

November 9, 2020

## **E-L FINANCIAL CORPORATION LIMITED ANNOUNCES SEPTEMBER 30, 2020 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 \$1,508.40 as at September 30, 2020, an increase of 1% from \$1,486.19 as at December 31, 2019.

For the third quarter ended September 30, 2020, E-L Financial reported consolidated shareholders’ net income of \$201 million or \$52.88 per common share compared to \$101 million or \$24.61 per common share in 2019. For the nine months ended September 30, 2020, E-L Financial reported a consolidated shareholder’s net loss of \$10 million or \$5.70 per common share compared to net income of \$451 million or \$111.99 per common share in 2019.

The Company was impacted by the declines in equity markets which occurred toward the end of the first quarter of 2020 and were mainly related to the international emergence and spread of the novel coronavirus (or COVID-19). Although equity markets have substantially recovered during the second and third quarters of 2020, E-L Financial and Empire Life continue to monitor the developments in equity and fixed income markets.

### **E-L Corporate**

E-L Corporate reported net income of \$150 million in the third quarter of 2020 compared to \$66 million for the second quarter of 2019. The increase in net income for the third quarter of 2020 is primarily due to a net gain on investments of \$184 million compared to \$54 million in 2019 reflecting the continued recovery of global equity market losses experienced during the first quarter of 2020. The pre-tax total return on E-L Corporate’s global investment portfolio for the third quarter of 2020 was 4% compared to 2% in the prior year.

E-L Corporate reported a net loss of \$77 million for the first nine months of 2020 compared to net income of \$354 million for the comparable period in 2019. The decrease in earnings was primarily due to a net loss on investments of \$74 million for the first nine months of 2020 compared to a net gain of \$376 million in 2019. E-L Corporate’s global investment portfolio had a pre-tax total return including dividend income of approximately nil for the first nine months of 2020 compared to a pre-tax total return of 10% in 2019.

### **Empire Life**

The Empire Life segment reported net income of \$51 million in the third quarter of 2020 compared to \$35 million for the third quarter of 2019. The increase in third quarter earnings was primarily a result of the favourable impact from changes in the investments supporting the Individual Insurance line, partially offset by increases in policy liabilities for segregated fund guarantees.

The Empire Life segment reported net income of \$67 million for the first nine months of 2020 compared to \$97 million for the comparable period of 2019. The decrease in year to date earnings was primarily a result of significant strengthening of policy liabilities supporting segregated fund guarantees.

Empire Life’s Life Insurance Capital Adequacy Test (“LICAT”) total ratio was 132% at September 30, 2020 compared to 155% at December 31, 2019, 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 (LOSS)

(UNAUDITED)

<b>E-L Financial Consolidated</b> <i>(millions of dollars)</i>	<b>Third quarter</b>		<b>Year to date</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
<b>Contribution to net income (loss)</b>				
E-L Corporate <sup>1</sup>	\$ 150	\$ 66	\$ (77)	\$ 354
Empire Life <sup>2</sup>	51	35	67	97
<b>Net income (loss)</b>	<b>\$ 201</b>	<b>\$ 101</b>	<b>\$ (10)</b>	<b>\$ 451</b>

<b>E-L Corporate</b> <i>(millions of dollars)</i>	<b>Third quarter</b>		<b>Year to date</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Revenue				
Net gain (loss) on investments <sup>3</sup>	\$ 184	\$ 54	\$ (74)	\$ 376
Investment and other income	30	37	96	118
Share of associates income (loss)	6	4	(56)	14
	<b>220</b>	<b>95</b>	<b>(34)</b>	<b>508</b>
Operating expenses	10	9	29	28
Income taxes	29	12	(5)	67
Non-controlling interests	31	8	19	59
	<b>70</b>	<b>29</b>	<b>43</b>	<b>154</b>
<b>Net income (loss)</b>	<b>\$ 150</b>	<b>\$ 66</b>	<b>\$ (77)</b>	<b>\$ 354</b>

<b>Empire Life</b> <i>(millions of dollars)</i>	<b>Third quarter</b>		<b>Year to date</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Revenue				
Net premiums	\$ 221	\$ 218	\$ 639	\$ 681
Net gain on investments <sup>3</sup>	37	109	439	749
Investment income	82	84	244	241
Fee income	61	65	185	195
	<b>401</b>	<b>476</b>	<b>1,507</b>	<b>1,866</b>
Benefits and expenses	324	427	1,398	1,725
Income and other taxes	22	12	32	38
Non-controlling and participating policyholders' interests	4	2	10	6
	<b>350</b>	<b>441</b>	<b>1,440</b>	<b>1,769</b>
<b>Net income</b>	<b>\$ 51</b>	<b>\$ 35</b>	<b>\$ 67</b>	<b>\$ 97</b>

<sup>1</sup> Net of non-controlling interests

<sup>2</sup> Net of non-controlling interests and participating policyholders' amounts

<sup>3</sup> 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

(Unaudited)

	Third quarter		Year to date	
(millions of dollars)	2020	2019	2020	2019
Expected profit on in-force business	\$ 53	\$ 46	\$ 159	\$ 143
Impact of new business	(3)	(13)	(14)	(21)
Experience losses	(15)	(1)	(148)	(11)
Management actions and changes in assumptions	16	(1)	40	(11)
Earnings on operations before income taxes	50	30	37	100
Earnings on surplus	23	18	62	38
Income taxes	(19)	(11)	(21)	(30)
Non-controlling interests <sup>(1)</sup>	(3)	(2)	(11)	(11)
<b>Net income</b>	<b>\$ 51</b>	<b>\$ 35</b>	<b>\$ 67</b>	<b>\$ 97</b>

<sup>(1)</sup> 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 September 30, 2020 Empire Life had total assets under management of \$18 billion.

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