

REPORT ON E-L FINANCIAL CORPORATION LIMITED

The following Management's Discussion and Analysis ("MD&A") of the operating results and financial condition of E-L Financial Corporation Limited ("E-L Financial" or the "Company") for the third quarter of 2025 should be read in conjunction with the MD&A for the year ended December 31, 2024, the Company's annual audited consolidated financial statements and the notes related thereto, the quarterly unaudited interim condensed consolidated financial statements and notes contained in this report, as well as, the Company's MD&A and unaudited interim condensed financial statements for the quarters of 2024 and the previous quarters of 2025. The unaudited interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"). Unless otherwise noted, both the consolidated financial statements and this MD&A are expressed in Canadian dollars. Figures in MD&A may differ due to rounding. This MD&A is dated November 10, 2025.

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

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

Additional information relating to the Company, including its Annual Information Form, may be found at www.sedarplus.ca.

Forward-looking statements and information

Certain statements in this MD&A about the Company's current and future plans, expectations and intentions, results, market share growth and profitability, strategic objectives or any other future events or developments constitute forward-looking statements and information within the meaning of applicable securities laws. The words "may", "will", "would", "should", "could", "expects", "plans", "intends", "trends", "indications", "anticipates", "believes", "estimates", "predicts", "likely" or "potential" or the negative or other variations of these words or other comparable words or phrases, are intended to identify forward-looking statements and information. Although management anticipates that the expectations and assumptions on which such forward-looking statements and information are based are reasonable, undue reliance should not be placed on the forward-looking statements and information because there can be no assurance that they will prove to be correct. By their nature, such forward-looking statements and information are subject to various risks and uncertainties, which could cause the actual results and expectations to differ materially from the anticipated results or expectations expressed. These risks and uncertainties include, but are not limited to, market risk including equity risk, hedging risk, interest rate risk, foreign exchange rate risk; liquidity risk; credit risk including counterparty risk; product risk including mortality risk, policyholder behaviour risk, expense risk, morbidity risk, product design and pricing risk, underwriting and claims risk, reinsurance risk; operational risk, including legal and regulatory compliance risk, model risk, human resources risk, third party risk, technology, information security and business continuity risk; and business and strategic risk, including environmental and social risk, risk with respect to risk with respect to financial strength, capital adequacy risk, risk to competition, risk with respect to distribution channels, risk with respect to changes to applicable income tax legislation, risk with respect to brand, risk with respect to intellectual property and risk with respect to significant ownership of common shares. Please see the section titled "Description of the Business" in E-L Financial's Annual Information Form available at www.sedarplus.ca for more details on these risks.

Material factors or assumptions that were applied in drawing a conclusion or making an estimate set out in the forward-looking statements and information include that the general economy remains stable; assumptions on interest rates, mortality rates and insurance contract liabilities; and capital markets continue to provide access to capital. These factors are not intended to represent a complete list of the factors that could affect the Company; however, these factors should be considered carefully, and readers should not place undue reliance on forward-looking statements made herein or in the documents reproduced herein.

To the extent any forward-looking information in this MD&A constitutes future-oriented financial information or financial outlooks within the meaning of securities laws, such information is being provided to demonstrate potential benefits and readers are cautioned that this information may not be appropriate for any other purpose. Future-oriented financial information and financial outlooks are, without limitation, based on the assumptions and subject to the risks set out above.

The forward-looking information contained herein is expressly qualified in its entirety by this cautionary statement. When relying on the Company's forward-looking statements and information to make decisions, investors and others should carefully consider the foregoing factors, assumptions and other uncertainties and potential events. Readers are cautioned not to place undue reliance on this forward-looking information, which is given as of the date hereof or the date indicated, and to not use such forward-looking information for anything other than its intended purpose. The Company undertakes no obligation to update publicly or revise any forward-looking statements and information, whether as a result of new information, future events or otherwise after the date of this document, except as required by law.

Non-GAAP measures

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

The MD&A contains reference to net equity value, net equity value per common share and growth in net equity value per common share. Net equity value per common share is described and reconciled to shareholders' equity on page 6. These terms do not have any standardized meaning according to IFRS Accounting Standards and therefore may not be comparable to similar measures presented by other companies.

Other non-GAAP measures are also used in The Empire Life Insurance Company ("Empire" or "Empire Life") section of the MD&A. These include references to assets under management, annualized premium sales, gross and net sales for segregated funds and fixed annuities to provide investors with supplemental measures of its operating performance and to highlight trends in its core business that may not otherwise be apparent when relying solely on IFRS Accounting Standards financial measures. Empire Life also believes that securities analysts, investors and other interested parties frequently use non-GAAP measures in the evaluation of issuers. Empire Life's management also uses non-GAAP measures to facilitate operating performance comparisons from period to period, to prepare annual operating budgets and to determine components of management compensation. Empire Life believes that these measures provide information useful to its shareholders and policyholders in evaluating the Empire's underlying financial results.

Annualized premium sales is used as a method of measuring sales volume. It is equal to the premium expected to be received in the first 12 months for all new individual insurance and employee benefit policies sold during the period. For segregated funds and annuity contracts, sales include new and renewal deposits to policy contracts. Net sales in the Wealth Management line reflect the gross sales (deposits) less the effect of redemptions and surrenders.

Assets under management is a non-GAAP measure of the assets managed by Empire Life, which includes general fund assets and segregated fund assets. It represents the total assets of Empire Life and the assets its customers invest in.

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

<i>(in millions of dollars)</i>	September 30 2025	December 31 2024
General fund assets	\$ 10,444	\$ 10,273
Segregated fund assets	10,008	9,394
Total Empire Life assets under management	\$ 20,452	\$ 19,667

The Company

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

E-L Corporate's operations include the oversight of investments in global equities held through direct and indirect holdings of common shares, investment funds, closed-end investment companies and other private companies. E-L Financial holds a 56.6% (December 31, 2024 - 56.6%) interest in a closed-end investment corporation, United Corporations Limited ("United") which is listed on the Toronto Stock Exchange. United is an investment vehicle for long-term growth through investments in common equities. The invested assets and operations of United are consolidated and included in the E-L Corporate segment. In addition, E-L Corporate has two significant investments in associates which includes a 34.9% (December 31, 2024 - 34.9%) interest in Algoma Central Corporation ("Algoma") and a 24.9% (December 31, 2024 - 24.9%) interest in Economic Investment Trust Limited ("Economic"). Algoma and Economic are accounted for using the equity method.

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

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

Overview of results attributable to shareholders of E-L Financial

E-L Financial consolidated <i>(millions of dollars)</i>	Third quarter		Year to date	
	2025	2024	2025	2024
Contribution to net income				
E-L Corporate ⁽¹⁾	\$ 477	\$ 321	\$ 827	\$ 1,013
Empire Life ⁽¹⁾	93	176	194	264
Net income	570	497	1,021	1,277
Other comprehensive income ⁽¹⁾	10	—	10	9
Comprehensive income	\$ 580	\$ 497	\$ 1,031	\$ 1,286

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

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

E-L Corporate <i>(millions of dollars)</i>	Third quarter		Year to date	
	2025	2024	2025	2024
Net gain on investments	\$ 581	\$ 325	\$ 884	\$ 1,169
Investment and other income	38	45	169	126
Share of associates income	32	45	57	65
	651	415	1,110	1,360
Expenses	10	8	33	33
Income taxes	86	53	139	178
Non-controlling interests	78	33	111	136
	174	94	283	347
Net income	477	321	827	1,013
Other comprehensive income (loss), net of taxes ⁽¹⁾	4	(1)	—	3
Comprehensive income	\$ 481	\$ 320	\$ 827	\$ 1,016

Empire Life <i>(millions of dollars)</i>	Third quarter		Year to date	
	2025	2024	2025	2024
Net insurance service result	\$ 43	\$ 62	\$ 151	\$ 143
Net investment and insurance finance result	115	219	213	302
Fee and other income ⁽²⁾	10	8	27	31
	168	289	391	476
Expenses	36	32	114	92
Income and other taxes	31	72	64	100
Non-controlling interests and net income attributable to the participating account	8	9	19	20
	75	113	197	212
Net income	93	176	194	264
Other comprehensive income, net of taxes ⁽¹⁾	6	1	10	6
Comprehensive income	\$ 99	\$ 177	\$ 204	\$ 270

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

⁽²⁾ Included in non-insurance investment income

E-L Financial reported a consolidated 2025 shareholder's net income of \$570 million or \$1.68 per common share for the third quarter of 2025 compared to \$497 million or \$1.47 per common share in 2024. On May 7, 2025, E-L Financial approved a 100 for one share split ("Share Split") of E-L Financial's issued and outstanding common shares. Each shareholder of record at the close of business on May 23, 2025 ("Record Date") that continued to hold their shares through May 30, 2025 ("Payment Date") received 99 additional shares for every one share held on the Record Date. All common share numbers and per common share amounts have been adjusted to reflect the Share Split as if it was retroactively applied to all prior periods presented.

E-L Corporate reported net income of \$477 million for the third quarter of 2025 compared to \$321 million in 2024. The increase in earnings was due to a net gain on investments of \$581 million in 2025 compared to \$325 million in 2024. E-L Corporate's global investment portfolio had a pre-tax total return, including dividend income, of 8% in 2025 compared to a pre-tax total return of 5% in 2024.

Empire Life reported a net income of \$93 million for the third quarter of 2025 compared to \$176 million in 2024. This result was driven by a strong net investment and insurance finance result in the current quarter, reflecting positive impacts from interest rate movements. The \$83 million decrease compared to the third quarter of 2024 is primarily attributable to the exceptionally favourable net investment and

insurance finance result in the comparative period, compounded by the favourable impacts of assumption updates recognized in the third quarter of 2024.

E-L Financial reported a consolidated shareholder's net income of \$1,021 million or \$3.00 per common share for the first nine months of 2025 compared to \$1,277 million or \$3.76 per common share in 2024.

E-L Corporate reported net income of \$827 million for the first nine months of 2025 compared to \$1,013 million in 2024. The decrease in earnings was due to a lower net gain on investments of \$884 million in 2025 compared to \$1,169 million for the comparative period in 2024. E-L Corporate's global investment portfolio had a pre-tax total return, including dividend income, of 15% in the first nine months of 2025 compared to a pre-tax total return of 20% in the prior year.

Empire Life reported a net income of \$194 million for the first nine months of 2025 compared to \$264 million for the comparable period in 2024. While the current year's strong operational performance, as evidenced by an increase in the net insurance service result, provided a partial offset, the year-over-year reduction was primarily driven by a lower net investment and insurance finance result as the prior year benefited from outlier investment performance. In addition, contributing to the variance was an increase in non-insurance operating expenses in the current year.

Normal course issuer bid

On March 10, 2025, the Company obtained approval from the TSX to renew its normal course issuer bid ("NCIB"). After adjusting for the Share Split, the Company can purchase up to 17,308,600 common shares between March 12, 2025 and March 11, 2026. Daily purchases (other than pursuant to a block purchase exemption) on the TSX under the NCIB are limited to 5,678 common shares. The price that the Company pays for the common shares is the prevailing market price at the time of acquisition.

During the first nine months ended September 30, 2025, 6,600 common shares were purchased under the NCIB at an average price of \$15.96 per share for a total consideration of \$0.1 million. No shares were purchased under the NCIB for the year ended December 31, 2024.

Net equity value per common share

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

<i>(millions of dollars, except per share amounts)</i>	Q3 2025	Q4 2024	Q3 2024
E-L Financial shareholders' equity	\$ 8,875	\$ 8,416	\$ 8,140
Less: First preference shares	(300)	(300)	(300)
	8,575	8,116	7,840
Adjustments for E-L Corporate's investments in associates not carried at fair value:			
Carrying value	(477)	(466)	(441)
Fair value ⁽¹⁾	513	430	429
	36	(36)	(12)
Non-controlling interest and deferred tax	(5)	8	3
	31	(28)	(9)
Net equity value	\$ 8,606	\$ 8,088	\$ 7,831
Common shares ⁽²⁾ outstanding at period end	346,191,400	346,198,000	346,198,000
Net equity value per common share⁽²⁾⁽³⁾	\$ 24.86	\$ 23.36	\$ 22.62

⁽¹⁾ Based on quoted market prices

⁽²⁾ All common share numbers and per common share amounts have been adjusted to reflect the Share Split as if it was retroactively applied to all prior periods presented. Common shares includes Series A Convertible Preference Shares

⁽³⁾ See non-GAAP measures

Growth in net equity value per common share

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

Annual	Net equity value per common share⁽¹⁾⁽²⁾	Growth*
	\$	%
2015	10.89	12.3
2016	11.59	6.8
2017	13.17	14.0
2018	12.96	(1.2)
2019	14.86	15.1
2020	16.85	15.4
2021	18.84	17.1
2022	17.86	(3.4)
2023	19.68	11.1
2024	23.36	22.5
Year to date		
September 30, 2025	24.86	13.4
Compounded annual growth in net equity value per common share*		
2015 - 2024 - 10 years		10.4
1969 - 2024 - Since inception		12.3

⁽¹⁾ Amounts have been adjusted to reflect the Share Split as if it was retroactively applied to all prior periods presented.

⁽²⁾ This chart was drawn from the individual annual reports and has not been restated for any subsequent changes in accounting policies. Net equity value amounts are reduced by deferred income tax liabilities on net unrealized investment gains. See non-GAAP measures.

Summary of quarterly results

The following table summarizes the quarterly results:

<i>(millions of dollars, except per share amounts)</i>	2025				2024			2023
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Insurance service revenue	\$ 386	\$ 379	\$ 373	\$ 358	\$ 357	\$ 351	\$ 339	\$ 335
Net investment and insurance finance result	115	18	80	4	219	28	55	142
Fair value change in fair value through profit or loss investments	581	373	(70)	301	325	214	629	516
Non-insurance investment and other income	49	60	89	47	56	62	41	40
Share of income (loss) of associates	31	23	2	19	43	14	6	(30)
Total revenue	\$ 1,162	\$ 853	\$ 474	\$ 729	\$ 1,000	\$ 669	\$ 1,070	\$ 1,003
Net income ⁽¹⁾	\$ 570	\$ 365	\$ 86	\$ 287	\$ 497	\$ 232	\$ 547	\$ 501
Earnings per common share ⁽²⁾								
- basic	\$ 1.68	\$ 1.07	\$ 0.24	\$ 0.84	\$ 1.47	\$ 0.68	\$ 1.61	\$ 1.45
- diluted	\$ 1.59	\$ 1.02	\$ 0.24	\$ 0.78	\$ 1.35	\$ 0.63	\$ 1.49	\$ 1.32

⁽¹⁾ Attributable to shareholders

⁽²⁾ Amounts have been adjusted to reflect the Share Split as if it was retroactively applied to all prior periods presented.

Quarterly trend analysis

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

Revenue for the third quarter of 2025 increased compared to the same period in 2024, with fluctuations mainly due to increases in the fair value change in fair value through profit and loss investments.

Net investment and insurance finance result decreased by \$104 million in the third quarter of 2025 compared to the same period in 2024. This comparison reflects less favourable interest rate movements this quarter, and the absence of the favourable impacts of assumption updates that were recognized in the third quarter of the prior year, even as the current quarter's results remained strong.

Liquidity and cash flows

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

Consolidated cash flows

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

Period ended September 30 (millions of dollars)	E-L Financial (non- consolidated)	United	Empire Life	Consolidation adjustments	E-L Financial Consolidated	
					2025	2024
Cash flows from:						
Operating activities	\$ 298	\$ (6)	\$ 173	\$ (239)	\$ 226	\$ 326
Financing activities	(577)	(210)	(136)	237	(686)	(424)
Investing activities	328	218	(62)	2	486	(14)
Increase (decrease) in cash and cash equivalents	49	2	(25)	—	26	(112)
Cash and cash equivalents, beginning of the period	112	42	219	—	373	441
Cash and cash equivalents, end of the period	\$ 161	\$ 44	\$ 194	\$ —	\$ 399	\$ 329

There is a decrease in cash provided from operating activities during the first nine months of 2025 relative to 2024 which is mostly attributable to Empire Life. For Empire Life, cash flows from operating activities include premiums, net investment income and fee income. These funds are primarily used to pay policy benefit payments, commissions, operating expenses and policyholder dividends.

Cash used for financing activities increased during the first nine months of 2025, primarily due to the Company's payment of a special cash dividend of \$519 million on March 14, 2025 and United's payment of a special cash dividend of \$186 million on February 28, 2025. During the comparable period in 2024, the Company paid a special cash dividend of \$208 million, repaid the \$95 million margin loan and United repaid the \$40 million operating credit facility.

Cash flows provided from investing activities increased during the first nine months of 2025 mainly due to the proceeds from higher net sales of investments by E-L Financial (non-consolidated) and United during the first quarter of 2025. The proceeds from the sales of investments were used to fund the special cash dividends. Empire Life reported lower net purchases of investments in the first nine months of 2025 as well as less investments in associates relative to the prior period.

Non-consolidated cash flows of E-L Financial

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

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

Nine months ended September 30

<i>(millions of dollars)</i>	2025	2024
Cash flows from:		
Operating activities		
Dividends from subsidiaries	\$ 232	\$ 118
Dividends and interest	122	81
Expenses and taxes, net of other income	(56)	(18)
	298	181
Financing activities		
Cash dividends paid to shareholders	(571)	(258)
Decrease in margin loan	—	(95)
Interest paid on borrowings	(6)	(5)
	(577)	(358)
Investing activities		
Purchases of investments	(375)	(363)
Proceeds from sales of investments	659	561
Dividends from associates	44	20
	328	218
Increase in cash and cash equivalents	49	41
Cash and cash equivalents, beginning of the period	112	59
Cash and cash equivalents, end of the period	\$ 161	\$ 100

During 2025, the non-consolidated cash and cash equivalents of E-L Financial increased by \$49 million.

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

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

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

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

Analysis of business segments

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

E-L CORPORATE

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

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

Investments - corporate

Investments - corporate includes investments in equities and short-term fixed-income investments. At September 30, 2025, investments - corporate had aggregate investments of \$8.2 billion, comprised primarily of common shares and units of investment funds, compared to aggregate investments at December 31, 2024 of \$7.8 billion. The fair value of investments - corporate is summarized in the table below:

<i>(millions of dollars)</i>	September 30 2025	December 31 2024
Preferred shares	\$ 2	\$ 2
Common shares and units		
Canada	1,284	1,130
U.S.	4,718	4,621
Europe and United Kingdom	1,370	1,274
Other	829	794
Total	8,201	7,819
Total invested assets	\$ 8,203	\$ 7,821

In the normal course of business, investment commitments are outstanding which are not reflected in the consolidated financial statements. As of September 30, 2025, E-L Corporate has \$375 million (December 31, 2024 - \$337 million) in unfunded commitments in limited partnerships.

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

<i>(millions of dollars)</i>	Third quarter		Year to date	
	2025	2024	2025	2024
Net gain on investments	\$ 581	\$ 325	\$ 884	\$ 1,169
Investment and other income	38	45	169	126
Share of associates income	32	45	57	65
	651	415	1,110	1,360
Expenses	10	8	33	33
Income taxes	86	53	139	178
Non-controlling interests	78	33	111	136
	174	94	283	347
Net income	477	321	827	1,013
OCI (OCL), net of taxes	4	(1)	—	3
Comprehensive income	\$ 481	\$ 320	\$ 827	\$ 1,016

E-L Corporate reported net income of \$477 million in the third quarter of 2025 compared to \$321 million in 2024. For the third quarter of 2025 there was a net gain on investments of \$581 million compared to \$325 million for the third quarter of 2024. E-L Corporate's global investment portfolio had a pre-tax total return, including dividend income of 8% for the third quarter of 2025 compared to 5% for the third quarter of 2024.

During the nine months ended September 30, 2025, E-L Corporate reported net income of \$827 million compared to \$1,013 million for the comparative period in 2024. E-L Corporate's year to date pre-tax total return, including dividend income, was 15% for the first nine months of 2025 compared to pre-tax total return of 20% in 2024.

Investment and other income was higher on a year to date basis while was lower on a quarterly basis in 2025 compared to the same period in 2024. Investment and other income consists primarily of dividend income received from E-L Corporate's investment portfolio. In general, dividend income is impacted by the composition of the investment portfolio and foreign exchange rates.

Operating expenses remained consistent on both a year to date and quarterly basis compared to the same period in 2024.

Share of associates income

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

<i>(millions of dollars)</i>	Third quarter		Year to date	
	2025	2024	2025	2024
Algoma	\$ 14	\$ 13	\$ (1)	\$ 14
Economic	18	32	58	51
	\$ 32	\$ 45	\$ 57	\$ 65

For the nine months ended September 30, 2025, the share of associate's income includes an impairment provisions for Algoma of \$18 million (September 30, 2024 - \$nil) and an impairment reversal for Economic of \$6 million (September 30, 2024 - \$10 million). There was no impairment provision or reversal booked in the third quarter of 2025.

Algoma's net income for the third quarter remained consistent with the same period of 2024, while showing a decrease year to date. Higher earnings were reported in the Domestic Dry-Bulk and Product Tankers segments, driven by higher rates and a larger fleet size. This was offset by lower earnings in the Ocean Self-Unloaders segment.

Economic owns, directly and indirectly, long-term investments in the common shares of some publicly-traded Canadian companies, and a managed global investment portfolio of common shares of publicly-traded global companies. Economic's global investment portfolio had a pre-tax total return, gross of fees, of 11% for the third quarter of 2025 compared to 6% in 2024. On a year to date basis, Economic's global investment portfolio had a pre-tax total return, gross of fees, of 19% during the first nine months of 2025 compared to 22% in 2024.

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

	September 30, 2025			December 31, 2024		
	Ownership	Carrying value	Fair value	Ownership	Carrying value	Fair value
Algoma	34.9 %	\$ 235	\$ 237	34.9 %	\$ 245	\$ 209
Economic	24.9 %	242	276	24.9 %	221	221
Total		\$ 477	\$ 513		\$ 466	\$ 430

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

Risk management

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

Market risk

Market risk is the most significant risk impacting E-L Corporate as its investing activities are influenced by market price, foreign currency and interest rate risk. As the Company's investment portfolio is represented by Canadian and global equities, the value of its investments will vary from day to day depending on a number of market factors including economic conditions, global events, market sentiment, and on the performance of the issuers of the securities in which the Company invests. Changes in foreign currency exchange rates will also affect the value of investments of non-Canadian dollar securities. As of September 30, 2025, 60% (December 31, 2024 - 63%) of the investment - corporate including cash and cash equivalents was denominated in U.S. dollars, 10% (December 31, 2024 - 9%) in Euros and 4% (December 31, 2024 - 4%) in the Japanese Yen representing the largest foreign currency exposures. The Company also holds investments within emerging markets. Investments in emerging markets are more likely to experience political, economic and social instability, which may result in higher levels of market value volatility.

Credit risk

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

Outlook

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

REPORT ON EMPIRE LIFE

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

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

Financial analysis overview

<i>(millions of dollars)</i>	Third quarter		Year to date	
	2025	2024	2025	2024
Empire Life common shareholders' net income	\$ 93	\$ 177	\$ 195	\$ 265
Non-controlling interests	—	1	1	1
Net income contribution to E-L Financial	\$ 93	\$ 176	\$ 194	\$ 264

	Sep 30 2025	Jun 30 2025	Mar 31 2025	Dec 31 2024	Sep 30 2024
LICAT total ratio	145 %	142 %	140 %	151 %	154 %

Empire Life reported third quarter Common shareholders' net income of \$93 million. This result was driven by a strong net investment and insurance finance result in the current quarter, reflecting positive impacts from interest rate movements. The \$84 million decrease compared to the third quarter of 2024 is primarily attributable to the exceptionally favourable net investment and insurance finance result in the comparative period, compounded by the favourable impacts of assumption updates recognized in the third quarter of 2024.

Segmented Operating Results

The following tables provide a summary of Empire Life results by operating segment for the periods ended September 30, 2025 and September 30, 2024.

For the three months ended September 30, 2025

(in millions of dollars)	Wealth Management	Group Solutions	Individual Insurance	Capital & Surplus	Total
Insurance revenue	\$ 65	\$ 186	\$ 135	\$ —	\$ 386
Insurance service expenses	(40)	(174)	(119)	—	(333)
Insurance service result	25	12	16	—	53
Net recovery (expense) from reinsurance contracts held	1	(1)	(10)	—	(10)
Net insurance service result	26	11	6	—	43
Investment loss, excluding segregated fund account balances					
Investment income	27	4	157	34	222
Change in investment contracts	(10)	—	—	—	(10)
Net investment result, excluding segregated fund account balances	17	4	157	34	212
Insurance finance income, excluding segregated fund account balances					
Insurance contracts	(12)	(5)	(76)	—	(93)
Reinsurance contracts held	—	2	(7)	—	(5)
Net insurance finance expense, excluding segregated fund account balances	(12)	(3)	(83)	—	(98)
Segregated fund account balances net investment and insurance finance result					
Investment income on investments for segregated fund account balances	583	—	2	—	585
Insurance finance expenses for segregated fund account balances	(583)	—	(2)	—	(585)
Segregated funds account balances net investment and insurance finance result	—	—	—	—	—
Net investment and insurance finance result	5	1	74	34	114
Other income (expenses)					
Fee and other income	—	2	—	8	10
Non-insurance expenses	(7)	(8)	(7)	(9)	(31)
Interest expenses	—	—	—	(4)	(4)
Total other expenses	(7)	(6)	(7)	(5)	(25)
Net income before taxes	\$ 24	\$ 6	\$ 73	\$ 29	\$ 132
Income taxes					(31)
Net income after taxes					101
Less: net income attributable to the participating account					5
Less: preferred share dividends declared and distributions on other equity instruments					3
Empire Life's common shareholder's net income					93
Non-controlling interests in net income					—
Net income attributable to owners of E-L Financial					\$ 93

For the three months ended September 30, 2024

(in millions of dollars)	Wealth Management	Group Solutions	Individual Insurance	Capital & Surplus	Total
Insurance revenue	\$ 61	\$ 171	\$ 125	\$ —	\$ 357
Insurance service expenses	(35)	(143)	(93)	—	(271)
Insurance service result	26	28	32	—	86
Net expense from reinsurance contracts held	—	(11)	(13)	—	(24)
Net insurance service result	26	17	19	—	62
Investment income (loss), excluding segregated fund account balances					
Investment income	41	9	371	81	502
Change in investment contracts	(19)	—	—	—	(19)
Net investment result, excluding segregated fund account balances	22	9	371	81	483
Insurance finance (expense) income, excluding segregated fund account balances					
Insurance contracts	(13)	(17)	(259)	—	(289)
Reinsurance contracts held	—	8	17	—	25
Net insurance finance expense, excluding segregated fund account balances	(13)	(9)	(242)	—	(264)
Segregated fund account balances net investment and insurance finance result					
Investment income on investments for segregated fund account balances	607	—	2	—	609
Insurance finance expenses for segregated fund account balances	(607)	—	(2)	—	(609)
Segregated funds account balances net finance and investment result	—	—	—	—	—
Net investment and insurance finance result	9	—	129	81	219
Other income (expenses)					
Fee and other income	—	2	—	6	8
Non-insurance expenses	(7)	(6)	(7)	(7)	(27)
Interest expenses	—	—	—	(4)	(4)
Total other expenses	(7)	(4)	(7)	(5)	(23)
Net income before taxes	\$ 28	\$ 13	\$ 141	\$ 76	\$ 258
Income taxes					(72)
Net income after taxes					186
Less: net income attributable to the participating account					6
Less: preferred share dividends declared and distributions on other equity instruments					3
Empire Life's common shareholder's net income					177
Non-controlling interests in net income					1
Net income attributable to owners of E-L Financial				\$	176

For the nine months ended September 30, 2025

(in millions of dollars)	Wealth Management	Group Solutions	Individual Insurance	Capital & Surplus	Total
Insurance revenue	\$ 188	\$ 545	\$ 405	\$ —	\$ 1,138
Insurance service expenses	(113)	(519)	(310)	—	(942)
Insurance service result	75	26	95	—	196
Net recovery (expense) from reinsurance contracts held	2	(6)	(40)	—	(44)
Net insurance service result	77	20	55	—	152
Investment income (loss), excluding segregated fund account balances					
Investment income	35	7	212	65	319
Change in investment contracts	(22)	—	—	—	(22)
Net investment result, excluding segregated fund account balances	13	7	212	65	297
Insurance finance income (expense), excluding segregated fund account balances					
Insurance contracts	1	(10)	(76)	—	(85)
Reinsurance contracts held	—	4	(3)	—	1
Net insurance finance income (expense), excluding segregated fund account	1	(6)	(79)	—	(84)
Segregated fund account balances net investment and insurance finance result					
Investment income on investments for segregated fund account balances	1,039	—	3	—	1,042
Insurance finance expenses for segregated fund account balances	(1,039)	—	(3)	—	(1,042)
Segregated funds account balances net finance and investment result	—	—	—	—	—
Net investment and insurance finance result	14	1	133	65	213
Other income (expenses)					
Fee and other income	1	6	—	20	27
Non-insurance expenses	(22)	(27)	(24)	(28)	(101)
Interest expenses	—	—	—	(13)	(13)
Total other expenses	(21)	(21)	(24)	(21)	(87)
Net income before taxes	\$ 70	\$ —	\$ 164	\$ 44	\$ 278
Income taxes					(64)
Net income after taxes					214
Less: net income attributable to the participating account					10
Less: preferred share dividends declared and distributions on other equity instruments					9
Empire Life's common shareholder's net income					195
Non-controlling interests in net income					1
Net income attributable to owners of E-L Financial				\$	194

For the nine months ended September 30, 2024

(in millions of dollars)	Wealth Management	Group Solutions	Individual Insurance	Capital & Surplus	Total
Insurance revenue	\$ 186	\$ 500	\$ 362	\$ —	\$ 1,048
Insurance service expenses	(106)	(466)	(280)	—	(852)
Insurance service result	80	34	82	—	196
Net expense from reinsurance contracts held	(1)	(17)	(35)	—	(53)
Net insurance service result	79	17	47	—	143
Investment income (loss), excluding segregated fund account balances					
Investment income	79	11	305	86	481
Change in investment contracts	(25)	—	—	—	(25)
Net investment result, excluding segregated fund account balances	54	11	305	86	456
Insurance finance (expense) income, excluding segregated fund account balances					
Insurance contracts	(16)	(22)	(146)	—	(184)
Reinsurance contracts held	—	10	20	—	30
Net insurance finance expense, excluding segregated fund account balances	(16)	(12)	(126)	—	(154)
Segregated fund account balances net investment and insurance finance result					
Investment income on investments for segregated fund account balances	1,065	—	3	—	1,068
Insurance finance expenses for segregated fund account balances	(1,065)	—	(3)	—	(1,068)
Segregated funds account balances net finance and investment result	—	—	—	—	—
Net investment and insurance finance result	38	(1)	179	86	302
Other income (expenses)					
Fee and other income	1	7	—	23	31
Non-insurance expenses	(25)	(17)	(20)	(19)	(81)
Interest expenses	—	—	—	(12)	(12)
Total other expenses	(24)	(10)	(20)	(8)	(62)
Net income before taxes	\$ 93	\$ 6	\$ 206	\$ 78	\$ 383
Income taxes					(100)
Net income after taxes					283
Less: net income attributable to the participating account					10
Less: preferred share dividends declared and distributions on other equity instruments					8
Empire Life's common shareholder's net income					265
Non-controlling interests in net income					1
Net income attributable to owners of E-L Financial				\$	264

Total Empire Life's Results - Quarterly Comparison

Empire Life reported Common shareholders' net income of \$93 million in the third quarter of 2025. This result was driven by a strong net investment and insurance finance result in the current quarter, reflecting positive impacts from interest rate movements. The \$84 million decrease compared to the third quarter of 2024 is primarily attributable to the exceptionally favourable net investment and insurance finance result in the comparative period, compounded by the favourable impacts of assumption updates recognized in the their quarter of the prior year.

Net insurance service result decreased by \$19 million in the third quarter compared to the same period in 2024. This was driven by the contrast between the favourable impact of assumption updates in the Group Solutions results in the third quarter of 2024, and unfavourable impact of assumption updates in the Individual Insurance segment in the current quarter.

Net investment and insurance finance result decreased by \$105 million in the third quarter of 2025 compared to the same period in 2024. This comparison reflects less favourable interest rate movements this quarter, and the absence of the favourable impacts of assumption updates that were recognized in the third quarter of the prior year, even as the current quarter's results remained strong.

Total other expenses were \$25 million in the third quarter compared to \$23 million in the same period in 2024. The \$2 million change was related to an increase in non-insurance expenses, primarily related to investments in information systems and process efficiency, and higher activity in our non-insurance distribution channels.

Empire Life's Results - Year-to-date Comparison

Empire Life reported year-to-date common shareholders' net income of \$195 million, a \$70 million decrease compared to 2024. While the current year's strong operational performance, as evidenced by an increase in the net insurance service result, provided a partial offset, the year-over-year reduction was primarily driven by a lower net investment and insurance finance result as the prior year benefited from outlier investment performance. In addition, contributing to the variance was an increase in non-insurance operating expenses in the current year.

Net insurance service result increased by \$9 million in 2025 compared to the same period in 2024. This improvement was primarily driven by more favourable mortality experience in the Individual Insurance segment, along with positive health and dental experience in the Group Solutions segment in the current year. These gains were partially offset by the unfavorable impacts of assumption updates.

Net investment and insurance finance result for the first three quarters of 2025 was robust, though it decreased by \$89 million compared to the same period in 2024. This variance was due to the positive impacts of assumption updates on prior year's results, more significant net investment gains from non-fixed income assets related to exceptional market conditions in 2024, and less favourable interest rate movements in the current year compared to the prior year.

Total other expenses was \$87 million in 2025 compared to \$62 million in the same period in 2024. The change was attributable to higher non-insurance expenses related to strategic investments in information systems and increased workforce costs, and gains from the sale of property and equipment recognized in the comparative quarter.

Wealth Management

(in millions of dollars)	Third quarter		Year to date	
	2025	2024	2025	2024
Fixed annuities				
Assets under management ⁽¹⁾	\$ 1,024	\$ 997	\$ 1,024	\$ 997
Gross sales ⁽¹⁾	42	46	118	161
Net sales ⁽¹⁾	16	15	33	69
Segregated funds				
Assets under management ⁽¹⁾	\$ 9,988	\$ 9,312	\$ 9,988	\$ 9,312
Gross sales ⁽¹⁾	227	210	731	643
Net sales ⁽¹⁾	(37)	(68)	(196)	(384)

⁽¹⁾ See Non-GAAP measures section.

(in millions of dollars)	Third quarter		Year to date	
	2025	2024	2025	2024
Net insurance service result	\$ 26	\$ 26	\$ 77	\$ 79
Net investment and insurance finance result	5	9	14	38
Fee and other income	—	—	1	1
Non-insurance operating expenses	(7)	(7)	(22)	(25)
Net income before taxes	\$ 24	\$ 28	\$ 70	\$ 93

Fixed annuities assets under management increased 3% relative to the same period in 2024. This growth was primarily attributable to ongoing customer retention evidenced by positive net sales in recent quarters. For the third quarter of 2025, gross sales declined 9% compared to the same period in 2024, reflecting the influence of favourable equity markets on customer demand.

Segregated fund assets under management increased 7% relative to the same period in 2024, resulting from positive market returns that more than offset the impact of net outflows. Gross sales increased 9% in the third quarter of 2025, reflecting strong customer demand, driven by a more favourable equity market environment, and solid contributions from the new segregated funds launched in the second quarter of 2024.

Net income before taxes for the third quarter decreased by \$4 million compared to the same period in 2024, due to less favourable interest rate movements impacting the net investment and insurance finance result, even as the current quarter's result remained solidly positive.

Group Solutions

(in millions of dollars)	Third quarter		Year to date	
	2025	2024	2025	2024
Annualized premium sales				
Core	\$ 22	\$ 18	\$ 68	\$ 52
Other	12	7	33	30
Total annualized premium sales⁽¹⁾	\$ 34	\$ 25	\$ 101	\$ 82

⁽¹⁾ See Non-GAAP measures section.

(in millions of dollars)	Third quarter		Year to date	
	2025	2024	2025	2024
Insurance revenue	\$ 186	\$ 171	\$ 545	\$ 500
Net insurance service result	\$ 11	\$ 17	\$ 20	\$ 17
Net investment and insurance finance result	1	—	1	(1)
Fee and other income	2	2	6	7
Non-insurance operating expenses	(8)	(6)	(27)	(17)
Net income before taxes	\$ 6	\$ 13	\$ —	\$ 6

Total annualized premium sales in Group Solutions increased 36% in the third quarter compared to the same period in 2024. This growth was primarily fueled by strong core sales and contributions from recently launched product offerings.

Insurance revenue increased 9% in the third quarter, compared to the same period in 2024. The quarter over quarter increase was primarily the result of strong sales and improved customer retention on core business, and sustained organic growth generated by specialty partnerships.

For the quarter, net income before taxes decreased \$7 million compared to the same period in 2024. This decrease was driven primarily by the prior period's favourable impacts of assumption updates on life and long-term disability products. The segment also saw a rise in non-insurance expenses, driven by higher workforce costs associated with business growth, which was partially offset by improved health and dental experience in the current quarter.

Individual Insurance

(in millions of dollars)	Third quarter		Year to date	
	2025	2024	2025	2024
Shareholders'				
Shareholders' annualized premium sales ⁽¹⁾	\$ 10	\$ 9	\$ 31	\$ 31
Net income before taxes	69	138	154	197
Policyholders'				
Policyholders' annualized premium sales ⁽¹⁾	\$ 4	\$ 4	\$ 11	\$ 11
Net income before taxes	4	3	10	9

⁽¹⁾ See Non-GAAP measures section.

(in millions of dollars)	Third quarter		Year to date	
	2025	2024	2025	2024
Net insurance service result	\$ 6	\$ 19	\$ 55	\$ 47
Net investment and insurance finance result	74	129	133	179
Non-insurance operating expenses	(7)	(7)	(24)	(20)
Net income before taxes	\$ 73	\$ 141	\$ 164	\$ 206

Shareholders' annualized premium sales for the third quarter of 2025 increased \$1 million compared to the same period in 2024. Customer demand for Empire's non-participating short-term insurance products improved as a result of management action following a competitive analysis.

Shareholders' net income before taxes for the third quarter of 2025 decreased \$69 million compared to the same period in 2024. This was largely driven by a \$55 million decrease in net investment and insurance finance result, reflecting less favourable interest rate movements in the current period compared to the same quarter of the prior year. Further contributing to the decline was a \$13 million decrease in net insurance service result, primarily due to unfavourable impacts of assumption updates.

Capital and Surplus

(in millions of dollars)	Third quarter		Year to date	
	2025	2024	2025	2024
Net investment result	\$ 34	\$ 81	\$ 65	\$ 86
Other expenses	(5)	(5)	(21)	(8)
Net (loss) income before taxes	\$ 29	\$ 76	\$ 44	\$ 78

Net income before taxes was \$29 million, which was a \$47 million decrease compared to net income before taxes of \$76 million in the same period in 2024, primarily due to less favourable interest rate movements, which resulted in a lower net investment result compared to the third quarter of 2024.

Net Contractual Service Margin

(Amounts are net of reinsurance contracts held, in millions of dollars)	Third quarter		Year to date	
	2025	2024	2025	2024
Net contractual service margin, beginning of period	\$ 1,394	\$ 1,483	\$ 1,410	\$ 1,415
Impact of new insurance business	18	16	50	45
Interest accretion	5	6	18	18
Insurance experience ⁽¹⁾	—	3	(28)	(1)
Economic experience ⁽¹⁾	72	32	130	150
Assumption updates ⁽¹⁾	(72)	(73)	(82)	(77)
CSM recognized for services provided	(41)	(41)	(122)	(124)
Net contractual service margin, end of period	\$ 1,376	\$ 1,426	\$ 1,376	\$ 1,426

⁽¹⁾ Insurance experience, economic experience and assumption updates are components of changes in estimates that adjust the CSM. Insurance experience represents the current period impacts of insurance experience, resulting in a change in future cash flows that adjust CSM. Economic experience represents the changes in the effect of time value of money and financial risk relating to contracts measured using the Variable Fee Approach ("VFA") for the Wealth Management and Individual Insurance product lines. Assumption updates represent the future period impacts of changes in fulfillment cash flows that adjust CSM.

The Net Contractual Service Margin ("CSM") as at September 30, 2025 is \$1,376 million, a decrease of \$18 million in the third quarter of 2025. Components driving the change in net CSM are:

- New insurance business: Strong non-participating term insurance sales drove an \$18 million increase to CSM in the third quarter of 2025, which was \$2 million greater than the same quarter in 2024.
- Economic experience: The \$72 million increase is due to favourable equity market returns.
- Assumption updates: The actuarial assumption updates were completed in the third quarter of 2025 which led to a \$72 million decrease in the CSM balance.
- CSM amortization: The recognition of CSM remains relatively consistent quarter to quarter.

Impact of Insurance Contract Liability Assumption Updates

Impacts from the update of policy liability assumptions for the nine months ended September 30, 2025	Net income (loss) before taxes		Net CSM
(Amounts are net of reinsurance contracts held, in millions of dollars)			
Components of insurance contract liability assumption updates			
Discount rates	\$	15	\$ (1)
Mortality		—	(1)
Expense		(2)	(29)
Lapse		(8)	(45)
Other		(1)	(6)
Total change from the update of insurance contract liability assumptions	\$	4	\$ (82)

In the third quarter, management updated several actuarial assumptions that affect the measurement of insurance contract liabilities and reinsurance contracts held. These updates are primarily related to lapse rates, and expenses. In 2024, management also conducted the annual assumption updates in the third quarter.

For further details on the updates to insurance contract liability assumptions, refer to Note 10. Analysis by measurement component for insurance contracts of our unaudited interim condensed consolidated financial statements for the quarter ended September 30, 2025.

Financial Instruments and Risk

Empire Life holds an investment portfolio that is actively managed to optimize yield, quality and liquidity while ensuring diversification and duration-matched to our future obligations. Cash flows arising from these financial instruments are intended to match the liquidity requirements of Empire Life's insurance and investment contract liabilities, within the limits prescribed by Empire Life. Empire Life is subject to credit and market risk on these financial instruments.

Credit risk on these financial instruments could result in a financial loss should the other party fail to discharge an obligation. This credit risk is derived primarily from investments in bonds, debentures, preferred shares, short-term investments, loans and mortgages. Empire Life manages credit risk by applying its investment guidelines as established by management and approved by Investment Committee of Empire Life's Board of Directors. The investment guidelines establish minimum credit ratings for issuers of bonds, debentures and preferred share investments, and provide for concentration limits by the issuer of such debt instruments. The investment guidelines also establish minimum underwriting requirements and limits for debt financing of an advisor company or managing general agent. Management reviews credit quality relative to investment purchases and monitors the credit quality of invested assets over time. Management reports regularly to the Investment Committee of Empire Life's Board on the credit risk to which the portfolio is exposed.

Empire Life manages market risk exposure mainly through investment limits and oversight of its in-house investment managers and external investment firms by the Chief Investment Officer, Asset Management Committee and Investment Committee of Empire Life's Board. The Investment Committee actively monitors the portfolio and asset mix. Empire Life has hedging programs in place as part of its approach to managing this risk.

Empire Life manages credit risk with respect to derivatives by applying limits and credit rating restrictions established by the Investment Committee in its investment guidelines, which set out permitted derivatives and permitted uses for derivatives, as well as limits to the use of these instruments. In particular, no leverage is permitted in the use of derivatives and strict counterparty credit restrictions are imposed.

Sources of capital

Empire Life has issued private and public securities to strengthen its capital position and fund new business growth. The securities outstanding are summarized in the following table:

(in millions of dollars)	As at	
	September 30 2025	December 31 2024
Subordinated debentures	\$ 399	\$ 399
Equity		
Preferred shares and other equity instruments	\$ 297	\$ 297
Common shares	1	1
Total Equity	\$ 298	\$ 298

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

(in millions of dollars)	Date Issued	Earliest Redemption Date	Yield	As at	
				September 30 2025	December 31 2024
Series 2021-1 ⁽¹⁾	September 2021	September 24, 2026	2.024%	\$ 200	\$ 200
Series 2023-1 ⁽²⁾	January 2023	January 13, 2028	5.503%	\$ 199	\$ 200

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

⁽²⁾ Series 2023-1 Subordinated 5.503% unsecured debentures due 2033. From January 13, 2028, interest is payable at 2.26% over CORRA.

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

(in millions of dollars)	Date Issued	Earliest Redemption Date	Yield	As at	
				September 30 2025	December 31 2024
Preferred shares, Series 3	November 2017	January 17, 2028	6.187 %	\$ 100	\$ 100
Limited Recourse Capital Notes, Series 1	February 2021	April 17, 2026	3.625 %	\$ 197	\$ 197

Security rating

The securities issued by Empire Life are rated by DBRS Limited ("Morningstar DBRS"). Morningstar DBRS completed its annual rating review of Empire Life in the second quarter of 2025. Morningstar DBRS upgraded all credit ratings and updated Empire Life's trend to Stable.

Evaluation type	Rating	Trend	Date of last rating action
Financial strength rating	A (high)	Stable	May 22, 2025
Issuer rating	A (high)	Stable	May 22, 2025
Subordinated debt	A	Stable	May 22, 2025
Preferred shares	Pfd-2 (high)	Stable	May 22, 2025
Limited Recourse Capital Notes	A (low)	Stable	May 22, 2025

Regulatory capital

The Life Insurance Capital Adequacy Test ("LICAT") measures the capital adequacy of an insurer and is one of several indicators used by the Office of the Superintendent of Financial Institutions, Canada ("OSFI") to assess an insurer's financial condition⁽¹⁾. Empire Life continues to have a strong capital position under the LICAT framework. Empire Life is required to maintain a minimum Core Ratio of 55%

and a Total Ratio of 90%. OSFI has established supervisory target levels of 70% for Core and 100% for Total Ratio.

LICAT (in millions of dollars)	Sep 30 2025	Jun 30 2025	Mar 31 2025	Dec 31 2024	Sep 30 2024
Available capital					
Tier 1	\$ 2,717	\$ 2,626	\$ 2,554	\$ 2,195	\$ 2,206
Tier 2	778	804	778	726	737
Total	\$ 3,495	\$ 3,430	\$ 3,332	\$ 2,921	\$ 2,943
Surplus allowance and eligible deposits	\$ 748	\$ 762	\$ 771	\$ 677	\$ 654
Base solvency buffer	\$ 2,936	\$ 2,960	\$ 2,929	\$ 2,383	\$ 2,334
LICAT total ratio	145 %	142 %	140 %	151 %	154 %
LICAT core ratio	110 %	107 %	106 %	112 %	114 %

Empire Life has continued to maintain a strong LICAT position that is well above target levels. Empire Life's Total and Core LICAT ratios increased in the third quarter compared to the second quarter of 2025.

Compared to fourth quarter of 2024, Empire Life's LICAT ratios decreased primarily due to the updated OSFI LICAT guideline, effective January 1, 2025. The new guideline contained significant changes related to capital for segregated fund guarantees and related hedging programs. LICAT ratios for periods prior to January 1, 2025 have not been restated.

Risk Management

Empire Life is a financial institution offering wealth management, group solutions and individual insurance products. Empire Life is exposed to a number of risks as a result of its business activities. Effective risk management is critical to the overall profitability, competitive market positioning and long-term financial viability of Empire Life. While all risks cannot necessarily be eliminated or known with certainty, the goal of Empire Life's risk management program is to ensure that risk-taking activities are aligned with its strategy, in order to achieve business goals and deliver acceptable shareholder returns, without compromising Empire Life's ability to pay claims and fulfil policyholder commitments.

Caution Related to Sensitivities

In the sections that follow, Empire Life's provides sensitivities and risk exposure measures for certain risks. These include sensitivities due to specific changes in market prices and interest rates, based on the market prices, interest rates, assets, liabilities and business mix in place as at the respective calculation dates. The sensitivities are calculated independently for each risk variable, generally assuming that all other risk variables remain constant. The sensitivities do not take into account indirect effects such as potential impacts on goodwill impairments or valuation allowances on deferred tax assets. The sensitivities are provided for the consolidated entity.

Actual results can differ materially from these estimates for a variety of reasons, including differences in the pattern or distribution of market shocks, the interaction between these risk factors, model errors, or changes in other assumptions such as business mix, effective tax rates, policyholder behaviour and other market variables relative to those underlying the calculation of the sensitivities.

The sensitivities reflect the composition of Empire Life's assets and liabilities at the respective calculation dates. Changes in assets and liabilities due to new sales or maturities, asset purchases/sales, or other management actions could result in material changes to these reported sensitivities.

For these reasons, the sensitivities should only be viewed as directional estimates of the underlying sensitivities for the respective factors based on the assumptions outlined and should not be viewed as predictors for Empire Life's future net income, CSM, equity or capital. Given the nature of these calculations, Empire Life's cannot provide assurance that the actual impact will be consistent with the

estimates provided. Changes in risk variables in excess of the ranges illustrated may result in other than proportionate impacts.

Market Risk

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

There is the potential for income statement volatility from the hedging programs. Empire Life has required capital for LICAT purposes as well as liabilities on the Consolidated Statements of Financial Position related to segregated fund guarantees. Some net income volatility can potentially result from the hedging instruments, where gains or losses are not directly offset by changes in other asset or liability values. For the quarter ended September 30, 2025, Empire Life experienced a neutral impact to net income before taxes related to the hedging programs, compared to a net loss before taxes of \$3.9 million over the same period in 2024.

Empire Life's LICAT ratio is also sensitive to stock market volatility, primarily due to liability and capital requirements related to segregated fund guarantees. As of September 30, 2025, Empire Life had \$10.0 billion of segregated fund assets and liabilities. Of this amount, approximately \$9.7 billion have guarantees. The following table provides a percentage breakdown by type of guarantee.

	September 30 2025	December 31 2024
Percentage of segregated fund liabilities with:		
75% maturity guarantee and a 75% death benefit guarantee	14 %	12 %
75% maturity guarantee and a 100% death benefit guarantee	44 %	44 %
100% maturity and death benefit guarantee (with a minimum of 15 years between deposit and maturity date)	6 %	6 %
Guaranteed minimum withdrawal benefit ("GMWB")	36 %	38 %
Total	100 %	100 %

For segregated fund guarantee insurance contract liabilities, the level of sensitivity can be dependent on the level of equity markets. Generally when market levels are higher, the sensitivity is reduced, and vice-versa. The CSM provides a significant offset to potential impacts in the segregated fund guarantee liability. This significantly reduces the net income impacts from changes in interest rates or stock market levels.

As at September 30, 2025 and December 31, 2024, the sensitivity of Empire Life shareholders' net income resulting from changes in equity market prices is provided in the following table:

Sensitivity to equity risk (in millions of dollars)	Increase		Decrease	
	20%	10%	10%	20%
As at September 30, 2025				
Net income and equity	\$ 21	\$ 9	\$ (16)	\$ (33)
CSM	\$ 174	\$ 90	\$ (97)	\$ (200)
As at December 31, 2024				
Net income and equity	\$ 17	\$ 8	\$ —	\$ 15
CSM	\$ 186	\$ 98	\$ (114)	\$ (246)

The sensitivity of Empire Life's LICAT total ratio resulting from increases and decreases on equity markets is provided in the following table for September 30, 2025 and December 31, 2024.

As noted in the Regulatory Capital section of this MD&A, a new LICAT guideline became effective January 1, 2025. LICAT sensitivities at September 30, 2025 are calculated under the new guideline. LICAT total ratio sensitivities for December 31, 2024 have not been recalculated.

Sensitivity to equity risk Impact on LICAT	Increase		Decrease	
	20%	10%	10%	20%
Segregated fund guarantees	8%	4%	(5)%	(11)%
Other equity risk	—%	—%	—%	—%
Equity hedge	(3)%	(2)%	2%	5%
As at September 30, 2025	5%	2%	(3)%	(6)%
Segregated fund guarantees	16%	8%	—%	(4)%
Other equity risk	1%	—%	—%	—%
Equity hedge	—%	—%	—%	(1)%
As at December 31, 2024	17%	8%	—%	(5)%

The amount at risk related to segregated fund maturity guarantees and segregated fund death benefit guarantees, and the resulting insurance contract liabilities and LICAT base solvency buffer for Empire Life's segregated funds is provided in the following table:

Segregated funds <i>(millions of dollars)</i>	Withdrawal benefit > fund value		Maturity guarantee > fund value		Death benefit > fund value		Insurance Contract liabilities	LICAT capital
	Fund value	Amount at risk	Fund value	Amount at risk	Fund value	Amount at risk		
September 30, 2025	\$ 2,081	\$ 541	\$ 3	\$ —	\$ 28	\$ 1	\$ 108	\$ 1,051
December 31, 2024	\$ 2,331	\$ 741	\$ 28	\$ 1	\$ 699	\$ 8	\$ 119	\$ 388

The first six columns of the above table show amounts associated with all segregated fund policies where the future withdrawal benefit, future maturity guarantee, or future death benefit guarantee is greater than the fund value. The amount at risk represents the excess of the future withdrawal benefit, future maturity guarantee or future death benefit guarantee amount over the fund value for these policies. The withdrawal benefit amounts in the above table relate to GMWB products. The GMWB withdrawal benefit amount at risk represents the amount that could be paid by Empire Life to GMWB policyholders if the net return on each GMWB policyholder's assets is zero for the remainder of each GMWB policyholder's life, based on life expectancy. At September 30, 2025, the aggregate amount at risk for all three categories of risk was \$542 million. At December 31, 2024, the aggregate amount at risk for these three categories of risk was \$750 million. For these three categories of risk, the amount at risk is not currently payable, as payment is contingent on future outcomes, including fund performance, deaths, deposits, withdrawals and maturity dates.

The level of insurance contract liabilities and required regulatory capital in the above table is calculated based on the probability that Empire Life will ultimately have to make payment to the segregated fund policyholders for any fund value deficiency that may exist on future payments to GMWB policyholders, or upon future maturity of the segregated fund policies, or upon future death of the segregated fund policyholders.

In addition, Empire Life considers the sensitivity of its LICAT ratio to changes in market interest rates. The impact of a 50 basis point parallel shift in interest rates for September 30, 2025 and December 31, 2024, is shown in the table below. No change to credit spreads is assumed.

Sensitivity to market interest rates - LICAT	Impact of 50 bps decrease
September 30, 2025 LICAT total ratio	—%
December 31, 2024 LICAT total ratio	5%