

May 10, 2018

E-L FINANCIAL CORPORATION LIMITED ANNOUNCES MARCH 31, 2018 FINANCIAL RESULTS

TORONTO, Ontario - E-L Financial Corporation Limited (“E-L Financial”) (TSX: ELF) (TSX: ELF.PR.F) (TSX: ELF.PR.G) (TSX: ELF.PR.H) today reported for the quarter ended March 31, 2018, consolidated shareholders' net income of \$65.5 million or \$15.69 per common share compared with \$264.1 million or \$66.26 per common share in 2017.

E-L Financial's net equity value per common share was \$1,324.26 as at March 31, 2018, compared to \$1,217.64 as at March 31, 2017.

E-L Corporate

For the quarter ended March 31, 2018, E-L Corporate earned net income of \$27.1 million compared to \$214.3 million in 2017. The decrease in net income is primarily due to a lower net gain on investments of \$22.3 million in 2018 compared to \$269.7 million in 2017. E-L Corporate's global investment portfolio yielded a pre-tax total return of 1% in the first quarter of 2018 compared to 6% in the prior year. The higher investment returns for the first quarter of 2017 were attributed to the strong performance of global equities whereas positive foreign currency movements offset negative investments returns for the first quarter of 2018.

Empire Life

For the quarter ended March 31, 2018, Empire Life's net income attributable to E-L Financial was \$38.4 million compared to \$49.8 million for the comparable period in 2017. The earnings for the first quarter of 2018 included growth from expected profit on in-force business in the Individual Insurance product line and higher experience gains in Individual Insurance and Employee Benefits product lines. The first quarter of 2017 included gains realized from management actions in the Individual Insurance product line. These gains were not realized in the first quarter of 2018.

Effective January 1, 2018, MCCSR has been replaced by the Life Insurance Capital Adequacy Test (“LICAT”). The LICAT is intended to improve the quality of available capital and provide a better alignment of the risk measures with the long-term economics of the life insurance business. The LICAT will behave differently under various economic scenarios when compared to MCCSR. As a result, LICAT ratios are not comparable to the MCCSR ratio. The LICAT total ratio was 177.5% at March 31, 2018 well above the requirements set by the Office of the Superintendent of Financial Institutions Canada (“OSFI”) as well as Empire Life's minimum internal targets.

On April 26, 2018, Empire Life announced its intention to redeem all of the outstanding \$300 million 2.870% unsecured subordinated debentures on May 31, 2018 at a redemption price equal to the principal amount together with accrued and unpaid interest to that date. The pro-forma LICAT ratio reflecting this redemption would be 162% as of March 31, 2018.

CONSOLIDATED SUMMARY OF NET INCOME (UNAUDITED)

E-L Financial Consolidated <i>(millions of dollars)</i>	First quarter	
	2018	2017
Contribution to net income		
E-L Corporate ¹	\$ 27.1	\$ 214.3
Empire Life ²	38.4	49.8
Net income	\$ 65.5	\$ 264.1

E-L Corporate <i>(millions of dollars)</i>	First quarter	
	2018	2017
Revenue		
Net gain on investments ³	\$ 22.3	\$ 269.7
Investment and other income	25.2	24.3
Share of associates (loss) income	(2.6)	0.7
	44.9	294.7
Expenses		
Operating	8.8	6.6
Income taxes	4.9	38.8
Non-controlling interests	4.1	35.0
	17.8	80.4
Net income	\$ 27.1	\$ 214.3

Empire Life <i>(millions of dollars)</i>	First quarter	
	2018	2017
Revenue		
Net premiums	\$ 211.0	\$ 202.4
Net (loss) gain on investments ³	(80.0)	81.6
Investment and other income	67.3	64.6
Fee income	65.5	61.3
	263.8	409.9
Expenses		
Benefits and expenses	207.1	338.9
Income and other taxes	16.1	20.1
Non-controlling and participating policyholders' interests	2.2	1.1
	225.4	360.1
Net income	\$ 38.4	\$ 49.8

¹ Net of non-controlling interests

² Net of non-controlling interests and participating policyholders' income (loss)

³ Includes fair value change on FVTPL investments and realized gains on AFS investments

Empire Life's Sources of Earnings <i>(millions of dollars)</i>	First quarter	
	2018	2017
Expected profit on in-force business	\$ 49.0	\$ 43.3
Impact of new business	(3.6)	(4.8)
Experience gains (losses)	4.4	(0.4)
Management actions and changes in assumptions	—	29.6
Earnings on operations before income taxes	49.8	67.7
Earnings on surplus	4.5	1.8
Income taxes	(12.3)	(17.2)
Non-controlling interests	(3.6)	(2.5)
Net income	\$ 38.4	\$ 49.8

Non-GAAP Measures

The Company uses non-GAAP measures including net equity value per Common Share to provide investors with supplemental measures of its operating performance that may not otherwise be apparent when relying solely on International Financial Reporting Standards ("IFRS") financial measures. Net equity value per Common Share provides an indication of the accumulated shareholder value, adjusting shareholders' equity to reflect investments in associates at fair value, net of tax, as opposed to their carrying value.

The Company also uses sources of earnings and assets under management to provide investors with supplemental measures of Empire Life's performance and to highlight trends in its core business that may not otherwise be apparent when relying solely on IFRS financial measures. The Company also believes that securities analysts, investors and other interested parties frequently use non-GAAP measures in the evaluation of issuers.

About E-L Financial

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

E-L Corporate represents investments in stocks and fixed income securities held directly and indirectly through pooled funds, closed-end investment companies and other investment companies. The investment strategy is to accumulate shareholder value through long-term capital appreciation and dividend income from its investments.

Empire Life is a subsidiary of E-L Financial. Since 1923, Empire Life has provided individual and group life and health insurance, investment and retirement products to Canadians. Empire Life's mission is to make it simple, fast and easy for Canadians to get the investment, insurance and group benefits coverage they need to build wealth, generate income, and achieve financial security. As of March 31, 2018 Empire Life had total assets under management of \$17.3 billion.

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