

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 2025 should be read in conjunction with the MD&A for the year ended December 31, 2024, the Company's annual audited consolidated financial statements and the notes related thereto, the quarterly unaudited interim condensed consolidated financial statements and notes contained in this report, as well as, the Company's MD&A and unaudited interim condensed financial statements for the quarters of 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 7, 2025.

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.

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 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 6. 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 (deposits) 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 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>	March 31 2025	December 31 2024
General fund assets	\$ 10,328	\$ 10,273
Segregated fund assets	9,266	9,394
Total Empire Life assets under management	\$ 19,594	\$ 19,667

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, 2024 - 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 34.9% (December 31, 2024 - 34.9%) interest in Algoma Central Corporation ("Algoma") and a 24.9% (December 31, 2024 - 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	First quarter	
<i>(millions of dollars)</i>	2025	2024
Contribution to net income		
E-L Corporate ⁽¹⁾	\$ 16	\$ 495
Empire Life ⁽¹⁾	70	52
Net income	86	547
Other comprehensive income ⁽¹⁾	2	8
Comprehensive income	\$ 88	\$ 555

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

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

E-L Corporate <i>(millions of dollars)</i>	First quarter	
	2025	2024
Net (loss) gain on investments	\$ (70)	\$ 629
Investment and other income	81	34
Share of associates income	1	5
	12	668
Expenses	13	12
Income taxes	(10)	88
Non-controlling interests	(7)	73
	(4)	173
Net income	16	495
Other comprehensive income, net of taxes ⁽¹⁾	2	4
Comprehensive income	\$ 18	\$ 499

Empire Life <i>(millions of dollars)</i>	First quarter	
	2025	2024
Net insurance service result	\$ 50	\$ 39
Net investment and insurance finance result	80	55
Fee and other income ⁽²⁾	8	7
	138	101
Expenses	40	25
Income and other taxes	24	18
Non-controlling interests and net income attributable to the participating account	4	6
	68	49
Net income	70	52
Other comprehensive income, net of taxes ⁽¹⁾	—	4
Comprehensive income	\$ 70	\$ 56

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

⁽²⁾ Included in non-insurance investment results

E-L Financial reported a consolidated 2025 shareholder's net income of \$86 million or \$24.35 per common share for the first quarter of 2025 compared to \$547 million or \$161.41 per common share in 2024.

E-L Corporate reported net income of \$16 million for the first quarter of 2025 compared to \$495 million in 2024. The decrease in earnings was due to a net loss on investments of \$70 million in 2025 compared to a net gain of \$629 million in 2024. E-L Corporate's global investment portfolio had a pre-tax total return, including dividend income, of 1% in 2025 compared to a pre-tax total return of 11% in the prior year.

Empire Life reported a net income of \$70 million for the first quarter of 2025 compared to \$52 million in 2024, driven by strong net investment and insurance finance results due to favourable interest rate changes in this period compared to the same period in 2024, as well as improved net insurance service results in the Individual Insurance product line.

Consolidated comprehensive income for the first quarter of 2025 was \$88 million compared to \$555 million for 2024. Other comprehensive income ("OCI") was \$2 million in 2025 compared to \$8 million in 2024. The decrease in OCI in 2025 was primarily due to a lower gain on the remeasurement of the post-employment defined benefit plans in 2025.

Normal course issuer bid

On March 10, 2025, 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, 2025 and March 11, 2026. 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, 2025.

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>	Q1 2025	Q4 2024	Q1 2024
E-L Financial shareholders' equity	\$ 7,968	\$ 8,416	\$ 7,652
Less: First preference shares	(300)	(300)	(300)
	7,668	8,116	7,352
Adjustments for E-L Corporate's investments in associates not carried at fair value:			
Carrying value	(430)	(466)	(395)
Fair value ⁽¹⁾	438	430	398
	8	(36)	3
Non-controlling interest and deferred tax	(1)	8	(1)
	7	(28)	2
Net equity value	\$ 7,675	\$ 8,088	\$ 7,354
Common shares ⁽²⁾ outstanding at period end	3,461,980	3,461,980	3,461,980
Net equity value per common share^{(2) (3)}	\$ 2,216.91	\$ 2,336.43	\$ 2,124.20

⁽¹⁾ Based on quoted market prices

⁽²⁾ Common shares includes Series A Convertible Preference Shares

⁽³⁾ See non-GAAP measures

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.

Annual	Net equity value per common share *	Growth*
	\$	%
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
2024	2,336.43	22.5
Year to date		
March 31, 2025	2,216.91	1.5
Compounded annual growth in net equity value per common share*		
2015 - 2024 - 10 years		10.4
1969 - 2024 - Since inception		12.3

* 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>	2025				2024			
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Insurance service revenue	\$ 373	\$ 358	\$ 357	\$ 351	\$ 339	\$ 335	\$ 337	\$ 328
Net investment and insurance finance result	80	4	219	28	55	142	(46)	(7)
Fair value change in fair value through profit or loss investments	(70)	301	325	214	629	516	(103)	211
Non-insurance investment and other income	89	47	56	62	41	40	37	50
Share of income (loss) of associates	2	19	43	14	6	(30)	4	9
Total revenue	\$ 474	\$ 729	\$ 1,000	\$ 669	\$ 1,070	\$ 1,003	\$ 229	\$ 591
Net income (loss) ⁽¹⁾	\$ 86	\$ 287	\$ 497	\$ 232	\$ 547	\$ 501	\$ (57)	\$ 184
Earnings (loss) per common share								
- basic	\$ 24.35	\$ 84.03	\$ 146.56	\$ 67.66	\$ 161.41	\$ 144.61	\$ (17.73)	\$ 52.07
- diluted	\$ 23.91	\$ 77.93	\$ 135.13	\$ 62.96	\$ 148.72	\$ 132.30	\$ (17.73)	\$ 48.31

⁽¹⁾ 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 2025 decreased compared to the first quarter of 2024, with fluctuations mainly due to decreases in the fair value change in fair value through profit and loss investments which were partially offset by an increase in the net investment and insurance finance result and non-insurance investment and other income. The decrease in the fair value change in fair value through profit and loss investments in the first quarter of 2025, reflects the strong investment performance during the first quarter of 2024.

Net investment and insurance finance result increased by \$25 million in the first quarter of 2025 compared to the same period in 2024. This was mainly due to the favourable effect of interest rate decreases in the current period compared to the unfavourable effect of interest rate increases in the first quarter in 2024. The positive results due to interest rate changes were partly offset by less favourable net investment gains from non-fixed income assets in the first quarter of 2025 compared to the stronger results on these assets in the first quarter in 2024.

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	
					2025	2024
Cash flows from:						
Operating activities	\$ 137	\$ 4	\$ (33)	\$ (110)	\$ (2)	\$ 53
Financing activities	(539)	(189)	(7)	109	(626)	(61)
Investing activities	359	224	1	1	585	(116)
(Decrease) increase in cash and cash equivalents	(43)	39	(39)	—	(43)	(124)
Cash and cash equivalents, beginning of the period	112	42	219	—	373	441
Cash and cash equivalents, end of the period	\$ 69	\$ 81	\$ 180	\$ —	\$ 330	\$ 317

There is a decrease in cash provided from operating activities in 2025 relative to 2024 which is mostly attributable to Empire Life. 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 2025, primarily due to the Company's payment of a special cash dividend of \$150.00 per common share on March 14, 2025 and United's payment of a special cash dividend of \$16.50 per common share on February 28, 2025. During Q1 2024 United repaid the \$40 million operating credit facility.

Cash flows provided from investing activities in 2025 increased mainly due to the proceeds from higher net sales of investments by E-L Financial (non-consolidated) and United during the first quarter of 2025. Empire Life's reported lower net purchases of investments in the first quarter of 2025 compared 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>	2025	2024
Cash flows from:		
Operating activities		
Dividends from subsidiaries	\$ 107	\$ 2
Dividends and interest	66	19
Expenses and taxes, net of other income	(36)	(9)
	137	12
Financing activities		
Cash dividends	(536)	(17)
Increase in margin loan	—	6
Interest paid on borrowings	(3)	(1)
	(539)	(12)
Investing activities		
Purchases of investments	(110)	(102)
Proceeds from sales of investments	430	89
Dividends from associates	39	8
	359	(5)
Decrease in cash and cash equivalents	(43)	(5)
Cash and cash equivalents, beginning of the period	112	59
Cash and cash equivalents, end of the period	\$ 69	\$ 54

During 2025, the non-consolidated cash and cash equivalents of E-L Financial decreased by \$43 million.

Operating cash flows for 2025 increased compared with the prior year mainly due to special dividends received from United.

Cash flows used for financing activities for 2025 were impacted by the items previously discussed in the consolidated cash flows narrative above.

Cash flows from investing activities in 2025 increased compared to the same period in 2024 as E-L Financial used proceeds from sales of investments to fund the special common share dividend paid during the first quarter of 2025. Dividends from associates increased due to a special dividend paid by Economic during the first quarter of 2025.

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.

Subsequent Event

On May 7, 2025 the Company announced that it was splitting its Common Shares on a 100 for 1 basis. The Company's common shares will begin trading with "due bills" on the Toronto Stock Exchange at the opening of business on Friday, May 23, 2025 (being the Record Date) until the close of business on Friday, May 30, 2025 (being the Payment Date), inclusively.

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, 2025, 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, 2024 of \$7.8 billion. The fair value of investments - corporate is summarized in the table below:

<i>(millions of dollars)</i>	March 31 2025	December 31 2024
Preferred shares	\$ 1	\$ 2
Common shares and units		
Canada	1,132	1,130
U.S.	4,093	4,621
Europe and United Kingdom	1,250	1,274
Other	736	794
Total	7,211	7,819
Total invested assets	\$ 7,212	\$ 7,821

In the normal course of business, investment commitments are outstanding which are not reflected in the consolidated financial statements. As of March 31, 2025, E-L Corporate has \$337 million (December 31, 2024 - \$337 million) in unfunded commitments in limited partnerships.

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

<i>(millions of dollars)</i>	2025	First quarter 2024
Net (loss) gain on investments	\$ (70)	\$ 629
Investment and other income	81	34
Share of associates income	1	5
	12	668
Expenses	13	12
Income taxes	(10)	88
Non-controlling interests	(7)	73
	(4)	173
Net income	16	495
OCI, net of taxes	2	4
Comprehensive income	\$ 18	\$ 499

E-L Corporate reported net income of \$16 million in the first quarter of 2025 compared to \$495 million for the comparative period in 2024. For the first quarter of 2025 there was a net loss on investments of \$70 million compared to a gain of \$629 million for the first quarter of 2024. E-L Corporate's global investment portfolio had a pre-tax total return, including dividend income of 1% for the first quarter of 2025 compared to 11% for the first quarter of 2024.

Investment and other income was higher in the first quarter of 2025 compared to the comparative period in 2024. 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 remained consistent on a year over year basis.

Share of associates income

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

<i>(millions of dollars)</i>	First quarter	
	2025	2024
Algoma	\$ (26)	\$ (6)
Economic	27	11
	\$ 1	\$ 5

Share of associate's (loss) income includes an impairment provisions for Algoma of \$18 million (March 31, 2024 - \$nil) and an impairment reversal for Economic of \$6 million (March 31, 2024 - a \$5 million impairment provision) for the three months ended March 31, 2025.

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 4% for the first quarter of 2025 compared to 13% in 2024.

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

	March 31, 2025			December 31, 2024		
	Ownership	Carrying value	Fair value	Ownership	Carrying value	Fair value
Algoma	34.9 %	\$ 218	\$ 218	34.9 %	\$ 245	\$ 209
Economic	24.9 %	212	220	24.9 %	221	221
Total		\$ 430	\$ 438		\$ 466	\$ 430

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, 2025, 60% (December 31, 2024 - 63%) of the investment - corporate including cash and cash equivalents was denominated in U.S. dollars, 9% (December 31, 2024 - 9%) in Euros and 4% (December 31, 2024 - 4%) 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. Disclosures regarding E-L Corporate's financial instruments, including financial risk management, are included in Notes 3 and 14 to the consolidated financial statements.

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>	First quarter	
	2025	2024
Empire Life common shareholders’ net income (loss)	\$ 70	\$ 52
Non-Controlling interests	—	—
Net income contribution to E-L Financial	\$ 70	\$ 52

	Mar 31 2025	Dec 31 2024	Sep 30 2024	Jun 30 2024	Mar 31 2024
LICAT total ratio	140 %	151 %	154 %	152 %	157 %

Empire Life reported first quarter common shareholders’ net income of \$70 million, a \$18 million increase compared to the first quarter of 2024, driven by an increase in net investment and insurance finance results in the first quarter of 2025 compared to the same period in 2024, and net insurance service results which improved over the prior year. These positive results were partly offset by higher workforce costs within non-insurance operating expenses to support growth and continued investment in the business.

Results by Major Product Line

The following tables provide a summary of Empire Life results segmented by product line for the periods ended March 31, 2025 and March 31, 2024. A discussion of results is provided in the Product Line Results section of the MD&A.

For the three months ended March 31, 2025

(in millions of dollars)	Wealth Management	Group Solutions	Individual Insurance	Capital & Surplus	Total
Insurance revenue	\$ 62	\$ 177	\$ 134	\$ —	\$ 373
Insurance service expenses	(36)	(170)	(98)	—	(304)
Insurance service result	26	7	36	—	69
Net expense from reinsurance contracts held	(1)	(4)	(14)	—	(19)
Net insurance service result	25	3	22	—	50
Investment income (loss), excluding segregated fund account balances					
Investment income	29	4	97	35	165
Change in investment contracts	(7)	—	—	—	(7)
Net investment result, excluding segregated fund account balances	22	4	97	35	158
Insurance finance (expense) income, excluding segregated fund account balances					
Insurance contracts	(19)	(5)	(54)	—	(78)
Reinsurance contracts held	—	2	(2)	—	—
Net insurance finance expense, excluding segregated fund account balances	(19)	(3)	(56)	—	(78)
Segregated fund account balances net investment and insurance finance result					
Investment income on investments for segregated fund account balances	46	—	2	—	48
Insurance finance expenses for segregated fund account balances	(46)	—	(2)	—	(48)
Segregated funds account balances net investment and insurance finance result	—	—	—	—	—
Net investment and insurance finance result	3	1	41	35	80
Other income and expenses					
Fee and other income	—	1	—	7	8
Non-insurance expenses	(8)	(10)	(9)	(9)	(36)
Interest expenses	—	—	—	(4)	(4)
Total other income and expenses	(8)	(9)	(9)	(6)	(32)
Net income (loss) before taxes	\$ 20	\$ (5)	\$ 54	\$ 29	\$ 98
Income taxes					(24)
Net income after taxes					74
Less: net income attributable to the participating account					1
Less: preferred share dividends declared and distributions on other equity instruments					3
Empire Life's common shareholder's net income					70
Non-controlling interests in net income					—
Net income attributable to owners of E-L Financial				\$	70

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)
Net insurance service result	27	1	11	—	39
Investment income (loss), excluding segregated fund account balances					
Investment income (loss)	17	(1)	(100)	(12)	(96)
Change in investment contracts	(2)	—	—	—	(2)
Net investment result, excluding segregated fund account balances	15	(1)	(100)	(12)	(98)
Insurance finance income, excluding segregated fund account balances					
Insurance contracts	2	—	147	—	149
Reinsurance contracts held	—	—	4	—	4
Net insurance finance income, excluding segregated fund account balances	2	—	151	—	153
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)
Segregated funds account balances net finance and investment result	—	—	—	—	—
Net investment and insurance finance result	17	(1)	51	(12)	55
Other income and expenses					
Fee and other income	—	2	—	5	7
Non-insurance expenses	(7)	(4)	(7)	(3)	(21)
Interest expenses	—	—	—	(4)	(4)
Total other income and expenses	(7)	(2)	(7)	(2)	(18)
Net income (loss) before taxes	\$ 37	\$ (2)	\$ 55	\$ (14)	\$ 76
Income taxes					(18)
Net income after taxes					58
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					—
Net income attributable to owners of E-L Financial				\$	52

Empire Life reported common shareholders' net income of \$70 million in the first quarter of 2025, an increase of \$18 million compared to the first quarter of 2024. The period over period increase was driven by strong net investment and insurance finance results due to favourable interest rate changes in this period compared to the same period in 2024, as well as improved net insurance service results in the Individual Insurance product line.

Net insurance service result increased by \$11 million in the first quarter compared to the same period in 2024. Contributing factors include improved mortality experience in the Individual Insurance product line relative to the first quarter of 2024, and some modest health claims experience improvements in the Group Solutions product line.

Net investment and insurance finance result increased by \$25 million in the first quarter of 2025 compared to the same period in 2024. This was mainly due to the favourable effect of interest rate decreases in the current period compared to the unfavourable effect of interest rate increases in the first quarter in 2024. The positive results due to interest rate changes were partly offset by less favourable net investment gains from non-fixed income assets in the first quarter of 2025 compared to the stronger results on these assets in the first quarter in 2024.

Total other income and expenses was a net expense of \$32 million in the first quarter, compared to a net expense of \$18 million in the same period in 2024. The increase of \$14 million is due to higher non-insurance operating expenses related to workforce expenses.

Product Line Results - Wealth Management

(in millions of dollars)	First quarter	
	2025	2024
Fixed annuities		
Assets under management ⁽¹⁾	\$ 1,002	\$ 997
Gross sales ⁽¹⁾	37	67
Net sales ⁽¹⁾	5	21
Segregated funds		
Assets under management ⁽¹⁾	\$ 9,248	\$ 8,973
Gross sales ⁽¹⁾	301	229
Net sales ⁽¹⁾	(25)	(218)

⁽¹⁾ See Non-GAAP measures section.

(in millions of dollars)	First quarter	
	2025	2024
Net insurance service result	\$ 25	\$ 27
Net investment and insurance finance result	3	17
Non-insurance operating expenses	(8)	(7)
Net income before taxes	\$ 20	\$ 37

Fixed annuities assets under management were 1% higher relative to the same period in 2024, reflecting continued strength in the product line driven by ongoing customer retention and modest asset growth. Gross sales of fixed annuities in the first quarter were 45% lower than the same period in 2024, due to the change in the interest rate environment compared to the same period in the prior year, where Empire Life continues to see a shift in customer demand towards segregated fund products.

Segregated fund assets under management were 3% higher relative to the same period in 2024, reflecting favourable market movements and improvements in gross sales in the latter half of 2024 and first quarter of 2025. For the first quarter of 2025, gross sales of segregated funds were 31% higher than the same period in 2024. New fund launches in 2024 continue to contribute to the positive variance, along with increased customer demand due to strong equity market performance early in 2025.

Net income before taxes for the first quarter decreased by \$17 million compared to the same period in 2024 primarily driven by the net investment and insurance finance result. The net insurance service result decrease of \$2 million was due to some onerous contract reversals in 2024 that did not reoccur in 2025. The net investment and insurance finance result of \$3 million in the first quarter is a \$14 million decrease relative to the same period in the prior year, driven by less favourable net investment gains from non-fixed

income assets in the first quarter of 2025 compared to the stronger results on these assets in the first quarter of 2024.

Product line results - Group Solutions

(in millions of dollars)	First quarter	
	2025	2024
Annualized premium sales		
Core	\$ 26	\$ 15
Other	9	7
Total annualized premium sales ⁽¹⁾	\$ 35	\$ 22

⁽¹⁾ See Non-GAAP measures section.

(in millions of dollars)	First quarter	
	2025	2024
Insurance revenue	\$ 177	\$ 163
Net insurance service result	\$ 3	\$ 1
Net investment and insurance finance result	1	(1)
Fee and other income	1	2
Non-insurance operating expenses	(10)	(4)
Net loss before taxes	\$ (5)	\$ (2)

Total annualized premium sales increased 59% in the first quarter compared to the same periods in 2024. This increase is primarily due to strong Core sales related to block transfers for existing specialty partners, and improved results with key distribution partners.

Insurance revenue increased 9% in the first quarter, compared to the same periods in 2024, due to pricing discipline on Core business, and organic growth in specialty partnerships.

For the quarter, net loss before taxes increased \$3 million compared to the same period in 2024, which was primarily due to an increase in Non insurance operating expenses, related to increased overhead costs. This is partially offset by improvements in the net insurance service result and net investment and insurance finance result. The improvement in net insurance service result is primarily due to improvements in health claims experience, offset by increased insurance service expenses related to investments in new product lines.

Product line results - Individual Insurance

(in millions of dollars)	First quarter	
	2025	2024
Shareholders'		
Shareholders' annualized premium sales ⁽¹⁾	\$ 10	\$ 10
Net income before taxes	53	52
Policyholders'		
Policyholders' annualized premium sales ⁽¹⁾	\$ 3	\$ 4
Net income before taxes	1	3

⁽¹⁾ See Non-GAAP measures section.

(in millions of dollars)	First quarter	
	2025	2024
Net insurance service result	\$ 22	\$ 11
Net investment and insurance finance result	41	51
Non-insurance operating expenses	(9)	(7)
Net income before taxes	\$ 54	\$ 55

Shareholders' annualized premium sales were consistent in the first quarter compared to the same period in 2024. Customer interest in two new products supported robust sales for the whole life portfolio, which offset weaker term life sales related to competitor price changes.

Shareholders' net income before taxes for the first quarter of 2025 was consistent with the same period in 2024. Net insurance service result increased by \$11 million due to improved mortality experience in 2025 compared to the unfavourable experience in the first quarter of 2024. This was offset by the \$10 million decrease in the net investment and insurance finance result due to slightly less favourable impacts from interest rate movements in the first quarter of 2025 relative to the same period in 2024. While interest rate movements had a positive impact on Investment income in the current year versus prior year, they were offset by adverse effects on net insurance finance result, resulting in a net negative outcome in the net investment and insurance finance result.

Results - Capital and Surplus

(in millions of dollars)	First quarter	
	2025	2024
Net investment result	\$ 35	\$ (12)
Other income and expenses	(6)	(2)
Net income (loss) before taxes	\$ 29	\$ (14)

Net income before taxes in the Capital and Surplus segment increased by \$43 million in the first quarter of 2025, from a net loss before taxes in the same period in 2024. The increase in net investment result of \$47 million is due to the favourable effect of interest rate decreases in the current period compared to the unfavourable effect of interest rate increases in the first quarter of 2024.

Results - Net Contractual Service Margin

(Amounts are net of reinsurance contracts held, in millions of dollars)	First quarter	
	2025	2024
Net contractual service margin, beginning of period	\$ 1,410	\$ 1,415
Impact of new insurance business	16	15
Interest accretion	6	6
Insurance experience ⁽¹⁾	(19)	(7)
Economic experience ⁽¹⁾	(3)	108
Assumption updates ⁽¹⁾	(10)	4
CSM recognized for services provided	(41)	(42)
Net contractual service margin, end of period	\$ 1,359	\$ 1,499

⁽¹⁾ 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 Variable Fee Approach ("VFA") for the 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 2025 was \$1,359 million, a decrease of \$51 million from December 31, 2024. The primary drivers of change in the net CSM are:

- **New insurance business:** The net CSM increase related to new business placed in the first quarter of 2025 remained consistent with the same period in 2024.
- **Insurance experience:** A one-time change related to segregated fund expense projections, coupled with adverse lapse experience in the term insurance block led to the \$19 million decrease.
- **Economic experience:** The impact of a decrease in interest rates and lower equity returns contributed to a decrease in the CSM.
- **Assumption updates:** Updates to the insurance expense assumptions on participating policies in the first quarter of 2025 drove a \$10 million decrease in the net CSM balance during the quarter.

- CSM amortization: The recognition of CSM 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 our 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, loans and mortgages. Empire Life manages credit risk by applying its investment guidelines as established by management and approved 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. The investment guidelines also establish minimum underwriting requirements and limits for debt financing of an advisor company or managing general agent. 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 hedging programs in place 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 2025	December 31 2024
Subordinated debentures	\$ 399	\$ 399
Equity		
Preferred shares and other equity instruments	\$ 297	\$ 297
Common shares	1	1
Total Equity	\$ 298	\$ 298

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 2025	December 31 2024
Series 2021-1 ⁽¹⁾	September 2021	September 24, 2026	2.024%	\$ 200	\$ 200
Series 2023-1 ⁽²⁾	January 2023	January 13, 2028	5.503%	\$ 200	\$ 200

⁽¹⁾ Series 2021-1 Subordinated 2.024% unsecured debentures due 2031. From September 24, 2026, interest is payable at 0.67% over CORRA plus 0.32138% credit adjustment spread.

⁽²⁾ 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 2025	December 31 2024
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 ("Morningstar DBRS"). Morningstar DBRS completed its annual rating review of Empire Life in the second quarter of 2024. Morningstar DBRS confirmed all credit ratings and updated Empire Life's trend to Positive from Stable.

Evaluation type	Rating	Trend	Date of last rating action
Financial strength rating	A	Positive	May 24, 2024
Issuer rating	A	Positive	May 24, 2024
Subordinated debt	A (low)	Positive	May 24, 2024
Preferred shares	Pfd-2	Positive	May 24, 2024
Limited Recourse Capital Notes	BBB (high)	Positive	May 24, 2024

Regulatory capital

The Life Insurance Capital Adequacy Test (LICAT) measures the capital adequacy of an insurer and is one of several indicators used by the Office of the Superintendent of Financial Institutions, Canada (OSFI) to assess an insurer's financial condition⁽¹⁾. 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 2025	Dec 31 2024	Sep 30 2024	Jun 30 2024	Mar 31 2024
Available capital					
Tier 1	\$ 2,554	\$ 2,195	\$ 2,206	\$ 2,091	\$ 2,222
Tier 2	778	726	737	705	683
Total	\$ 3,332	\$ 2,921	\$ 2,943	\$ 2,796	\$ 2,905
Surplus allowance and eligible deposits	\$ 771	\$ 677	\$ 654	\$ 645	\$ 638
Base solvency buffer	\$ 2,929	\$ 2,383	\$ 2,334	\$ 2,261	\$ 2,254
LICAT total ratio	140 %	151 %	154 %	152 %	157 %
LICAT core ratio	106 %	112 %	114 %	112 %	118 %

Empire Life maintained a strong LICAT position that is well above target levels. Empire Life's Total and Core LICAT ratios decreased in the first quarter compared to the previous quarter, primarily due to the

updated OSFI LICAT guidelines, effective January 1, 2025. The new guideline contained significant changes related to capital for segregated fund guarantees and related hedging programs. The net effect of these changes resulted in a reduction of Empire Life's LICAT ratios. LICAT ratios for periods prior to January 1, 2025 have not be restated.

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, without compromising Empire Life's ability to pay claims and fulfil policyholder commitments.

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 market risk exposure related to guarantees in its segregated fund products and also related to its life insurance contract liabilities and invested assets. Empire Life maintains hedging programs intended to partially offset market impacts on its regulatory capital (LICAT) ratio. The hedging programs may employ derivatives such as forwards, swaps, options and futures. The extent of derivatives usage is monitored and managed on an ongoing basis.

There is the potential for income statement volatility from the hedging programs. 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 potentially result from the hedging instruments, where gains or losses are not directly offset by changes in other asset or liability values. For the quarter ended March 31, 2025, Empire Life experienced a neutral outcome of \$0 million pre-tax related to the hedging programs, compared to a net loss before taxes of \$2 million over the same period in 2024. The hedging program also had a net positive effect on the CSM of \$11 million for the quarter ended March 31, 2025.

Empire Life's LICAT ratio is also sensitive to stock market volatility, primarily due to liability and capital requirements related to segregated fund guarantees. As of March 31, 2025, Empire Life had \$9.2 billion of

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

	March 31 2025	December 31 2024
Percentage of segregated fund liabilities with:		
75% maturity guarantee and a 75% death benefit guarantee	13 %	12 %
75% maturity guarantee and a 100% death benefit guarantee	43 %	44 %
100% maturity and death benefit guarantee (with a minimum of 15 years between deposit and maturity date)	6 %	6 %
Guaranteed minimum withdrawal benefit ("GMWB")	38 %	38 %
Total	100 %	100 %

For segregated fund guarantee insurance contract liabilities, the level of sensitivity can be dependent on the level of equity markets. Generally when market levels are higher, the sensitivity is reduced, and vice-versa. The CSM 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.

As at March 31, 2025 and December 31, 2024, 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 (in millions of dollars)	Increase		Decrease	
	20%	10%	10%	20%
As at March 31, 2025				
Net income and equity	\$ 16	\$ 6	\$ (17)	\$ (35)
CSM	\$ 183	\$ 95	\$ (100)	\$ (195)
As at December 31, 2024				
Net income and equity	\$ 17	\$ 8	\$ —	\$ 15
CSM	\$ 186	\$ 98	\$ (114)	\$ (246)

The sensitivity of Empire Life's LICAT total ratio resulting from increases and decreases on equity markets is provided in the following table for March 31, 2025 and December 31, 2024.

As noted in the Regulatory Capital section of this MD&A, a new LICAT guideline became effective January 1, 2025. LICAT sensitivities at March 31, 2025 are calculated under the new guideline. LICAT total ratio sensitivities for December 31, 2024 have not been recalculated.

Sensitivity to equity risk	Increase		Decrease	
	20%	10%	10%	20%
Impact on LICAT				
Segregated fund guarantees	9%	5%	(6)%	(12)%
Other equity risk	1%	—%	—%	—%
Equity hedge	(5)%	(3)%	3%	6%
As at March 31, 2025	5%	2%	(3)%	(6)%
Segregated fund guarantees	16%	8%	—%	(4)%
Other equity risk	1%	—%	—%	—%
Equity hedge	—%	—%	—%	(1)%
As at December 31, 2024	17%	8%	—%	(5)%

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		
<i>(millions of dollars)</i>								
March 31, 2025	\$ 2,284	\$ 734	\$ 60	\$ 2	\$ 1,666	\$ 28	\$ 124	\$ 1,051
December 31, 2024	\$ 2,331	\$ 741	\$ 28	\$ 1	\$ 699	\$ 8	\$ 119	\$ 388

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, 2025, the aggregate amount at risk for all three categories of risk was \$764 million. At December 31, 2024, the aggregate amount at risk for these three categories of risk was \$750 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, 2025 and December 31, 2024, is shown in the table below. No change to credit spreads is assumed.

Sensitivity to market interest rates - LICAT	Impact of 50 bps decrease
March 31, 2025 LICAT total ratio	—%
December 31, 2024 LICAT total ratio	5%