



## Empire Life announces solid first quarter earnings

### Q1 2023 highlights (compared to restated Q1 2022)

- Common shareholders' net income of \$52 million (compared to restated \$47 million)
- Earnings per share (basic and diluted) of \$52.66 (compared to restated \$47.87)

(Kingston, ON – May 9, 2023) – For our first quarter reporting under International Financial Reporting Standards (IFRS) 17 and 9, Empire Life Insurance Company (Empire Life) reported common shareholders' net income of \$52 million for 2023, compared to a net income of \$47 million for the first quarter of 2022. The increase in first quarter earnings over prior year was primarily a result of a more neutral economic environment.

“We are very pleased with our financial results this first quarter of 2023,” says Mark Sylvia, President and Chief Executive Officer. “A more neutral economic environment contributed to our solid performance. While the market and interest rates continue to influence performance across the industry, the ongoing hard work and adaptability of our employees and distribution partners allow us to continue to deliver on our promises to our customers and shareholders.”

### Financial highlights

(in millions of dollars except per share amounts)	First quarter			
	2023	2022 restated		
Common shareholders' net income	\$ 52	\$ 47		
Earnings per share - basic and diluted	\$ 52.66	\$ 47.87		

  

Other Financial Highlights	Mar 31	Dec 31	Sep 30	Jun 30
	2023	2022	2022	2022
Return on common shareholders' equity <sup>(1)</sup>	14.0 %	2.1 %	9.2 %	(9.2)%
LICAT total ratio <sup>(2)</sup>	152 %	138 %	137 %	139 %

(1) See Non-IFRS measures section.

(2) Amounts prior to January 1, 2023 have not been adjusted for the impacts from the adoption of IFRS 17 and IFRS 9. See Note 2.4 in the Condensed Interim Consolidated Financial Statements for additional details.



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

(in millions of dollars)	For the three months ended	
	March 31, 2023	March 31, 2022 restated
Insurance revenue	\$ 326	\$ 304
Insurance service expenses	(267)	(253)
Insurance service results	59	51
Net expense from reinsurance contracts held	(15)	(10)
<b>Net insurance service result</b>	<b>44</b>	<b>41</b>
Insurance finance income (expense) from insurance contracts issued, excluding segregated funds	(254)	840
Reinsurance finance income (expense) from reinsurance contracts held	(9)	41
<b>Insurance finance result</b>	<b>(263)</b>	<b>881</b>
Investment income, excluding segregated funds	320	(857)
Change in investment contracts	(24)	9
<b>Net investment income, excluding segregated funds</b>	<b>296</b>	<b>(848)</b>
Changes in fair value of underlying items of the segregated funds	(281)	119
Net finance and investment result credited to offset fair value changes	281	(119)
<b>Segregated funds net finance and investment result</b>	<b>—</b>	<b>—</b>
<b>Net investment result</b>	<b>33</b>	<b>33</b>
Fee and other income	22	1
Non-insurance operating expenses	(24)	(10)
Interest expenses (subordinated debt)	(7)	(5)
<b>Total other income and expenses</b>	<b>(9)</b>	<b>(14)</b>
<b>Net income (loss) before taxes</b>	<b>68</b>	<b>60</b>
<b>Total income taxes</b>	<b>(13)</b>	<b>(14)</b>
<b>Net income (loss) after taxes</b>	<b>55</b>	<b>46</b>
Less: net income (loss) attributable to the participating account	2	(2)
Shareholders' net income (loss)	53	48
Less: preferred share dividends declared	1	1
<b>Common shareholders' net income</b>	<b>\$ 52</b>	<b>\$ 47</b>

Net insurance service result increased \$3 million or 8% compared to the same period in 2022, primarily due to improved long-term disability (LTD) experience and growth in the Group Solutions line. This growth was driven by higher premium earned in our specialty and specialty reinsurance partnerships, partially offset by an increase in claims.

Net investment result was consistent with the same period in 2022. The economic environment in the two quarters was very different, primarily due to significant yield curve increases in Q1 2022, which were not repeated in 2023. In addition, while strong equity markets drove net income gains in both quarters, the impact was greater in Q1 2023.



Total other income and expenses improved \$5 million or 37% compared to the same period in 2022 due to higher net deposits on annuities in Wealth Management and net earnings from TruStone Financial Inc., which was acquired on March 10, 2022.

The company's Life Insurance Capital Adequacy Test (LICAT) Total Ratio was 152% at March 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 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 consolidated financial results of Empire Life for the period ended March 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.sedar.com](http://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 March 31, 2023, Empire Life had total assets under management of \$18 billion. Follow us on social media @EmpireLife or visit [empire.ca](http://empire.ca) for more information.

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