



Empire Life announces third quarter earnings; solid results and continued strong LICAT position

Q3 2022 highlights (compared to Q3 2021)

- Common shareholders' net income of \$45 million compared to \$33 million
- Earnings per share (basic and diluted) of \$45.27 compared to \$33.78

(Kingston, ON – October 27, 2022) – Empire Life reported third quarter common shareholders' net income of \$45 million for 2022, compared to a net income of \$33 million for the third quarter of 2021. The increase in third quarter earnings was primarily a result of market conditions; positive yield curve impacts offset by poor equity market performance. Year-to-date common shareholders net income was \$117 million compared to \$222 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.

"Third quarter financial results unfolded as we expected, and sales were slightly under plan but solid," said Mark Sylvia, President and Chief Executive Officer. "We remain focused on adjusting our business and workforce models in light of the challenges brought about by the pandemic. During times of uncertainty the advice that our distribution partners provide to their clients is of great importance. We will continue to support our independent advisors and their clients with the superior customer service they rely on from Empire Life."

Financial highlights

(in millions of dollars except per share amounts)	Third quarter		Year to date	
	2022	2021	2022	2021
Common shareholders' net income	\$ 45	\$ 33	\$ 117	\$ 222
Earnings per share - basic and diluted	\$ 45.27	\$ 33.78	\$ 118.39	\$ 225.70

Other Financial Highlights	Sep 30	Jun 30	Mar 31	Dec 31
	2022	2022	2022	2021
Return on common shareholders' equity (trailing four)	7.6 %	7.0 %	6.7 %	13.8 %
LICAT total ratio	137 %	139 %	142 %	144 %

¹ See non-IFRS Measures

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

Source of Earnings (in millions of dollars)	Third Quarter		Year to date	
	2022	2021	2022	2021
Expected profit on in-force business	\$ 53	\$ 50	\$ 161	\$ 148
Impact of new business	2	(9)	(2)	(16)
Experience gains (losses)	(16)	(2)	(54)	144
Management actions and changes in assumptions	37	2	55	17
Earnings on operations before income taxes	76	41	160	293
Earnings on surplus	(15)	4	(4)	7
Income before income tax	61	45	156	300
Income taxes	14	10	35	72
Shareholders' net income	47	35	121	228
Dividends on preferred shares	(2)	(1)	(4)	(6)
Common shareholders' net income	\$ 45	\$ 33	\$ 117	\$ 222

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, unfavourable mortality and lapse experience for Individual Insurance 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. In addition, the insurance contract liabilities were reduced to reflect the improved interest rate environment. Earnings on surplus decreased in the third quarter, primarily due to market impacts which caused realized losses on Available for Sale (AFS) assets.

The Company's Life Insurance Capital Adequacy Test (LICAT) Total Ratio was 137% at September 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 September 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 September 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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