

**REPORT ON E-L FINANCIAL CORPORATION LIMITED**

---

The following Management's Discussion and Analysis ("MD&A") of the operating results and financial condition of E-L Financial Corporation Limited ("E-L Financial" or the "Company") for the first quarter of 2024 should be read in conjunction with E-L Financial's unaudited interim condensed consolidated financial statements for the three months ended March 31, 2024, as well as the MD&A and the audited consolidated financial statements which form part of the E-L Financial 2023 Annual Report dated March 7, 2024. The unaudited interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"). Unless otherwise noted, both the consolidated financial statements and this MD&A are expressed in Canadian dollars. Figures in MD&A may differ due to rounding. This MD&A is dated May 8, 2024.

This MD&A contains certain forward-looking statements that are subject to risks and uncertainties that may cause the results or events mentioned in this discussion to differ materially from actual results or events. No assurance can be given that results, performance or achievement expressed in, or implied by, any forward-looking statements within this discussion will occur, or if they do, that any benefits may be derived from them.

Unless otherwise stated, all per share amounts are based on the weighted average number of common shares and Series A Convertible Preference Shares outstanding for the period, adjusted for the Company's proportionate interest in its own common shares held indirectly through investments in associates.

Additional information relating to the Company, including its Annual Information Form, may be found at [www.sedarplus.ca](http://www.sedarplus.ca).

**Forward-looking statements and information**

Certain statements in this MD&A about the Company'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, market risk including equity risk, hedging risk, interest rate risk, foreign exchange rate risk; liquidity risk; credit risk including counterparty risk; product risk including mortality risk, policyholder behaviour risk, expense risk, morbidity risk, product design and pricing risk, underwriting and claims risk, reinsurance risk; operational risk, including legal and regulatory compliance risk, model risk, human resources risk, third party risk, technology, information security and business continuity risk; and business and strategic risk, including environmental and social risk, risk with respect to risk with respect to financial strength, capital adequacy risk, risk to competition, risk with respect to distribution channels, risk with respect to changes to applicable income tax legislation, risk with respect to brand, risk with respect to intellectual property and risk with respect to significant ownership of common shares. Please see the section titled "Description of the Business" in E-L Financial's Annual Information Form available at [www.sedarplus.ca](http://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 capital markets continue to provide access to capital. These factors are not intended to represent a complete list of the factors that could affect the Company; 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 the Company'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. The Company 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-GAAP measures**

The MD&A contains information using non-GAAP measures. Current Canadian GAAP is the IFRS Accounting Standards for the Company's consolidated financial statements. The Company believes that these measures provide useful information to its shareholders in evaluating the Company's financial results. Where non-GAAP measures are used, descriptions have been provided as to the nature of the adjustments made.

The MD&A contains reference to net equity value, net equity value per common share and growth in net equity value per common share. Net equity value per common share is described and reconciled to shareholders' equity on page 7. These terms do not have any standardized meaning according to IFRS Accounting Standards and therefore may not be comparable to similar measures presented by other companies.

Other non-GAAP measures are also used in The Empire Life Insurance Company ("Empire" or "Empire Life") section of the MD&A. These include references to 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-GAAP measures in the evaluation of issuers. Empire Life's management also uses non-GAAP 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 Empire's underlying financial results.

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-GAAP 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.

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

<i>(in millions of dollars)</i>	<b>March 31</b>	December 31
	<b>2024</b>	2023
General fund assets	\$ 9,748	\$ 9,852
Segregated fund assets	8,991	8,813
<b>Total Empire Life assets under management</b>	<b>\$ 18,739</b>	<b>\$ 18,665</b>

## The Company

E-L Financial operates as an investment and insurance holding company. In managing its operations, the Company distinguishes between two operating segments, E-L Corporate and Empire Life.

E-L Corporate's operations include the oversight of investments in global equities held through direct and indirect holdings of common shares, investment funds, closed-end investment companies and other private companies. E-L Financial holds a 56.6% (December 31, 2023 - 56.6%) interest in a closed-end investment corporation, United Corporations Limited ("United") which is listed on the Toronto Stock Exchange. United is an investment vehicle for long-term growth through investments in common equities. The invested assets and operations of United are consolidated and included in the E-L Corporate segment. In addition, E-L Corporate has two significant investments in associates which includes a 35.8% (December 31, 2023 - 36.6%) interest in Algoma Central Corporation ("Algoma") and a 24.9% (December 31, 2023 - 24.9%) interest in Economic Investment Trust Limited ("Economic"). Algoma and Economic are accounted for using the equity method.

The Company's investment in Empire Life (99.5% interest) is consolidated by E-L Financial. The Empire Life operating segment underwrites life and health insurance policies and provides segregated funds and annuity products.

The Company's strategy is to accumulate shareholder value through long-term capital appreciation and dividend and interest income from its investments. E-L Financial oversees its investments through representation on the Boards of Directors of the subsidiaries and the other companies in which the Company has significant shareholdings.

### Overview of results attributable to shareholders of E-L Financial

E-L Financial consolidated (millions of dollars)	First quarter	
	2024	2023
<b>Contribution to net income</b>		
E-L Corporate <sup>(1)</sup>	\$ 495	\$ 253
Empire Life <sup>(1)</sup>	52	52
<b>Net income</b>	<b>547</b>	305
Other comprehensive income <sup>(1)</sup>	8	3
<b>Comprehensive income</b>	<b>\$ 555</b>	\$ 308

The following tables summarize the results of the Company's business segments:

E-L Corporate (millions of dollars)	First quarter	
	2024	2023
Net gain on investments	\$ 629	\$ 323
Investment and other income	34	38
Share of associates income	5	10
	<b>668</b>	371
Expenses	12	14
Income taxes	88	44
Non-controlling interests	73	60
	<b>173</b>	118
<b>Net income</b>	<b>495</b>	253
Other comprehensive income, net of taxes <sup>(1)</sup>	4	2
<b>Comprehensive income</b>	<b>\$ 499</b>	\$ 255

<b>Empire Life</b> <i>(millions of dollars)</i>	<b>First quarter</b>	
	<b>2024</b>	<b>2023</b>
Net insurance service result	\$ 39	\$ 44
Net investment and insurance finance result	55	47
Fee and other income <sup>(2)</sup>	7	7
	<b>101</b>	<b>98</b>
Expenses	25	30
Income and other taxes	18	12
Non-controlling interests and net income attributable to the participating account	6	4
	<b>49</b>	<b>46</b>
<b>Net income</b>	<b>52</b>	<b>52</b>
Other comprehensive income, net of taxes <sup>(1)</sup>	4	1
<b>Comprehensive income</b>	<b>\$ 56</b>	<b>\$ 53</b>

<sup>(1)</sup> Net of non-controlling interests and net income attributable to the participating account

<sup>(2)</sup> Included in non-insurance investment results

E-L Financial reported a consolidated 2024 shareholder's net income of \$547 million or \$161.41 per common share for the first quarter 2024 of compared to \$305 million or \$86.96 per common share in 2023.

E-L Corporate reported net income of \$495 million for the first quarter of 2024 compared to \$253 million in 2023. The increase in earnings was due to a net gain on investments of \$629 million in 2024 compared to \$323 million in 2023. E-L Corporate's global investment portfolio had a pre-tax total return, including dividend income, of 11% in 2024 compared to a pre-tax total return of 8% in the prior year.

Empire Life reported a net income of \$52 million for the first quarter of 2024 which is consistent with the first quarter of 2023. The earnings in 2024 were impacted by favourable market-related movements which was offset by mortality experience from Individual Insurance products.

### **Normal course issuer bid**

On March 7, 2024, the Company obtained approval from the TSX to renew its normal course issuer bid ("NCIB") to purchase up to 173,086 common shares between March 12, 2024 and March 11, 2025. Daily purchases (other than pursuant to a block purchase exemption) on the TSX under the NCIB are limited to 1,000 common shares. The price that the Company pays for the common shares is the prevailing market price at the time of acquisition.

No shares were purchased under the NCIB for the three months ended March 31, 2024. For the 12 month period ended December 31, 2023, 4,700 shares were purchased under the NCIB at an average price of \$900.78 for a total consideration of \$4 million.

**Net equity value per common share**

E-L Corporate's investments in Algoma and Economic are accounted for using the equity method and are not carried at fair value. Therefore, to provide an indication of the accumulated shareholder value, the following table adjusts shareholders' equity to reflect investments in associates at fair value:

<i>(millions of dollars, except per share amounts)</i>	<b>Q1 2024</b>	Q4 2023	Q1 2023
E-L Financial shareholders' equity	\$ 7,652	\$ 7,114	\$ 6,628
Less: First preference shares	(300)	(300)	(300)
	<b>7,352</b>	6,814	6,328
Adjustments for E-L Corporate's investments in associates not carried at fair value:			
Carrying value	(395)	(394)	(425)
Fair value <sup>(1)</sup>	<b>398</b>	394	405
	<b>3</b>	—	(20)
Non-controlling interest and deferred tax	(1)	—	8
	<b>2</b>	—	(12)
Net equity value	\$ <b>7,354</b>	\$ 6,814	\$ 6,316
Common shares <sup>(2)</sup> outstanding at year end	<b>3,461,980</b>	3,461,980	3,557,348
<b>Net equity value per common share<sup>(2) (3)</sup></b>	\$ <b>2,124.20</b>	\$ 1,968.17	\$ 1,775.42

<sup>(1)</sup> Based on quoted market prices

<sup>(2)</sup> Common shares includes Series A Convertible Preference Shares

<sup>(3)</sup> See non-GAAP measures

The common shares outstanding for Q1 2024 and Q4 2023 are lower compared to Q1 2023 due to common shares acquired in 2023 as part of the Company's NCIB and substantial issuer bid.

**Growth in net equity value per common share**

The Company's objective is to build long-term shareholder value by compounding growth in net equity value per common share over the long term. Set out below is a table that shows the net equity value per common share and growth for the respective fiscal periods. The growth in net equity value per common share and compounded annual growth in net equity value per common share is calculated as the change in net equity value per share for the respective period and includes dividends paid to common shareholders.

<b>Annual</b>	<b>Net equity value per common share *</b>	<b>Growth*</b>
	\$	%
2014	970.65	11.3
2015	1,089.23	12.3
2016	1,159.26	6.8
2017	1,316.64	14.0
2018	1,295.65	(1.2)
2019	1,486.19	15.1
2020	1,684.93	15.4
2021	1,884.08	17.1
2022	1,785.66	(3.4)
2023	1,968.17	11.1
<b>Year to date</b>		
March 31, 2024	2,124.20	8.1
<b>Compounded annual growth in net equity value per common share*</b>		
2014 - 2023 - 10 years		9.5
1969 - 2023 - Since inception		12.2

\* This chart was drawn from the individual annual reports and has not been restated for any subsequent changes in accounting policies. Net equity value amounts are reduced by deferred income tax liabilities on net unrealized investment gains. See non-GAAP measures.

## Summary of quarterly results

The following table summarizes the quarterly results:

<i>(millions of dollars, except per share amounts)</i>	2024				2023				2022
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	
Insurance service revenue	\$ 339	\$ 335	\$ 337	\$ 328	\$ 326	\$ 323	\$ 310	\$ 318	
Net investment and insurance finance result	55	142	(47)	8	47	(44)	2	(77)	
Fair value change in fair value through profit or loss investments	629	516	(103)	211	323	452	(60)	(697)	
Investment and other income	41	40	37	35	46	42	41	42	
Share of income (loss) of associates	6	(30)	4	9	10	24	30	2	
Total revenue	\$ 1,070	\$ 1,003	\$ 228	\$ 591	\$ 752	\$ 797	\$ 323	\$ (412)	
Net income (loss) <sup>(1)</sup>	\$ 547	\$ 501	\$ (57)	\$ 184	\$ 305	\$ 376	\$ 31	\$ (506)	
Earnings (loss) per common share									
- basic	\$ 161.41	\$ 144.61	\$ (17.73)	\$ 52.07	\$ 86.96	\$ 107.62	\$ 7.59	\$ (142.50)	
- diluted	\$ 148.72	\$ 132.30	\$ (17.73)	\$ 48.31	\$ 80.00	\$ 98.80	\$ 7.59	\$ (142.50)	

<sup>(1)</sup> Attributable to shareholders

## Quarterly trend analysis

The consolidated revenue and consolidated net income of the Company are expected to fluctuate on a quarterly basis given its two segments. In particular, equity market movements, changes in interest rates, underwriting results, insurance contract liability discount rates and reserve adjustments are likely to cause fluctuations. Investment income includes dividend income earned by the Company. In general, dividends earned on investments outside North America peak in the second and fourth quarters of the year.

Revenue for the first quarter of 2024 increased compared to the prior quarter and the first quarter of 2023, with fluctuations mainly due to the impact of the fair value change in fair value through profit or loss ("FVTPL") investments. The fair value change in FVTPL investments have experienced significant movement over the past year, reflecting volatility in both the bond and equity markets and movements in interest rates.

Net investment and insurance finance result increased in the first quarter compared to the same period in 2023. This was mainly due to larger gains from market movements in 2024 relative to the first quarter in 2023.

## Liquidity and cash flows

The cash flow information, noted below, provides supplemental information that is considered useful in understanding the components within the cash flow statement on both a consolidated and non-consolidated basis.

### Consolidated cash flows

The condensed cash flows of United and Empire Life, as well as E-L Financial non-consolidated and consolidated are presented below:

Period ended March 31 (millions of dollars)	E-L Financial (non- consolidated)	United	Empire Life	Consolidation adjustments	E-L Financial Consolidated	
					2024	2023
Cash flows from:						
Operating activities	\$ 12	\$ 4	\$ 41	\$ (4)	\$ 53	\$ 76
Financing activities	(12)	(43)	(9)	3	(61)	(92)
Investing activities	(5)	60	(172)	1	(116)	(6)
(Decrease) increase in cash and cash equivalents	(5)	21	(140)	—	(124)	(22)
Cash and cash equivalents, beginning of the period	59	34	348	—	441	303
Cash and cash equivalents, end of the period	\$ 54	\$ 55	\$ 208	\$ —	\$ 317	\$ 281

The increase in cash provided from operating activities in 2024 relative to 2023 reflects the increase in cash earnings during 2024 compared to the prior year. For Empire Life, cash flows from operating activities include premiums, net investment income and fee income. These funds are primarily used to pay policy benefit payments, commissions, operating expenses and policyholder dividends.

Cash used for financing activities increased during the first quarter of 2024 mainly due to an increase in the quarterly dividend in Q2 2023 from \$2.50 to \$3.75 per Common Share combined with a reduction in borrowings. During Q1 2024 United repaid the \$40 million operating credit facility, which was partially offset by a \$6 million increase in E-L Financial's (non-consolidated) margin loan.

Cash used for investing activities in 2024 increased compared to the same period in 2023 as Empire Life's investment portfolio purchasing activity increased while sales of investment assets declined relative to the prior period.

*Non-consolidated cash flows of E-L Financial*

E-L Financial's corporate cash flows from operating activities, before payment of dividends, are primarily comprised of dividends and interest received, less operating expenses and income taxes.

The following table details the non-consolidated cash flows of the Company on a direct basis, excluding the cash flows of the subsidiaries. This table has been prepared to assist the reader in isolating the cash flows of E-L Financial (non-consolidated).

**Three months ended March 31**

<i>(millions of dollars)</i>	<b>2024</b>	2023
Cash flows from:		
Operating activities		
Dividends from subsidiaries	\$ 2	\$ 2
Dividends and interest	19	27
Expenses and taxes, net of other income	(9)	(11)
	<b>12</b>	18
Financing activities		
Cash dividends	(17)	(13)
Increase (decrease) in margin loan	6	(20)
Interest paid on borrowings	(1)	—
	<b>(12)</b>	(33)
Investing activities		
Purchases of investments	(102)	(111)
Proceeds from sales of investments	89	82
Dividends from associates	8	23
	<b>(5)</b>	(6)
Decrease in cash and cash equivalents	(5)	(21)
Cash and cash equivalents, beginning of the period	59	70
Cash and cash equivalents, end of the period	\$ 54	\$ 49

During the first quarter of 2024, the non-consolidated cash and cash equivalents of E-L Financial decreased by \$5 million.

Operating cash flows for the first quarter of 2024 decreased compared with the prior year mainly due to lower dividends received in the current quarter compared to the prior year. The increase in cash used for financing activities for 2024 are due to the reasons described under the consolidated cash flows narrative above. Cash flows from dividends from associates in 2023 included a special dividend paid by Algoma during the first quarter of 2023.

E-L Financial maintains sufficient liquidity through holding cash equivalents and a sufficient amount of marketable investments that may be sold, if necessary, to fund new investment opportunities and to meet any operating cash flow requirements.

**Analysis of business segments**

The remainder of this MD&A discusses the individual results of operations and financial condition of the Company's business segments: E-L Corporate and Empire Life.

**E-L CORPORATE**

E-L Corporate's operations includes the oversight of investments in global equities held through direct and indirect holdings of common shares, investment funds, closed-end investment companies, a limited partnership and other private companies.

Investments in Economic and Algoma are reported as investments in associates and are discussed below. Investments in equities and fixed income securities held directly by E-L Financial and through United are combined to form "Investments – corporate".

**Investments - corporate**

Investments - corporate includes investments in equities and short-term fixed-income investments. At March 31, 2024, investments - corporate had aggregate investments of \$7.2 billion, comprised primarily of common shares and units of investment funds, compared to aggregate investments at December 31, 2023 of \$6.6 billion. The fair value of investments - corporate is summarized in the table below:

<i>(millions of dollars)</i>	<b>March 31 2024</b>	December 31 2023
Preferred shares	\$ 2	\$ 1
Common shares and units		
Canada	1,012	973
U.S.	4,176	3,743
Europe and United Kingdom	1,241	1,148
Other	740	728
Total	<b>7,169</b>	6,592
<b>Total invested assets</b>	<b>\$ 7,171</b>	<b>\$ 6,593</b>

In the normal course of business, investment commitments are outstanding which are not reflected in the consolidated financial statements. As of March 31, 2024, E-L Corporate has \$246 million (December 31, 2023 - \$254 million) in unfunded commitments in limited partnerships.

The following table provides a summary of E-L Corporate's results:

<i>(millions of dollars)</i>	<b>2024</b>	<b>First quarter 2023</b>
Net gain on investments	\$ 629	\$ 323
Investment and other income	34	38
Share of associates income	5	10
	<b>668</b>	371
Expenses	12	14
Income taxes	88	44
Non-controlling interests	73	60
	<b>173</b>	118
<b>Net income</b>	<b>495</b>	253
OCI, net of taxes	4	2
<b>Comprehensive income</b>	<b>\$ 499</b>	<b>\$ 255</b>

E-L Corporate reported net income of \$495 million in the first quarter of 2024 compared to \$253 million for the comparative period in 2023. For the first quarter of 2024 there was a net gain on investments of \$629 million compared to \$323 million for the first quarter of 2023. E-L Corporate's global investment portfolio had a pre-tax total return, including dividend income of 11% for the first quarter of 2024 compared to 8% for the first quarter of 2023.

Investment and other income was lower on a year to date basis compared to 2023. Investment and other income consists primarily of dividend income received from E-L Corporate's investment portfolio. In general, dividend income is impacted by the composition of the investment portfolio and foreign exchange rates.

Operating expenses have decreased on a year to date basis compared to the same period in 2023.

### Share of associates income

The details of E-L Corporate's share of income of associates are as follows:

<i>(millions of dollars)</i>	<b>First quarter</b>	
	<b>2024</b>	<b>2023</b>
Algoma	<b>\$ (6)</b>	<b>\$ (3)</b>
Economic	<b>11</b>	<b>13</b>
	<b>\$ 5</b>	<b>\$ 10</b>

Share of associate's income includes impairment provisions for Economic of \$5 million (March 31, 2023 - an \$8 million impairment reversal).

The nature of Algoma's business is such that earnings in the first quarter of each year typically reflects a loss due to the reduced level of shipping activity during the winter and the timing of maintenance spending.

Economic owns, directly and indirectly, long-term investments in the common shares of some publicly-traded Canadian companies, and a managed global investment portfolio of common shares of publicly-traded global companies. Economic's global investment portfolio had a pre-tax total return, gross of fees, of 13% for the first quarter of 2024 compared to 5% in 2023.

The ownership interests, carrying value and fair value of E-L Corporate's investment in associates is summarized in the table below:

	<b>March 31, 2024</b>			<b>December 31, 2023</b>		
	<b>Ownership</b>	<b>Carrying value</b>	<b>Fair value</b>	<b>Ownership</b>	<b>Carrying value</b>	<b>Fair value</b>
Algoma	<b>35.8 %</b>	<b>\$ 206</b>	<b>\$ 210</b>	36.6 %	\$ 211	\$ 211
Economic	<b>24.9 %</b>	<b>189</b>	<b>189</b>	24.9 %	183	183
Total		<b>\$ 395</b>	<b>\$ 398</b>		<b>\$ 394</b>	<b>\$ 394</b>

Ownership of Algoma decreased during the year due to common shares issued from the conversion of Algoma's debentures into common shares. This was partially offset by shares repurchased through Algoma's NCIB program.

Algoma and Economic are Canadian public companies for which further information is publicly available.

### Risk management

The objective of the Company's risk management process is to ensure that the operations of the Company encompassing risk are consistent with the Company's objectives and risk tolerance, while maintaining an appropriate risk/reward balance.

### Market risk

Market risk is the most significant risk impacting E-L Corporate as its investing activities are influenced by market price, foreign currency and interest rate risk. As the Company's investment portfolio is represented by Canadian and global equities, the value of its investments will vary from day to day depending on a number of market factors including economic conditions, global events, market sentiment, and on the performance of the issuers of the securities in which the Company invests. Changes in foreign currency exchange rates will also affect the value of investments of non-Canadian dollar securities. As of March 31, 2024, 61% (December 31, 2023 - 59%) of the investment - corporate including cash and cash equivalents was denominated in U.S. dollars, 9% (December 31, 2023 - 9%) in Euros and 4% (December 31, 2023 - 5%) in the Japanese Yen representing the largest foreign currency exposures. The Company also holds investments within emerging markets. Investments in emerging markets are more likely to experience political, economic and social instability, which may result in higher levels of market value volatility.

### Credit risk

In addition to the discussion of risks included in this MD&A, a comprehensive discussion of the material risks that impact the Company is included in the Annual Information Form which is available at [www.sedarplus.ca](http://www.sedarplus.ca). Disclosures regarding E-L Corporate's financial instruments, including financial risk management, are included in Notes 3 and 14 to the consolidated financial statements.

### Significant Development

On April 16, 2024, the 2024 Canadian federal budget was presented in the House of Commons. This budget will increase the inclusion rate on capital gains for income tax purposes from 1/2 to 2/3 on gains realized on or after June 25, 2024. The Company records income taxes payable on realized investment gains and deferred income tax liabilities on the unrealized appreciation of its investments. Once this change is approved and becomes substantively enacted the impact of these changes will be reflected in the Company's financial statements and will reduce the net equity value of the Company.

### Outlook

The Company's future earning prospects are dependent on the successful management of its E-L Corporate portfolio and on the continued profitability of its insurance company subsidiary. The performance of the E-L Corporate portfolio is impacted by global equity markets and the selection of equity and fixed income investments. The Company continues to maintain its strategy of accumulating shareholder value through long-term capital appreciation and dividend and interest income.

**REPORT ON EMPIRE LIFE**

Empire Life provides a broad range of life insurance and wealth management products, employee benefit plans and financial services to meet the needs of individuals, professionals and businesses through a network of Independent Financial Advisors (“IFA”), Managing General Agents (“MGA”), National Account firms and Group Solutions brokers and representatives.

Empire Life’s net income attributable to the owners of E-L Financial, after adjustment for non-controlling interests, is shown in the following table:

**Financial analysis overview**

<i>(millions of dollars)</i>	<b>First quarter</b>	
	<b>2024</b>	<b>2023</b>
Empire Life common shareholders’ net income	\$ 52	\$ 52
Non-Controlling interests	—	—
Net income contribution to E-L Financial	\$ 52	\$ 52

	<b>Mar 31 2024</b>	Dec 31 2023	Sep 30 2023	Jun 30 2023	Mar 31 2023
<b>LICAT total ratio</b>	<b>157 %</b>	155 %	152 %	151 %	152 %

Empire Life reported first quarter common shareholders’ net income of \$52 million for 2024, which is consistent with the same quarter in 2023. Favourable market-related movements in the period were offset by mortality experience in the Individual Insurance products.

## Results by Major Product Line

The following tables provide a summary of Empire Life results by major product line for the first quarter. A discussion of results is provided in the Product Line Results section of the MD&A.

### For the three months ended March 31, 2024

(in millions of dollars)	Wealth Management	Group Solutions	Individual Insurance	Capital & Surplus	Total
Insurance revenue	\$ 60	\$ 163	\$ 116	\$ —	\$ 339
Insurance service expenses	(32)	(157)	(93)	—	(282)
Insurance service result	28	6	23	—	57
Net expense from reinsurance contracts held	(1)	(5)	(12)	—	(18)
<b>Net insurance service result</b>	<b>27</b>	<b>1</b>	<b>11</b>	<b>—</b>	<b>39</b>
Investment income (loss), excluding segregated fund account balances					
Investment income	17	(1)	(100)	(12)	(96)
Change in investment contracts	(2)	—	—	—	(2)
<b>Net investment result, excluding segregated fund account balances</b>	<b>15</b>	<b>(1)</b>	<b>(100)</b>	<b>(12)</b>	<b>(98)</b>
Insurance finance income, excluding segregated fund account balances					
Insurance contracts	2	—	147	—	149
Reinsurance contracts held	—	—	4	—	4
<b>Net insurance finance income, excluding segregated fund account balances</b>	<b>2</b>	<b>—</b>	<b>151</b>	<b>—</b>	<b>153</b>
Segregated fund account balances net investment and insurance finance result					
Investment income on investments for segregated fund account balances	441	—	1	—	442
Insurance finance expenses for segregated fund account balances	(441)	—	(1)	—	(442)
<b>Segregated funds account balances net investment and insurance finance result</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Net investment and insurance finance result</b>	<b>17</b>	<b>(1)</b>	<b>51</b>	<b>(12)</b>	<b>55</b>
Fee and other income	—	2	—	5	7
Non-insurance expenses	(7)	(4)	(7)	(3)	(21)
Interest expenses	—	—	—	(4)	(4)
<b>Total other income and expenses</b>	<b>(7)</b>	<b>(2)</b>	<b>(7)</b>	<b>(2)</b>	<b>(18)</b>
Net income (loss) before taxes	37	(2)	55	(14)	76
Income taxes					(18)
<b>Net income after taxes</b>					<b>58</b>
Less: net income attributable to the participating account					3
Less: preferred share dividends declared and distributions on other equity instruments					3
Empire Life's common shareholder's net income					52
Non-controlling interests in net income					—
<b>Net income attributable to owners of E-L Financial</b>				<b>\$</b>	<b>52</b>

**For the three months ended March 31, 2023**

(in millions of dollars)	Wealth Management	Group Solutions	Individual Insurance	Capital & Surplus	Total
Insurance revenue	\$ 58	\$ 156	\$ 112	\$ —	\$ 326
Insurance service expenses	(30)	(154)	(83)	—	(267)
Insurance service result	28	2	29	—	59
Net expense from reinsurance contracts held	—	(2)	(13)	—	(15)
<b>Net insurance service result</b>	<b>28</b>	<b>—</b>	<b>16</b>	<b>—</b>	<b>44</b>
Investment income (loss), excluding segregated funds					
Investment income	15	5	250	50	320
Change in investment contracts <sup>(1)</sup>	(10)	—	—	—	(10)
<b>Net investment result, excluding segregated fund account balances</b>	<b>5</b>	<b>5</b>	<b>250</b>	<b>50</b>	<b>310</b>
Insurance finance (expense) income, excluding segregated fund account balances					
Insurance contracts	(14)	(9)	(231)	—	(254)
Reinsurance contracts held	—	4	(13)	—	(9)
<b>Net insurance finance expense, excluding segregated fund account balances</b>	<b>(14)</b>	<b>(5)</b>	<b>(244)</b>	<b>—</b>	<b>(263)</b>
Segregated fund account balances net investment and insurance finance result					
Investment income on investments for segregated fund account balances	281	—	—	—	281
Insurance finance expenses for segregated fund	(281)	—	—	—	(281)
<b>Segregated funds account balances net finance and investment result</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Net investment and insurance finance result</b>	<b>(9)</b>	<b>—</b>	<b>6</b>	<b>50</b>	<b>47</b>
Fee and other income <sup>(1)</sup>	—	2	—	5	7
Non-insurance expenses	(7)	(3)	(6)	(7)	(23)
Interest expenses <sup>(1)</sup>	—	—	—	(5)	(5)
<b>Total other income and expenses</b>	<b>(7)</b>	<b>(1)</b>	<b>(6)</b>	<b>(7)</b>	<b>(21)</b>
Net income (loss) before taxes	12	(1)	16	43	70
Income taxes <sup>(1)</sup>					(13)
<b>Net income after taxes</b>					<b>57</b>
Less: net income attributable to the participating account					2
Less: preferred share dividends declared					3
Empire Life's common shareholder's net income					52
Non-controlling interests in net income					—
<b>Net income attributable to owners of E-L Financial</b>				<b>\$</b>	<b>52</b>

<sup>(1)</sup> Amounts have been revised from those previously presented.

Empire Life reported first quarter common shareholders' net income of \$52 million for 2024, which is consistent with the same quarter in 2023. Favourable market-related movements in the period were offset by mortality experience in the Individual Insurance products.

Net insurance service result decreased \$5 million in the first quarter, compared to the same period in 2023, due to unfavourable mortality experience in Individual Insurance products.

Net investment and insurance finance result increased \$8 million in the first quarter compared to the same period in 2023. This was mainly due to larger gains from market movements in 2024 relative to the first quarter in 2023.

Total other income and expenses changed by \$3 million in the first quarter compared to the same period in 2023, mainly from timing relating to the subordinated debt redemption and issuance in the first quarter of 2023.

### Product Line Results - Wealth Management

(in millions of dollars)	<b>First quarter</b>	
	<b>2024</b>	<b>2023</b>
<b>Fixed annuities</b>		
Assets under management <sup>(1)</sup>	\$ 997	\$ 811
Gross sales <sup>(1)</sup>	67	45
Net sales <sup>(1)</sup>	21	8
<b>Segregated funds</b>		
Assets under management <sup>(1)</sup>	\$ 8,973	\$ 8,707
Gross sales <sup>(1)</sup>	229	244
Net sales <sup>(1)</sup>	(218)	(52)

<sup>(1)</sup> See Non-IFRS Accounting Standards measures section

(in millions of dollars)	<b>First quarter</b>	
	<b>2024</b>	<b>2023</b>
Net insurance service result	\$ 27	\$ 28
Net investment and insurance finance result <sup>(1)</sup>	17	(9)
Non-insurance operating expenses	(7)	(7)
<b>Net income before taxes</b>	<b>\$ 37</b>	<b>\$ 12</b>

<sup>(1)</sup> Amounts have been revised from those previously presented.

Fixed annuities assets under management were 23% higher relative to the same period in 2023. Gross sales in the first quarter were 49% higher than the same period in 2023, relating to continued strong demand for GICs from higher interest rates.

Segregated fund assets under management were 3% higher relative to the same period in 2023, reflecting favourable market movements, partially offset by net outflows. For the first quarter of 2024, gross sales of segregated funds were 6% lower than the same period in 2023, as consumers continue to favour fixed annuity products.

Net income for the first quarter increased \$25 million, compared to the same period in 2023, mainly from the net investment and insurance finance result driven by the fixed annuity business due to market and interest rate movements.

**Product line results - Group Solutions**

(in millions of dollars)	<b>First quarter</b>	
	<b>2024</b>	2023
<b>Annualized premium sales</b>		
Core	\$ 15	\$ 11
Other	7	7
<b>Annualized premium sales<sup>(1)</sup></b>	<b>\$ 22</b>	<b>\$ 18</b>

(in millions of dollars)	<b>First quarter</b>	
	<b>2024</b>	2023
<b>Insurance revenue</b>	<b>\$ 163</b>	\$ 156
Net insurance service result	\$ 1	—
Net investment and insurance finance result	(1)	—
Fee and other income	2	2
Non-insurance operating expenses	(4)	(3)
<b>Net loss before taxes</b>	<b>\$ (2)</b>	\$ (1)

<sup>(1)</sup> See Non-IFRS Accounting Standards measures section

Total annualized premium sales increased 22% in the first quarter compared to the same period in 2023 due to strong sales in core product offerings. In the current quarter, Group Solutions also recognized sales from newly launched product lines.

Total insurance revenue increased 4% in the the first quarter compared to the same period in 2023, primarily due to organic growth in specialty partnerships.

For the first quarter, net loss before taxes was consistent with the same period in 2023. Favourable life and long-term disability claims experience from the prior year was offset by unfavourable interest rate movements.

**Product line results - Individual Insurance**

(in millions of dollars)	<b>First quarter</b>	
	<b>2024</b>	2023
<b>Shareholders'</b>		
Shareholders' annualized premium sales <sup>(1)</sup>	\$ 10	\$ 10
Net income before taxes	52	14
<b>Policyholders'</b>		
Policyholders' annualized premium sales <sup>(1)</sup>	\$ 4	\$ 4
Net income before taxes	3	2

<sup>(1)</sup> See Non-IFRS Accounting Standards measures section

(in millions of dollars)	<b>First quarter</b>	
	<b>2024</b>	2023
Net insurance service result	\$ 11	\$ 16
Net investment and insurance finance result	51	6
Non-insurance operating expenses	(7)	(6)
<b>Net income before taxes</b>	<b>\$ 55</b>	<b>\$ 16</b>

Shareholders' annualized premium sales in the first quarter were consistent with the same period in 2023, resulting from continued strong sales of the traditional non-participating term insurance products.

Shareholders' net income before taxes for the first quarter of 2024 increased \$38 million in 2024 compared to 2023, primarily from the positive impact rising interest rates had on the net investment and

insurance finance results in 2024. This factor was partially offset by higher mortality losses in our traditional non-participating and universal life insurance products.

### Results - Capital and Surplus

(in millions of dollars)	First quarter	
	2024	2023
Net investment results	\$ (12)	\$ 50
Other income and expenses	(2)	(7)
Net (loss) income before taxes	\$ (14)	\$ 43

Compared to the prior period, net income before taxes decreased \$57 million in the Capital and Surplus segment, driven by the impact increasing interest rates had on the investment portfolio. The prior year also included interest expense relating to the subordinated debt redemption and issuance.

### Results - Net Contractual Service Margin

(Amounts are net of reinsurance contracts held, in millions of dollars)	First quarter	
	2024	2023
<b>Net contractual service margin, beginning of period</b>	<b>\$ 1,415</b>	<b>\$ 1,544</b>
Impact of new insurance business	15	19
Interest accretion	6	6
Insurance experience <sup>(1)</sup>	(7)	(4)
Economic experience <sup>(1)</sup>	108	15
Assumption updates <sup>(1)</sup>	4	1
CSM recognized for services provided	(42)	(41)
<b>Net contractual service margin, end of period</b>	<b>\$ 1,499</b>	<b>\$ 1,540</b>

<sup>(1)</sup> Insurance experience, Economic experience and Assumption updates are components of 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 fulfillment cash flows that adjust CSM.

The net contractual service margin ("CSM") for the first quarter of 2024 was \$1,499 million, an increase of \$84 million from December 31, 2023, largely driven by:

- New insurance business: Strong traditional non-participating term insurance sales, which was offset by lower segregated fund sales.
- Economic experience: The increase in the quarter was driven by the positive impact of equity market returns and rising interest rates on the segregated fund products.
- CSM amortization: Remains relatively consistent quarter to quarter.

### Financial Instruments

Empire Life holds an investment portfolio that is actively managed to optimize yield, quality and liquidity while ensuring diversification and duration-matched to future obligations. 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 Empire Life. 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, Asset Management 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.

### 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	
	March 31 2024	December 31 2023
Subordinated debentures	\$ 399	\$ 399
Equity		
Preferred shares and other equity instruments	\$ 297	\$ 297
Common shares	1	1
<b>Total Equity</b>	<b>\$ 298</b>	<b>\$ 298</b>

Details of Empire Life's outstanding subordinated debentures are as follows:

(in millions of dollars)	Date Issued	Earliest Redemption Date	Yield	As at	
				March 31 2024	December 31 2023
Series 2021-1 <sup>(1)</sup>	September 2021	September 24, 2026	2.024%	\$ 199	\$ 199
Series 2023-1 <sup>(2)</sup>	January 2023	January 13, 2028	5.503%	\$ 200	\$ 199

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

<sup>(2)</sup> Series 2023-1 Subordinated 5.503% Unsecured Debentures due 2033. From January 13, 2028, interest is payable at 2.26% over CORRA.

Details of Empire Life's outstanding preferred shares and other equity instruments are as follows:

(in millions of dollars)	Date Issued	Earliest Redemption Date	Yield	As at	
				March 31 2024	December 31 2023
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

## Security rating

The securities issued by Empire Life are rated by DBRS Limited ("DBRS"). DBRS has assigned the following ratings to Empire Life'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") measures the capital adequacy of an insurer and is one of several indicators used by OSFI to assess an insurer's financial condition. Empire Life 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)	Mar 31 2024	Dec 31 2023	Sep 30 2023	Jun 30 2023	Mar 31 2023
<b>Available capital</b>					
Tier 1	\$ 2,222	\$ 2,135	\$ 2,190	\$ 2,180	\$ 2,213
Tier 2	683	714	626	663	647
Total	\$ 2,905	\$ 2,849	\$ 2,816	\$ 2,843	\$ 2,860
<b>Surplus allowance and eligible deposits</b>	\$ 638	\$ 651	\$ 561	\$ 608	\$ 598
<b>Base solvency buffer</b>	2,254	2,252	2,228	2,293	2,276
<b>LICAT total ratio</b>	157 %	155 %	152 %	151 %	152 %
<b>LICAT core ratio</b>	118 %	115 %	116 %	114 %	116 %

The change in the LICAT total ratio in the first quarter of 2024 is due to strong earnings for the period related to favourable net investment results, partially offset by unfavourable mortality experience in the Individual Insurance segment.

## Risk Management

Empire Life is a financial institution offering wealth management, group solutions and individual insurance products. Empire Life 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 Empire Life. While all risks cannot necessarily be eliminated or known with certainty, the goal of Empire Life'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.

## Caution Related to Sensitivities

In the sections that follow, Empire Life 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 Empire Life's future net income, CSM, equity and capital sensitivities. Given the nature of these calculations, Empire Life 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 Empire Life 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 quarter ended March 31, 2024, Empire Life experienced a loss of \$2.0 million pre-tax on the hedging program, due to realized and unrealized fair value gains. This compares to a hedge loss of \$7.3 million pre-tax over the same period in 2023.

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 March 31, 2024, Empire Life had \$9.0 billion of segregated fund assets and liabilities. Of this amount, approximately \$8.8 billion have guarantees. The following table provides a percentage breakdown by type of guarantee.

	March 31 2024	December 31 2023
<b>Percentage of segregated fund liabilities with:</b>		
75% maturity guarantee and a 75% death benefit guarantee	10 %	9 %
75% maturity guarantee and a 100% death benefit guarantee	43 %	43 %
100% maturity and death benefit guarantee (with a minimum of 15 years between deposit and maturity date)	7 %	7 %
Guaranteed minimum withdrawal benefit ("GMWB")	40 %	41 %
<b>Total</b>	<b>100 %</b>	<b>100 %</b>

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. In the first quarter of 2024, Empire Life continued to update the asset mix, reducing exposure to equity risk. As at March 31, 2024 and December 31, 2023, 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%
<b>As at March 31, 2024</b>				
Net income and equity	17	9	(7)	(8)
CSM	177	93	(107)	(233)
As at December 31, 2023				
Net income and equity	43	21	(19)	(32)
CSM	187	100	(116)	(254)

Based on stock market levels as at March 31, 2024 and December 31, 2023, the sensitivity of Empire Life LICAT Total ratio resulting from stock market increases and decreases on equity market prices is provided in the following table:

Sensitivity to equity risk	Increase		Decrease	
	20%	10%	10%	20%
Impact on LICAT				
Segregated fund guarantees	17%	9%	(1)%	(6)%
Other equity risk	1%	—%	—%	—%
Equity hedge	—%	—%	—%	(1)%
<b>As at March 31, 2024</b>				
Segregated fund guarantees	13%	5%	(1)%	(11)%
Other equity risk	1%	—%	—%	(1)%
Equity hedge	(2)%	(1)%	1%	1%
As at December 31, 2023				
	12%	4%	—%	(11)%

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	Withdrawal benefit > fund value		Maturity guarantee > fund value		Death benefit > fund value		Insurance Contract liabilities	LICAT capital
	Fund value	Amount at risk	Fund value	Amount at risk	Fund value	Amount at risk		
(millions of dollars)								
March 31, 2024	\$ 2,499	\$ 852	\$ 16	\$ 2	\$ 377	\$ 4	\$ 104	\$ 394
December 31, 2023	\$ 2,557	\$ 952	\$ 44	\$ 2	\$ 1,101	\$ 12	\$ 102	\$ 422

The first six columns of the above table show amounts associated with 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 March 31, 2024, the aggregate amount at risk for all three categories of risk was \$858 million. At December 31, 2023, the aggregate amount at risk for these three categories of risk was \$966 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 March 31, 2024 and December 31, 2023, is shown in the table below. No change to credit spreads is assumed.

<b>Sensitivity to market interest rates LICAT</b>	<b>Impact of 50 bps decrease</b>
<b>March 31, 2024 LICAT total ratio</b>	<b>3%</b>
December 31, 2023 LICAT total ratio	2%