s opinions shall be prepared in compliance with applicable legislative and regulatory requirements, and generally accepted actuarial practice with such changes as determined by the Office of the Superintendent of Financial Institutions. Generally, the actual distribution of dividends will be aligned with these recommendations, but if the actual distribution of dividends differs materially from these recommendations, this shall be disclosed and explained. Furthermore, if the Appointed Actuary were to make a recommendation for policyholder dividends, and the actual distribution of dividends differs materially from that recommendation, then this would be disclosed and explained.

Principal factors that affect the aggregate amount of dividends

Policyholders participate in the experience of the Company through policyholder dividends, which are based on the results of the participating account to which their policy belongs.

The aggregate amount of dividends will reflect operating income on all participating life, annuity and disability coverages, dividends on deposit, participating paid-up additions and participating term additions, as well as income attributable to surplus in the participating account. The aggregate amount of dividends will also be influenced by considerations such as, solvency of the participating account, its ability to fulfill all contractual obligations, the extent to which surplus in participating account is financing new business, changes in legislation, regulation of the participating account, taxation, accounting rules or fundamental changes in the circumstances of the Company.

Participating Policyholder Dividends Policy

Principal sources of income

The principal sources of income considered for determining the aggregate amount of dividends are investment income, asset defaults, mortality, lapses, expenses and taxes. Policyholder dividends are affected by the differences between actual experience and assumed levels of experience for these factors. The actual experience of the participating account will be reviewed annually by Company management. The sources of income may be adjusted to smooth fluctuations in experience and provide for transitions during periods of major change over a period not to exceed five years for the purpose of avoiding undue yearly fluctuations in the dividend scales. The Company does not apply smoothing differently by dividend class. While an internal guideline to govern the practices of dividend smoothing has not been established, the Company relies on established practice that is guided by fairness to policyholders and policyholder reasonable expectations, and is compliant with applicable laws, regulations, and standards of practice. The experience factors to determine policyholder dividends can be changed post-issue. The objective of such changes to the experience factors would be to improve the accuracy and equity of the experience measurement methodology. Changes to the experience factors would be made in accordance with the contractual terms of the policy, and do not contravene any laws, regulations, standards of practice, or other restrictions.

The Company uses a temporary contribution to policyholder surplus philosophy, so that contributions to policyholder surplus from participating account income are expected to be returned to policyholders over the lifetime of the policy. The Company employs these contributions to surplus to ensure the continuing solvency of the participating account, to fulfill its contractual obligations, and to finance new business. As such, circumstances may arise that result in policyholders' contributions to surplus being returned only in part, or not at all.

Since actual experience cannot be known in advance, the aggregate amount of dividends and allocation of the dividends cannot be guaranteed. As a result, dividends will increase or decrease depending on actual experience.

Dividend allocation

Policyholders participate in this distribution through the setting of dividend scales, which allocate the aggregate amount of dividends among different dividend classes. The Company establishes dividend classes for participating policyholders based on the original pricing assumptions used when setting the guaranteed values provided by the policies. The Company uses a combination of factor-based and pricing methods when setting the dividend scale to allocate the aggregate amount of dividends among different dividend classes. The basic concept of this method is to allocate the aggregate amounts of dividends among dividend classes in the same proportion as the policies are considered to have contributed to the aggregate amount of dividends over the long term. The fundamental objective in the allocation of dividends is the maintenance of reasonable equity between dividend classes and between generations of policyholders, taking into account practical considerations and limits.

Company management will review the underlying experience, assumptions and procedures for participating dividend scales annually. Material changes in actual experience will be passed through to participating policyholders within two years of the experience change to the extent that they are not anticipated in the current dividend scale, any additional reserves or other similar experience leveling mechanisms. Company management will prepare a written report which describes the underlying experience, assumptions and procedures for the proposed dividend scale recommendations.

The dividend scales may also be adjusted to reflect specific policyholder behaviour, such as experience for lapses or for policy loans taken at guaranteed rates.

For certain blocks of policies, the policyholder dividend scale may be determined using methods which are designed to approximate the contribution to income of those blocks.

Termination dividends are not payable under any participating policies issued by Empire Life.

Participating Policyholder Dividends Policy

Roles and Responsibilities

Board of Directors

The Company's Board of Directors is responsible for approving the dividend policy. The Board should be satisfied that the policy is being carried out in an approved manner.

CEO and Executive Leadership Team

The Board has delegated primary responsibility and accountability for the dividend policy to the Company's CEO. The CEO shares this responsibility and accountability with the Executive Leadership Team (ELT). The CEO and ELT carry out their responsibilities by delegating responsibility to members of their management team. Members of the ELT are responsible for establishing the appropriate management framework to carry out the objectives of this policy within their business area.

Appointed Actuary

Annually and each time a policy amendment is recommended, the Board will consider the Appointed Actuary's opinion on the continuing fairness of this policy to participating policyholders.

Process to Approve (and Frequency)

This policy is reviewed annually by the Vice President & Product Actuary. All amendments must be approved by the Product Management Review Committee and the Board. The principal factors that would be expected to prompt changes to the policy include changes in legislation, regulation of participating account, accepted actuarial practice, capital requirements, taxation and accounting rules or fundamental changes to the circumstances of the Company.

This policy will also be reviewed if the Company decides to stop accepting new business in the participating account.

Monitoring, Controls and Procedures

The Vice President & Product Actuary oversees the operation of this policy. Management is responsible for ensuring procedures are in place to support compliance with this policy and for periodically reviewing these procedures for ongoing compliance with this policy. This policy is audited by Audit Services on a periodic basis at the discretion of Audit Services and in accordance with its audit plan.

Participating Account Financial Disclosure

As at December 31, 2023	Current year	Historical average annual rate		
		5 years	10 years	20 years
Dividend scale interest rate ¹	6.00 %	6.00 %	6.29 %	6.60 %
Participating account insurance contracts and reinsurance contracts held ²	9.70 %	3.45 %	4.64 %	4.93 %
Participating account surplus ²	10.54 %	4.26 %	4.14 %	3.75 %

1 The 20 year average dividend scale interest rate reflects estimated dividend scale interest rates for 2010 and earlier.

2 The 20 year participating account insurance contracts and reinsurance contracts held and participating account surplus reflect estimated returns for 2006 and earlier.

For the year ended	December 31, 2023	December 31, 2022 restated
Participating account surplus at beginning of year	\$ 24,055	\$ 29,929
Net income (loss) (before amounts transferred to shareholders)	21,155	(3,192)
Amounts transferred to shareholders per S.462(a) of the ICA (included in net income)	(3,014)	(2,682)
Adjustments to previous amounts transferred to shareholders	3,961	—
Net income (loss)	22,102	(5,874)
Participating account surplus at end of year	\$ 46,157	\$ 24,055
Policyholder dividends (excluding ERRs)	\$ 39,800	\$ 39,773
Section 462 transfer as a % of Distributable Profits	7.04 %	6.79 %

Approximately 30% of policyholder dividends are based on investment experience while the remaining 70% of policyholder dividends are based on other factors. Investment returns from the participating account surplus are considered in the determination of dividends.

The following table sets out the target and actual composition of the underlying assets supporting the Company's participating account at the reporting date.

As at December 31, 2023	Target	Actual
Underlying assets supporting participating account		
Cash and cash equivalents	1.0 %	5.0 %
Bonds	65.0 %	63.5 %
Preferred shares	9.5 %	10.4 %
Common shares	22.5 %	16.4 %
Derivative assets	— %	0.2 %
Mortgages	2.0 %	1.4 %
Other	— %	3.1 %
Total underlying assets supporting participating account	100.0 %	100.0 %

The Participating Account Management Policy and Participating Policyholder Dividends Policy are available upon request.

Corporate Governance over Risk Management

The Empire Life Insurance Company (the “Company”) is a stock company that has both shareholders and participating policyholders. The Company also has two wholly owned subsidiaries: a mutual fund subsidiary, Empire Life Investments Inc. (“ELI”) and an independent Managing General Agent, TruStone Financial Inc. (“TruStone Financial”).

Pursuant to the *Insurance Companies Act* (Canada) (the “Act”) each holder of one or more participating policies is entitled to one vote in the election of policyholders’ directors, and each shareholder is entitled to one vote per share held in the election of shareholders’ directors. At least one-third of directors are elected as policyholder directors and the balance are elected as shareholder directors. The Company is governed by the Act, which contains provisions concerning corporate governance. The Company’s governance system is supported by internal audit, internal risk management, corporate compliance, external audit by an independent chartered professional accountants firm, and examination by the Office of the Superintendent of Financial Institutions Canada (“OSFI”).

Management is responsible for identifying risks and determining their impact upon the Company. Management is also responsible for establishing appropriate policies, procedures, and controls to mitigate risks. The Company has an executive committee, which reports to the Board of Directors and/or its Committees and an internal risk management department, led by the Chief Risk Officer, which supports enterprise risk management activities across the Company. An internal audit function is responsible for assessing the adequacy and effectiveness of the Company’s processes for controlling its activities and managing its risks. The results of internal audit’s reviews are reported to management and to the Audit Committee of the Board of Directors regularly throughout the year.

Management is supervised in the completion of these responsibilities by the Board of Directors and its Committees. Senior management of the Company reports regularly to the Board on its risk management policies and procedures.

The Board of Directors has plenary power. The Board’s responsibility is to oversee the conduct of the business and affairs of the Company including oversight and monitoring of the Company’s risk management. The Board discharges these responsibilities directly and through delegation to Board Committees and management. The Board met 12 times in 2023 and is scheduled to meet at least six times in 2024.

The risk management functions overseen by the Board include those relating to market risk (including interest rate risk, equity risk and foreign exchange rate risk), liquidity risk, credit risk, product risk (including mortality risk, policyholder behavior (termination or lapse) risk, expense risk, morbidity risk as well as product design and pricing risk, underwriting and claims risk and reinsurance risk), operational risk (including legal and regulatory compliance risk, model risk, human resources risk, third party risk, technology and information security risk and business continuity risk) and business and strategic risk. Please see the section titled “Risk Factors” in the Company’s Annual Information Form available at www.sedarplus.ca for more details on these risks. Primary responsibility for oversight of some of these risks is delegated to six standing Committees of the Board, whose roles and responsibilities are specifically defined. Those not delegated to a standing Committee remain with the Board. The following is a brief summary of some of the key responsibilities of the six Committees.

The Audit Committee has statutory responsibility under the Act to oversee, on behalf of the Board, the Company’s financial reporting, accounting and financial reporting systems and internal controls. The Committee also oversees work related to stress testing.

The Investment Committee assists the Board in monitoring the Company’s investment and lending policies, standards and procedures and in monitoring the Company’s investment activities and portfolios. Some of the activities of the Investment Committee are prescribed by the Company’s Investment Guidelines, which reflect the requirements of the Act. The Committee also monitors the Company’s asset/liability management activities.

The Human Resources Committee is responsible for reviewing and monitoring the Company’s human resources practices, including employee and executive compensation, succession planning, diversity and inclusion programs, workforce and pension and benefit plans.

Corporate Governance over Risk Management

The Conduct Review Committee is responsible for oversight of procedures established to identify material related party transactions pursuant to the Act. The Committee also monitors certain corporate policies, including procedures with respect to the Company's Code of Business Conduct, conflicts of interest, the Company's personal trading policy, confidentiality of information, consumer complaints, privacy, regulatory compliance, fair treatment of customers and outsourcing.

The Risk and Capital Committee is responsible for oversight of the Company's risk and capital management activities. The Committee assists the Board in its oversight role with respect to the management of the Company's enterprise risk management framework and risk appetite framework; the identification, review and assessment of the Company's primary risks; the review and assessment of the Company's risk management strategies; and the deployment and use of capital. The Committee also oversees activities related to product development and business continuity.

The IT Oversight Committee assists the Board with oversight of technology and information security related risks, as well as management efforts to mitigate those risks. As part of its responsibilities, the IT Oversight Committee assesses the effectiveness of the Company's IT strategy in supporting the Company's business objectives and strategic direction, including reviewing strategic information technology-related project, initiatives and technology architecture.

Corporate Information

Corporate Head Office

259 King Street East
Kingston, Ontario
Canada K7L 3A8
1 877 548-1881
info@empire.ca
www.empire.ca

The Empire Life Insurance Company is a member of Assuris. Assuris is the not-for-profit organization that protects Canadian policyholders in the unlikely event that their life and health insurance company fails.

Details about Assuris' protection are available at www.assuris.ca.

RETAIL SALES OFFICES

ONTARIO

Burlington Retail Sales Office

108-1100 Burloak Drive
Burlington, Ontario L7L 6B2
905 335-6558
1 888 548-4729

Toronto Retail Sales Office

200 -36 York Mills Road
Toronto, Ontario M2P 2E9
416 494-0900
1 888 548-4729

QUEBEC

Montréal Retail Sales Office

1600-600 de Maisonneuve Boulevard W.
Montréal, Quebec H3A 3J2
514 842-9151
1 800 371-9151

Québec Retail Sales Office

100-1220 Lebourgneuf Boulevard
Québec, Quebec G2K 2G4
418 628-1220
1 888 816-1220

WESTERN CANADA

Vancouver Retail Sales Office

707-1177 West Hastings Street
Vancouver, British Columbia, V6E 2K3
604 232-5557
1 888 627-3591

GROUP SALES OFFICES

ONTARIO

Burlington Group Sales Office

108-1100 Burloak Drive
Burlington, Ontario L7L 6B2
905 335-6558
1 800 663-9984

Toronto Group Sales Office

200-36 York Mills Road
Toronto, Ontario M2P 2E9
416 494-6834
1 800 361-7980

QUEBEC

Montréal Group Sales Office

1600-600 boul. de Maisonneuve
Montréal, Quebec H3A 3J2
514 842-0003
1 800 561-3738

WESTERN CANADA

Vancouver Group Sales Office

707-1177 West Hastings Street
Vancouver, British Columbia, V6E 2K3
604 232-5558
1 888 547-0628

Board of Directors

SHAREHOLDERS' DIRECTORS

John F. Brierley^{1, 2, 6}

Corporate Director

Scott F. Ewert^{1, 4, 6}

Vice President and Chief Financial Officer
E-L Financial Corporation Limited

Edward M. Iacobucci^{1, 2, 3, 5}

Professor of Law
University of Toronto

Duncan N.R. Jackman^{4, 6}

Chair of the Board
The Empire Life Insurance Company

Clive P. Rowe^{4, 6}

Corporate Director

Patricia M. Volker^{1, 2, 3, 6}

Corporate Director

POLICYHOLDERS' DIRECTORS

Stephanie A. Bowman^{3, 4, 5, 6}

Corporate Director

Mark J. Fuller^{2, 3, 4, 5, 6}

President and Chief Executive Officer
Ontario Pension Board

Mark Sylvia

President and Chief Executive Officer
The Empire Life Insurance Company

Jacques Tremblay^{3, 5, 6}

Partner
Oliver Wyman Actuarial Consulting

¹ Member of Audit Committee

² Member of Conduct Review Committee

³ Member of Human Resources Committee

⁴ Member of Investment Committee

⁵ IT Oversight Committee

⁶ Member of Risk and Capital Committee

HONORARY CHAIR

The Honourable Henry N.R. Jackman

Honorary Chair

The Empire Life Insurance Company

Corporate Management

Mark Sylvia

President and Chief Executive Officer

Richard Carty

General Counsel and Senior Vice-President, Human Resources

Edward Gibson

Senior Vice-President, Capital Management and Chief Actuary

Paul Holba

Senior Vice-President and Chief Investment Officer

Michael Perry

Senior Vice-President, Group Solutions

Steve Pong

Senior Vice-President, Retail

Mark Rogers

Senior Vice-President, Corporate Development

Rebecca Rycroft

Senior Vice-President and Chief Financial Officer

Kathy Thompson

Senior Vice-President and Chief Risk Officer

Chris Volk

Senior Vice-President and Chief Technology Officer

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EMPIRE LIFE ANNUAL REPORT 2023

Established in 1923 and a subsidiary of E-L Financial Corporation Limited, The Empire Life Insurance Company provides individual and group life and health insurance, investment and retirement products.

Our mission is to make it simple, fast and easy for Canadians to get the products and services they need to build wealth, generate income, and achieve financial security.

Follow us on social media @EmpireLife or visit empire.ca for more information including current ratings and financial results.



Transfer Agent and Registrar

TSX Trust Company
301-100 Adelaide Street West
Toronto, Ontario M5H 4H1
Phone 416 682-3860
Toll Free 800 387-0825
www.tsxtrust.com

Reporting Procedure for Accounting and Auditing Matters

If you have a complaint regarding accounting, internal controls or auditing matters or a concern regarding questionable accounting or auditing matters, you should submit your written complaint or concern to:

Mr. John Brierley
The Empire Life Insurance Company
259 King Street East
Kingston, ON, K7L 3A8
Email: johnbrierley12@gmail.com
Phone: 705 250-3133

You may submit your complaint or concern anonymously. Your submission will be kept confidential and will be treated in accordance with the Company's policy for reporting accounting and auditing matters.

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Policies are issued by The Empire Life Insurance Company.

Insurance & Investments – Simple. Fast. Easy.®
empire.ca info@empire.ca 1 877 548-1881

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