



Empire Life reports second quarter earnings and continued strong LICAT position

Q2 2023 highlights (compared to restated Q2 2022)

- Common shareholders' net loss of \$1 million (compared to restated loss of \$34 million)
- Negative earnings per share (basic and diluted) of \$0.86 (compared to restated negative \$34.08)

(Kingston, ON – August 4, 2023) – For our second quarter reporting under International Financial Reporting Standards (IFRS) 17 and 9, Empire Life Insurance Company (Empire Life) reported common shareholders' net loss of \$1 million for 2023, compared to a net loss of \$34 million for the second quarter of 2022. The improvement in second quarter earnings over prior year was primarily a result of a more favourable economic environment.

"Our second quarter net income was an improvement over 2022, and although our current net income was lower than expected due to changes in interest rates and a number of one-time expenses, our insurance revenue this quarter increased compared to the prior year," says Mark Sylvia, President and Chief Executive Officer. "The fundamentals of our business continue to be positive. Our capital position, as measured by LICAT, continues to be very strong and is well above both supervisory and internal targets."

Financial highlights

(in millions of dollars except per share amounts)	Second quarter		Year to date	
	2023	2022 restated	2023	2022 restated
Common shareholders' net income (loss)	\$ (1)	\$ (34)	\$ 51	\$ 14
Earnings per share - basic and diluted	\$ (0.86)	\$ (34.08)	\$ 51.80	\$ 13.79

Other Financial Highlights	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30
	2023	2023	2022	2022	2022
Return on common shareholders' equity ⁽¹⁾	6.3 %	4.0 %	3.7 %		
LICAT total ratio ⁽²⁾	151 %	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 second quarter and year to date ended June 30, 2023 and 2022.

(in millions of dollars)	Second quarter		Year to date	
	June 30, 2023	June 30, 2022 restated	June 30, 2023	June 30, 2022 restated
Insurance revenue	\$ 328	\$ 318	\$ 653	\$ 622
Insurance service expenses	(280)	(284)	(548)	(537)
Insurance service results	48	34	106	84
Net expense from reinsurance contracts held	(18)	7	(32)	(2)
Net insurance service result	30	41	74	82
Insurance finance income (expense) from insurance contracts issued, excluding segregated fund account balances	(85)	740	(340)	1,580
Reinsurance finance income (expense) from reinsurance contracts held	(3)	32	(11)	74
Net finance result, excluding segregated funds	(88)	772	(351)	1,654
Investment income, excluding segregated funds	81	(858)	401	(1,716)
Change in investment contracts	(17)	9	(41)	18
Net investment result, excluding segregated funds	64	(849)	360	(1,698)
Changes in underlying items of the segregated funds	(72)	742	(353)	861
Investment income (loss) related to segregated fund net assets	72	(742)	353	(861)
Segregated funds net finance and investment result	—	—	—	—
Net finance and investment result	(24)	(77)	9	(44)
Fee and other income	24	2	46	3
Non-insurance operating expenses	(18)	(17)	(42)	(27)
Interest expenses (subordinated debt)	(6)	(5)	(12)	(9)
Total other income and expenses	—	(19)	(9)	(34)
Net income (loss) before taxes	6	(55)	74	4
Income taxes	(2)	18	(15)	5
Net income (loss) after taxes	\$ 4	\$ (37)	\$ 59	\$ 9
Less: net income (loss) attributable to the participating account	3	(5)	5	(7)
Less: preferred share dividends declared	2	1	3	2
Common shareholders' net income	\$ (1)	\$ (34)	\$ 51	\$ 14

Empire Life reported second quarter common shareholders' net loss of \$1 million for 2023, compared to a net loss of \$34 million for the second quarter of 2022. The increase in second quarter earnings over prior year was primarily a result of a more favourable economic environment.

Net insurance service result decreased \$11 million or 27% in the second quarter compared to the same period in 2022, primarily due to higher net claims in the Individual Insurance line and expenses. This was partially offset by favourable results in Group Solutions.

Net finance and investment result improved \$53 million in the second quarter compared to the same period in 2022, as the prior year experienced poor equity market performance. This was



partially offset by lower results from interest rate movements compared to the second quarter of 2022.

Total other income and expenses improved \$19 million in the second quarter compared to the same period in 2022 due to higher net annuity deposits in Wealth Management.

The company's Life Insurance Capital Adequacy Test (LICAT) Total Ratio was 151% at June 30, 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 June 30, 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.

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, 2023, Empire Life had total assets under management of \$18.0 billion. Follow us on social media @EmpireLife or visit empire.ca for more information.

– ### –

Contact: Karen Smith
Director, Communication Services
613 548-1890, ext. 3387
karen.smith@empire.ca
www.empire.ca