

Empire Life reports fourth quarter results

Q4 2023 highlights (compared to restated Q4 2022)

- Common shareholders' net income of \$111 million (compared to restated net income of \$5 million)
- Earnings per share (basic and diluted) of \$112.15 (compared to restated \$5.32)

2023 highlights (compared to restated 2022)

- Common shareholders' net income of \$156 million (compared to restated net income of \$55 million)
- Earnings per share (basic and diluted) of \$158.70 (compared to restated \$55.72)

(Kingston, ON – February 28, 2024) – The Empire Life Insurance Company (Empire Life) reported fourth quarter common shareholders' net income of \$111 million for 2023, compared to a restated net income of \$5 million for the fourth quarter of 2022. Full year common shareholders' net income was \$156 million compared to a restated net income of \$55 million in 2022. The increase in both the fourth quarter and full year compared to the prior year was primarily due to higher net investment and insurance finance results driven by a more favourable economic environment from interest rate movements and positive equity returns.

"During 2023, we focused on expanding our suite of investment solutions to provide our clients with choice and diversification opportunities. This included two growth-focused segregated funds to help Canadians achieve their financial goals," said Mark Sylvia, President and Chief Executive Officer. "Additionally, the current market environment has resulted in sales trending toward our short-term investment products and has yielded positive investment results for the year."

Financial highlights

(in millions of dollars except per share amounts)	Fourth quarter		Year	
	2023	2022 restated	2023	2022 restated
Common shareholders' net income (loss)	\$ 111	\$ 5	\$ 156	\$ 55
Earnings per share - basic and diluted	\$ 112.15	\$ 5.32	\$ 158.70	\$ 55.72

Other Financial Highlights	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31
	2023	2023	2023	2023	2022
Return on common shareholders' equity ⁽¹⁾	10.5 %	3.9 %	6.6 %	4.4 %	4.0 %
LICAT total ratio ⁽²⁾	155 %	152 %	151 %	152 %	138 %

(1) See Non-IFRS Measures section.

(2) Amounts prior to 2023 have not been adjusted for the impacts from the adoption of IFRS 17 and IFRS 9. For additional details on the 2022 amounts, please refer to Note 2.4 New and amended standards and interpretations in our Consolidated Financial Statements.



The following table provides a summary of Empire Life results for the three months and the year ended December 31, 2023 and 2022.

(in millions of dollars)	For the three months ended		For the year ended	
	Dec 31, 2023	Dec 31, 2022 Restated	Dec 31, 2023	Dec 31, 2022 Restated
Insurance service result				
Insurance revenue	\$ 335	\$ 323	\$ 1,326	\$ 1,255
Insurance service expenses	(265)	(247)	(1,072)	(1,018)
Insurance service result	70	76	254	237
Net recovery (expense) from reinsurance contracts held	(22)	(18)	(73)	(44)
Net insurance service result	48	58	181	193
Investment and insurance finance result				
Investment income (loss), excluding segregated funds				
Investment income	963	—	817	(1,664)
Change in investment contracts	(19)	(4)	(28)	10
Net investment result, excluding segregated funds	944	(4)	789	(1,654)
Insurance finance income (expense), excluding segregated fund account balances				
Insurance contracts	(752)	(49)	(613)	1,485
Reinsurance contracts held	(50)	9	(40)	83
Net insurance finance income (expense), excluding segregated funds	(802)	(40)	(653)	1,568
Segregated funds net investment and insurance finance result				
Investment income (loss) on investments for segregated fund account balances	539	518	736	(354)
Insurance finance income (expenses) segregated fund account balances	(539)	(518)	(736)	354
Segregated funds net investment and insurance finance result	—	—	—	—
Net investment and insurance finance result	142	(44)	136	(86)
Other income and expenses				
Fee and other income	9	8	31	24
Non-insurance expenses	(28)	(19)	(95)	(62)
Interest expenses	2	3	(17)	(12)
Total other income and expenses	(17)	(8)	(81)	(50)
Net income (loss) before taxes	173	6	236	57
Income taxes	(35)	7	(46)	2
Net income (loss) after taxes	138	13	190	59
Less: net income (loss) attributable to the participating account	20	1	22	(6)
Shareholders' net income (loss)	118	12	168	65
Less: preferred share dividends declared and distributions on other equity instruments	(7)	(7)	(12)	(10)
Common shareholders' net income (loss)	\$ 111	\$ 5	\$ 156	\$ 55

Empire Life reported fourth quarter common shareholders' net income of \$111 million for 2023, compared to net income of \$5 million for the fourth quarter of 2022. The increase in fourth quarter compared to the prior year was primarily due to higher net investment and insurance finance results driven by a more favourable economic environment from interest rate movements and positive equity returns.

Net insurance service result decreased \$10 million in the fourth quarter compared to the same period in 2022, primarily due to higher expenses in our Wealth Management product line.



Net investment and insurance finance result increased \$186 million in the fourth quarter compared to the same period in 2022. This was mainly due to gains from equity market movements and favourable yield curve movements relative to the fourth quarter in 2022.

Total other income and expenses changed by \$9 million in the fourth quarter compared to the same period in 2022 due to increased employee expenses and initiatives.

Full year common shareholders' net income was \$156 million compared to \$55 million in 2022. The increase over prior year is primarily due to higher net investment and insurance finance results driven by a more favourable economic environment driven by interest rate movements and equity market returns.

Net insurance service result decreased \$12 million in 2023 compared to the same period in 2022, primarily due to higher expenses in our Wealth Management product line, which was partially offset by favourable claims experience and insurance contract liability assumption updates in our Group Solutions product line.

Net investment and insurance finance result increased \$222 million in 2023 compared to the same period in 2022. This was mainly due to gains from equity market movements relative to 2022. Net losses experienced in 2022 were driven by the impact from rising interest rates and credit spreads on our investments.

The year-over-year change in total other income and expenses of \$31 million in 2023 compared to the same period in 2022 relates to higher employee expenses and project spend.

The company's Life Insurance Capital Adequacy Test (LICAT) Total Ratio was 155% at December 31, 2023, well above the requirements set by the Office of the Superintendent of Financial Institutions Canada (OSFI) as well as Empire Life's minimum internal targets.

Non-IFRS measures

Empire Life uses non-IFRS measures including return on common shareholders' equity, assets under management, annualized premium sales, gross and net sales for 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 consolidated financial results of Empire Life for the year ended December 31, 2023. 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.sedarplus.ca.

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 December 31, 2023, Empire Life had total assets under management of \$18.7 billion. Follow us on social media @EmpireLife or visit empire.ca for more information.

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