Equitable™

Financial Condition Report
2023

Prepared in accordance with the Insurance (Public Disclosure) Rules 2015 for the Bermuda Monetary Authority

The Equitable Life Insurance Company of Canada (Equitable) is a mutual company domiciled in Canada and incorporated under the Insurance Companies Act (Canada). The information presented in this document has been prepared in accordance with the standards accepted by the Canadian regulator, The Office of the Superintendent of Financial Institutions (OSFI). Specifically, the financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and capital calculations are in accordance with the Life Insurance Capital Adequacy Test (LICAT).

All information reported is on a consolidated company basis, unless otherwise indicated. All financial information is presented in Canadian dollars, which is the Company's functional currency.

Equitable
Financial Condition Report
For the twelve-month period ending December 31, 2023

The Equitable Life Insurance Company of Canada (Equitable) is a mutual company domiciled in Canada and incorporated under the Insurance Companies Act (Canada). Together with its subsidiaries (collectively, “the Company”), it operates in the life insurance industry. Operations cover the development, marketing, and servicing of life, health and annuity products to individual and group clients as well as asset management services to individual clients, including segregated funds.

i. BUSINESS AND PERFORMANCE

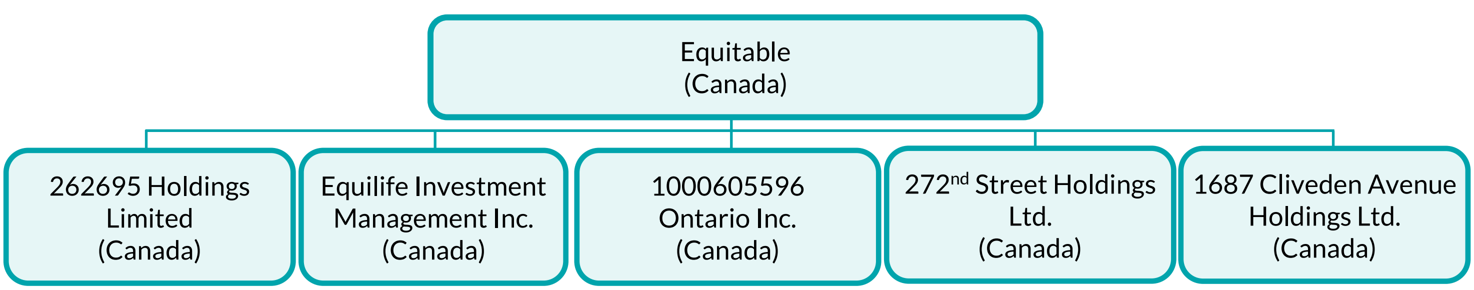
a. **Name of insurer**
Equitable (“the Company”)
One Westmount Road North
Waterloo, ON, N2J 4C7
Canada

b. **Insurance supervisor**
Office of the Superintendent of Financial Institutions (“OSFI”)
121 King St W, Suite 1900
Toronto, ON, M5H 3T9
Canada

c. **Approved auditor**
KPMG LLP
120 Victoria Street South, Suite 600
Kitchener, ON, N2G 0E1
Canada

d. **Ownership details**
The Company is a mutual company domiciled in Canada.

e. **Group structure**
The following provides details of the Company in the Group Structure, which includes five wholly owned subsidiaries:



f. **Insurance business written by business segment and by geographical region**

The Company provides insurance coverage in Canada and Bermuda. The Company manages the business through the following segments: Individual Insurance, Savings and Retirement, Group Insurance, and Surplus.

Only the Individual Insurance segment conducts business in both Canada and Bermuda, the other segments only conduct business in Canada. Effective October 1, 2019 the Company stopped selling new business in Bermuda.

Individual Insurance business in force for the reporting period and by geographical region (CAD $'000)

	2023 Bermuda Business				2023 Total Company Business				Bermuda as a % of Total Company Business			
Inforce	Policy Count	Annualized Premium	Net Premium (per BCSR)	Domestic Liabilities	Policy Count	Annualized Premium	Net Premium	Liabilities	Policy Count	Annualized Premium	Net Premium	Liabilities
Whole Life - Par	240	455		13,299	205,334	835,237	912,321	1,603,460	0.1%	0.1%		0.8%
Term	58	167		79	109,537	126,994	56,889	(180,338)	0.1%	0.1%		0.0%
Total	298	622	586	13,378	314,871	962,231	969,210	1,423,122	0.1%	0.1%	0.1%	0.9%

"Annualized Premium" respresents annual premium for in-force policies at Dec 31, 2023

"Net Premium" represents actual premiums received in 2023

There were no sales in 2023

Equitable does not allocate capital to the Bermuda operations.

g. Performance of investments & material income & expenses for the reporting period

Performance of investments for the reporting period

The Company maintains a diversified investment portfolio, consistent with the Board approved investment and lending policies.

Fair values of invested assets

(CAD $'000)

	2023	2022	
	Fair Value	Carrying Value Net of Provisions*	Fair Value
Cash, cash equivalents and short-term investments	**$ 85,547**	$ 69,354	$ 69,354
Bonds and debentures	**2,442,596**	1,938,810	1,938,810
Equities	**1,424,160**	1,192,025	1,192,025
Mortgages	**349,685**	337,152	315,944
Private placements	**503,857**	441,230	391,449
Derivatives	**42,697**	27,080	27,080
Investment property	**438,800**	432,300	432,300
	$ 5,287,342	$ 4,437,951	$ 4,366,962

**2022 comparative figures are as reported in the prior year on IAS 39 basis. Effective 2023 all invested assets are measured at fair value.*

Net investment income

(CAD $'000)

	2023	2022
Cash, cash equivalents and short-term investments	**$ 3,824**	$ 1,746
Bonds and debentures – fair value changes	**89,316**	(256,691)
Bonds and debentures – investment income	**85,925**	61,291
Equities – fair value changes	**122,468**	(147,420)
Equities – investment income	**47,798**	33,610
Mortgages	**23,594**	11,394
Private placements	**39,091**	17,547
Private placements – loan impairment	**-**	(3,400)
Derivatives – fair value changes	**15,292**	(6,013)
Derivatives – investment loss	**(612)**	(20)
Investment property – rental income	**14,390**	14,277
Investment property – fair value changes	**1,191**	60,536
Other investment income	**1,177**	(393)
Foreign exchange gains (losses)	**(2,125)**	7,730
	441,329	(205,806)
Investment expenses	**(5,273)**	(4,507)
Net investment income (loss)	**$ 436,056**	$ (210,313)

Material income & expenses for the reporting period

The Company's main revenue source is premiums, with other sources of revenue being investment income and fee income. The Company’s major expenses are benefit payments, commissions and general expenses as summarized below.

For the years ended December 31	(thousands of dollars)	
	2023	2022
OPERATING CASH INFLOWS		
Premiums received	**$ 1,608,858**	$ 1,346,283
Interest income received	**123,166**	93,905
Dividend income received	**45,748**	30,720
Investment property income received	**9,002**	11,048
Fee income received	**70,604**	62,445
	1,857,378	1,544,401
OPERATING CASH OUTFLOWS		
Benefit and annuity payments	**(579,716)**	(472,332)
Operating expenses	**(520,912)**	(429,426)
Income, premium and other taxes	**(36,231)**	(69,283)
Financing expenses	**(433)**	(353)
	(1,137,292)	(971,394)
Cash provided by operating activities	**720,086**	573,007
INVESTING CASH INFLOWS (OUTFLOWS)		
Purchase of investments	**(1,432,729)**	(1,129,349)
Proceeds from sale of investments	**793,159**	571,773
Other	**(63,643)**	(32,373)
Cash used in investing activities	**(703,213)**	(589,949)
FINANCING CASH OUTFLOWS		
Lease payments	-	(59)
Mortgage loans	**(680)**	(468)
Cash used in financing activities	**(680)**	(527)
Increase (decrease) in cash during the year	**16,193**	(17,469)
Cash, cash equivalents and short-term investments - beginning of year	**69,354**	86,823
Cash, cash equivalents and short-term investments - end of year	**$ 85,547**	$ 69,354

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

h. Any other material information

No other material information to present.

ii. GOVERNANCE STRUCTURE

a. Board and Senior Management

i. Board and Senior Management, role, responsibilities and segregation of responsibilities

The Board of Directors ("the Board"), either directly or through its Committees, is ultimately responsible for the supervision and oversight of the management of the Company's business and affairs. The Company's corporate governance processes, structures and information are designed to strengthen the ability of the Board to oversee management and to enhance long-term policyholder value.

The Board is assisted in fulfilling these responsibilities through the following standing Committees (all of the standing Committees are comprised only of directors who are not affiliated with, and are not officers or employees of, the Company and its subsidiaries):

- *Audit Committee* – Oversees the financial reporting systems, integrity of financial statements and the audit function.
- *Conduct Review Committee* – Reviews the "related party" policies and practices of the Company in accordance with statutory requirements.
- *Corporate Governance, Compliance and Nominating Committee* – Evaluates the effectiveness of governance structures, processes and information used for directing and overseeing the management of the Company, the Board, and the compliance function. Develops the criteria for identifying and recommending prospective Board candidates.
- *Human Resources and Compensation Committee* – Reviews and approves policies and procedures for recommendation to the Board relating to various human resource functions, including compensation, benefits, employee pension plan, performance, and succession planning.
- *Senior Credit and Investment Policy Committee* – Recommends investment and lending policies and objectives for Board approval, and reviews investment portfolio performance and compliance.

The basic oversight responsibilities of the Board include:

- overseeing the development and implementation of an encompassing and effective corporate governance program;
- establishing, overseeing, and receiving regular updates on the strategic direction, business objectives, policies, programs, plans and priorities of the Company and monitoring the implementation and effectiveness of those plans;
- ensuring that policies and practices exist to orient new directors and regularly assess the effectiveness of the Board, the Board Committees, the Board and Board Committee Chairs and individual Directors in the discharge of its/their responsibilities;
- ensuring that the independent oversight functions – internal audit, risk management, compliance, actuarial and finance functions have adequate authority, independence, and resources to discharge their mandates;
- approving the offices of the Company and supervising the succession planning process of the Company, including the selection, appointment, professional development, performance management and compensation of the Chief Executive Officer and Senior Management;
- monitoring and assessing the procedures implemented for identifying the principal risks of the Company's businesses and receiving regular updates on the status of risk management activities and initiatives; and
- ensuring policies and processes are in place to ensure the integrity of the Company's internal controls, financial reporting, audit functions and management information systems.

Senior Management is responsible for directing the operations of the Company within the authority delegated to them by the Board.

ii. Remuneration policy for the Board, Senior Management and Employees

Compensation paid to the Board is governed by the Company's By-law, which is approved by policyholders.

The Human Resources and Compensation Committee (HRCC) of the Board annually reviews and recommends to the Board the compensation program for Senior Management. All members of the HRCC are independent. As part of the review, an independent third-party consultant is engaged to provide market data and analysis on comparable positions within the insurance industry. This information is taken into consideration in determining the annual base salary and incentive compensation programs.

Employee compensation may include base salary, short term incentive plan, long term incentive plan, post-employment benefits and other benefits.

iii. Pension or early retirement schemes for the Board and Senior Management

Post-employment benefits are available to Senior Management.

The Company provides defined benefit pension and retirement plans to eligible employees upon retirement. These benefits reflect compensation history and length of service. Pension plan assets, carried at market value, are held in a separate segregated fund of the Company for the benefit of all members.

The Company has also established defined contribution pension and retirement plans for eligible employees. Generally, employer contributions are a set percentage of employees' annual income and matched against employee contributions.

iv. Transactions with related parties

The Company has related party transactions with the following parties:

- The Group Pension Fund for the Employees of The Equitable Life Insurance Company of Canada, a defined benefit pension plan for eligible employees. The Company provides fund management and administration services to the defined benefit pension plan.
- Key personnel, which includes Senior Management and the Board of Directors. All compensation arrangements with Senior Management are approved by the Human Resources and Compensation Committee of the Board, and all Board compensation is within the limit set out in the Company's By-law 46. All Directors are participating policyholders of the Company. All such participating policies were paid for by the individual using their own resources and receive dividends at levels consistent with all other participating policyholders.

b. Fitness and proprietary requirements

i. Fit and proper process in assessing the Board and Senior Management

The Company appoints members of the Board based on the individual's expertise and work experience as well as professional judgment. Before being appointed to the Board, all candidates must undergo rigorous background screening.

Annually, the Board reviews its composition to determine whether or not the Board is optimally structured to provide stewardship. Critical to the review is an assessment of the expertise, skills, experience and perspectives present on the Board.

The Chief Executive Officer is responsible for appointment of Senior Management. The Human Resources department arranges background screening for all Senior Management appointments.

ii. **Board and Senior Management professional qualifications, skills and expertise**

Board of Directors

Douglas S. Alexander, CPA, CA, C.Dir. Chair, Equitable	Fabien Jeudy, FSA, FCIA President and Chief Executive Officer, Equitable
Andrea E. Bolger, MBA, ICD.D Corporate Director	Les Dakens, CHRE Corporate Director
Laura I. Formusa, LL.B, ICD.D Corporate Director	Sheila Hart, FSA, FCIA Corporate Director
Barry McInerney, FSA, FCIA, CFA Corporate Director	Dikran Ohannessian Corporate Director
Neil Parkinson, FCPA, FCA, ICD.D Corporate Director	Craig Richardson Corporate Director
Robert Ritchie Corporate Director	

Senior Management

Fabien Jeudy, FSA, FCIA President and Chief Executive Officer	Marc Avaria, MBA Executive Vice-President, Group Insurance Division
Christopher Brown, BA Executive Vice-President, Chief Human Resources and Communications Officer	Donna Carbell, MBA Executive Vice-President, Individual Insurance Division and Brand Impact
Campbell Crosbie, MBA, FICB Executive Vice-President, Savings and Retirement Division	Melanie Kliska, FSA, FCIA Executive Vice-President, Chief Financial Officer
Tara Proper, CFA Executive Vice-President, Chief Investments Officer	Ritesh Sarda, BE Executive Vice-President, Chief Information Officer
Colin Simpson, LLB, MBA Executive Vice-President, Chief Legal Officer and Corporate Secretary	Phillip K. Watson, FSA, FCIA, CQF Senior Vice-President and Appointed Actuary

Further details regarding the above individuals can be found at:
www.equitable.ca/en/who-we-are/our-leadership

c. Risk management and solvency self-assessment

i. Risk management process & procedures to identify, measure, manage and report on risk exposures

To manage the risks in its many business activities, the Company utilizes a comprehensive enterprise risk management framework that includes:

- identification and assessment of risks,
- measurement, control and monitoring of risk, and
- regular reporting to Senior Management and to the Board of Directors (the Board).

ii. Risk management and solvency self-assessment systems implementation

The Board has overall responsibility for oversight of the Company's risk management framework, including approval of the Enterprise Risk Management Policy and overall risk appetite. The Board carries out its risk management mandate directly and through its five committees, as described further in the Governance Structure section.

Management is responsible for maintaining the risk management framework, and for identifying and managing risks in accordance with Company policies and controls. Management's Senior Risk and Capital Committee and Senior Investment Committee have overall responsibility for monitoring risks. The Chief Risk Officer provides independent oversight of the Company's risk management framework and completes an annual risk assessment for the Board. Internal Audit independently validates the effectiveness of risk management practices.

The annual Own Risk and Solvency Assessment (ORSA) represents the Company's solvency self assessment process.

iii. Relationship between solvency self-assessment, solvency needs & capital, and risk management

The ORSA process identifies and assesses all material risks that may affect the Company. Based on that assessment, the capital needs of the Company are determined, and internal targets set for Total and Core Capital. The ORSA process supports the governance of risk and capital management and is consistent with OSFI guidelines. The process evolves over time in response to changes in the Company's risk profile and identified areas of improvement.

At a minimum, the ORSA process is completed on an annual basis. It will be completed more frequently should there be a material change in the Company's expected risk profile.

iv. Solvency self-assessment approval process

The Company's ORSA Report is prepared by the Chief Risk Officer and reviewed with Senior Management and the Senior Risk and Capital Committee for completeness. After review, the ORSA Report is provided to the Board for review, discussion, and acceptance. The ORSA process and report are subject to periodic review by Internal Audit for integrity, accuracy, and reasonableness.

d. Internal controls

i. Internal control system

Management has established and maintains a system of internal controls that provides reasonable assurance that financial records are complete and accurate, assets are safeguarded, and the organizational structure provides for effective segregation of responsibilities. The Company's Internal Audit department and Chief Compliance Officer monitor the systems of internal control for compliance. The control environment is enhanced by the selection and training of competent management, and a code of conduct policy that must be adhered to by all employees.

ii. **Compliance function**

The Company's compliance management program is designed to facilitate and monitor compliance functions, providing assurance to management and the Corporate Governance, Compliance and Nominating Committee that all statutory and regulatory obligations are met. The program promotes awareness of legal and regulatory risks that affect the business and the status of compliance with laws and regulations. The program is supported by a reporting process that establishes accountability for compliance throughout the organization.

e. Internal audit

The Company has an Internal Audit Department that has unrestricted access to all areas and property of the organization, including personnel records, records held by third-party service providers, and also has direct access to the Board through the Board's Audit subcommittee. To ensure Internal Audit remains independent, a formal Mandate of the Internal Audit Function is in place which is approved by the Board Audit subcommittee. The Mandate indicates that internal auditors are to have no direct responsibility or any authority over the activities or operations that they review. Where required, the Internal Audit department also uses external consultants to supplement audit resources.

f. Actuarial function

The Company's Appointed Actuary is responsible for ensuring that the policy liabilities are prepared in accordance with IFRS, the amount of the policy liabilities is appropriate for this purpose and the valuation conforms to accepted actuarial practice in Canada. Assumptions are regularly reviewed and updated where appropriate. The Appointed Actuary also oversees all actuarial functions including but not limited to pricing and valuation.

An independent peer review actuary also assesses the work of the Appointed Actuary pursuant to the Office of the Superintendent of Financial Institutions (OSFI) Guideline E-15.

The Appointed Actuary is appointed by the Company's Board of Directors.

g. Outsourcing

i. **Outsourcing policy and key functions that have been outsourced**

The Company has an outsourcing policy and a contracting and purchasing policy that outline management's delegation regarding various spending thresholds that can be authorised by staff at various levels and includes those which require Board authorization. The policies also outline the tendering and vetting process, and the procedures to be taken to monitor the work of outsourced partners and ensure that arrangements do not negatively affect the Company's reputation. The Company has not outsourced any control functions (being actuarial, risk management, compliance or internal audit).

ii. **Material intra-group outsourcing**

No material intra-group outsourcing exists.

h. Other material information

No other material information to report.

iii. RISK PROFILE

a. Material risks the insurer is exposed to during the reporting period

The Company's main risk categories are:

- Market risk - the risk of loss arising from adverse changes in market rates and prices, which includes equity risk, interest rate risk, currency risk, real estate risk, and preferred share risk.
- Credit risk - the risk of financial loss resulting from the failure of debtors to make payments of interest and/or principal when due.
- Insurance risk – the risk of loss due to actual experience differing from the experience assumed when a product was designed and priced with respect to claims, client behaviour and expenses.
- Operational risk – arises from problems in the performance of business functions including deficiencies or the breakdown of internal controls or processes, most often due to technology failures, human error or dishonesty, and natural catastrophes.
- Strategic/emerging risks - arise from unexpected changes in key elements of the Company's business strategy as a result of changes in the external environment, and arise from the inability to successfully implement strategic business initiatives.

The Company uses various proprietary models to evaluate and quantify these risks, whenever quantifiable. There has been no material change in the Company's risk exposures in the past year.

b. Risk mitigation in the organization

The Company controls risk through a wide range of policies and guidelines. Risk exposures and compliance with policies and guidelines is monitored by management, the Senior Risk and Capital Committee, and Senior Investment Committee; and reported to the Board either directly or via its various committees. The Chief Risk Officer completes an annual review of the Company's risk exposures, which is discussed with management and the Board.

c. Material risk concentrations

The Company's policy is to minimize undue concentration of assets in any single geographic area, industry or company. Investment guidelines specify minimum and maximum limits for each asset class and any individual issuer. These portfolios are monitored continuously and reviewed regularly with the Senior Credit and Investment Policy Committee of the Board or the Board itself.

d. Investment in assets in accordance with the prudent person principles of the code of conduct

The Board annually approves investment and lending policies, as well as procedures and guidelines. The policies are designed to limit overall investment risk by defining eligible investments, diversification criteria, and limits with respect to asset exposures, concentration, and quality. Compliance with these policies, procedures and guidelines is monitored by the Senior Investment Committee and regularly reviewed with the Senior Credit and Investment Policy Committee of the Board.

e. Stress testing and sensitivity analysis to assess material risks

The Company performs stress tests on a quarterly basis to determine the adequacy of capital to absorb the impact of adverse events. The tests performed pertain to market risk, credit risk, and insurance risk.

Based on the latest results, management of the Company believes that it has sufficient capital to meet the contractual obligations of the organization and regulatory capital requirements upon experiencing losses within its risk tolerance.

f. Other material information

There is no other material information to present.

iv. SOLVENCY VALUATION

a. Valuation bases, assumptions and methods to derive the value of each asset class

The Company prepares consolidated financial statements in accordance with International Financial Reporting Standards (IFRS). Invested assets are measured on the following basis:

- Cash, cash equivalents and short-term investments - Cash equivalents consist of investments with a term to maturity of less than three months. Short-term investments consist of investments with a term to maturity exceeding three months, but less than one year.
- Bonds and debentures - Bonds are designated as fair value through profit or loss (FVTPL).
- Equities - classified as FVTPL.
- Mortgages - designated as FVTPL.
- Private Placements - designated as FVTPL.
- Derivatives – measured at fair value.
- Investment property - initially recognized at transaction price including transaction costs and subsequently measured at fair value.

The fair value principles used for the assets are as follows:

- Short-term investments are comprised of securities due to mature within one year of the date of purchase. The carrying value of these instruments approximates fair value due to their short-term maturities.
- Bonds and debentures are valued by independent pricing vendors using proprietary pricing models, incorporating current market inputs for similar instruments with comparable terms and credit quality (matrix pricing). The significant inputs include, but are not limited to, yield curves, credit risks and spreads, measures of volatility and prepayment rates.
- The equity portfolio is comprised of preferred shares, public and private equities, investment property fund units, and an investment property limited partnership interest. Public equities and preferred shares are valued based on quoted market prices. Private equities, investment property fund units and the limited partnership interest have fair values provided by external fund managers.
- Mortgages are valued based on a discounted cash flow model using market inputs, including contractual maturities and current market discount rates based on term and property type.
- Private placements are valued based on techniques and assumptions which reflect changes in interest rates and creditworthiness of the individual borrower. The valuation also includes an unobservable liquidity adjustment and any applicable provision for credit losses.
- Derivatives valuations can be affected by changes in interest rates, currency exchange rates, financial indices, credit spreads, default risk (including the counterparties to the contract) and market volatility. Fair values are based on market standard valuation methodologies consistent with what a market participant would use when pricing the instruments.
- Investment property is supported by market evidence, as assessed by qualified appraisers. All assets are appraised by an external appraiser once every three years, at a minimum, and reviewed quarterly for material changes.

b. Valuation bases, assumptions and methods to derive the value of technical provisions

The valuation bases methodology for insurance contract liabilities and assumption setting process is in accordance with IFRS and accepted actuarial practice in Canada and is appropriate for this purpose.

As at December 31st, 2023, the Company's Best Estimate Liability is $2.5 billion Canadian. The Risk Adjustment is $0.9 billion Canadian. The Contractual Service Margin is $0.6 billion Canadian. The Risk Adjustment corresponds to an 83.6% confidence level of the distribution of fulfilment cash flows.

c. Description of recoverables from reinsurance contracts

Recoverables are valued in accordance with IFRS and accepted actuarial practice in Canada and is appropriate for this purpose.

d. Valuation bases, assumptions and methods to derive the value of other liabilities

Other Liabilities not covered under b are derived based on IFRS.

e. Any other material information

There is no additional material information to present.

v. CAPITAL MANAGEMENT

The Company is regulated by OSFI, which requires insurance companies to maintain minimum levels of capital calculated in accordance with the Life Insurance Capital Adequacy Test (LICAT). This is the only framework referenced for capital reporting.

a. Eligible capital

i. **Capital management policy and process for capital needs, how capital is managed and material changes during the reporting process**

The primary capital management objectives of the Company are to maintain a strong capital base to support the viability and development of its business, exceeding minimum regulatory capital requirements at all times and meeting the expectations of the market (advisors, policyholders, rating agencies). The Company's capital and risk management strategy are unchanged over the prior year.

To maintain a strong capital base, the Company identifies, assesses, manages and monitors the various risk sources it faces in the course of business both currently and as anticipated over a five-year planning horizon. This process culminates in an assessment of the capital necessary to maintain solvency at the threshold targeted by Senior Management given the firm's risk profile. The Company's risk profile includes an assessment of the current and anticipated future material risks faced by the Company, the strength of the organization's enterprise risk management, qualitative risks and stress testing.

ii. **Eligible capital categorized by tiers in accordance to the eligible capital rules used to meet ECR and MSM requirements of the Insurance Act**

Not applicable, capital is calculated in accordance with the LICAT framework as prescribed by OSFI.

iii. **Confirmation of eligible capital that is subject to transitional arrangements**

Not applicable, capital is calculated in accordance with the LICAT framework as prescribed by OSFI.

iv. **Identification of any factors affecting encumbrances on the availability and transferability of capital to meet the ECR**

Not applicable, capital is calculated in accordance with the LICAT framework as prescribed by OSFI.

v. **Identification of ancillary capital instruments approved by the authority**

Not applicable, capital is calculated in accordance with the LICAT framework as prescribed by OSFI.

vi. **Identification of differences in Shareholder's Equity as stated in the financial statements versus the Available Capital and Surplus**

Not applicable, no shareholder's equity is reported as a mutual company.

b. Regulatory capital requirements

The Company is subject to regulation by the Office of the Superintendent of Financial Institutions (OSFI), which prescribes guidelines requiring the Company to maintain levels of capital which are dependent on the type and amount of policies and contracts in-force and the nature of the Company's assets. The minimum levels of capital are calculated in accordance with the Life Insurance Capital Adequacy Test (LICAT) issued by OSFI.

At December 31, 2023, the Company's Total LICAT Ratio was 172%, which is well in excess of the OSFI target of 100%. This ratio indicates a strong capital position.

		2023		2022*
Tier 1 capital	**$**	**1,639,650**	$	1,182,493
Tier 2 capital		**138,668**		138,993
Available capital	**$**	**1,778,318**	$	1,321,486
Surplus allowance and eligible deposits	**$**	**629,082**	$	728,427
Base solvency buffer	**$**	**1,401,700**	$	1,362,401
Total Ratio		**172%**		150%
Core Ratio		**148%**		124%

**2022 comparative figures presented are as reported in the prior year and not restated for IFRS 17 & 9 impacts*

i. **ECR and MSM requirements at the end of the reporting period**

Not applicable, capital is calculated in accordance with the LICAT framework as prescribed by OSFI.

ii. **Identification of any non-compliance with the MSM and ECR**

Not applicable, capital is calculated in accordance with the LICAT framework as prescribed by OSFI.

iii. **A description of the amount and circumstances surrounding the non-compliance, the remedial measures and their effectiveness**

Not applicable.

iv. **Where the Non-Compliance is not Resolved, a Description of the Amount of the Non-Compliance**

Not applicable.

c. Approved internal capital model

Not applicable, no internal capital model is used.

vi. SUBSEQUENT EVENTS

There are no subsequent events to report.