

March 3, 2020

E-L FINANCIAL CORPORATION LIMITED ANNOUNCES DECEMBER 31, 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 \$1,486.19 as at December 31, 2019, an increase of 15% from \$1,295.65 as at December 31, 2018.

For the year ended December 31, 2019, E-L Financial earned consolidated shareholders' net income of \$745 million or \$185.67 per common share compared with \$31 million or \$3.96 per common share in 2018. For the fourth quarter ended December 31, 2019, E-L Financial earned consolidated shareholders' net income of \$293 million or \$73.68 per common share, compared with a loss of \$238 million or \$61.62 per common share in 2018.

"2019 was a remarkable year for E-L Financial. Despite the stock market declines in the later part of 2018, our global investment portfolio more than recovered and had a strong performance through 2019. I am pleased with the results of Empire Life which has reported a record shareholder net income for 2019. Despite the challenging low interest rate environment the life insurance industry is facing, Empire Life continues to perform well within a challenging market. Finally, I am happy to report to you, that our Board of Directors today approved a special additional cash dividend of \$25.00 per Common Share which is in addition to the \$1.25 quarterly Common Shareholder dividends," said Duncan N.R. Jackman, Chairman, President and CEO of E-L Financial.

E-L Corporate

For the year ended December 31, 2019, E-L Corporate earned a net income of \$572 million compared to a net loss of \$105 million in 2018. The increase in net income is primarily due to a higher net gain on investments of \$646 million in 2019 compared to a loss of \$206 million in 2018. E-L Corporate's global investment portfolio had a pre-tax total return of 17% in 2019 compared to a pre-tax total return of negative 2% in the prior year.

E-L Corporate reported net income of \$217 million for the fourth quarter of 2019 compared to a loss of \$244 million for the comparable period in 2018. For the fourth quarter of 2019, E-L Corporate reported a net gain on investments of \$271 million compared to a net loss of \$324 million in 2018. The pre-tax total return on investments was 7% for the fourth quarter of 2019 compared to a pre-tax total return of negative 6% in 2018.

Empire Life

The Empire Life segment reported net income of \$173 million in 2019 compared to \$136 million in 2018. In the fourth quarter of 2019, Empire Life enacted significant changes to its reinsurance program, which included a significant increase in Empire Life's individual life insurance retention level, along with a recapture of a significant amount of reinsured business. The net income impact of this reinsurance recapture initiative was \$78 million. The increase in earnings for the year was primarily a result of the recapture initiative, partly offset by unfavourable assumption updates in the Wealth Management and Individual Insurance lines and a deterioration of long term disability experience in the Employee Benefits line.

Empire Life reported net income of \$76 million for the fourth quarter of 2019 compared to \$6 million for the comparable period in 2018. The increase in earnings for the quarter was primarily a result of the recapture initiative noted above.

Empire Life's Life Insurance Capital Adequacy Test ("LICAT") total ratio was 155% at December 31, 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>	Fourth quarter		Year	
	2019	2018	2019	2018
Contribution to net income (loss)				
E-L Corporate ¹	\$ 217	\$ (244)	\$ 572	\$ (105)
Empire Life ²	76	6	173	136
Net income (loss)	\$ 293	\$ (238)	\$ 745	\$ 31

E-L Corporate <i>(millions of dollars)</i>	Fourth quarter		Year	
	2019	2018	2019	2018
Revenue				
Net gain (loss) on investments ³	\$ 271	\$ (324)	\$ 646	\$ (206)
Investment and other income	27	27	145	134
Share of associates income (loss)	10	(5)	24	10
	308	(302)	815	(62)
Operating expenses	10	9	37	34
Income taxes	40	(41)	107	(6)
Non-controlling interests	41	(26)	99	15
	91	(58)	243	43
Net income (loss)	\$ 217	\$ (244)	\$ 572	\$ (105)

Empire Life <i>(millions of dollars)</i>	Fourth quarter		Year	
	2019	2018	2019	2018
Revenue				
Net premiums	\$ 229	\$ 237	\$ 910	\$ 874
Net (loss) gain on investments ³	(131)	(95)	618	(308)
Investment and other income	85	82	325	308
Fee income	66	65	262	264
	249	289	2,115	1,138
Benefits and expenses	122	274	1,847	935
Income and other taxes	39	4	77	56
Non-controlling and participating policyholders' interests	12	5	18	11
	173	283	1,942	1,002
Net income	\$ 76	\$ 6	\$ 173	\$ 136

¹ Net of non-controlling interests

² Net of non-controlling interests and participating policyholders' amounts

³ Includes fair value change in fair value through profit or loss investments and realized gain on available for sale investments

Empire Life's Sources of Earnings <i>(millions of dollars)</i>	Fourth quarter		Year	
	2019	2018	2019	2018
Expected profit on in-force business	\$ 47	\$ 51	\$ 190	\$ 194
Impact of new business	(7)	(12)	(28)	(16)
Experience gains (losses)	5	(26)	(6)	(3)
Management actions and changes in assumptions	48	(22)	37	(20)
Earnings (loss) on operations before income taxes	94	(9)	194	154
Earnings on surplus	16	15	54	37
Income taxes	(30)	3	(60)	(40)
Non-controlling interests ⁽¹⁾	(4)	(3)	(15)	(15)
Net income	\$ 76	\$ 6	\$ 173	\$ 136

⁽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 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 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 December 31, 2019 Empire Life had total assets under management of \$18 billion.

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