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Q4-2021 QUARTERLY REPORT

February 11, 2022

ADVISORY REGARDING FORWARD-LOOKING INFORMATION

This presentation contains "forward-looking information" within the meaning of applicable securities laws in Canada. Forward-looking information may relate to our future business, financial outlook and anticipated events or results and may include information regarding our financial position, business strategy, growth strategies, addressable markets, budgets, operations, financial results, taxes, dividend policy, plans and objectives. Particularly, information regarding our expectations of future results, performance, achievements, prospects or opportunities or the markets in which we operate is forward-looking information. In some cases, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "targets", "expects" or "does not expect", "is expected", "an opportunity exists", "budget", "scheduled", "estimates", "forecasts", "projection", "prospects", "strategy", "intends", "anticipates", "does not anticipate", "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might", "will", "will be taken", "occur" or "be achieved". In addition, any statements that refer to expectations, intentions, projections or other characterizations of future events or circumstances contain forward-looking information. Statements containing forward-looking information are not historical facts but instead represent management's expectations, estimates and projections regarding possible future events or circumstances.

Forward-looking information in this presentation is based on our opinions, estimates and assumptions in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we currently believe are appropriate and reasonable in the circumstances. Despite a careful process to prepare and review the forward-looking information, there can be no assurance that the underlying opinions, estimates and assumptions will prove to be correct. Forward-looking information is necessarily based on a number of opinions, estimates and assumptions that we considered appropriate and reasonable as at the date such statements are made, and are subject to many factors that could cause our actual results, performance or achievements, or other future events or developments, to differ materially from those expressed or implied by the forward-looking statements, including, without limitation, the following factors:

- Definity's ability to appropriately price its insurance products to produce an acceptable return;
- Definity's ability to accurately assess the risks associated with the insurance policies that it writes;
- Definity's ability to assess and pay claims in accordance with its insurance policies;
- litigation and regulatory actions, including potential claims in relation to demutualization and our IPO, and COVID-19-related class-action lawsuits that have arisen and which may arise, together with associated legal costs;
- Definity's ability to obtain adequate reinsurance coverage to transfer risk;
- Definity's ability to accurately predict future claims frequency or severity, including the frequency and severity of weather-related events and the impact of climate change;
- the occurrence of unpredictable catastrophe events;
- unfavourable capital market developments, interest rate movements, changes to dividend policies or other factors which may affect our investments or the market price of our common shares;
- changes associated with the transition to a low-carbon economy, including reputational and business implications from stakeholders' views of our climate change approach or that of our industry;
- Definity's ability to successfully manage credit risk from its counterparties;
- foreign currency fluctuations;
- Definity's ability to meet payment obligations as they become due;
- Definity's ability to maintain its financial strength rating or credit rating;
- Definity's dependence on key employees;
- Definity's ability to attract, develop, motivate, and retain an appropriate number of employees with the necessary skills, capabilities, and knowledge;
- Definity's ability to appropriately manage and protect the collection and storage of information;
- Definity's reliance on information technology systems, internet, network, data centre, voice or data communications services and the potential disruption or failure of those systems or services, including as a result of cyber security risk;
- failure of key service providers or vendors to provide services or supplies as expected, or comply with contractual or business terms;
- Definity's ability to obtain, maintain and protect its intellectual property rights and proprietary information or prevent third parties from making unauthorized use of our technology;
- compliance with and changes in legislation or its interpretation or application, or supervisory expectations or requirements, including changes in effective income tax rates, risk-based capital guidelines, and accounting standards;
- failure to design, implement and maintain effective control over financial reporting which could have a material adverse effect on our business;
- deceptive or illegal acts undertaken by an employee or a third party, including fraud in the course of underwriting insurance or settling insurance claims;
- Definity's ability to respond to events impacting its ability to conduct business as normal;
- Definity's ability to implement its strategy or operate its business as management currently expects;
- the impact of public-health crises, such as pandemics or other health risk events including the COVID-19 pandemic and their associated operational, economic, legislative and regulatory impacts, including impacts on Definity's ability to maintain operations and provide services to customers and on the expectations of governmental or regulatory authorities concerning the provision of customer relief;
- general economic, financial, and political conditions, particularly those in Canada;
- the competitive market environment and cyclical nature of the P&C insurance industry;
- the introduction of disruptive innovation;
- distribution channel risk, including Definity's reliance on independent brokers to sell its products;
- Definity's dividend payments being subject to the discretion of the Board and dependent on a variety of factors and conditions existing from time to time;
- Definity's dependence on the results of operations of its subsidiaries and the ability of the subsidiaries to pay dividends;
- Definity's ability to manage and access capital and liquidity effectively;
- Definity's ability to successfully identify, complete, integrate and realize the benefits of acquisitions or manage the associated risks;
- Periodic negative publicity regarding the insurance industry or Definity; and
- The completion and timing of the Company continuing (the "Continuance") under the Canada Business Corporations Act ("CBCA").

If any of these risks or uncertainties materialize, or if the opinions, estimates or assumptions underlying the forward-looking information prove incorrect, actual results or future events might vary materially from those anticipated in the forward-looking information. The opinions, estimates or assumptions referred to above and described in greater detail in the "11 – Risk Management and Corporate Governance" section of the Management's Discussion and Analysis should be considered carefully by readers.

Although we have attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, the factors above are not intended to represent a complete list and there may be other factors not currently known to us or that we currently believe are not material that could also cause actual results or future events to differ materially from those expressed in such forward-looking information. There can be no assurance that such forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information, which speaks only as at the date made. The forward-looking information contained in this presentation represents our expectations as at the date of this presentation (or as the date they are otherwise stated to be made) and are subject to change after such date. However, we disclaim any intention or obligation or undertaking to update or revise any forward-looking information whether as a result of new information, future events or otherwise, except as required under applicable securities laws in Canada.

All of the forward-looking information contained in this presentation is expressly qualified by the foregoing cautionary statements.

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SUPPLEMENTARY FINANCIAL MEASURES AND NON-GAAP FINANCIAL MEASURES AND RATIOS

We prepare our financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (the “IASB”) (referred to herein as “GAAP” or “IFRS”).

We measure and evaluate performance of our business using a number of financial measures. Among these measures are the “supplementary financial measures”, “non-GAAP financial measures” and “non-GAAP ratios” (as such terms are defined under Canadian Securities Administrators’ National Instrument 52-112 – Non-GAAP and Other Financial Measures Disclosure) included in this Presentation. These supplementary financial measures are calculated using amounts in, or components of line items in, our audited and unaudited consolidated financial statements; however, they are not themselves disclosed in our consolidated financial statements. The non-GAAP financial measures in these materials are derived from one or more financial measures disclosed in our audited and unaudited consolidated financial statements, and non-GAAP ratios have at least one of those non-GAAP financial measures as a component, and in each case are not standardized financial measures under GAAP. The supplementary financial measures, non-GAAP financial measures and non-GAAP ratios in these materials may not be comparable to similar measures presented by other companies. These measures should not be considered in isolation or as a substitute for analysis of our financial information reported under GAAP. These measures are used by financial analysts and others in the P&C insurance industry and facilitate management’s comparisons to our historical operating results in assessing our results and strategic and operational decision-making. For more information about these supplementary financial measures, non-GAAP financial measures, and non-GAAP ratios, including (where applicable) definitions and explanations of how these measures provide useful information, refer to section 12 – "Supplementary Financial Measures and Non-GAAP Financial Measures and Ratios" in the Management’s Discussion and Analysis dated February 10, 2022 ("Q4-2021 MD&A"), available on www.sedar.com.

The information presented in this Presentation includes the following supplementary financial measures, non-GAAP financial measures and non-GAAP ratios:

Supplementary Financial Measures: Claims ratio, core accident year claims and adjustment expenses, catastrophe losses, book value per share, financial capacity, leverage capacity, and certain other ratios.

Non-GAAP Financial Measures: Operating net income, operating income, and non-operating gains (losses) and underwriting expenses (net of other underwriting revenues) / operating expenses (net of other underwriting revenues).

Non-GAAP Ratios: Expense ratio, combined ratio, return on equity (“ROE”), operating earnings per common share (“Operating EPS”) and operating return on equity (“Operating ROE”).


ROWAN
SAUNDERS
President & Chief Executive Officer
definity.

Q4-2021 FINANCIAL HIGHLIGHTS

Q4-2021 Operating EPS[1] **$0.42**	Q4-2021 GWP **$847M / 12.0% YoY**	Q4-2021 Combined Ratio[1] **94.6%**
Book Value per Share[1] **$20.68 / 18% YoY**	Financial Capacity[1,2] **~$1 Billion**	Operating ROE (TTM)[1] **11.5%**

Inaugural dividend of $0.175 per share[3] inclusive of $0.05 per share for the stub period between IPO and year end

[1] This is a supplementary financial measure, non-GAAP financial measure, or a non-GAAP ratio. Refer to Supplementary Financial Measures and Non-GAAP Financial Measures and Ratios advisory and Section 12 – *Supplementary financial measures and non-GAAP financial measures and ratios* in the Q4-2021 MD&A for further details.
[2] See "Q4-2021 Capital" for more information on financial capacity.
[3] Dividend payable on March 28, 2022 to shareholders of record at the close of business on March 15, 2022.

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COMPANY UPDATE



Strong foundation for continued progress

Transformative initiatives expected to generate profitable growth



Rapidly scaling Sonnet digital direct business

Scale and underwriting improvements are benefiting results



Business agility driven by digital focus

Effectively meeting the needs of brokers in a rapidly-changing environment



Reinvigorated commercial insurance business

Investing in new talent and capabilities, while expanding into Specialty segments

“I am proud of the company we’re building together and am confident that we’re well positioned for long-term success.”

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12-MONTH INDUSTRY OUTLOOK



Personal Auto

- We expect conditions in auto to firm as claims frequency reverts to pre-pandemic levels and/or inflationary trends persist
- We expect increasing loss costs and ongoing regulatory and competitive pressures to drive longer-term industry pricing



Personal Property

- We expect the personal property market to remain firm throughout 2022
- Volatility of weather events has remained elevated in recent years and combined with inflationary pressure on certain input costs is expected to lead to increased claim costs



Commercial Insurance

- We expect the market to remain firm throughout 2022 as carriers focus on ensuring long-term profitability and sustainable availability of capacity
- We expect global supply chain volatility to persist for several quarters, which will continue to add inflationary pressure on indemnity costs

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KEY FINANCIAL METRICS



Gross Written Premium Growth
Q4-2021 / FY2021

12.0% / 14.8%

TARGET[2]

Grow GWP annually at an average rate of approximately 10%



Combined Ratio[1]
Q4-2021 / FY2021

94.6% / 93.1%

TARGET[2]

Maintain an annual combined ratio in the mid-90s



Operating ROE[1]
TTM

11.5%

TARGET[2]

Generate an annual Operating ROE in the upper single digit to below teens range

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[2] Financial targets are over the next two to three years and do not include the impact of IFRS 17.

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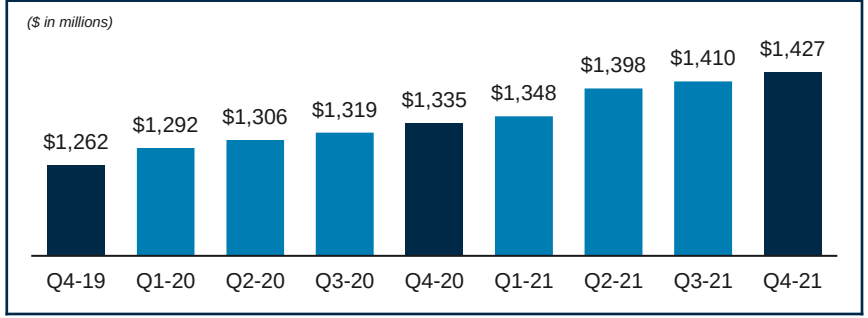
PHILIP
MATHER
Executive Vice-President &
Chief Financial Officer
definity.

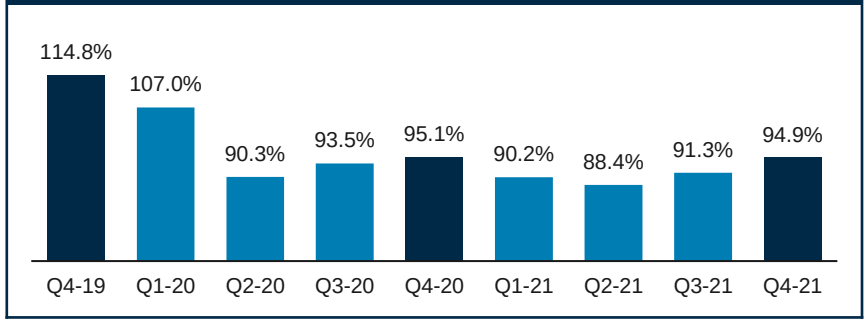
Q4-2021 PERSONAL AUTO

($ in millions, except as otherwise noted)	Q4-21	Q4-20	Δ	FY21	FY20	Δ
GWP	$355.5	$339.2	4.8%	$1,426.5	$1,335.4	6.8%
NEP	$344.3	$327.4	5.2%	$1,332.5	$1,251.2	6.5%
Underwriting income[2]	$17.7	$16.1	$1.6	$116.8	$45.2	$71.6
Core AY claims ratio[1]	75.7%	65.7%	10.0 pts	67.1%	67.7%	(0.6) pts
CAT losses[1]	0.1%	0.9%	(0.8) pts	0.5%	0.9%	(0.4) pts
Prior year claims development	(9.1%)	--	(9.1) pts	(5.4%)	(0.9%)	(4.5) pts
Claims ratio[1,2]	66.7%	66.6%	0.1 pts	62.2%	67.7%	(5.5) pts
Expense ratio[1,3]	28.2%	28.5%	(0.3) pts	29.0%	28.7%	0.3 pts
Combined ratio[1,2,3]	94.9%	95.1%	(0.2) pts	91.2%	96.4%	(5.2) pts

Gross Written Premiums (TTM)



Combined Ratio[1]



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[2] The claims ratio, combined ratio, and underwriting income (loss) exclude the impact of discounting.
[3] The expense ratio and combined ratio are presented net of other underwriting revenues.

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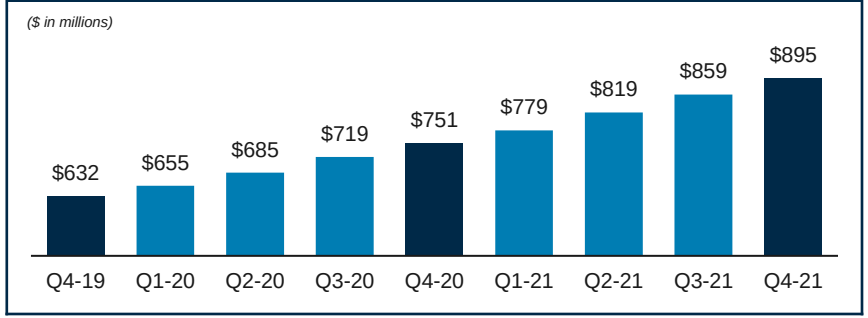
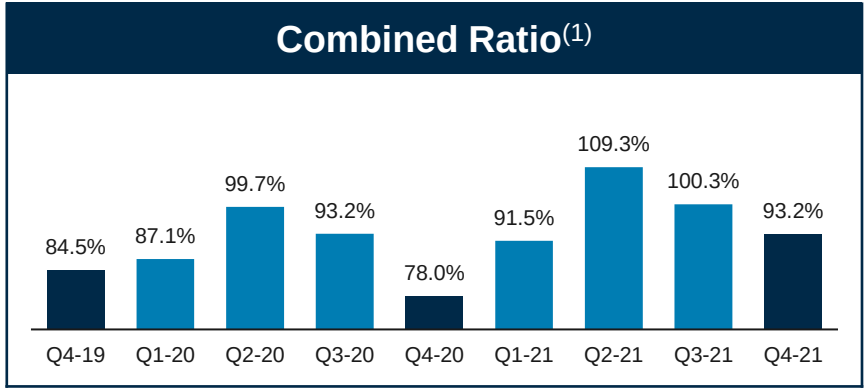
Q4-2021 PERSONAL PROPERTY

($ in millions, except as otherwise noted)	Q4-21	Q4-20	Δ	FY21	FY20	Δ
GWP	$237.1	$201.1	17.9%	$894.6	$750.7	19.2%
NEP	$203.7	$173.3	17.5%	$761.2	$641.7	18.6%
Underwriting income[2]	$13.8	$38.1	($24.3)	$10.8	$69.0	($58.2)
Core AY claims ratio[1]	46.2%	41.3%	4.9 pts	53.1%	50.2%	2.9 pts
CAT losses[1]	12.7%	2.4%	10.3 pts	9.4%	4.5%	4.9 pts
Prior year claims development	0.7%	(1.0%)	1.7 pts	0.5%	(1.0%)	1.5 pts
Claims ratio[1,2]	59.6%	42.7%	16.9 pts	63.0%	53.7%	9.3 pts
Expense ratio[1,3]	33.6%	35.3%	(1.7) pts	35.6%	35.5%	0.1 pts
Combined ratio[1,2,3]	93.2%	78.0%	15.2 pts	98.6%	89.2%	9.4 pts

Gross Written Premiums (TTM)



Combined Ratio[1]



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[3] The expense ratio and combined ratio are presented net of other underwriting revenues.

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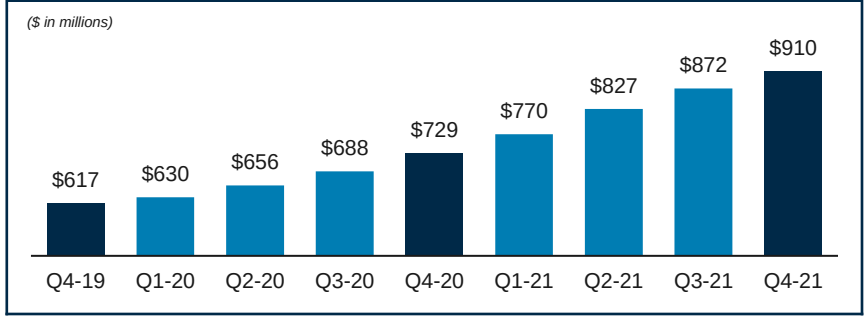
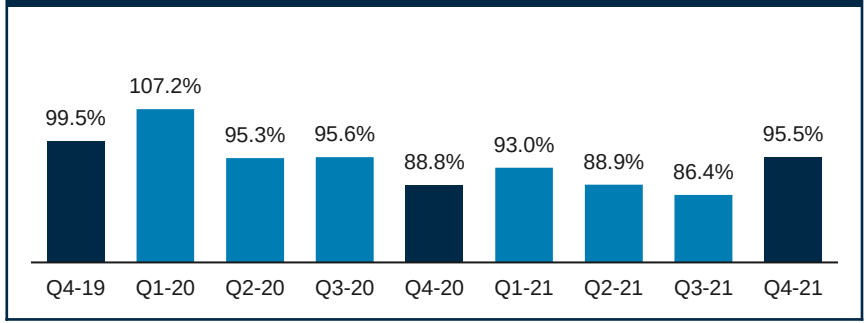
Q4-2021 COMMERCIAL INSURANCE

($ in millions, except as otherwise noted)	Q4-21	Q4-20	Δ	FY21	FY20	Δ
GWP	$254.0	$215.6	17.8%	$910.3	$728.6	24.9%
NEP	$197.0	$164.8	19.5%	$739.9	$615.8	20.2%
Underwriting income[2]	$8.8	$18.5	($9.7)	$66.9	$22.2	$44.7
Core AY claims ratio[1]	57.0%	50.2%	6.8 pts	54.4%	53.3%	1.1 pts
CAT losses[1]	5.0%	7.5%	(2.5) pts	2.3%	8.7%	(6.4) pts
Prior year claims development	(1.5%)	(4.3%)	2.8 pts	(0.9%)	(1.9%)	1.0 pts
Claims ratio[1,2]	60.5%	53.4%	7.1 pts	55.8%	60.1%	(4.3) pts
Expense ratio[1,3]	35.0%	35.4%	(0.4) pts	35.2%	36.3%	(1.1) pts
Combined ratio[1,2,3]	95.5%	88.8%	6.7 pts	91.0%	96.4%	(5.4) pts

Gross Written Premiums (TTM)



Combined Ratio[1]



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[3] The expense ratio and combined ratio are presented net of other underwriting revenues.

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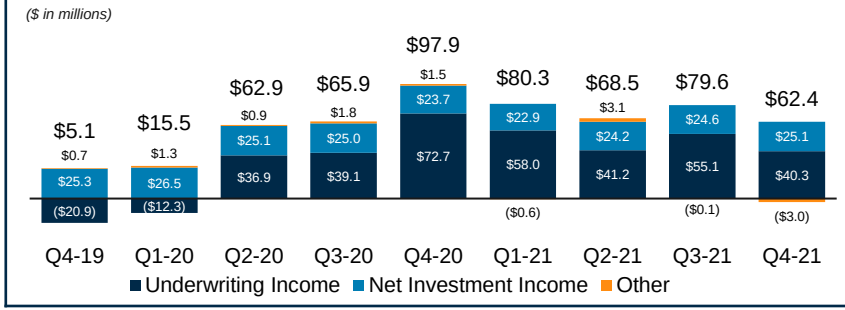
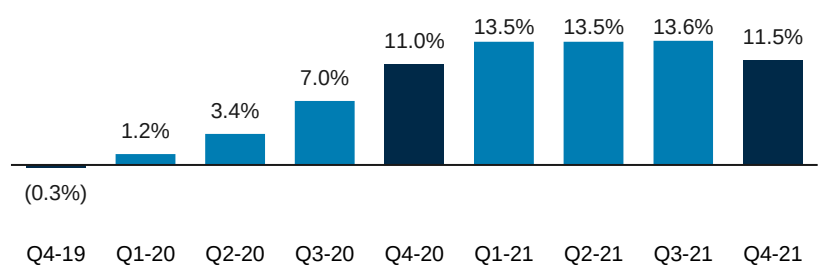
Q4-2021 CONSOLIDATED PROFITABILITY

($ in millions, except as otherwise noted)	Q4-21	Q4-20	Δ	FY21	FY20	Δ
GWP	$846.6	$755.9	12.0%	$3,231.4	$2,814.7	14.8%
Claims Ratio[1,2]	63.1%	57.1%	6.0 pts	60.8%	62.3%	(1.5) pts
Expense Ratio[1,3]	31.5%	32.0%	(0.5) pts	32.3%	32.3%	--
Combined Ratio[1,2,3]	94.6%	89.1%	5.5 pts	93.1%	94.6%	(1.5) pts
Underwriting Income[1,2]	$40.3	$72.7	($32.4)	$194.5	$136.4	$58.1
Net Investment Income[4]	$25.1	$23.7	$1.4	$96.8	$100.3	($3.5)
Operating Net Income[1,5]	$46.5	$73.4	($26.9)	$220.4	$184.4	$36.0
Net Income[5]	$33.7	$66.7	($33.0)	$213.2	$153.9	$59.3
Operating EPS[1]	$0.42	$0.71	($0.29)	$2.09	$1.77	$0.32
Operating ROE (TTM)[1]	11.5%	11.0%	0.5 pts	11.5%	11.0%	0.5 pts

Operating Income (Loss)[1]



Operating Return on Equity (TTM)[1]



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[2] The claims ratio, combined ratio, and underwriting income (loss) exclude the impact of discounting.
[3] The expense ratio and combined ratio are presented net of other underwriting revenues.
[4] Net Investment Income is Dividend & Interest Income less Investment Expenses.
[5] Operating Net Income and Net Income are post tax.

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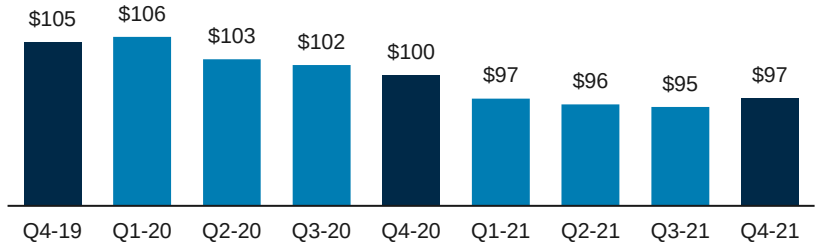
Q4-2021 INVESTMENT PORTFOLIO

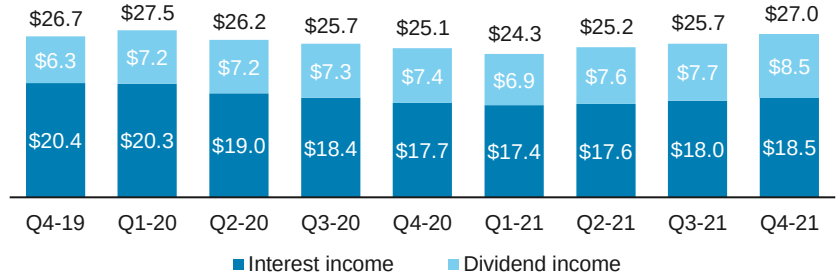
Net Investment Income (TTM)

($ in millions)

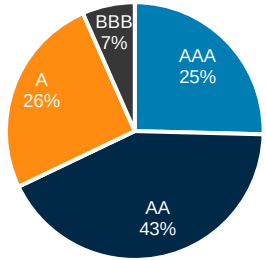


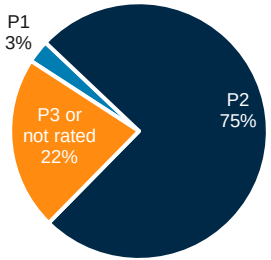
Dividend & Interest Income

($ in millions)

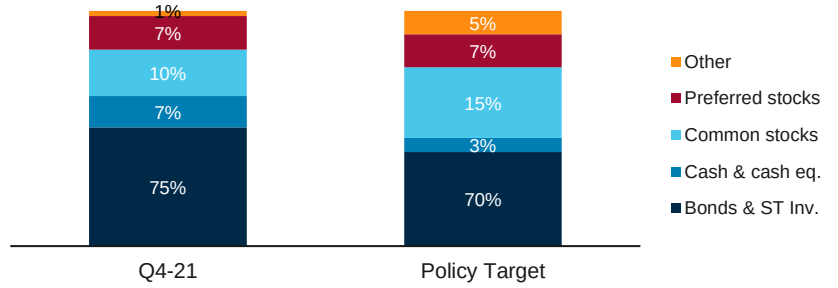


Credit Rating – Bonds & Preferred Stock(1)





Investment Allocation



[1] Using the lowest of Standard & Poor's and DBRS ratings.

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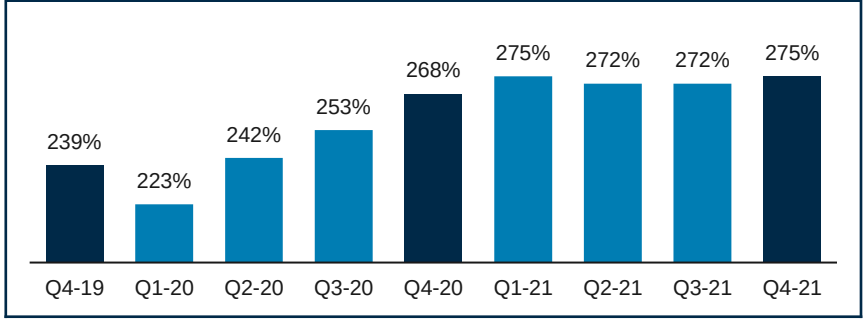
Q4-2021 CAPITAL

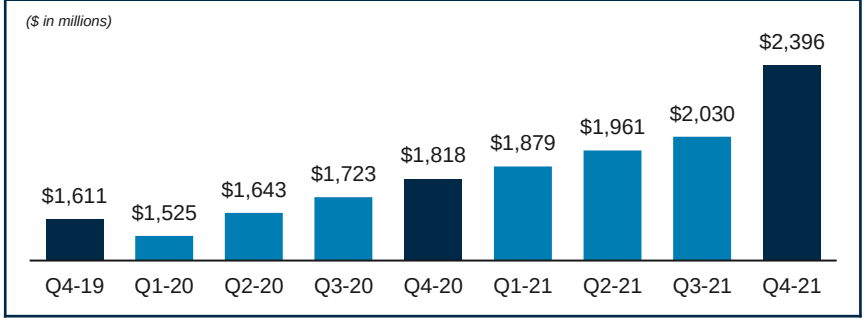
($ in millions, except as otherwise noted)	Q4-21	Q4-20	Δ
Total assets	$7,891	$6,620	$1,271
Investments	$5,366	$4,366	$1,000
Total liabilities	$5,495	$4,802	$693
Claim liabilities	$3,336	$3,026	$310
Total equity	$2,396	$1,818	$578
Book value per share[2]	**$20.68**	**$17.48**	**18.3%**

($ in millions, except as otherwise noted)	ICA[3]	CBCA[4]
Excess Capital at 200%:		
- Definity Insurance Company	$485.9	$485.9
- Definity Financial Corporation	$273.4	$273.4
Total Excess Capital	$759.3	$759.3
Leverage Capacity[2,4,5]	$298.5	$798.8
Financial Capacity[2] **as at Q4-2021**	**$1,057.8**	**$1,558.1**

Minimum Capital Test Trend[1]



Total Equity



[1] Under the Insurance Companies Act (Canada) (the "ICA"), property and casualty insurance companies must maintain adequate capital and appropriate forms of liquidity. The Office of the Superintendent of Financial Institutions ("OSFI"), has published the Minimum Capital Test guideline which provides the framework within which OSFI assesses whether a property and casualty insurance company maintains adequate capital for purposes of the ICA.
[2] This is a supplementary financial measure, non-GAAP financial measure, or a non-GAAP ratio. Refer to Supplementary Financial Measures and Non-GAAP Financial Measures and Ratios advisory and Section 12 – *Supplementary financial measures and non-GAAP financial measures and ratios* in the Q4-2021 MD&A for further details.
[3] Definity is subject to leverage restrictions under the ICA, which provide that its total debt cannot exceed 2% of its total assets.
[4] Assumes Definity proceeds with the Continuance and establishes financial leverage levels at 20% debt and 5% preferred or hybrids. The Continuance is subject to certain regulatory amendments and approvals.
[5] Leverage capacity is monitored prospectively from the date of the IPO.

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OUR STRATEGY

OUR PURPOSE

Building a better world by helping our clients and communities adapt and thrive

OUR PROMISE

Making insurance better

STRATEGIC OBJECTIVES

Become one of the five largest P&C Insurers in Canada	**Maintain our digital leadership**	**Sustain our underwriting profitability**	**Consistently demonstrate disciplined financial management**

KEY FOCUS AREAS

- **Capitalize on the expanding digital direct Insurance market with Sonnet**
- **Leverage Vyne to Increase our share of the broker channel**
- **Grow and diversify our Commercial Insurance business**
- **Maintain our pace of innovation**
- **Diversify and strengthen our growth through acquisitions and partnerships**
- **Attract and retain top talent to empower a high-performance culture that delivers on our brand**

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QUESTIONS?

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