



## REMARKS FROM THE BOARD CHAIR

Now, I would like to deliver my own perspective on Definity's accomplishments over the past year. Afterwards, Rowan will provide an update on our financial and business performance. After these presentations, we will address questions submitted by shareholders and proxyholders during the meeting.

In 2022, we continued to demonstrate that Definity is focused on creating long-term value for our customers, brokers, employees, and shareholders. Definity's ambition to be one of Canada's leading and most innovative P&C insurers builds on years of dedication to transforming our business. Today, Rowan and I would like to share some of the ways we've been delivering on that ambition throughout the last year.

As Rowan will cover in more detail in a moment, our 2022 financial results showed continued progress toward our goals. We maintained a disciplined approach to growth through sound underwriting, sophisticated pricing, and prudent reserving. That focus resulted in our full year combined ratio of 94.1% - the third consecutive year below 95%. In 2022, we also made a major investment in McDougall Insurance, a leading brokerage that we know well. As part of our broader strategy, this is opening up new avenues for growth and diversification, and further demonstrates our commitment to becoming one of the five largest P&C insurers in Canada.

More broadly, we continue our journey toward becoming a purpose-driven sustainability leader. Last year, we established formal environmental, social, and governance (or ESG) commitments which include:

- Achieving net-zero greenhouse gas emissions in our operations and investment portfolio by 2040 or sooner
- By 2026 having at least 30% of roles at the Vice-President and Executive Leadership Team levels filled by women, and at least 15% of them filled by Black, Indigenous, People of Colour, LGBTQ+, and/or persons with disabilities

Earlier this week, we published our latest ESG Report, Climate Report, and Public Accountability Statement which outline the progress we're making against these commitments. I would encourage you to read these reports and learn more about how we are embedding our ESG strategy into our operations and governance processes right across the organization. This work remains a significant priority for our Executive Leadership Team and our Board of Directors.

Another priority is our dedication to a culture that is collaborative, ambitious, rewarding, and empowering. We provide a values-based employee experience, one where diverse backgrounds come together with a sense of belonging to support a culture of high-performance. We see this every day with our employees across the country –

and we've recently been recognized as one of Waterstone Canada's Most Admired Corporate Cultures and as a "Best Workplace in Canada" by Great Place to Work. These acknowledgements only further confirm what those at Definity already know: it's better here.

As I reflect on the ways our teams at every level are working toward our ambition, I know there is equally a shared commitment to governance, integrity, and accountability. I'd like to take a moment to thank our Board of Directors. We are fortunate to have such a high quality group of leaders across a range of disciplines on our Board, and I continue to be impressed by the commitment and expertise they bring to bear to help Definity succeed for the long term. In addition, I'd like to extend my thanks to the executive team at Definity for their leadership and focus over the last year, and the broader group of engaged employees and dedicated broker partners, who together have created a strong foundation for Definity to build upon for many years to come.



**JOHN BOWEY**  
Board Chair



## REMARKS FROM THE CEO

Thank you for joining us at our second annual meeting as a public company. Over the last year, we have continued our momentum as an organization, executing on our strategy while delivering strong financial results, and most importantly delivering on our promise to customers.

I'd like to start by sharing more details about our financial performance in the last year. Despite elevated catastrophe losses and significant volatility in fixed income and equity markets, we delivered a strong underwriting performance in conjunction with continued top line growth in 2022.

There are several highlights I'd like to note:

- Our combined ratio of 94.1% - as John already noted - marks the third consecutive year at better than 95%.
- Our premiums increased by 12% in 2022, thanks in part to strategic investments in our digital platforms and commercial talent that enabled us to grow ahead of the industry.
- As part of our deliberate diversification strategy, all three of our insurance businesses have now exceeded \$1 billion in annual premiums. This is the result of a concerted effort to grow beyond regulated auto insurance by expanding our presence in personal property and commercial lines.
- In October of last year, we acquired a controlling interest in McDougall Insurance and began our journey to build a leading broker distribution platform. The partnership is off to a successful start and positions us to benefit from a complementary source of income that is repeatable by nature. We believe we have now built another platform that before too long can reach an annual premium base of \$1 billion.
- With the increase in Canadian interest rates and the resulting impact on investment yields, our operating results also benefited from a year over year increase of \$36.3 million in net investment income. Overall, our financial performance led to an operating ROE approaching 10%.
- Our capital position at year-end was strong and we continued to hold a significant amount of excess capital, in addition to untapped leverage capacity.
- In February 2023, we announced a 10% increase in our quarterly dividend, consistent with our objective to sustainably grow our dividend over time.

Just last week we shared our first quarter financial results. They continue to be in line with our financial targets and reflect strong performance in our personal property and commercial lines, which offset a seasonally challenging period for personal auto results. Our combined ratio for the quarter was a solid 95.3% and we had a robust 11.4% increase in premiums.

Last week we also shared that our subsidiary McDougall acquired 100% of McFarlan Rowlands, a prominent broker in southwestern Ontario with broad operating expertise and a track record of profitable growth. This partnership has meaningfully accelerated our path to \$1 billion in premiums in our broker distribution platform and provides a foundation for national expansion.

Into our second quarter and beyond, our focus will be on maintaining our momentum as we navigate a period of uncertainty in our industry. From an economic perspective, inflation and the potential for a recession have a mixed impact on our industry. While P&C insurance is generally quite recession-proof, we believe ongoing inflation and other challenges in the operating environment will impact the cost of claims, particularly in auto, but will support ongoing firm market pricing conditions more broadly. We continue to respond to inflation trends with an eye to ensuring rate adequacy.

All of this is playing out against the backdrop of a defining issue of our time: climate change. The insurance sector can and must play a meaningful role in both reducing emissions and increasing resilience to withstand the impacts of climate change. We know that severe weather will continue to lead insurance companies across the industry to focus even more on long-term profitability and the sustainability of their operations. At Definity we are continuing to focus on our purpose: building a better world by helping our clients and communities adapt and thrive. As John mentioned, you can read more about the role Definity is playing in the ESG reports we released earlier this week.

As you can see from our results over the last year, we have the focus, agility, and talent in place to succeed in our ambitions and execute our strategy successfully. This strategy includes four key objectives.

We intend to:

- Become one of the five largest P&C insurers in Canada – with continued diversification, acquisitions, and partnerships, we will accelerate our organic growth plans alongside tremendous broker support.
- Maintain our digital leadership – Sonnet is delivering improved access to the group and affinity segments of the P&C insurance market, while our Vyne platform for the broker channel has driven significant growth in segments targeted for expansion.
- Consistently deliver disciplined financial management – this includes growing gross written premiums annually at a rate in the upper single digits to approximately 10%, maintaining a full year combined ratio in the mid-90s, and generating an annual operating ROE in the upper single digit to below teens range.
- And finally, position Definity as a purpose-driven sustainability leader – as John noted earlier, we have defined commitments linked to our climate and diversity and inclusion goals.

As we look forward to what 2023 and beyond holds, we are confident that our commitment to our strategy, and the resilience we've built into our business, will continue our momentum and position us well to build on our track record of success.

Investors continue to show their support for our strategy as we have continued to deliver on expectations and produce strong returns. We believe we are well positioned to continue delivering value to shareholders as we grow profitably and deploy our capital in a manner that enhances earnings, while maintaining significant capacity for future opportunities.

All of the milestones we achieved over the last year would not have been possible without the work of our experienced leadership team, the passion of our engaged employees, the tremendous support from our valued broker partners, and the trust of our customers who rely on us to be there for them when they need it most. I would also like to thank our Board of Directors and our shareholders for their continued support. With excellent momentum in our business, I continue to be excited by the opportunities that await Definity.

Thank you very much.

A handwritten signature in black ink, appearing to read "R. Saunders".

**ROWAN SAUNDERS**  
President and CEO