

2023 REPORT
TO MEMBERS

CELEBRATING

150

YEARS

150
YEARS

Foresters
Financial



years later, the best is yet to come.

Seeing how far our members have come since our organization was founded is inspiring. Even though volunteer efforts and causes have changed from decade to decade, the spirit of giving back has always stayed the same.

I couldn't be prouder of the community work our members have supported over the years. We're empowering more members with more granting opportunities than ever before.

There have always been reasons to celebrate. Today, however, with over two million members across Canada, the US and the UK, the good work led by our membership is unlike anything we've ever accomplished. At our 150th anniversary, we've got a lot to celebrate!

RICHARD HENNICK
International Fraternal President

As Foresters Financial™ approaches its 150th year of existence, our employees and Board of Directors are truly honored and humbled to be a part of our members' provision of security for their loved ones while building financial peace of mind for their years to come.

What truly sets this unique and inspiring organization apart is how our members continue to come together to make a difference. Incredible passion, with the assistance of member benefits, continues to impact families, neighborhoods and communities for good in Canada, the US and the UK. That is something to be extremely proud of.

Let's celebrate this remarkable anniversary and set our sights on an even better future together!

DANIEL FORTIN
Chair of the Board

Since joining Foresters in 2017, I've had the privilege of taking part in the positive impact our members drive in their communities. Now, in our 150th year, and as our President and CEO, I have never been more energized to support our membership giving back to the people and places they care about most.

Our original vision of creating a more caring and inclusive future in 1874 has endured and thrived through the 21st century. It's still at the heart of everything we do as an organization and what our members are doing across Canada, the US and the UK.

This milestone year, I look forward to building our membership, protecting their families and celebrating how far we've all come.

MATT BERMAN
President and Chief Executive Officer



1898 Opening the door for more to join Foresters

Dr. Oronhyatekha proposed to allow women to become members in 1882. In 1898, women officially joined companion courts.



1972 Working to end child abuse

Members worked with Supreme Chief

Ranger, B.C. Hallum and his wife, Florence,

to shed light on the realities of child abuse.



1989 A drive across Europe

UK member, Phil Shorthouse led a convoy of supplies to support Romanians after the fall of communism.

150

YEARS OF FORESTERS

Foresters members have always been giving back. Here are some of our favorite moments in our history.



2012 New grants to support communities

Community Grants officially launched

giving members funds to give back

in ways that mean the world to them.



2024 Doing more of the good you want to do

Today, there are more granting and partnership opportunities than ever available to members, helping them do more of the good they want to do.

Learn more about our 150-year history at foresters.com/150years

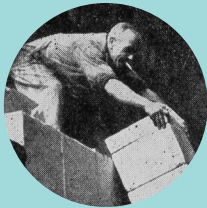
Our purpose in action

Then & Now



Care packages in Vietnam

The "Send Over the Soap" Campaign provided South Vietnamese civilians with essentials during the Vietnam War.



Fighting hunger after WWII

In 1948, the IOF Easter Gift Fund supported 8,000+ members in the British Isles with food supplies for Easter.



Helping children learn

In the 1960s, members donated a special typewriter to the Isbister School for Deaf and Mute Children.



Sharing Black History

Using Foresters grants, members have purchased Black History books for school libraries in their communities.



Caring through a pandemic

At the height of the COVID-19 pandemic, nearly 2,500 Foresters Care™ grants were funded, helping 200,000+ people in Canada, the US and the UK.



Supporting pet adoption

UK members used grant funds to create packs of supplies for adopted animals and their new owners.

**Discover Foresters member benefits
and how they can help you give
back now! Visit [MyForesters.com](https://www.myforesters.com).**

International Assembly Notice

**Official Notice of the 44th
International Assembly (IA)**

Foresters supreme governing body will hold its 44th quadrennial meeting on June 20, 2025 at the Loews Arlington Hotel in Arlington, Texas. The 2025 IA will receive reports on the state of Foresters, review and amend Foresters Constitution and elect the Board of Directors. This IA meeting is attended by 170 elected Representatives of the Foresters membership.

Nominations for Foresters Board of Directors – 2025–2029

As required in Foresters Constitution, s 4.3.3, the Board of Directors has appointed a Nominating Committee to identify and recommend candidates for election at the 2025 IA. Interested nominees must be Voting Members with the qualifications, skills and experience which the Board is seeking. Further information on the nominating process and how to apply for a Board position will be published soon on foresters.com/IA2025.

If you require further information please contact Ren  Zanin, Corporate Secretary, at board@foresters.com or by phone at 416 467 2530. While all applications will be acknowledged, only suitable candidates as determined by the Nominating Committee will be interviewed. The deadline for submission of applications is September 30, 2024.

2023 financial highlights

Financial highlights for the year ended December 31, 2023
(All amounts are in Canadian dollars, unless otherwise stated)

Key results at a glance

United States
Total Annualized Weighted Sales

\$61.8
USD million

Annualized weighted sales are comprised of 100% of regular premiums/deposits and 10% of single premiums/deposits and annuities. Annualized weighted sales are also expressed on a constant currency basis, which is a measure of sales that provides greater comparability across reporting periods by excluding the impact of exchange rate fluctuations from the translation of functional currencies to the Canadian dollar. There is no directly comparable IFRS measure.

Canada
Total Annualized Weighted Sales

\$36.8
CAD million

United Kingdom
Total Annualized Weighted Sales

£101.2
GBP million

Total Premiums

\$1.5
billion

This amount is the total gross life insurance and annuity premiums paid or owing to Foresters Financial during the year from certificate and contract holders. There is no directly comparable IFRS measure.

Certificates and Contracts in Force

2.6
million

This is the total number of certificates and contracts that are active or "in force" at Foresters Financial and its subsidiaries.

Total Comprehensive Income

\$154.1
million

Total comprehensive income is a measure of the profitability of the organization primarily from insurance earnings, net investment returns and impacts from capital markets including foreign currency exchange movements.

Surplus

\$2.0
billion

Surplus is the value of our assets minus our financial obligations to members and others. A strong surplus position first and foremost gives Foresters Financial the ability to withstand economic and business volatility, and it allows us to invest in the growth of our business through increased sales and acquisition activities. Also, a portion of earnings on surplus is used to fund member benefits and community investments in support of Foresters purpose.

AM Best Financial Strength Rating
for the 23rd consecutive year[†]

A
Excellent

AM Best's Financial Strength Rating opinion addresses the relative ability of an insurer to meet its ongoing insurance obligations.

[†] An "A" (Excellent) Financial Strength Rating is assigned to companies that have a strong ability to meet their ongoing obligations to policyholders and have, on balance, excellent balance sheet strength, operating performance and business profile when compared to the standards established by A.M. Best Company. A.M. Best assigns ratings from A++ to F, A++ and A+ being superior ratings and A and A- being excellent ratings. In 2023 A.M. Best assigned Forester's subsidiary, Foresters Life Insurance Company an "A" (Excellent) Financial Strength Rating. In assigning the ratings for The Independent Order of Foresters (Foresters Financial) and its subsidiary Foresters Life Insurance Company on August 17, 2023, A.M. Best stated that the outlook for all ratings is "stable", which means they are unlikely to change in the near future, assuming our financial strength is maintained and our operations grow. See [ambest.com](https://www.ambest.com) for the latest ratings.

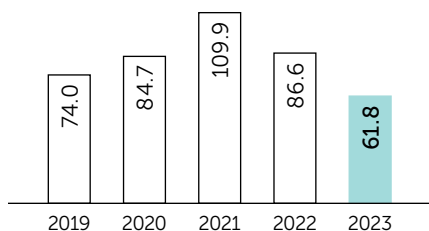
LICAT Ratio

195%

The Life Insurance Capital Adequacy Test ("LICAT") ratio is a capital adequacy measure for life insurance companies established by the Office of the Superintendent of Financial Institutions ("OSFI") in Canada. It is a measure used to monitor that insurers maintain adequate capital to meet their financial obligations.

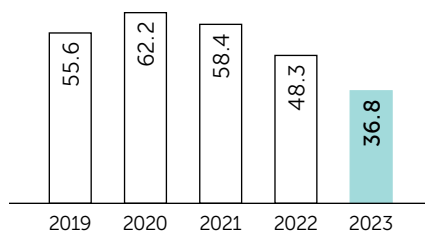
Sales

United States
Total Annualized Weighted Sales
(USD millions)



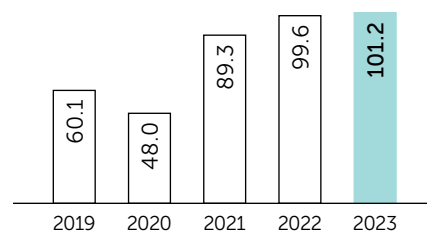
Total US annualized weighted sales were \$61.8 million, a 28.7% decrease over prior year due to inflationary pressures on the middle market household and rising mortgage interest rates. This resulted in lower sales of Term products partially offset by stronger sales of Whole Life products.

Canada
Total Annualized Weighted Sales
(CAD millions)



Total Canada annualized weighted sales were \$36.8 million, a 23.7% decrease over prior year, driven by lower Simplified Issue Non-Medical and Critical Illness product sales partially offset by increased sales of Fully Underwritten Permanent products.

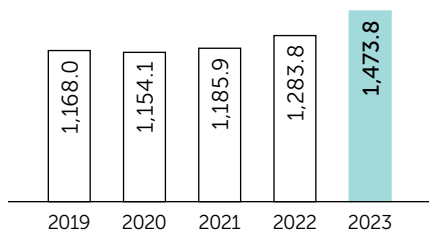
United Kingdom
Total Annualized Weighted Sales
(GBP millions)



Total UK annualized weighted sales were £101.2 million, a 1.7% increase over prior year driven by strong sales in regular junior and pension unit linked investments, including Child Trust Funds reinvestments, but sales growth was impacted by pressure on consumer finances.

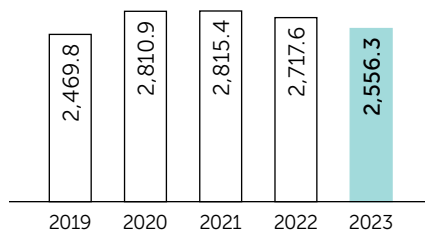
Key results

Total Premiums
(CAD millions)



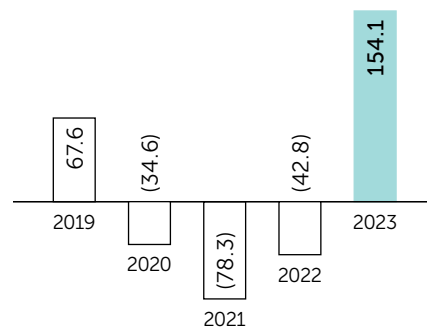
Total gross life insurance premiums were nearly \$1.5 billion, a 14.8% increase over prior year driven by a favorable sales mix.

Certificates and Contracts in Force
(thousands)



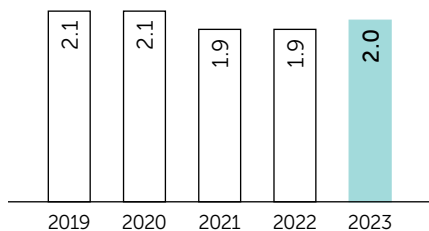
At December 31, 2023, Foresters Financial had 2.56 million certificates and contracts in force. The increase in 2020 was due to the acquisition of the Halifax Child Trust Funds in the UK and the resulting decrease in the last couple of years was due to maturing Child Trust Funds.

Total Comprehensive Income²
(CAD millions)



This was Foresters first year reporting under the new IFRS 17 accounting standard. Foresters reported strong total comprehensive income of \$154.1 million due to solid insurance service results and favorable investment returns.

Surplus³
(CAD billions)



Consolidated surplus was \$2.0 billion at the end of 2023. Our capital ratios remain very strong with a LICAT ratio of 195%, well above the Canadian life insurer average of 136% at December 31, 2023.¹

¹ Source: Office of the Superintendent of Financial Institutions Canada (OSFI), Financial Data for Life Insurance Companies, Total Canadian Life Companies, Life Insurance Capital Adequacy Test (LICAT).

² 2022 has been restated for the new IFRS 17 Insurance Accounting Standard. 2021 and prior is presented on an IFRS 4 basis.

³ 2020 and prior is presented on an IFRS 4 basis

Summary Consolidated Statement of Comprehensive Income (Loss)

For the year ended December 31, 2023 with comparative figures for 2022 (In millions of Canadian dollars)

	2023	2022 (Adjusted)
Insurance revenue	\$ 903	\$ 883
Insurance service expenses	(868)	(836)
Net income (expenses) from reinsurance contracts held	40	46
Insurance service result	75	93
Interest revenue on financial assets not measured at FVTPL	-	45
Net investment income (loss)	563	(1,287)
Net investment result excluding result of segregated funds	563	(1,242)
Net investment income (loss) related to segregated funds net assets	647	(605)
Financial changes related to segregated funds net liability	(647)	605
Net investment result of segregated funds	-	-
Investment return	563	(1,242)
Net finance income (expenses) from insurance contracts	(475)	1,485
Net finance income (expenses) from reinsurance contracts held	78	(178)
Movement in investment contract liabilities	(1)	(1)
Net financial result	165	64
Fee revenue and other operating income	113	109
Operating expense	(159)	(159)
Fraternal investment	(16)	(14)
Impairment on goodwill and intangibles	-	(48)
Total other income and expenses	(62)	(112)
Net income (loss) before income taxes	178	45
Current income taxes	(9)	(14)
Deferred income taxes	21	47
Total income taxes	12	33
Net income (loss) from continuing operations	190	78
Net income (loss) from discontinued operations, net of tax	1	(4)
Total net income (loss)	\$ 191	\$ 74
Other Comprehensive Income (Loss)		
<i>Items that will not be reclassified to net income (loss)</i>		
Remeasurement gains (losses) on employee benefit plans, net of income tax expense	(13)	(45)
Net unrealized gains (losses) on property, net of income taxes	-	6
Total items that will not be reclassified to net income (loss)	(13)	(39)
<i>Items that are or may be reclassified subsequently to net income (loss)</i>		
Net unrealized foreign currency translation gains (losses)	(24)	82
Net unrealized gains (losses) on AFS assets or debt securities measured at FVOCI, net of income tax recovery	-	(160)
Total items that are or may be reclassified subsequently to net income (loss)	(24)	(78)
Total Other Comprehensive (Loss)	(37)	(117)
Total Comprehensive Income (Loss)	\$ 154	\$ (43)

Summary Consolidated Statement of Financial Position

As at December 31, 2023 with comparative figures for 2022 (In millions of Canadian dollars)

	As at Dec 31, 2023	As at Dec 31, 2022 (Adjusted)	As at Jan 1, 2022 (Adjusted)
Assets			
Cash, cash equivalents and short-term securities	\$ 246	\$ 280	\$ 195
Financial assets measured at fair value	7,130	6,770	8,174
Insurance contract assets	8	8	4
Reinsurance contract held assets	816	653	737
Accrued investment income	55	53	50
Other assets	97	110	68
Property and equipment	13	16	18
Current tax assets	20	23	54
Deferred tax assets	63	42	17
Right of use assets	5	18	12
Employee benefit assets	-	-	26
Goodwill and intangible assets	79	87	136
Assets classified as held for sale	-	-	78
Net investments for accounts of segregated fund and unit linked contract holders	8,353	7,808	8,775
Total Assets	\$ 16,886	\$ 15,868	\$ 18,344
Liabilities			
Insurance contract liabilities— Excluding segregated funds	\$ 5,908	\$ 5,578	\$ 7,012
Insurance contract liabilities— Segregated funds	74	73	84
Current tax liabilities	1	2	-
Deferred tax liabilities	7	8	35
Other Liabilities	218	213	230
Lease Liabilities	17	35	31
Subordinated debt	248	248	248
Employee benefit obligations	61	58	47
Investment contract liabilities— Excluding segregated fund net liabilities	29	30	35
Investment contract liabilities— Segregated fund net liabilities	8,280	7,734	8,691
Total Liabilities	\$ 14,843	\$ 13,979	\$ 16,413
Surplus			
Retained earnings	\$ 1,837	\$ 1,770	\$ 1,634
Accumulated other comprehensive income	206	119	297
Total Surplus	\$ 2,043	\$ 1,889	\$ 1,931
Total Liabilities and Surplus	\$ 16,886	\$ 15,868	\$ 18,344

The full consolidated financial statements are available at [foresters.com](https://www.foresters.com) under Financial strength

Notes to the Summary Consolidated Financial Statements

1. Basis of Presentation of the Summary Consolidated Financial Statements

The summary consolidated statement of financial position and summary consolidated statement of comprehensive income (loss) have been summarized from The Independent Order of Foresters ("Foresters Financial") consolidated financial statements, which are prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board to portray in summarized form Foresters Financial's financial position and results of operations. The criteria applied by management in the preparation of these summary consolidated financial statements are as follows:

- the information in the summary consolidated financial statements is in agreement with the related information in the audited consolidated financial statements; and
- summary consolidated statements of changes in equity, cash flows, material accounting policies and other explanatory information have not been presented, as the relevant information can be obtained from the audited consolidated financial statements.

The summary consolidated statement of financial position and summary consolidated statement of comprehensive income (loss) are only a summary of the information in Foresters Financial's consolidated financial statements for the year ended December 31, 2023. They do not contain sufficient information to allow as full an understanding of the results and state of affairs of Foresters Financial as would be provided by the full consolidated financial statements for the year ended December 31, 2023.

The full consolidated financial statements are available at foresters.com under Financial Strength.

2. Implementation of IFRS 17 and IFRS 9

On January 1, 2023 Foresters Financial adopted IFRS 17 "Insurance Contracts" and IFRS 9 "Financial Instruments" effective January 1, 2023 and applied retrospectively. IFRS 17 establishes the principles for the recognition, measurement presentation, and disclosure of insurance contracts. The summary Financial Statement has been adjusted for IFRS 17 for 2022 and presented a third statement of financial position as at January 1, 2022. The comparative period has not been restated for IFRS 9 and differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognized in retained earnings as at January 1, 2023. The adoption of IFRS 9 has not had a material impact on Foresters Financial's consolidated financial statements as at January 1, 2023.

For more information including the measurement and classification of opening balances, refer to Note 2 of the 2023 annual consolidated financial statements.

3. Basis of measurement

Foresters Financial's consolidated financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- Financial assets at fair value through profit or loss, fair value through OCI financial assets and derivative financial instruments are measured at fair value;
- Employee benefit assets and obligations represent the funded status of these plans which is calculated as the difference between plan assets at fair value and the present value of defined benefit obligations;
- Insurance and reinsurance contracts held are calculated using current value as prescribed by IFRS 17. This method involves the projection of future events in order to determine the amount of assets that must be set aside currently to provide for all future obligations and involves a significant amount of judgment including the assumptions that are used for their measurement;

- Land and buildings are measured at fair value; and
- Goodwill is initially measured as the excess of the purchase price of an acquisition of a subsidiary over the fair value of net identifiable assets acquired. After initial recognition, goodwill is carried at cost less any accumulated impairment losses, which are assessed annually. The initial cost of intangible assets acquired in a business combination is fair value at the date of acquisition. After the date of acquisition, these intangibles are carried at cost less accumulated amortization and impairment losses, which are tested when indicators are present and annually for indefinite life intangibles.

4. Foreign Currency

The functional currencies of the foreign subsidiaries and branch operations have been translated into Canadian dollars. All assets and liabilities are translated at the closing exchange rate at the balance sheet date, and the income and expenses are translated using the average exchange rate for the year. The accumulated gains or losses arising from translation are presented separately in the currency translation accounts, a separate component of accumulated other comprehensive income ("AOCI").

Report of the Independent Auditor's on the Summary Financial Statements

To the Board of Directors of The Independent Order of Foresters

Opinion

The summary consolidated financial statements of The Independent Order of Foresters (the Entity), which comprise:

- the summary consolidated statement of financial position as at December 31, 2023
- the summary consolidated statement of comprehensive income (loss) for the year then ended
- and related notes

(Hereinafter referred to as the "summary financial statements") are derived from the audited consolidated financial statements of The Independent Order of Foresters as at and for the year ended December 31, 2023.

In our opinion, the accompanying summary financial statements are consistent in all material respects, with the audited consolidated financial statements, in accordance with the criteria disclosed in Note 1 in the summary financial statements.

Summary Financial Statements

The summary financial statements do not contain all the disclosures required by IFRS Accounting Standards as issued by the International Accounting Standards Board. Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the Entity's audited consolidated financial statements and the auditor's report thereon.

The Audited Consolidated Financial Statements and Our Report Thereon

On our report dated February 23, 2024:

- We expressed an unmodified opinion on the audited consolidated financial statements.
- We included an Emphasis of Matter paragraph referring to adjustments of comparative information as a result of a full retrospective adoption of a change in accounting policy with respect to IFRS 17 and IFRS 9
- We included an Other Matter paragraph referring to our audit of adjustments that were applied to adjust certain comparative information.

Other Information

Management is responsible for other information. Other information comprises:

- Information, other than the summary financial statements and the auditor's report thereon, included in the 2023 financial highlights.

Our opinion on the summary 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 summary 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 summary financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the information, other than the summary financial statements and the auditor's report thereon, included in the 2023 financial highlights as at the date of this auditor's report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

Management's Responsibility for the Summary Financial Statements

Management is responsible for the preparation of the summary financial statements in accordance with the criteria disclosed in the notes to the summary financial statements.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with Canadian Auditing Standards 810, Engagements to Report on Summary Financial Statements.



Chartered Professional Accountants,
Licensed Public Accountants
Toronto, Canada
February 23, 2024

Appointed Actuary's report

To the Board of Directors of The Independent Order of Foresters

I have valued the policy liabilities of The Independent Order of Foresters for its consolidated financial statements prepared in accordance with International Financial Reporting Standards for the year ended December 31, 2023.

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

These summarized consolidated financial statements do not contain all the disclosures required by accepted actuarial practice. Readers are cautioned that these statements may not be appropriate for their purposes. For more information on Foresters Financial's financial position, results of operations and cash flows, reference should be made to the related complete consolidated financial statements.



Trudy Engel, F.S.A., F.C.I.A.
Fellow, Canadian Institute of Actuaries
Toronto, Canada
February 23, 2024

To Canadian Members: Please note we have updated our Canadian Privacy Policy, which you can access at any time at foresters.com/privacy, or you can call us at 1 800 828 1540 to request a copy.

For Texas Residents only – The Texas Department of Insurance recently changed their contact information. Please note updated contact information for the Texas Department of Insurance as follows:
The Texas Department of Insurance. To get help with an insurance question or to file a complaint within the state: Call with a question: 1 800 252 3439. File a complaint: www.tdi.texas.gov.
Email: ConsumerProtection@tdi.texas.gov. Mail: PO Box 12030, Austin, TX 78711-2030.

Description of member benefits that you may receive assumes you are a Foresters Financial member. Foresters Financial member benefits are non-contractual, subject to benefit specific eligibility requirements, definitions and limitations and may be changed or cancelled without notice or are no longer available. Some of these benefits may be administered by third parties. For further details, go to foresters.com.
Foresters Financial, Foresters, Foresters Care, Foresters Moments, Foresters Renew, Foresters Go, the Foresters Go logo and Helping Is Who We Are are trade names and trademarks of The Independent Order of Foresters (a fraternal benefit society, 789 Don Mills Rd, Toronto, Ontario, Canada M3C 1T9) and its subsidiaries. MB768 200914 US 05/24