



Empire Life reports increased Q2 earnings; continues its investment in independent advice channel

Q2 2022 highlights (compared to Q2 2021)

- Common shareholders' net income of \$34 million compared to \$32 million
- Earnings per share (basic and diluted) of \$34.42 compared to \$32.09

(Kingston, ON – July 28, 2022) – Empire Life reported second quarter common shareholders' net income of \$34 million for 2022, compared to a net income of \$32 million for the second quarter of 2021. The increase in second quarter earnings was primarily a result of market condition; positive yield curve impacts offset by poor equity market performance. Year-to-date common shareholders net income was \$72 million compared to \$189 million in 2021, primarily due to the non-recurring release of segregated fund guarantee related policy liabilities which occurred in the first quarter of 2021.

“We are living in unusual times and circumstances,” said Mark Sylvia, President and Chief Executive Officer. “The lingering COVID pandemic, geopolitical conflicts and, more recently, rising inflation all impact both consumers and businesses. While we are not immune to the effects of these impacts, Empire Life continues to hold strong earnings and capital positions, well above what is required to meet our obligations to our customers. We also continue to demonstrate our commitment to the independent advice channel which is critical for Canadians to be able to access the professional advice and counsel they need to build wealth and achieve financial security.”

During the second quarter of this year, Empire Life invested as a minority shareholder in EXOS Wealth Systems, Inc. This was preceded by the company's creation, from a number of acquired financial services firms, of TruStone Financial Inc. earlier this year, and its 2019 minority shareholder investment in The Gryphin Advantage.

Financial highlights

(in millions of dollars except per share amounts)	Second quarter		Year to date	
	2022	2021	2022	2021
Common shareholders' net income	\$ 34	\$ 32	\$ 72	\$ 189
Earnings per share - basic and diluted	\$ 34.42	\$ 32.09	\$ 73.12	\$ 191.92

Other Financial Highlights	Jun 30	Mar 31	Dec 31	Sep 30
	2022	2022	2021	2021
Return on common shareholders' equity (trailing four quarters) ¹	7.0 %	6.7 %	13.8 %	16.4 %
LICAT total ratio	139 %	142 %	144 %	150 %

¹ See non-IFRS Measures

The following table provides a breakdown of the sources of earnings by line of business for the second quarter and year to date.

Source of Earnings (in millions of dollars)	Second Quarter		Year to date	
	2022	2021	2022	2021
Expected profit on in-force business	\$ 53	\$ 49	\$ 108	\$ 98
Impact of new business	(1)	(6)	(4)	(7)
Experience gains (losses)	(36)	(4)	(38)	146
Management actions and changes in assumptions	17	5	18	15
Earnings on operations before income taxes	33	43	84	252
Earnings on surplus	11	(3)	11	3
Income before income tax	44	40	95	255
Income taxes	9	7	21	62
Shareholders' net income	35	33	74	194
Dividends on preferred shares	(1)	(1)	(2)	(5)
Common shareholders' net income	\$ 34	\$ 32	\$ 72	\$ 189

Experience gains (losses) were significantly lower for the year to date in 2022 as the comparable period in 2021 included a non-recurring release of segregated fund guarantee related policy liabilities which occurred in the first quarter of 2021. Experience in 2022 included the impact of the current market conditions; poor equity market performance partially offset by positive yield curve impacts. In addition, line of business experience included increased expenses in the Wealth Management line from an enhanced commission program on large deposits, favourable mortality experience for Individual Insurance and the Wealth lines of business, and poor Group Solutions experience caused by both adverse LTD claim experience and the impact of inflation on pricing for Health and Dental lines.

Gains from management actions were higher than the comparable quarter in 2021 as the market conditions allowed duration matching improvements in the Individual Insurance line in the current period.

Earnings on surplus increased for the second quarter, primarily due to market impacts which caused realized gains on Available for Sale (AFS) assets compared to realized losses on AFS assets for the same period in 2021.

The Company's Life Insurance Capital Adequacy Test (LICAT) Total Ratio was 139% at June 30, 2022 compared to 144% at December 31, 2021, well above the requirements set by the Office of the Superintendent of Financial Institutions Canada (OSFI) as well as Empire Life's minimum internal target.

Non-IFRS measures

Empire Life uses non-IFRS measures including return on common shareholders' equity, source of earnings, assets under management, annualized premium sales, gross and net sales for mutual funds, segregated funds and fixed annuities to provide investors with supplemental measures of its operating performance and to highlight trends in its core business that may not otherwise be apparent when relying solely on International Financial Reporting Standards

financial measures. Empire Life also believes that securities analysts, investors and other interested parties frequently use non-IFRS measures in the evaluation of issuers.

Additional information

All amounts are in Canadian dollars and are based on the unaudited consolidated financial results of Empire Life for the period ended June 30, 2022. Additional information about Empire Life can be found in Empire Life's latest Management's Discussion & Analysis and Annual Information Form. These documents are filed on Empire Life's profile available at www.sedar.com.

About Empire Life

Established in 1923 and a subsidiary of E-L Financial Corporation Limited, Empire Life provides individual and group life and health insurance, investment and retirement products. The company's mission is to make it simple, fast and easy for Canadians to get the products and services they need to build wealth, generate income, and achieve financial security. As of June 30, 2022, Empire Life had total assets under management of \$17.0 billion. Follow us on social media @EmpireLife or visit empire.ca for more information.

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