

# The Empire Life Insurance Company

Condensed Interim Consolidated Financial Statements (unaudited)  
For the six months ended June 30, 2025

## NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The Company's external auditors have not performed a review of these condensed interim unaudited consolidated financial statements of The Empire Life Insurance Company

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# Interim Consolidated Statements of Financial Position

(unaudited, in thousands of Canadian dollars)

As at	Notes	June 30, 2025	December 31, 2024
<b>Assets</b>			
Cash and cash equivalents	3	\$ 153,234	\$ 219,196
Investments	3	9,255,792	9,386,398
Accrued investment income		51,494	52,827
Current tax asset		21,082	984
Other assets		141,971	45,550
Reinsurance contracts held assets	5	295,483	296,071
Property and equipment		3,096	3,361
Deferred tax asset		97,772	92,283
Investment in associates and joint venture		93,101	92,475
Intangible assets		69,385	58,752
Goodwill		24,986	24,986
Segregated fund assets	4	9,534,540	9,393,738
<b>Total assets</b>		<b>\$ 19,741,936</b>	<b>\$ 19,666,621</b>
<b>Liabilities</b>			
Insurance contract liabilities, excluding segregated fund account balances	5	\$ 6,784,077	\$ 6,868,436
Reinsurance contracts held liabilities	5	245,809	213,849
Investment contract liabilities, excluding segregated fund account balances	3	608,194	585,521
Accounts payable and other liabilities		96,849	98,147
Subordinated debt	6	399,402	399,234
Current tax liability		—	53,237
Deferred tax liability		3,863	3,986
<b>Total liabilities, excluding segregated fund account balances</b>		<b>8,138,194</b>	<b>8,222,410</b>
Insurance contract liabilities for segregated fund account balances	4,5	9,265,280	9,140,742
Investment contract liabilities for segregated fund account balances	3,4	269,260	252,996
<b>Insurance and investment contract liabilities for segregated fund account balances</b>		<b>9,534,540</b>	<b>9,393,738</b>
<b>Total liabilities</b>		<b>17,672,734</b>	<b>17,616,148</b>
<b>Equity</b>			
Preferred shares	9	100,000	100,000
Common shares	9	985	985
Other equity instruments	9	196,664	196,664
Contributed surplus		19,387	19,387
Retained earnings		1,658,936	1,649,221
Accumulated other comprehensive income		35,514	31,071
<b>Total shareholders' equity</b>		<b>2,011,486</b>	<b>1,997,328</b>
Participating account surplus	11	57,716	53,145
<b>Total equity</b>		<b>2,069,202</b>	<b>2,050,473</b>
<b>Total liabilities and equity</b>		<b>\$ 19,741,936</b>	<b>\$ 19,666,621</b>



**Duncan N. R. Jackman**

Chairman of the Board



**Mark Sylvia**

President and Chief Executive Officer

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

# Interim Consolidated Statements of Operations

(unaudited, in thousands of Canadian dollars except per share amounts)

	Notes	For the three months ended		For the six months ended	
		June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
<b>Insurance service result</b>					
Insurance revenue	5	\$ 379,201	\$ 351,285	\$ 752,287	690,327
Insurance service expenses		(305,805)	(298,625)	(610,069)	(580,659)
Insurance service result		73,396	52,660	142,218	109,668
Net recovery (expense) from reinsurance contracts held	5	(14,684)	(10,087)	(33,830)	(28,290)
<b>Net insurance service result</b>		<b>58,712</b>	<b>42,573</b>	<b>108,388</b>	<b>81,378</b>
<b>Investment and insurance finance result</b>					
<b>Investment income (loss), excluding segregated fund account balances</b>					
Investment income	3	(68,458)	74,789	96,883	(21,440)
Change in investment contracts	3	(4,286)	(4,997)	(11,935)	(6,626)
<b>Net investment result, excluding segregated fund account balances</b>	3	<b>(72,744)</b>	<b>69,792</b>	<b>84,948</b>	<b>(28,066)</b>
<b>Insurance finance income (expense), excluding segregated fund account balances</b>					
Insurance contracts	3	85,959	(44,271)	7,674	105,205
Reinsurance contracts held	3	5,019	2,006	5,454	5,683
<b>Net insurance finance income (expense), excluding segregated fund account balances</b>		<b>90,978</b>	<b>(42,265)</b>	<b>13,128</b>	<b>110,888</b>
<b>Segregated fund account balances net investment and insurance finance result</b>					
Investment income (loss) on investments for segregated fund account balances	3	408,083	17,235	456,325	459,033
Insurance finance income (expenses) segregated fund account balances	3	(408,083)	(17,235)	(456,325)	(459,033)
<b>Segregated fund account balances net investment and insurance finance result</b>		<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Net investment and insurance finance result</b>	3	<b>18,234</b>	<b>27,527</b>	<b>98,076</b>	<b>82,822</b>
<b>Other income (expenses)</b>					
Fee and other income		9,193	15,241	17,466	22,201
Non-insurance expenses		(33,268)	(31,940)	(69,933)	(53,585)
Interest expenses		(5,202)	(3,837)	(8,994)	(7,674)
<b>Total other income (expenses)</b>		<b>(29,277)</b>	<b>(20,536)</b>	<b>(61,461)</b>	<b>(39,058)</b>
<b>Net income (loss) before taxes</b>		<b>47,669</b>	<b>49,564</b>	<b>145,003</b>	<b>125,142</b>
Income taxes		(8,594)	(9,205)	(32,478)	(27,257)
<b>Net income (loss) after taxes</b>		<b>39,075</b>	<b>40,359</b>	<b>112,525</b>	<b>97,885</b>
Less: net income (loss) attributable to the participating account		4,028	2,083	4,571	4,667
<b>Shareholders' net income (loss)</b>		<b>35,047</b>	<b>38,276</b>	<b>107,954</b>	<b>93,218</b>
Less: preferred share dividends declared and distributions on other equity instruments		2,877	2,874	5,739	5,748
<b>Common shareholders' net income (loss)</b>		<b>\$ 32,170</b>	<b>\$ 35,402</b>	<b>\$ 102,215</b>	<b>\$ 87,470</b>
Earnings per share - basic and diluted	8	\$ 32.66	\$ 35.94	\$ 103.76	\$ 88.80

(2,000,000 shares authorized; 985,076 shares outstanding)

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

# Interim Consolidated Statements of Comprehensive Income

(unaudited, in thousands of Canadian dollars)

	Notes	For the three months ended		For the six months ended	
		June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
<b>Net income (loss) after taxes</b>		\$ 39,075	\$ 40,359	\$ 112,525	\$ 97,885
<b>Other comprehensive income (loss), net of income taxes:</b>					
Items that will not be reclassified to net income:					
Remeasurements of post-employment benefit liabilities	7	3,838	986	4,443	5,081
<b>Total other comprehensive income (loss)</b>		<b>3,838</b>	<b>986</b>	<b>4,443</b>	<b>5,081</b>
<b>Total comprehensive income (loss)</b>		<b>\$ 42,913</b>	<b>\$ 41,345</b>	<b>\$ 116,968</b>	<b>\$ 102,966</b>
<b>Comprehensive income (loss) attributable to:</b>					
Participating account		\$ 4,028	\$ 2,083	\$ 4,571	\$ 4,667
Shareholders		38,885	39,262	112,397	98,299
<b>Total comprehensive income (loss)</b>		<b>\$ 42,913</b>	<b>\$ 41,345</b>	<b>\$ 116,968</b>	<b>\$ 102,966</b>

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

# Interim Consolidated Statements of Changes in Equity

(unaudited, in thousands of Canadian dollars)

	Preferred Shares	Common Shares	Other Equity Instruments	Contributed Surplus	Retained Earnings	AOCI (AOCL)	Total Shareholders' Equity	Participating Account Surplus	Total Equity
<b>Balance as at January 1, 2024</b>	\$ 100,000	\$ 985	\$ 196,664	\$ 19,387	\$ 1,498,732	\$ 26,215	\$ 1,841,983	\$ 46,157	\$ 1,888,140
<b>For the period of January 1, 2024 to June 30, 2024</b>									
Comprehensive income (loss)					93,218	5,081	98,299	4,667	102,966
Preferred share dividends and distributions on other equity instruments					(5,748)		(5,748)		(5,748)
Common share dividends					(90,016)		(90,016)		(90,016)
<b>Balance as at June 30, 2024</b>	<b>100,000</b>	<b>985</b>	<b>196,664</b>	<b>19,387</b>	<b>1,496,186</b>	<b>31,296</b>	<b>1,844,518</b>	<b>50,824</b>	<b>1,895,342</b>
<b>Balance as at January 1, 2025</b>	<b>100,000</b>	<b>985</b>	<b>196,664</b>	<b>19,387</b>	<b>1,649,221</b>	<b>31,071</b>	<b>1,997,328</b>	<b>53,145</b>	<b>2,050,473</b>
<b>For the period of January 1, 2025 to June 30, 2025</b>									
Comprehensive income (loss)					107,954	4,443	112,397	4,571	116,968
Preferred share dividends and distributions on other equity instruments					(5,739)		(5,739)		(5,739)
Common share dividends					(92,500)		(92,500)		(92,500)
<b>Balance as at June 30, 2025</b>	<b>\$ 100,000</b>	<b>\$ 985</b>	<b>\$ 196,664</b>	<b>\$ 19,387</b>	<b>\$ 1,658,936</b>	<b>\$ 35,514</b>	<b>\$ 2,011,486</b>	<b>\$ 57,716</b>	<b>\$ 2,069,202</b>

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

# Interim Consolidated Statements of Cash Flows

(unaudited, in thousands of Canadian dollars)

For the six months ended	June 30, 2025	June 30, 2024
<b>Operating activities</b>		
Net income before tax	\$ 145,003	\$ 125,142
Adjustments for:		
Accrued investment income	1,333	(2,654)
Depreciation of right-of-use assets	639	651
Depreciation and amortization related to property and equipment and intangible assets	7,788	8,043
Accrued interest on lease liabilities	77	72
Net realized and unrealized loss (gain) on invested assets	72,331	188,059
Amortization of subordinated debt issuance costs	168	167
Interest on subordinated debts	7,459	7,507
Share of loss (income) of associates and joint venture	(543)	(841)
Changes in:		
Other assets	(91,027)	(12,489)
Accounts payable and other liabilities	(8,218)	(19,738)
Insurance contracts liabilities	(84,358)	(155,305)
Reinsurance contracts held	32,548	5,603
Investment contract liabilities	22,673	57,438
Cash generated from (used for) operating activities	105,873	201,655
Income taxes (paid), net of refunds	(113,015)	(39,703)
<b>Cash provided from (used for) operating activities</b>	<b>(7,142)</b>	<b>161,952</b>
<b>Investing activities</b>		
Portfolio investments		
Purchases and advances	(735,822)	(1,164,142)
Sales and maturities	801,344	973,219
Sale (purchase) of property and equipment and intangible assets	(18,155)	207
Dividends from associates and joint venture	2,295	446
Investment in associates and joint venture	(2,378)	(48,949)
<b>Cash provided from (used for) investing activities</b>	<b>47,284</b>	<b>(239,219)</b>
<b>Financing activities</b>		
Dividends paid to common shareholders	10	(90,016)
Dividends paid to preferred shareholders and distributions from other equity instruments	(5,739)	(3,094)
Payment of lease liabilities	(309)	(606)
Interest paid on subordinated debt	(7,556)	(7,547)
<b>Cash provided from (used for) financing activities</b>	<b>(106,104)</b>	<b>(101,263)</b>
<b>Net change in cash and cash equivalents</b>	<b>(65,962)</b>	<b>(178,530)</b>
<b>Cash and cash equivalents - beginning of period</b>	<b>3</b>	<b>347,707</b>
<b>Cash and cash equivalents - end of period</b>	<b>3 \$</b>	<b>169,177 \$</b>
<b>Supplementary cash flow information related to operating activities:</b>		
Interest income received	146,114	140,177
Dividend income received	26,584	25,513

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

# Condensed Notes to the Interim Consolidated Financial Statements

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

## 1. Description of Company and Summary of Operations

The Empire Life Insurance Company (Empire Life or the Company) was founded in 1923 when it was organized under a provincial charter in Toronto, Ontario. Authorization to continue as a federal corporation was obtained in 1987. The Company underwrites life and health insurance policies and provides segregated funds and annuity products for individuals and groups across Canada. The Company is a 98.3% owned subsidiary of E-L Financial Services Limited (ELFS), which in turn is a 100.0% owned subsidiary of E-L Financial Corporation Limited (E-L). E-L owns, directly and indirectly through ELFS, 99.5% of the common shares of Empire Life. The head office, principal address and registered office of the Company are located at 259 King Street East, Kingston, Ontario, K7L 3A8. Empire Life is a Federally Regulated Financial Institution, regulated by the Office of the Superintendent of Financial Institutions, Canada (OSFI) and subject to regulations in all of the provinces in which it conducts business. Empire Life became a public company on August 5, 2015 and registered as a reporting issuer with the Ontario Securities Commission.

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

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

These Condensed Interim Consolidated Financial Statements as at and for the three and six months ended June 30, 2025 were approved by the Company's Board of Directors (the Board) on July 30, 2025.

## 2. Material Accounting Policies

### 2.1. Basis of preparation

These unaudited Condensed Interim Consolidated Financial Statements of the Company have been prepared in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting as issued by the International Accounting Standards Board (IASB) and follow the same accounting policies and methods of computation as the most recent annual consolidated financial statements. These Condensed Interim Consolidated Financial Statements do not include all of the disclosures required under International Financial Reporting Standards as issued by the IASB (IFRS Accounting Standards) for annual financial statements and should be read in conjunction with the notes to the Company's audited Consolidated Financial Statements for the year ended December 31, 2024.

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

### 2.2. Basis of consolidation

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

# Condensed Notes to the Interim Consolidated Financial Statements

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

## 2.3. Estimates, assumptions and judgments

The preparation of the Condensed Interim Consolidated Financial Statements requires management to make estimates, assumptions and judgments that affect the application of accounting policies and the reported amounts of assets and liabilities as at the date of the Condensed Interim Consolidated Financial Statements, and the reported amounts of revenue and expenses during the period. On an on-going basis, management evaluates its critical judgments, estimates, and assumptions in relation to assets, liabilities, revenue and expenses. Actual results may differ from the Company's estimates thereby impacting the Condensed Interim Consolidated Financial Statements. Information on the Company's use of estimates, assumptions and judgments is discussed in Note 2.3 of the Company's audited Consolidated Financial Statements for the year ended December 31, 2024.

## 2.4. New and amended standards and interpretations

### 2.4.1. New and amended standards adopted in 2025

Effective January 1, 2025, the Company adopted the following new and amended accounting standards:

#### IAS 21 Amendments – Lack of exchangeability

In August 2023, the IASB issued narrow-scope amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates, which address determination of the exchange rate when there is a long-term lack of exchangeability, and introduce additional disclosure requirements when a currency is not exchangeable. The amendments are effective for annual reporting periods beginning on or after January 1, 2025, to be recognized as an adjustment to opening retained earnings on the date of initial adoption. There were no material impacts to the Company's Condensed Interim Consolidated Financial Statements resulting from these amendments.

### 2.4.2. Standards issued but not yet applied

#### IFRS 18 – Presentation and Disclosures in Financial Statements

In April 2024, the IASB issued IFRS 18 Presentation and Disclosures in Financial Statements (IFRS 18), which will replace IAS 1. IFRS 18 introduces changes to the structure of the statement of operations, and provides enhanced principles for aggregation and disaggregation. The standard also requires disclosures in the financial statements for certain performance measures reported outside of an entity's financial statements (Management-defined Performance Measures). IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027, and must be applied retrospectively. The Company is currently evaluating the impact that this standard will have on its Condensed Interim Consolidated Financial Statements.

#### IFRS 9 and IFRS 7 Amendments – Classification and measurement of financial instruments

In May 2024, the IASB issued amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures relating to classification and measurement of financial instruments. The amendments clarify certain concepts relating to classification of financial assets, and introduce the option for entities to derecognize financial liabilities settled using an electronic payment system before the settlement date when certain criteria are met. The amendments also introduce certain new disclosure requirements for financial instruments measured at Fair Value through OCI (FVOCI) and amortized cost. These amendments are effective for annual reporting periods beginning on or after January 1, 2026, and must be applied retrospectively. The Company is currently evaluating the impact that this amendment will have on its Condensed Interim Consolidated Financial Statements.

# Condensed Notes to the Interim Consolidated Financial Statements

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

## 3. Financial Instruments

### 3.1. Fair value of financial assets and liabilities

The following table presents the fair value and the fair value hierarchy of financial assets and liabilities, excluding segregated funds, as disclosed in Note 4.2.

As at	June 30, 2025				December 31, 2024			
	Level 1	Level 2	Level 3	Total FVTPL	Level 1	Level 2	Level 3	Total FVTPL
<b>Assets</b>								
Cash and cash equivalents	\$ 34,916	\$ 118,318	\$ —	\$ 153,234	\$ 31,625	\$ 187,571	\$ —	\$ 219,196
Short-term investments	—	2,835	—	2,835	—	840	—	840
Bonds	—	7,771,521	23,706	7,795,227	—	7,937,273	26,208	7,963,481
Preferred shares	636,322	—	—	636,322	623,791	—	—	623,791
Common shares	583,482	70,426	18,133	672,041	561,378	70,026	10,280	641,684
Derivative assets	6,712	7,323	107	14,142	6,502	8,206	107	14,815
Mortgages	—	71,886	—	71,886	—	78,866	—	78,866
Loans	—	63,339	—	63,339	—	62,921	—	62,921
	1,261,432	8,105,648	41,946	9,409,026	1,223,296	8,345,703	36,595	9,605,594
<b>Liabilities</b>								
Investment contract liabilities, excluding segregated fund account balances	—	608,194	—	608,194	—	585,521	—	585,521
Investment contract liabilities for segregated fund account balances	—	269,260	—	269,260	—	252,996	—	252,996
Derivative liabilities	—	20,107	—	20,107	—	12,860	—	12,860
	\$ —	\$ 897,561	\$ —	\$ 897,561	\$ —	\$ 851,377	\$ —	\$ 851,377

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

Level 1 - Fair value is based on unadjusted quoted prices for identical assets or liabilities in an active market. Where possible, valuations are based on quoted prices or observable inputs obtained from active markets.

Level 2 - Fair value is based on inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, valuation that is based on significant observable inputs, or inputs that are derived principally from or corroborated with observable market data through correlation or other means. Financial instruments traded in a less active market are valued using indicative market prices, the present value of cash flows or other valuation methods. The fair value of mortgages and loans have been calculated by discounting cash flows of each mortgage or loan at a discount rate appropriate to its remaining term to maturity. The discount rates are determined based on regular competitive rate surveys. The valuation of investment contract liabilities is determined based on a present value discounted cash flow approach, using current market rates.

Level 3 - Fair value is based on valuation techniques that require one or more significant inputs that are not based on observable market inputs. These unobservable inputs reflect the Company's expectations about the assumptions market participants would use in pricing the asset or liability. The fair value of limited partnership investments are based on fair values determined and reported by the respective investment managers, which are principally based on Net Asset Value (NAV). The financial statements used in calculating the NAV are generally audited annually. The Company reviews the NAV of the limited partnership investments and performs analysis to ensure the fair value is reasonable.

The classification of a financial instrument into a level is based on the lowest level of input that is significant to the determination of the fair value. There were no transfers between Level 1, Level 2 and Level 3 during the six months ended June 30, 2025 or during the year ended December 31, 2024.

# Condensed Notes to the Interim Consolidated Financial Statements

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

A summary of changes in Level 3 financial instruments measured at Fair Value Through Profit or Loss (FVTPL) for the period is as follows:

As at	June 30, 2025	December 31, 2024
Balance beginning of period	\$ 36,595	\$ 40,017
Purchases	6,495	608
Sales	(1,078)	(4,527)
Net realized and unrealized gain (loss)	(66)	497
<b>Balance end of period</b>	<b>\$ 41,946</b>	<b>\$ 36,595</b>

For additional information on the composition of the Company's invested assets and analysis of the Company's risks arising from financial instruments refer to Note 14 Risk Management.

## 3.2. Investment income

### Net investment result recognized in net income

	For the three months ended		For the six months ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
<b>Net investment result, excluding segregated fund account balances</b>				
Interest and other investment income	\$ 102,851	\$ 114,877	\$ 210,033	\$ 224,303
Change in fair value of investments	(171,309)	(40,088)	(113,150)	(245,743)
Investment income (loss), excluding segregated fund account balances	(68,458)	74,789	96,883	(21,440)
Change in investment contracts	(4,286)	(4,997)	(11,935)	(6,626)
Net investment result, excluding segregated fund account balances	(72,744)	69,792	84,948	(28,066)
<b>Insurance finance income (expense) from insurance contracts, excluding segregated fund account balances</b>				
Interest accreted <sup>(1)</sup>	(46,694)	(47,740)	(92,707)	(93,124)
Effect of changes in interest rates and other financial assumptions	115,053	12,112	110,867	211,536
Changes in fair value of underlying items in insurance contracts with direct participation features	(14,245)	(8,643)	(30,943)	(13,207)
Effects of risk mitigation option	31,845	—	20,457	—
Insurance finance income (expense) from insurance contracts, excluding segregated fund account balances	85,959	(44,271)	7,674	105,205
<b>Finance income (expense) from reinsurance contracts held</b>				
Interest accreted <sup>(1)</sup>	446	905	1,116	1,945
Effect of changes in interest rates and other financial assumptions	4,573	1,101	4,338	3,738
Reinsurance finance income (expense) from reinsurance contracts held	5,019	2,006	5,454	5,683
<b>Investment income (loss) related to segregated fund net assets</b>				
Investment income (loss) on investments related to segregated fund net assets, insurance contracts	396,539	15,525	443,438	445,915
Investment income (loss) on investments related to segregated fund net assets, investment contracts	11,544	1,710	12,887	13,118
Investment income (loss) related to segregated fund net assets	408,083	17,235	456,325	459,033
<b>Changes in underlying items of the segregated funds</b>				
Insurance finance income (expenses), insurance contracts segregated fund account balances	(396,539)	(15,525)	(443,438)	(445,915)
Change in investment contracts, segregated fund account balances	(11,544)	(1,710)	(12,887)	(13,118)
Changes in underlying items of the segregated funds	(408,083)	(17,235)	(456,325)	(459,033)
<b>Net investment and insurance finance result</b>	<b>\$ 18,234</b>	<b>\$ 27,527</b>	<b>\$ 98,076</b>	<b>\$ 82,822</b>

<sup>(1)</sup> Interest accretion based on the locked-in rate.

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

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

# Condensed Notes to the Interim Consolidated Financial Statements

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

With regards to insurance contracts measured using the Variable Fee Approach (VFA), the change in the underlying items is recognized both as Insurance finance income (expense) and Investment income (loss), with offsetting impacts. For these contracts, changes in the effect of time value of money and financial risk not arising from underlying items adjust the Contractual Service Margin (CSM) and are not included in the Insurance finance income (expense) amounts presented in the table above, except to the extent that the risk mitigation option applies.

## Investment income, excluding segregated fund account balances

	For the three months ended		For the six months ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
<b>Investment income (loss), excluding segregated fund account balances</b>				
<b>Interest and other investment income</b>				
Interest income	\$ 88,125	\$ 99,352	\$ 183,348	\$ 197,715
Dividend income	14,594	14,742	26,133	25,513
Income from investments in associates and joint venture	127	553	543	841
Other	5	230	9	234
<b>Total interest and other investment income</b>	<b>102,851</b>	<b>114,877</b>	<b>210,033</b>	<b>224,303</b>
<b>Net realized and unrealized gain (loss)</b>	<b>(171,309)</b>	<b>(40,088)</b>	<b>(113,150)</b>	<b>(245,743)</b>
<b>Total investment income (loss), excluding segregated fund account balances</b>	<b>\$ (68,458)</b>	<b>\$ 74,789</b>	<b>\$ 96,883</b>	<b>\$ (21,440)</b>

## 3.3. Derivative financial instruments

The values of derivative instruments are set out in the following table. Notional amounts serve as the basis for payments calculated under derivative contracts and are generally not exchanged.

As at	Maturity	June 30, 2025			December 31, 2024		
		Notional principal	Fair value assets	Fair value liabilities	Notional principal	Fair value assets	Fair value liabilities
Foreign currency forwards	Within 1 year	\$ 200,150	\$ 988	\$ 191	\$ 197,593	\$ 310	\$ 5,937
Equity options	Within 5 years	1,353,739	6,819	—	1,348,924	6,609	—
Interest rate swaps	Over 5 years	900,000	2,157	18,052	520,000	3,747	4,502
Cross currency swaps	Within 5 years	10,950	93	—	—	—	—
	Over 5 years	122,760	4,085	1,864	134,754	4,149	2,421
<b>Total</b>		<b>\$ 2,587,599</b>	<b>\$ 14,142</b>	<b>\$ 20,107</b>	<b>\$ 2,201,271</b>	<b>\$ 14,815</b>	<b>\$ 12,860</b>

Derivative instruments classified as Level 1 are valued in accordance with quoted prices on active markets. Derivative instruments classified as Level 2 are valued using market standard techniques such as discounted cash flow pricing models. Valuation inputs may include foreign exchange spot and forward rates, swap interest rate curves, and implied market volatility. For analysis of the Company's risks arising from financial instruments, refer to Note 14.

## 3.4. Securities lending

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

# Condensed Notes to the Interim Consolidated Financial Statements

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

As at June 30, 2025 and December 31, 2024, the aggregate fair values of the Company's securities loaned and the collateral received were as follows:

As at	June 30, 2025			December 31, 2024		
	General Funds	Segregated Funds	Total	General Funds	Segregated Funds	Total
Value of securities loaned	\$ 1,237,087	\$ 1,662,925	\$ 2,900,012	\$ 1,596,676	\$ 1,802,781	\$ 3,399,457
Value of collateral received	\$ 1,261,864	\$ 1,696,272	\$ 2,958,136	\$ 1,628,630	\$ 1,838,898	\$ 3,467,528

## 4. Segregated Funds

### 4.1. Segregated fund assets by category of asset

The following table presents segregated fund assets by category of asset.

As at	June 30, 2025			December 31, 2024		
	Insurance contracts	Investment contracts	Total	Insurance contracts	Investment contracts	Total
Cash	\$ 99,472	\$ 1,789	\$ 101,261	\$ 5,771	\$ 49	\$ 5,820
Short-term investments	609,247	16,272	625,519	554,631	14,594	569,225
Bonds	1,777,605	103,406	1,881,011	1,853,375	101,854	1,955,229
Common and preferred shares	6,768,949	252,736	7,021,685	6,714,958	240,608	6,955,566
	9,255,273	374,203	9,629,476	9,128,735	357,105	9,485,840
Add: other assets	19,880	1,950	21,830	20,911	1,725	22,636
Less: segregated funds held within general fund investments	(9,873)	(106,893)	(116,766)	(8,904)	(105,834)	(114,738)
<b>Total</b>	<b>\$ 9,265,280</b>	<b>\$ 269,260</b>	<b>\$ 9,534,540</b>	<b>\$ 9,140,742</b>	<b>\$ 252,996</b>	<b>\$ 9,393,738</b>

### 4.2. Fair value of investments of the segregated funds

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

As at	June 30, 2025			December 31, 2024		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Cash	\$ 101,261	\$ —	\$ 101,261	\$ 5,820	\$ —	\$ 5,820
Short-term investments	—	625,519	625,519	—	569,225	569,225
Bonds	—	1,881,011	1,881,011	—	1,955,229	1,955,229
Common and preferred shares	7,021,685	—	7,021,685	6,955,566	—	6,955,566
<b>Total</b>	<b>\$ 7,122,946</b>	<b>\$ 2,506,530</b>	<b>\$ 9,629,476</b>	<b>\$ 6,961,386</b>	<b>\$ 2,524,454</b>	<b>\$ 9,485,840</b>

There were no transfers between Level 1 and Level 2 during the six months ended June 30, 2025 or during the year ended December 31, 2024. There were no Level 3 investments as at June 30, 2025 or December 31, 2024.

# Condensed Notes to the Interim Consolidated Financial Statements

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

## 4.3. Change in segregated fund assets

The following table presents the change in segregated fund assets.

	For the three months ended		For the six months ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
<b>Segregated fund assets at beginning of period</b>	\$ 9,265,991	\$ 8,991,300	\$ 9,393,738	\$ 8,812,724
<b>Additions to segregated funds:</b>				
Amount received from policyholders	209,468	268,745	527,764	541,012
Interest	23,236	25,842	46,373	51,009
Dividends	35,796	36,426	70,599	72,765
Other income and (expense)	1,589	5,611	5,541	12,557
Net realized gains on sale of investments	162,901	91,490	364,690	142,720
Net unrealized increase in fair value of investments	184,561	—	—	179,982
<b>Total</b>	<b>617,551</b>	<b>428,114</b>	<b>1,014,967</b>	<b>1,000,045</b>
<b>Deductions from segregated funds:</b>				
Amounts withdrawn or transferred by policyholders	281,465	350,507	709,109	816,922
Net unrealized decrease in fair value of investments	—	142,134	30,878	—
Management fees and other operating costs	65,953	65,297	132,150	127,820
<b>Total</b>	<b>347,418</b>	<b>557,938</b>	<b>872,137</b>	<b>944,742</b>
<b>Net change in segregated funds held within general fund investments</b>	<b>(1,584)</b>	<b>2,905</b>	<b>(2,028)</b>	<b>(3,646)</b>
<b>Segregated fund assets at end of period</b>	<b>\$ 9,534,540</b>	<b>\$ 8,864,381</b>	<b>\$ 9,534,540</b>	<b>\$ 8,864,381</b>

## 5. Insurance Contracts and Reinsurance Contracts Held Assets/Liabilities

### Assets and liabilities

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

As at	June 30, 2025			December 31, 2024		
	(Assets)	Liabilities	Total	(Assets)	Liabilities	Total
<b>Insurance contracts</b>						
Insurance contracts not measured under PAA, excluding segregated fund account balances	\$ —	\$ 6,322,426	\$ 6,322,426	\$ —	\$ 6,432,269	\$ 6,432,269
Insurance contracts measured under PAA	—	461,651	461,651	—	436,167	436,167
Insurance contracts, excluding segregated fund account balances	—	6,784,077	6,784,077	—	6,868,436	6,868,436
Insurance contracts for segregated fund account balances	—	9,265,280	9,265,280	—	9,140,742	9,140,742
<b>Total insurance contracts</b>	<b>—</b>	<b>16,049,357</b>	<b>16,049,357</b>	<b>—</b>	<b>16,009,178</b>	<b>16,009,178</b>
Less insurance contracts measured under PAA	—	(461,651)	(461,651)	—	(436,167)	(436,167)
<b>Total insurance contracts not measured under PAA</b>	<b>\$ —</b>	<b>\$ 15,587,706</b>	<b>\$ 15,587,706</b>	<b>\$ —</b>	<b>\$ 15,573,011</b>	<b>\$ 15,573,011</b>
<b>Reinsurance contracts held</b>						
Reinsurance contracts held not measured under PAA	\$ (109,762)	\$ 250,254	\$ 140,492	\$ (115,042)	\$ 218,745	\$ 103,703
Reinsurance contracts held measured under PAA	(185,721)	(4,445)	(190,166)	(181,029)	(4,896)	(185,925)
<b>Total reinsurance contracts held</b>	<b>\$ (295,483)</b>	<b>\$ 245,809</b>	<b>\$ (49,674)</b>	<b>\$ (296,071)</b>	<b>\$ 213,849</b>	<b>\$ (82,222)</b>

# Condensed Notes to the Interim Consolidated Financial Statements

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

## 5.1. Analysis by measurement component for insurance contracts

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

For the six months ended June 30, 2025	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin		Total
			Fair value approach	Post transition	
<b>Insurance contracts at beginning of period</b>					
Insurance contract liabilities, excluding segregated fund account balances	\$ 3,796,532	\$ 1,120,159	\$ 1,364,892	\$ 150,686	\$ 6,432,269
Insurance contract liabilities for segregated fund account balances	9,140,742	—	—	—	9,140,742
<b>Total insurance contracts at beginning of period</b>	<b>12,937,274</b>	<b>1,120,159</b>	<b>1,364,892</b>	<b>150,686</b>	<b>15,573,011</b>
<b>Changes that relate to current services</b>					
CSM recognized for services provided			(79,794)	(9,018)	(88,812)
Change in risk adjustment for non-financial risk for risk expired		(32,661)			(32,661)
Experience adjustments	(8,975)				(8,975)
<b>Changes that relate to future services</b>					
Contracts initially recognized in the period	(68,405)	51,558	—	20,260	3,413
Changes in estimates that adjust the CSM	(35,833)	4,662	24,143	7,028	—
Changes in estimates that do not adjust the CSM	2,784	(4,589)			(1,805)
<b>Changes that relate to past services</b>					
Adjustments to liabilities for incurred claims	(358)	(8)	—	—	(366)
<b>Insurance service result</b>	<b>(110,787)</b>	<b>18,962</b>	<b>(55,651)</b>	<b>18,270</b>	<b>(129,206)</b>
Insurance finance (income) expense, excluding segregated fund account balances	(24,108)	(964)	10,613	2,123	(12,336)
Insurance finance (income) expenses segregated fund account balances	443,438				443,438
<b>Total changes in the Consolidated Statement of Operations</b>	<b>308,543</b>	<b>17,998</b>	<b>(45,038)</b>	<b>20,393</b>	<b>301,896</b>
<b>Cash flows</b>					
Premiums received	462,723				462,723
Claims and other expenses paid	(332,752)				(332,752)
Insurance acquisition cash flows	(98,272)				(98,272)
<b>Total cash flows</b>	<b>31,699</b>				<b>31,699</b>
<b>Movements related to insurance contract liabilities for segregated fund account balances</b>	<b>(318,900)</b>				<b>(318,900)</b>
<b>Total insurance contracts at end of period</b>	<b>\$ 12,958,616</b>	<b>\$ 1,138,157</b>	<b>\$ 1,319,854</b>	<b>\$ 171,079</b>	<b>\$ 15,587,706</b>
<b>Insurance contracts at end of period</b>					
Insurance contract liabilities, excluding segregated fund account balances	\$ 3,693,336	\$ 1,138,157	\$ 1,319,854	\$ 171,079	\$ 6,322,426
Insurance contract liabilities for segregated fund account balances	9,265,280	—	—	—	9,265,280
<b>Total insurance contracts at end of period</b>	<b>\$ 12,958,616</b>	<b>\$ 1,138,157</b>	<b>\$ 1,319,854</b>	<b>\$ 171,079</b>	<b>\$ 15,587,706</b>

# Condensed Notes to the Interim Consolidated Financial Statements

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

For the year ended December 31, 2024	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin		Total
			Fair value approach	Post transition	
Insurance contracts at beginning of year					
Insurance contract liabilities, excluding segregated fund account balances	\$ 3,740,020	\$ 1,106,509	\$ 1,376,708	\$ 87,831	\$ 6,311,068
Insurance contract liabilities for segregated fund account balances	8,507,285	—	—	—	8,507,285
Total insurance contracts at beginning of year	12,247,305	1,106,509	1,376,708	87,831	14,818,353
Changes that relate to current services					
CSM recognized for services provided			(163,731)	(12,898)	(176,629)
Change in risk adjustment for non-financial risk for risk expired		(59,481)			(59,481)
Experience adjustments	37,607				37,607
Changes that relate to future services					
Contracts initially recognized in the period	(130,777)	102,060	—	38,341	9,624
Changes in estimates that adjust the CSM	(115,764)	(48,479)	130,237	34,006	—
Changes in estimates that do not adjust the CSM	18,838	(22,960)			(4,122)
Changes that relate to past services					
Adjustments to liabilities for incurred claims	2,183	(5)	—	—	2,178
Insurance service result	(187,913)	(28,865)	(33,494)	59,449	(190,823)
Insurance finance (income) expense, excluding segregated fund account balances	122,346	42,515	21,678	3,406	189,945
Insurance finance (income) expenses segregated fund account balances	1,089,553				1,089,553
Total changes in the Consolidated Statement of Operations	1,023,986	13,650	(11,816)	62,855	1,088,675
Cash flows					
Premiums received	901,066				901,066
Claims and other expenses paid	(600,698)				(600,698)
Insurance acquisition cash flows	(178,289)				(178,289)
Total cash flows	122,079				122,079
Movements related to insurance contract liabilities for segregated fund account balances	(456,096)				(456,096)
Total insurance contracts at end of year	\$ 12,937,274	\$ 1,120,159	\$ 1,364,892	\$ 150,686	\$ 15,573,011
Insurance contracts at end of year					
Insurance contract liabilities, excluding segregated fund account balances	\$ 3,796,532	\$ 1,120,159	\$ 1,364,892	\$ 150,686	\$ 6,432,269
Insurance contract liabilities for segregated fund account balances	9,140,742	—	—	—	9,140,742
Total insurance contracts at end of year	\$ 12,937,274	\$ 1,120,159	\$ 1,364,892	\$ 150,686	\$ 15,573,011

# Condensed Notes to the Interim Consolidated Financial Statements

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

## 5.2. Analysis by remaining coverage and incurred claims for insurance contracts

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

For the six months ended June 30, 2025	Remaining coverage		Incurred claims			Total
	Excluding loss component	Loss component	Contracts not using PAA	Contracts using PAA		
				Estimate of PV of future cash flows	Risk adjustment	
<b>Insurance contracts at beginning of period</b>						
Insurance contract liabilities, excluding segregated fund account balances	\$ 6,239,089	\$ 11,487	\$ 167,836	\$ 409,871	\$ 40,153	\$ 6,868,436
Insurance contract liabilities for segregated fund account balances	9,140,742	—	—	—	—	9,140,742
<b>Total insurance contracts at beginning of period</b>	<b>15,379,831</b>	<b>11,487</b>	<b>167,836</b>	<b>409,871</b>	<b>40,153</b>	<b>16,009,178</b>
<b>Insurance service revenue</b>						
Contracts under fair value approach	(325,371)					(325,371)
Contracts post transition	(426,916)					(426,916)
<b>Insurance service expenses</b>						
Incurred claims and other expenses		(232)	235,288	332,419	—	567,475
Amortization of insurance acquisition cash flows	27,784					27,784
Losses and reversal of losses on onerous contracts		1,608	—	—	—	1,608
Adjustments to liabilities for incurred claims		—	(366)	13,001	567	13,202
<b>Investment components</b>	(60,816)		60,816			—
<b>Insurance service result</b>	<b>(785,319)</b>	<b>1,376</b>	<b>295,738</b>	<b>345,420</b>	<b>567</b>	<b>(142,218)</b>
Insurance finance (income) expense from insurance contracts, excluding segregated fund account balances	(12,456)	147	—	4,305	330	(7,674)
Insurance finance (income) expenses, insurance contracts segregated fund account balances	443,438					443,438
<b>Total changes in the Consolidated Statement of Operations</b>	<b>(354,337)</b>	<b>1,523</b>	<b>295,738</b>	<b>349,725</b>	<b>897</b>	<b>293,546</b>
<b>Cash flows</b>						
Premiums received	825,999					825,999
Claims and other expenses paid			(332,752)	(329,442)		(662,194)
Insurance acquisition cash flows	(98,272)					(98,272)
<b>Total cash flows</b>	<b>727,727</b>		<b>(332,752)</b>	<b>(329,442)</b>		<b>65,533</b>
<b>Movements related to insurance contract liabilities for segregated fund account balances</b>	<b>(318,900)</b>		<b>—</b>			<b>(318,900)</b>
<b>Total insurance contracts at end of period</b>	<b>\$ 15,434,321</b>	<b>\$ 13,010</b>	<b>\$ 130,822</b>	<b>\$ 430,154</b>	<b>\$ 41,050</b>	<b>\$ 16,049,357</b>
<b>Insurance contracts at end of period</b>						
Insurance contract liabilities, excluding segregated fund account balances	\$ 6,169,041	\$ 13,010	\$ 130,822	\$ 430,154	\$ 41,050	\$ 6,784,077
Insurance contract liabilities for segregated fund account balances	9,265,280	—	—	—	—	9,265,280
<b>Total insurance contracts at end of period</b>	<b>\$ 15,434,321</b>	<b>\$ 13,010</b>	<b>\$ 130,822</b>	<b>\$ 430,154</b>	<b>\$ 41,050</b>	<b>\$ 16,049,357</b>

# Condensed Notes to the Interim Consolidated Financial Statements

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

For the year ended December 31, 2024	Remaining coverage		Incurred claims			Total
	Excluding loss component	Loss component	Contracts not using PAA	Contracts using PAA		
				Estimate of PV of future cash flows	Risk adjustment	
<b>Insurance contracts at beginning of year</b>						
Insurance contract liabilities	\$ 6,133,450	\$ 7,077	\$ 158,049	\$ 375,077	\$ 34,781	\$ 6,708,434
Insurance contract liabilities for segregated fund account balances	8,507,285	—	—	—	—	8,507,285
<b>Total insurance contracts at beginning of year</b>	<b>14,640,735</b>	<b>7,077</b>	<b>158,049</b>	<b>375,077</b>	<b>34,781</b>	<b>15,215,719</b>
<b>Insurance service revenue</b>						
Contracts under fair value approach	(635,101)					(635,101)
Contracts post transition	(770,191)					(770,191)
<b>Insurance service expenses</b>						
Incurred claims and other expenses		(1,427)	491,674	632,334	—	1,122,581
Amortization of insurance acquisition cash flows	41,577					41,577
Losses and reversal of losses on onerous contracts		5,502	—	—	—	5,502
Adjustments to liabilities for incurred claims		—	2,178	12,249	2,955	17,382
Investment components	(116,633)		116,633			—
<b>Insurance service result</b>	<b>(1,480,348)</b>	<b>4,075</b>	<b>610,485</b>	<b>644,583</b>	<b>2,955</b>	<b>(218,250)</b>
Insurance finance (income) expenses, excluding segregated funds	189,642	335	—	23,799	2,417	216,193
Insurance finance (income) expenses, segregated funds	1,089,553					1,089,553
<b>Total changes in the Consolidated Statement of Operations</b>	<b>(201,153)</b>	<b>4,410</b>	<b>610,485</b>	<b>668,382</b>	<b>5,372</b>	<b>1,087,496</b>
<b>Cash flows</b>						
Premiums received	1,574,634					1,574,634
Claims and other expenses paid			(600,698)	(633,588)		(1,234,286)
Insurance acquisition cash flows	(178,289)					(178,289)
<b>Total cash flows</b>	<b>1,396,345</b>		<b>(600,698)</b>	<b>(633,588)</b>		<b>162,059</b>
Movements related to insurance contract liabilities for segregated fund account balances	(456,096)		—			(456,096)
<b>Total insurance contracts at end of year</b>	<b>\$ 15,379,831</b>	<b>\$ 11,487</b>	<b>\$ 167,836</b>	<b>\$ 409,871</b>	<b>\$ 40,153</b>	<b>\$ 16,009,178</b>
<b>Insurance contracts at end of year</b>						
Insurance contract liabilities	\$ 6,239,089	\$ 11,487	\$ 167,836	\$ 409,871	\$ 40,153	\$ 6,868,436
Insurance contract liabilities for segregated fund account balances	9,140,742	—	—	—	—	9,140,742
<b>Total insurance contracts at end of year</b>	<b>\$ 15,379,831</b>	<b>\$ 11,487</b>	<b>\$ 167,836</b>	<b>\$ 409,871</b>	<b>\$ 40,153</b>	<b>\$ 16,009,178</b>

# Condensed Notes to the Interim Consolidated Financial Statements

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

## 5.3. Insurance service revenue

	For the three months ended		For the six months ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
<b>Contracts not measured under the PAA</b>				
CSM recognized for services provided	\$ 44,262	\$ 42,909	\$ 88,812	\$ 86,564
Change in risk adjustment for non-financial risk for risk expired	16,672	14,825	32,707	29,154
Expected claims and other insurance service expenses	122,324	108,286	243,986	217,022
Recovery of insurance acquisition cash flows	14,423	18,403	27,784	28,033
<b>Total</b>	<b>197,681</b>	<b>184,423</b>	<b>393,289</b>	<b>360,773</b>
<b>Contracts measured under the PAA</b>				
	<b>181,520</b>	166,862	<b>358,998</b>	329,554
<b>Total insurance service revenue</b>	<b>\$ 379,201</b>	<b>\$ 351,285</b>	<b>\$ 752,287</b>	<b>\$ 690,327</b>

# Condensed Notes to the Interim Consolidated Financial Statements

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

## 5.4. Analysis by measurement component for reinsurance contracts held

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

For the six months ended June 30, 2025	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin		Total
			Fair value approach	Post transition	
<b>Reinsurance contracts held at beginning of period</b>					
Reinsurance contracts held (assets)	\$ 328,320	\$ (312,915)	\$ (195,362)	\$ 64,915	\$ (115,042)
Reinsurance contracts held liabilities	263,190	(69,762)	25,454	(137)	218,745
<b>Net reinsurance contracts held at beginning of period</b>	<b>591,510</b>	<b>(382,677)</b>	<b>(169,908)</b>	<b>64,778</b>	<b>103,703</b>
<b>Changes that relate to current services</b>					
CSM recognized for services received			11,374	(3,988)	7,386
Risk adjustment recognized for non-financial risk expired		13,479			13,479
Experience adjustments	9,314				9,314
<b>Changes that relate to future services</b>					
Contracts initially recognized in the period	7,634	(22,391)	—	12,643	(2,114)
Changes in estimates that adjust the CSM	12,993	(2,039)	(9,593)	(1,361)	—
Changes in estimates that adjust recoveries of losses on onerous underlying contracts	1,103	(344)			759
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM			104	640	744
<b>Changes that relate to past services</b>					
Changes in amounts recoverable arising from changes in liability for incurred claims	(150)	—			(150)
<b>Reinsurance service result</b>	<b>30,894</b>	<b>(11,295)</b>	<b>1,885</b>	<b>7,934</b>	<b>29,418</b>
Reinsurance finance (income) expenses	(1,960)	(51)	(3,009)	1,626	(3,394)
<b>Total changes in the Consolidated Statement of Operations</b>	<b>28,934</b>	<b>(11,346)</b>	<b>(1,124)</b>	<b>9,560</b>	<b>26,024</b>
<b>Cash flows</b>					
Premiums paid	(65,905)				(65,905)
Amounts received	76,670				76,670
<b>Total cash flows</b>	<b>10,765</b>				<b>10,765</b>
<b>Net reinsurance contracts held at end of period</b>	<b>\$ 631,209</b>	<b>\$ (394,023)</b>	<b>\$ (171,032)</b>	<b>\$ 74,338</b>	<b>\$ 140,492</b>
<b>Reinsurance contracts held at end of period</b>					
Reinsurance contracts held (assets)	\$ 335,683	\$ (325,861)	\$ (193,979)	\$ 74,395	\$ (109,762)
Reinsurance contracts held liabilities	295,526	(68,162)	22,947	(57)	250,254
<b>Net reinsurance contracts held at end of period</b>	<b>\$ 631,209</b>	<b>\$ (394,023)</b>	<b>\$ (171,032)</b>	<b>\$ 74,338</b>	<b>\$ 140,492</b>

# Condensed Notes to the Interim Consolidated Financial Statements

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

For the year ended December 31, 2024	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin		Total
			Fair value approach	Post transition	
Reinsurance contracts held at beginning of year					
Reinsurance contracts held (assets)	\$ 338,565	\$ (318,235)	\$ (178,218)	\$ 44,817	\$ (113,071)
Reinsurance contracts held liabilities	251,770	(82,399)	83,634	225	253,230
Net reinsurance contracts held at beginning of year	590,335	(400,634)	(94,584)	45,042	140,159
Changes that relate to current services					
CSM recognized for services received			18,608	(6,620)	11,988
Risk adjustment recognized for non-financial risk expired		23,905			23,905
Experience adjustments	(5,249)				(5,249)
Changes that relate to future services					
Contracts initially recognized in the period	13,517	(44,657)	—	24,928	(6,212)
Changes in estimates that adjust the CSM	37,567	57,668	(90,168)	(5,067)	—
Changes in estimates that adjust recoveries of losses on onerous underlying contracts	(3,103)	1,888			(1,215)
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM			878	3,449	4,327
Changes that relate to past services					
Changes in amounts recoverable arising from changes in liability for incurred claims	378	—			378
Reinsurance service result	43,110	38,804	(70,682)	16,690	27,922
Reinsurance finance (income) expenses	1,523	(20,847)	(4,642)	3,046	(20,920)
Total changes in the Consolidated Statement of Operations	44,633	17,957	(75,324)	19,736	7,002
Cash flows					
Premiums paid	(145,836)				(145,836)
Amounts received	102,378				102,378
Total cash flows	(43,458)				(43,458)
Net reinsurance contracts held at end of year	\$ 591,510	\$ (382,677)	\$ (169,908)	\$ 64,778	\$ 103,703
Reinsurance contracts held at end of year					
Reinsurance contracts held (assets)	\$ 328,320	\$ (312,915)	\$ (195,362)	\$ 64,915	\$ (115,042)
Reinsurance contracts held liabilities	263,190	(69,762)	25,454	(137)	218,745
Net reinsurance contracts held at end of year	\$ 591,510	\$ (382,677)	\$ (169,908)	\$ 64,778	\$ 103,703

# Condensed Notes to the Interim Consolidated Financial Statements

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

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

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

For the six months ended June 30, 2025	Remaining coverage		Incurred claims			Total
	Excluding loss recovery component	Loss recovery component	Contracts not using PAA	Contracts using PAA		
				Estimate of PV of future cash flows	Risk adjustment	
<b>Reinsurance contracts held (assets) liabilities at beginning of period</b>						
Reinsurance contracts held (assets)	\$ (114,934)	\$ (4,268)	\$ 4,159	\$ (165,435)	\$ (15,593)	\$ (296,071)
Reinsurance contracts held liabilities	266,648	—	(47,271)	(5,528)	—	213,849
<b>Net reinsurance contracts held (assets) liabilities at beginning of period</b>	<b>151,714</b>	<b>(4,268)</b>	<b>(43,112)</b>	<b>(170,963)</b>	<b>(15,593)</b>	<b>(82,222)</b>
<b>Allocation of premiums paid</b>						
Contracts under fair value approach	75,044					75,044
Contracts post transition	99,271					99,271
<b>Amounts recoverable from reinsurers</b>						
Amounts recoverable for claims and other expenses incurred in the period		670	(54,819)	(82,948)	—	(137,097)
Changes in amounts recoverable from changes in liability for incurred claims			(150)	(2,717)	90	(2,777)
Changes in fulfilment cash flows which relate to onerous underlying contracts		(611)				(611)
<b>Net income or expense from reinsurance contracts held</b>	<b>174,315</b>	<b>59</b>	<b>(54,969)</b>	<b>(85,665)</b>	<b>90</b>	<b>33,830</b>
Reinsurance finance (income) expenses	(3,292)	(102)	—	(1,919)	(141)	(5,454)
<b>Total changes in the Consolidated Statement of Operations</b>	<b>171,023</b>	<b>(43)</b>	<b>(54,969)</b>	<b>(87,584)</b>	<b>(51)</b>	<b>28,376</b>
<b>Cash flows</b>						
Premiums paid	(155,699)					(155,699)
Amounts received			76,670	83,201		159,871
<b>Total cash flows</b>	<b>(155,699)</b>		<b>76,670</b>	<b>83,201</b>		<b>4,172</b>
<b>Net reinsurance contracts held (assets) liabilities at end of period</b>	<b>\$ 167,038</b>	<b>\$ (4,311)</b>	<b>\$ (21,411)</b>	<b>\$ (175,346)</b>	<b>\$ (15,644)</b>	<b>\$ (49,674)</b>
<b>Reinsurance contracts held (assets) liabilities at end of period</b>						
Reinsurance contracts held (assets)	\$ (109,470)	\$ (4,307)	\$ 4,010	\$ (170,072)	\$ (15,644)	\$ (295,483)
Reinsurance contracts held liabilities	276,508	(4)	(25,421)	(5,274)	—	245,809
<b>Net reinsurance contracts held (assets) liabilities at end of period</b>	<b>\$ 167,038</b>	<b>\$ (4,311)</b>	<b>\$ (21,411)</b>	<b>\$ (175,346)</b>	<b>\$ (15,644)</b>	<b>\$ (49,674)</b>

# Condensed Notes to the Interim Consolidated Financial Statements

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

For the year ended December 31, 2024	Remaining coverage		Incurred claims			Total
	Excluding loss recovery component <sup>(1)</sup>	Loss recovery component	Contracts not using PAA <sup>(1)</sup>	Contracts using PAA		
				Estimate of PV of future cash flows <sup>(1)</sup>	Risk adjustment	
Reinsurance contracts held (assets) liabilities at beginning of year						
Reinsurance contracts held (assets)	\$ (114,315)	\$ (2,539)	\$ 3,783	\$ (154,192)	\$ (14,096)	\$ (281,359)
Reinsurance contracts held liabilities	284,196	—	(25,010)	(5,956)	—	253,230
Net reinsurance contracts held (assets) liabilities at beginning of year	169,881	(2,539)	(21,227)	(160,148)	(14,096)	(28,129)
Allocation of premiums paid						
Contracts under fair value approach	141,679					141,679
Contracts post transition	185,972					185,972
Amounts recoverable from reinsurers						
Amounts recoverable for claims and other expenses incurred in the period		1,636	(124,641)	(158,544)	—	(281,549)
Changes in amounts recoverable from changes in liability for incurred claims			378	(207)	(514)	(343)
Changes in fulfilment cash flows which relate to onerous underlying contracts		(3,100)				(3,100)
Net income or expense from reinsurance contracts held	327,651	(1,464)	(124,263)	(158,751)	(514)	42,659
Reinsurance finance (income) expenses	(20,655)	(265)	—	(11,035)	(983)	(32,938)
Total changes in the Consolidated Statement of Operations	306,996	(1,729)	(124,263)	(169,786)	(1,497)	9,721
Cash flows						
Premiums paid	(325,163)					(325,163)
Amounts received			102,378	158,971		261,349
Total cash flows	(325,163)		102,378	158,971		(63,814)
Net reinsurance contracts held (assets) liabilities at end of year	\$ 151,714	\$ (4,268)	\$ (43,112)	\$ (170,963)	\$ (15,593)	\$ (82,222)
Reinsurance contracts held (assets) liabilities at end of year						
Reinsurance contracts held (assets)	\$ (114,934)	\$ (4,268)	\$ 4,159	\$ (165,435)	\$ (15,593)	\$ (296,071)
Reinsurance contracts held liabilities	266,648	—	(47,271)	(5,528)	—	213,849
Net reinsurance contracts held (assets) liabilities at end of year	\$ 151,714	\$ (4,268)	\$ (43,112)	\$ (170,963)	\$ (15,593)	\$ (82,222)

## 6. Subordinated Debt

The table below presents the obligations included in Subordinated debt.

As at	Interest rate	Earliest par call or redemption date	Maturity	June 30, 2025	December 31, 2024
				Carrying value	Carrying value
Series 2021-1 <sup>(1)</sup>	2.024 %	September 24, 2026	2031	199,757	199,659
Series 2023-1 <sup>(2)</sup>	5.503 %	January 13, 2028	2033	199,645	199,575
Total Subordinated Debt				\$ 399,402	\$ 399,234
Fair Value				\$ 405,380	\$ 402,940

<sup>(1)</sup> 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.

<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.

## 7. Income Taxes Included in Other Comprehensive Income (Loss)

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

For the three months ended	June 30, 2025			June 30, 2024		
	Before tax	Tax (provision) recovery	After tax	Before tax	Tax (provision) recovery	After tax
Remeasurements of post-employment benefit liabilities	\$ 5,211	\$ (1,374)	\$ 3,838	\$ 1,339	\$ (353)	\$ 986
Total other comprehensive income (loss)	\$ 5,211	\$ (1,374)	\$ 3,838	\$ 1,339	\$ (353)	\$ 986

# Condensed Notes to the Interim Consolidated Financial Statements

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

For the six months ended	June 30, 2025			June 30, 2024		
	Before tax	Tax (provision) recovery	After tax	Before tax	Tax (provision) recovery	After tax
Remeasurements of post-employment benefit liabilities	\$ 6,033	\$ (1,590)	\$ 4,443	\$ 6,901	\$ (1,820)	\$ 5,081
<b>Total other comprehensive income (loss)</b>	<b>\$ 6,033</b>	<b>\$ (1,590)</b>	<b>\$ 4,443</b>	<b>\$ 6,901</b>	<b>\$ (1,820)</b>	<b>\$ 5,081</b>

## 8. Earnings Per Share

Earnings Per Share (EPS) is calculated by dividing Common shareholders' net income by the weighted average number of common shares outstanding. The preferred shares issued (refer to Note 9 Capital Stock) do not dilute EPS as the preferred shares are not convertible into common shares. As a result, diluted EPS are the same as basic EPS.

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

	For the three months ended		For the six months ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Basic and diluted EPS				
Shareholders' net income (loss)	\$ 35,047	\$ 38,276	\$ 107,954	\$ 93,218
Less: preferred share dividends declared and distributions on other equity instruments	2,877	2,874	5,739	5,748
Common shareholders' net income	32,170	35,402	102,215	87,470
Weighted average number of common shares outstanding	985,076	985,076	985,076	985,076
<b>Basic and diluted EPS</b>	<b>\$ 32.66</b>	<b>\$ 35.94</b>	<b>\$ 103.76</b>	<b>\$ 88.80</b>

## 9. Capital Stock

As at	June 30, 2025			December 31, 2024		
	Shares authorized	Shares issued and outstanding	Amount	Shares authorized	Shares issued and outstanding	Amount
Preferred shares - series 3	unlimited	4,000,000	\$ 100,000	unlimited	4,000,000	\$ 100,000
Limited recourse capital notes <sup>(1)</sup>		200,000	\$ 196,664		200,000	\$ 196,664
Common shares	2,000,000	985,076	\$ 985	2,000,000	985,076	\$ 985

<sup>(1)</sup> Amounts represent total proceeds of \$200,000 from issuance of limited recourse capital notes, less issuance costs of \$3,336.

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

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

# Condensed Notes to the Interim Consolidated Financial Statements

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

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

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

## 10. Dividends

	Dividend declaration date	Shares issued and outstanding	Dividend rate per share	Total dividend (\$ 000's)	Dividend payment date	
<b>Common shareholder dividends</b>						
Common shares	April 29, 2025	985,076	\$ 21.5719396	\$ 21,250	June 5, 2025	
	February 27, 2025	985,076	\$ 72.3294446	\$ 71,250	April 8, 2025	
	October 30, 2024	985,076	\$ 20.3100000	\$ 20,007	December 5, 2024	
	July 31, 2024	985,076	\$ 20.3100000	\$ 20,007	September 10, 2024	
	May 3, 2024	985,076	\$ 71.0700000	\$ 70,009	June 11, 2024	
	February 28, 2024	985,076	\$ 20.3100000	\$ 20,007	April 9, 2024	
	<b>Preferred shareholder dividends</b>					
	Series 3	April 29, 2025	4,000,000	\$ 0.3866875	\$ 1,547	July 17, 2025
February 27, 2025		4,000,000	\$ 0.3866875	\$ 1,547	April 17, 2025	
October 30, 2024		4,000,000	\$ 0.3866875	\$ 1,547	January 17, 2025	
July 31, 2024		4,000,000	\$ 0.3866875	\$ 1,547	October 17, 2024	
May 3, 2024		4,000,000	\$ 0.3866875	\$ 1,547	July 17, 2024	
February 28, 2024		4,000,000	\$ 0.3866875	\$ 1,547	April 17, 2024	

On July 30, 2025, the Board approved the following cash dividends:

- \$21,248 (\$21.57 per share) on the issued and outstanding Common Shares, payable on September 9, 2025.
- \$1,547 (\$0.3866875 per share) on the issued and outstanding Series 3 Preferred Shares, payable on October 17, 2025.

# Condensed Notes to the Interim Consolidated Financial Statements

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

## 11. Participating Account

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

Participating policyholders share in the returns of the underlying items. The entire participating fund is considered as the underlying. The fair value of the underlying items as at June 30, 2025 is \$1,241,667 (December 31, 2024 - \$1,183,535).

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

As at	June 30, 2025	December 31, 2024
<b>Underlying assets supporting the participating account</b>		
Cash and cash equivalents	\$ 43,311	\$ 55,157
Bonds	776,387	744,430
Preferred shares	140,935	127,452
Common shares	210,568	196,146
Derivative assets	627	276
Mortgages	12,137	12,413
Other	57,702	47,661
<b>Total underlying assets supporting the participating account</b>	<b>\$ 1,241,667</b>	<b>\$ 1,183,535</b>
<b>Components of participating account</b>		
Insurance contracts and reinsurance contracts held net assets (liabilities)	\$ 1,183,951	\$ 1,130,390
Participating account surplus	57,716	53,145
<b>Total</b>	<b>\$ 1,241,667</b>	<b>\$ 1,183,535</b>

## 12. Segmented Information

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

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

# Condensed Notes to the Interim Consolidated Financial Statements

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

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

For the three months ended June 30, 2025	Wealth Management	Group Solutions	Individual Insurance	Capital & Surplus	Total
<b>Insurance service result</b>					
Insurance revenue	\$ 61,225	\$ 181,520	\$ 136,456	—	\$ 379,201
Insurance service expenses	(37,409)	(175,153)	(93,243)	—	(305,805)
Insurance service result	23,816	6,367	43,213	—	73,396
Net recovery (expense) from reinsurance contracts held	1,333	(111)	(15,906)	—	(14,684)
<b>Net insurance service result</b>	<b>25,149</b>	<b>6,256</b>	<b>27,307</b>	<b>—</b>	<b>58,712</b>
<b>Investment and insurance finance result</b>					
<b>Investment income (loss), excluding segregated fund account balances</b>					
Investment income	(20,507)	(340)	(42,503)	(5,108)	(68,458)
Change in investment contracts	(4,286)	—	—	—	(4,286)
<b>Net investment result, excluding segregated fund account balances</b>	<b>(24,793)</b>	<b>(340)</b>	<b>(42,503)</b>	<b>(5,108)</b>	<b>(72,744)</b>
<b>Insurance finance income (expense), excluding segregated fund account balances</b>					
Insurance contracts	31,599	185	54,175	—	85,959
Reinsurance contracts held	46	(76)	5,049	—	5,019
<b>Net insurance finance income (expense), excluding segregated fund account balances</b>	<b>31,645</b>	<b>109</b>	<b>59,224</b>	<b>—</b>	<b>90,978</b>
<b>Segregated fund account balances net investment and insurance finance result</b>					
Investment income (loss) on investments for segregated fund account balances	408,812	—	(729)	—	408,083
Insurance finance income (expenses) segregated fund account balances	(408,812)	—	729	—	(408,083)
<b>Segregated fund 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>6,852</b>	<b>(231)</b>	<b>16,721</b>	<b>(5,108)</b>	<b>18,234</b>
<b>Other income (expenses)</b>					
Fee and other income	185	2,107	23	6,878	9,193
Non-insurance expenses	(6,944)	(8,437)	(7,620)	(10,267)	(33,268)
Interest expenses	—	—	(2)	(5,200)	(5,202)
<b>Total other income (expenses)</b>	<b>(6,759)</b>	<b>(6,330)</b>	<b>(7,599)</b>	<b>(8,589)</b>	<b>(29,277)</b>
<b>Net income (loss) before taxes</b>	<b>\$ 25,242</b>	<b>\$ (305)</b>	<b>\$ 36,429</b>	<b>\$ (13,697)</b>	<b>\$ 47,669</b>
Income taxes					(8,594)
<b>Net income (loss) after taxes</b>					<b>\$ 39,075</b>

# Condensed Notes to the Interim Consolidated Financial Statements

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

For the three months ended June 30, 2024	Wealth Management	Group Solutions	Individual Insurance	Capital & Surplus	Total
<b>Insurance service result</b>					
Insurance revenue	\$ 65,853	\$ 166,862	\$ 118,570	\$ —	351,285
Insurance service expenses	(39,436)	(166,076)	(93,113)	—	(298,625)
Insurance service result	26,417	786	25,457	—	52,660
Net recovery (expense) from reinsurance contracts held	223	(1,666)	(8,644)	—	(10,087)
Net insurance service result	26,640	(880)	16,813	—	42,573
<b>Investment and insurance finance result</b>					
Investment income (loss), excluding segregated fund account balances					
Investment income	21,177	2,490	34,221	16,901	74,789
Change in investment contracts	(4,997)	—	—	—	(4,997)
Net investment result, excluding segregated fund account balances	16,180	2,490	34,221	16,901	69,792
Insurance finance income (expense), excluding segregated fund account balances					
Insurance contracts	(5,501)	(4,746)	(34,024)	—	(44,271)
Reinsurance contracts held	133	2,203	(330)	—	2,006
Net insurance finance income (expense), excluding segregated fund account balances	(5,368)	(2,543)	(34,354)	—	(42,265)
Segregated fund account balances net investment and insurance finance result					
Investment income (loss) on investments for segregated fund account balances	17,239	—	(4)	—	17,235
Insurance finance income (expenses) segregated fund account balances	(17,239)	—	4	—	(17,235)
Segregated fund account balances net investment and insurance finance result	—	—	—	—	—
Net investment and insurance finance result	10,812	(53)	(133)	16,901	27,527
<b>Other income (expenses)</b>					
Fee and other income	390	2,191	37	12,623	15,241
Non-insurance expenses	(10,523)	(5,816)	(7,370)	(8,231)	(31,940)
Interest expenses	—	—	—	(3,837)	(3,837)
Total other income (expenses)	(10,133)	(3,625)	(7,333)	555	(20,536)
Net income (loss) before taxes	\$ 27,319	\$ (4,558)	\$ 9,347	\$ 17,456	\$ 49,564
Income taxes					(9,205)
Net income (loss) after taxes				\$	\$ 40,359

# Condensed Notes to the Interim Consolidated Financial Statements

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

For the six months ended June 30, 2025	Wealth Management	Group Solutions	Individual Insurance	Capital & Surplus	Total
<b>Insurance service result</b>					
Insurance revenue	\$ 123,518	\$ 358,998	\$ 269,771	\$ —	\$ 752,287
Insurance service expenses	(73,049)	(345,624)	(191,396)	—	(610,069)
Insurance service result	50,469	13,374	78,375	—	142,218
Net recovery (expense) from reinsurance contracts held	800	(4,413)	(30,217)	—	(33,830)
<b>Net insurance service result</b>	<b>51,269</b>	<b>8,961</b>	<b>48,158</b>	<b>—</b>	<b>108,388</b>
<b>Investment and insurance finance result</b>					
<b>Investment income (loss), excluding segregated fund account balances</b>					
Investment income	8,058	3,310	55,371	30,144	96,883
Change in investment contracts	(11,935)	—	—	—	(11,935)
<b>Net investment result, excluding segregated fund account balances</b>	<b>(3,877)</b>	<b>3,310</b>	<b>55,371</b>	<b>30,144</b>	<b>84,948</b>
<b>Insurance finance income (expense), excluding segregated fund account balances</b>					
Insurance contracts	12,806	(4,662)	(470)	—	7,674
Reinsurance contracts held	256	2,061	3,137	—	5,454
<b>Net insurance finance income (expense), excluding segregated fund account balances</b>	<b>13,062</b>	<b>(2,601)</b>	<b>2,667</b>	<b>—</b>	<b>13,128</b>
<b>Segregated fund account balances net investment and insurance finance result</b>					
Investment income (loss) on investments for segregated fund account balances	455,404	—	921	—	456,325
Insurance finance income (expenses) segregated fund account balances	(455,404)	—	(921)	—	(456,325)
<b>Segregated fund 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>9,185</b>	<b>709</b>	<b>58,038</b>	<b>30,144</b>	<b>98,076</b>
<b>Other income (expenses)</b>					
Fee and other income	346	3,580	34	13,506	17,466
Non-insurance expenses	(15,398)	(18,371)	(16,666)	(19,498)	(69,933)
Interest expenses	—	—	(2)	(8,992)	(8,994)
<b>Total other income (expenses)</b>	<b>(15,052)</b>	<b>(14,791)</b>	<b>(16,634)</b>	<b>(14,984)</b>	<b>(61,461)</b>
<b>Net income (loss) before taxes</b>	<b>\$ 45,402</b>	<b>\$ (5,121)</b>	<b>\$ 89,562</b>	<b>\$ 15,160</b>	<b>\$ 145,003</b>
Income taxes					(32,478)
<b>Net income (loss) after taxes</b>					<b>\$ 112,525</b>

# Condensed Notes to the Interim Consolidated Financial Statements

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

For the six months ended June 30, 2024	Wealth Management	Group Solutions	Individual Insurance	Capital & Surplus	Total
<b>Insurance service result</b>					
Insurance revenue	\$ 125,450	\$ 329,554	\$ 235,323	\$ —	\$ 690,327
Insurance service expenses	(71,098)	(323,141)	(186,420)	—	(580,659)
Insurance service result	54,352	6,413	48,903	—	109,668
Net recovery (expense) from reinsurance contracts held	(620)	(6,267)	(21,403)	—	(28,290)
Net insurance service result	53,732	146	27,500	—	81,378
<b>Investment and insurance finance result</b>					
Investment income (loss), excluding segregated fund account balances					
Investment income	38,297	1,859	(66,820)	5,224	(21,440)
Change in investment contracts	(6,626)	—	—	—	(6,626)
Net investment result, excluding segregated fund account balances	31,671	1,859	(66,820)	5,224	(28,066)
Insurance finance income (expense), excluding segregated fund account balances					
Insurance contracts	(3,105)	(5,176)	113,486	—	105,205
Reinsurance contracts held	124	2,346	3,213	—	5,683
Net insurance finance income (expense), excluding segregated fund account balances	(2,981)	(2,830)	116,699	—	110,888
<b>Segregated fund account balances net investment and insurance finance result</b>					
Investment income (loss) on investments for segregated fund account balances	457,931	—	1,102	—	459,033
Insurance finance income (expenses) segregated fund account balances	(457,931)	—	(1,102)	—	(459,033)
Segregated fund account balances net investment and insurance finance result	—	—	—	—	—
Net investment and insurance finance result	28,690	(971)	49,879	5,224	82,822
<b>Other income (expenses)</b>					
Fee and other income	679	4,609	125	16,788	22,201
Non-insurance expenses	(18,839)	(10,768)	(13,070)	(10,908)	(53,585)
Interest expenses	—	—	—	(7,674)	(7,674)
Total other income (expenses)	(18,160)	(6,159)	(12,945)	(1,794)	(39,058)
Net income (loss) before taxes	\$ 64,262	\$ (6,984)	\$ 64,434	\$ 3,430	\$ 125,142
Income taxes					(27,257)
Net income (loss) after taxes					\$ 97,885

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

As at June 30, 2025	Wealth Management	Group Solutions	Individual Insurance	Capital & Surplus	Total
Assets excluding segregated funds	\$ 952,182	\$ 419,774	\$ 6,021,089	\$ 2,814,351	\$ 10,207,396
Segregated funds	9,515,687	—	18,853	—	9,534,540
Total assets	\$ 10,467,869	\$ 419,774	\$ 6,039,942	\$ 2,814,351	\$ 19,741,936

As at December 31, 2024	Wealth Management	Group Solutions	Individual Insurance	Capital & Surplus	Total
Assets excluding segregated funds	\$ 973,123	\$ 412,178	\$ 6,136,810	\$ 2,750,772	\$ 10,272,883
Segregated funds	9,375,040	—	18,698	—	9,393,738
Total assets	\$ 10,348,163	\$ 412,178	\$ 6,155,508	\$ 2,750,772	\$ 19,666,621

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

# Condensed Notes to the Interim Consolidated Financial Statements

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

## 13. Capital Management

The Company manages its capital in order to meet the requirements of the LICAT guideline, the capital framework issued by the OSFI. Under this framework, the Company's capital adequacy is measured as a ratio of available capital plus surplus allowance and eligible deposits divided by a base solvency buffer. OSFI has established a Supervisory Target Total Ratio of 100% and a Supervisory Target Core Ratio of 70%. As at December 31, 2024 and June 30, 2025, the Company was in compliance with the applicable regulatory capital ratios.

## 14. Risk Management

The Company is exposed to risks arising from its investing activities and its insurance operations. The following sections describe the Company's enterprise risk management framework including the principal risks and associated risk management strategies for the risks that management considers to be most significant in terms of likelihood, and the potential adverse impact on the Company: market, product, credit and liquidity.

### 14.1. Caution related to sensitivities

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

### 14.2. Market risk

The Company's most significant market risks are equity risk and interest rate risk. Foreign exchange risk, liquidity risk, credit risk, concentration of credit risk and product risk have not changed materially since December 31, 2024. Information related to market sensitivities should be read in conjunction with the information contained in the Risk Management section of the Company's 2024 Annual Report.

# Condensed Notes to the Interim Consolidated Financial Statements

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

## Equity risk

The impacts, in millions of Canadian dollars, of one-time changes in equity markets are found below:

As at June 30, 2025		CSM				Profit or loss and Equity			
(in millions of Canadian dollars)	10% Increase	10% Decrease	20% Increase	20% Decrease	10% Increase	10% Decrease	20% Increase	20% Decrease	
Insurance and reinsurance contracts held	\$ 91	\$ (98)	\$ 176	\$ (196)	\$ (31)	\$ 34	\$ (64)	\$ 62	
Financial assets (equities)	—	—	—	—	44	(44)	88	(88)	
Total	\$ 91	\$ (98)	\$ 176	\$ (196)	\$ 13	\$ (10)	\$ 24	\$ (26)	

As at December 31, 2024		CSM				Profit or loss and Equity			
(in millions of Canadian dollars)	10% Increase	10% Decrease	20% Increase	20% Decrease	10% Increase	10% Decrease	20% Increase	20% Decrease	
Insurance and reinsurance contracts held	\$ 98	\$ (114)	\$ 186	\$ (246)	\$ (31)	\$ 32	\$ (63)	\$ 64	
Financial assets (equities)	—	—	—	—	39	(32)	80	(49)	
Total	\$ 98	\$ (114)	\$ 186	\$ (246)	\$ 8	\$ —	\$ 17	\$ 15	

## Interest rate risk

The impacts, in millions of Canadian dollars, of one-time changes in interest rates are found below:

As at June 30, 2025		CSM				Profit or loss and Equity			
(in millions of Canadian dollars)	50 bps Increase	50 bps Decrease	100 bps Increase	100 bps Decrease	50 bps Increase	50 bps Decrease	100 bps Increase	100 bps Decrease	
Insurance and reinsurance contracts held	\$ (3)	\$ (3)	\$ (12)	\$ (13)	\$ 277	\$ (313)	\$ 525	\$ (664)	
Financial assets (debt instruments)	—	—	—	—	(316)	343	(601)	724	
Total	\$ (3)	\$ (3)	\$ (12)	\$ (13)	\$ (39)	\$ 30	\$ (76)	\$ 60	

As at December 31, 2024		CSM				Profit or loss and Equity			
(in millions of Canadian dollars)	50 bps Increase	50 bps Decrease	100 bps Increase	100 bps Decrease	50 bps Increase	50 bps Decrease	100 bps Increase	100 bps Decrease	
Insurance and reinsurance contracts held	\$ 26	\$ (35)	\$ 44	\$ (78)	\$ 290	\$ (328)	\$ 547	\$ (699)	
Financial assets (debt instruments)	—	—	—	—	(347)	387	(658)	818	
Total	\$ 26	\$ (35)	\$ 44	\$ (78)	\$ (57)	\$ 59	\$ (111)	\$ 119	

# Glossary of Terms (unaudited)

## **Accumulated Other Comprehensive Income (AOCI)**

A separate component of shareholders' equity and policyholders' account which includes remeasurement of post-employment benefit liabilities. These items have been recognized in comprehensive income but excluded from net income.

## **Active Market**

An active market is a market in which the items traded are homogeneous, willing buyers and sellers can normally be found at any time and prices are available to the public.

## **Canadian Institute of Actuaries (CIA)**

The CIA is the qualifying and governing body of the actuarial profession in Canada. The CIA develops and upholds rigorous standards, shares its risk management expertise, and advances actuarial science to improve lives in Canada and around the world. Its more than 6,000 members apply their knowledge of math, statistics, data analytics, and business in providing services and advice of the highest quality to help Canadian people and organizations face the future with confidence.

## **Canadian Life and Health Insurance Association (CLHIA)**

The Canadian Life and Health Insurance Association (CLHIA) is an organization representing life insurance and health insurance providers in Canada. The association develops guidelines, voluntarily and proactively, to respond to emerging issues and to ensure consumer interests are protected.

## **Chartered Professional Accountants of Canada (CPA Canada)**

Canada's not-for-profit association for Chartered Professional Accountants (CPA) provides information and guidance to its members, students and capital markets. Working in collaboration with its provincial member organizations, CPA Canada supports the setting of accounting, auditing and assurance standards for business, not-for-profit organizations and government, and develops and delivers education programs.

## **Contractual Service Margin (CSM)**

A component of the carrying amount of the asset or liability for a group of insurance contracts representing the unearned profit the entity will recognize as it provides insurance contract services under the insurance contracts in the group.

## **Effective Interest Method**

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

## **Expected Credit Loss (ECL)**

An expected loss amount as a result of credit deterioration of the party that has been issued the credit.

## **Fair Value Through Profit or Loss (FVTPL)**

Invested assets are classified as financial instruments at FVTPL if they are held for trading, or if they are designated by management under the fair value option.

## **Fulfilment Cash Flows (FCFs)**

An explicit, unbiased and probability-weighted estimate (i.e., expected value) of the present value of the future cash outflows minus the present value of the future cash inflows that will arise as the entity fulfills insurance contracts, including a risk adjustment for non-financial risk.

## Glossary of Terms (unaudited)

### **International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB) (IFRS Accounting Standards)**

Refers to the international accounting standards that were adopted in Canada, effective January 1, 2011; these are now Canadian Generally Accepted Accounting Principles (CGAAP) for publicly accountable enterprises.

### **Life Insurance Capital Adequacy Test (LICAT)**

The LICAT measures the capital adequacy of an insurer and is one of several indicators used by OSFI to assess an insurer's financial condition. The LICAT Ratio is the ratio of eligible capital to the base solvency buffer, each as calculated under OSFI's published guidelines.

### **Other Comprehensive Income (OCI), Other Comprehensive Loss (OCL)**

Remeasurements of post-employment benefit liabilities are recorded as OCI or OCL. These remeasurements will not be reclassified to net income and will remain in AOCI.

### **Office of the Superintendent of Financial Institutions Canada (OSFI)**

The mandate of OSFI is to regulate and supervise federally regulated financial institutions and pension plans in Canada to contribute to public confidence in the financial system.

### **Participating Policies**

The participating account includes all policies issued by the Company that entitle its policyholders to participate in the profits of the participating account. The Company has discretion as to the amount and timing of dividend payments which take into consideration the continuing solvency of the participating account.

### **Return on Common Shareholders' Equity (ROE)**

A profitability measure that presents the net income available to common shareholders as a percentage of the average capital deployed to earn the income.

### **Risk Adjustment**

The compensation an entity requires for bearing the uncertainty about the amount and timing of the cash flows that arises from non-financial risk as the entity fulfills insurance contracts.

## Condensed Interim Consolidated Financial Statements Q2 2025

The Empire Life Insurance Company (Empire Life) is a proud Canadian company that has been in business since 1923. We offer individual and group life and health insurance, investment and retirement products.

Our mission is to provide expertise and intelligent solutions to help Canadians navigate life with confidence.

Follow us on social media @EmpireLife or visit [empire.ca](http://empire.ca) for more information, including current ratings and financial results.

### **Transfer Agent and Registrar**

TSX Trust Company  
301-100 Adelaide Street West  
Toronto, Ontario M5H 4H1  
Phone 416 682-3860  
Toll Free 800 387-0825  
[www.tsxtrust.com](http://www.tsxtrust.com)

### **Reporting Procedure for Accounting and Auditing Matters**

If you have a complaint regarding accounting, internal controls or auditing matters or a concern regarding questionable accounting or auditing matters, you should submit your written complaint or concern to:

Mr. Peter Levitt  
The Empire Life Insurance Company  
259 King Street East  
Kingston, ON, K7L 3A8  
Email: [peter@levittadvisory.ca](mailto:peter@levittadvisory.ca)  
Phone: 647 236-1064

You may submit your complaint or concern anonymously. Your submission will be kept confidential and will be treated in accordance with the Company's policy for reporting accounting and auditing matters.

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