

All figures as at December 31, 2011 and unaudited unless otherwise stated

## 2011 highlights

For the year, total revenue at Empire Life increased by 14% to \$1.6 billion compared to \$1.4 billion in 2010. Assets under management increased by 5% from 2010 to reach \$10 billion. Both Wealth Management and Employee Benefits earnings were higher than in 2010. Individual Insurance earnings on operations were lower than in 2010 primarily due to continued low long-term interest rates.

*"In 2011, we successfully formed a new wholly-owned subsidiary, Empire Life Investments Inc. With our long history of solid fund management, we are very excited to be able to offer mutual funds to Canadians for the first time and to grow our distribution and assets through this new line of business."*

Les Herr, President and Chief Executive Officer

## Financial ratings

These financial ratings give you an independent opinion of our financial strength as an insurer and our ability to meet policyholder obligations.

Rating Agency	Rating	Notes
A.M. Best Company	A (Excellent)	As at June 22, 2011. This rating is given to companies that have, in the opinion of A.M. Best, an excellent ability to meet ongoing obligations to policyholders.
DBRS	<ul style="list-style-type: none"> <li>• Issuer Rating of A</li> <li>• Subordinated Debt Rating of A (low)</li> <li>• Claims Paying Rating of IC-2 (2nd of five categories)</li> </ul>	As at May 20, 2011.

## Strength of our capital base

**MCCSR ratio: 207% as at December 31, 2011**—well above minimum requirements set by the industry regulator. A high Minimum Continuing Capital and Surplus Requirements (MCCSR) ratio demonstrates our long-term ability to pay claims and our prudent capital management.

### What is an MCCSR ratio?

An MCCSR ratio of 100% means that a company has adequate capital to meet obligations to its policyholders. The Office of the Superintendent of Financial Institutions of Canada (OSFI) requires life insurance companies to maintain an MCCSR ratio of at least 120% and expects them to have a target ratio of at least 150%.

## WHO IS EMPIRE LIFE?

Empire Life is a proud Canadian company that has been in business since 1923.

As one of the 10 largest life insurance companies in Canada<sup>1</sup>, we offer a full range of insurance-based financial products and services to meet your needs.

These include life insurance, critical illness coverage, investment options, and employee benefits plans.

## WHY YOU CAN COUNT ON US:

- We are known for our disciplined, value-oriented investment management
- We are dedicated to high-quality personalized service
- We value integrity and accountability

## OUR MISSION

Our mission is to help you build wealth and protect your financial security.

## OUR VISION

Our vision is to be the leading, independently-owned, Canadian financial services company known for simplicity, being easy to do business with and having a personal touch.

<sup>1</sup>Source: Office of the Superintendent of Financial Institutions (OSFI) based on general and segregated fund assets.



# FINANCIAL UPDATE Q4 2011

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## Financial highlights (derived from audited financial statements)

For the 12 months ended December 31, 2011 (in millions)	
Total assets	\$10,014
General fund assets	\$5,599
Segregated fund assets	\$4,415
Total premium income	\$758
Shareholders' net income	\$32

## Safety of investment asset mix (derived from audited financial statements)

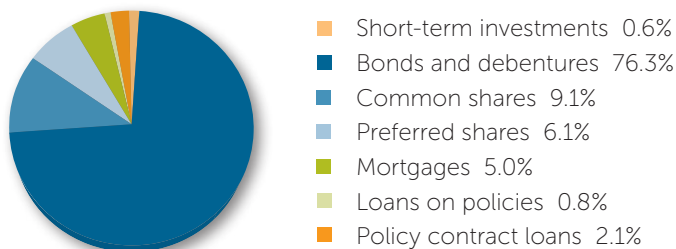
Our in-house investment team consistently follows a conservative and disciplined investment strategy, focusing on capital preservation and quality assets. A high percentage of our bond portfolio is rated "A" or higher.

### The portfolio has no direct exposure to:

- Structured credit, including non-bank Asset Backed Commercial Paper (ABCP)
- Commercial mortgage-backed securities
- Residential mortgage-backed securities
- Sub-prime mortgages

Most of our assets are Canadian and we have no bond impairments or mortgages more than 90 days in arrears.

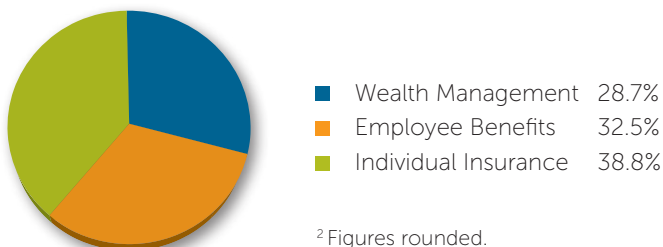
## Summary of invested assets (total carrying value)<sup>2</sup>



## Product diversification (derived from audited financial statements)

Empire Life is well-diversified across three product lines. This balanced approach helps us provide the financial services you need and generates consistent revenue and premium income making our company stronger.

## Product diversification by premium and fee income for the 12 months ended December 31, 2011<sup>2</sup>



<sup>2</sup> Figures rounded.

## FAST FACTS

- Founded: 1923 in Toronto
- Head Office: Kingston, Ontario (since 1936)
- Subsidiary of E-L Financial Corporation Limited (TSX: ELF)
- Empire Life Investments Inc. launched in 2012 to offer Mutual Funds
- President and CEO: Les Herr
- 750+ employees across Canada
- 448,000+ individual clients
- 6,700+ group clients
- Regional offices: Halifax, Québec City, Montréal, Ottawa, Toronto, Burlington, London, Winnipeg, Regina, Saskatoon, Edmonton, Calgary, Richmond
- We distribute our products through a nationwide network that includes more than 25,000 independent financial advisors, brokers, managing general agents and group producers

## CONTACT US

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