

November 7, 2019

E-L FINANCIAL CORPORATION LIMITED ANNOUNCES SEPTEMBER 30, 2019 FINANCIAL RESULTS

TORONTO, Ontario - E-L Financial Corporation Limited (“E-L Financial” or the “Company”) (TSX: ELF) (TSX: ELF.PR.F) (TSX: ELF.PR.G) (TSX: ELF.PR.H) today reported a net equity value per common share of \$1,421.57 as at September 30, 2019, an increase of 10% from \$1,295.65 as at December 31, 2018.

For the third quarter ended September 30, 2019, E-L Financial earned consolidated shareholders’ net income of \$101 million or \$24.61 per common share, compared with \$95 million or \$23.33 per common share in 2018. For the nine months ended September 30, 2019, E-L Financial earned consolidated shareholders’ net income of \$451 million or \$111.99 per common share, compared with \$269 million or \$65.58 per common share in 2018.

E-L Corporate

E-L Corporate reported net income of \$66 million for the third quarter ended September 30, 2019, compared to \$60 million for the comparable period in 2018. The pre-tax total return on investments was 2% for the third quarters of 2019 and 2018.

For the nine months ended September 30, E-L Corporate earned net income of \$354 million in 2019 compared to \$139 million in 2018. The increase in net income is primarily due to higher net gains on investments of \$376 million compared to \$118 million in 2018. E-L Corporate’s global investment portfolio had a pre-tax total return of 10% for the nine months ended September 30, 2019 compared to a pre-tax total return of 5% in the prior year. The portfolio earned investment returns of 13% in Canada and the U.S., 10% in Europe and 5% in other geographic regions for the nine months ended September 30, 2019.

Empire Life

The Empire Life operating segment reported net income of \$35 million for the third quarters of 2019 and 2018.

For the nine months ended September 30, 2019, the Empire Life operating segment reported net income of \$97 million compared to \$130 million in 2018. The decrease in year to date earnings was primarily a result of a decrease in bond yields, which contributed to an increase in insurance contract liabilities that more than offset the impact of fair value gains on fixed income investments in the Individual Insurance line. The Employee Benefits product line experienced lower earnings year to date, primarily driven by less favourable expense and claims experience relative to the third quarter of 2018.

Empire Life’s Life Insurance Capital Adequacy Test (“LICAT”) total ratio was 149% at September 30, 2019 compared to 149% at December 31, 2018, well above the requirements set by the Office of the Superintendent of Financial Institutions Canada as well as Empire Life’s minimum internal targets.

CONSOLIDATED SUMMARY OF NET INCOME (UNAUDITED)

E-L Financial Consolidated <i>(millions of dollars)</i>	Third quarter		Year to date	
	2019	2018	2019	2018
Contribution to net income				
E-L Corporate ¹	\$ 66	\$ 60	\$ 354	\$ 139
Empire Life ²	35	35	97	130
Net income	\$ 101	\$ 95	\$ 451	\$ 269

E-L Corporate <i>(millions of dollars)</i>	Third quarter		Year to date	
	2019	2018	2019	2018
Revenue				
Net gain on investments ³	\$ 54	\$ 54	\$ 376	\$ 118
Investment and other income	37	33	118	108
Share of associates income	4	10	14	14
	95	97	508	240
Operating expenses	9	9	28	25
Income taxes	12	14	67	36
Non-controlling interests	8	14	59	40
	29	37	154	101
Net income	\$ 66	\$ 60	\$ 354	\$ 139

Empire Life <i>(millions of dollars)</i>	Third quarter		Year to date	
	2019	2018	2019	2018
Revenue				
Net premiums	\$ 218	\$ 221	\$ 681	\$ 637
Net gain (loss) on investments ³	109	(166)	749	(213)
Investment and other income	84	75	241	226
Fee income	65	67	195	199
	476	197	1,866	849
Benefits and expenses	427	145	1,725	660
Income and other taxes	12	13	38	52
Non-controlling and participating policyholders' interests	2	4	6	7
	441	162	1,769	719
Net income	\$ 35	\$ 35	\$ 97	\$ 130

¹ Net of non-controlling interests

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

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

Empire Lifes Sources of Earnings <i>(millions of dollars)</i>	Third quarter		Year to date	
	2019	2018	2019	2018
Expected profit on in-force business	\$ 46	\$ 41	\$ 143	\$ 143
Impact of new business	(13)	(1)	(21)	(5)
Experience (losses) gains	(1)	12	(11)	22
Management actions and changes in assumptions	(1)	(9)	(11)	2
Earnings on operations before income taxes	30	43	100	162
Earnings on surplus	18	7	38	22
Income taxes	(11)	(11)	(30)	(43)
Non-controlling interests ⁽¹⁾	(2)	(4)	(11)	(11)
Net income	\$ 35	\$ 35	\$ 97	\$ 130

⁽¹⁾ Including preference share dividends

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 Lifes 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 and interest 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 September 30, 2019 Empire Life had total assets under management of \$18 billion.

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