

REMARKS FROM THE BOARD CHAIR

Throughout 2023, we remained focused on our ambition to be one of Canada's leading and most innovative insurers – living up to our promise of making insurance better for our customers, our employees, our broker partners, and our communities.

As we continue to deliver on these commitments, I hope you share my view that a compelling Canadian success story is unfolding, and a key component of that narrative is our growth. Rowan will provide more detail on how our personal and commercial insurance businesses are growing at an impressive pace, but I'd like to highlight that our inorganic growth agenda gained significant momentum in 2023. The national broker platform we've built now manages approximately $1 billion in insurance premiums, driving earnings growth and diversification for Definity. The next stages of this agenda are well supported by the new corporate structure under the Canada Business Corporations Act, which now puts us on equal footing with our major competitors. All of this has enabled us to make great strides in our pursuit of becoming one of the five largest property and casualty insurers in Canada.

Our performance in 2023 clearly demonstrated our ability to build sustainable competitive advantages over the medium and long term, with a continued focus on pairing sound fundamentals with exceptional experiences.

At the same time, we continue to drive industry-leading agility and productivity through efficient, flexible, and scalable processes that fuel our long-term growth in a dynamic, competitive environment.

Underpinning this performance is an inclusive culture where customer focus, operational excellence, innovation, and collaboration drive high-performance in support of our long-term plans.

Industry dynamics continue to be impacted by climate change, which truly underscores our purpose at Definity – to build a better world by helping our clients and communities adapt and thrive. We continue to manage the impact of severe weather across the full range of our operations:

- Our products,
- Services,
- Claims management processes,
- Actuarial insights,
- Risk management practices,
- And stakeholder engagement.

And when severe weather does strike, our exceptional catastrophe response teams are on the ground to be there for our customers.

We also remain committed to giving back to the communities where we live and work. A cornerstone of that commitment is the pledge we made as part of our demutualization in 2021 – to contribute 1% of net profit before taxes from our insurance operations to the Definity Insurance Foundation.

In 2023, I was proud to see that commitment translate into a contribution of $2.45 million, underscoring our dedication to the important work the Foundation does. In addition, we continue to support post-secondary education opportunities across Canada and are proud of the involvement of our employees from coast-to-coast with various community organizations across the country.

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We have diversified our investment portfolio across industries and regions and adopted targets to reduce the financed emissions intensity of our equity and corporate bond investments as a means of managing the climate-related risk of our investments.

Against this backdrop, we remain committed to positioning Definity as a purpose-driven sustainability leader, making a positive impact by delivering on our climate change and diversity and inclusion commitments, as well as a broad range of related priorities. Earlier this week we published our latest ESG Report. I would encourage you to read it and learn more about this work, which remains a significant priority for our leadership team and Board of Directors.

I'd like to thank my fellow Board members for their continued support and guidance, particularly in navigating our industry's challenging and dynamic environment. I'd like to extend special gratitude to Barbara Fraser, who is retiring from the Board following a tenure of more than a decade. We have all benefited greatly from Barbara's significant contributions to the Board, her thoughtful perspectives, and her valuable insights. Thank you, Barbara.

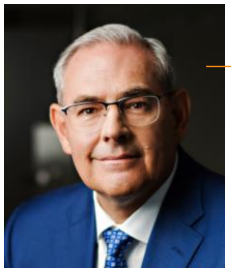
Our strong leadership, organizational resilience, and deep bench strength of top-tier talent have been instrumental in steering the company through a demanding year for our industry. My confidence remains high in our ability to succeed now, and in the future. I'm excited for the opportunities that lie ahead and know that Definity remains committed to delivering sustainable value for shareholders, customers, and communities alike.



JOHN BOWEY
Board Chair

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REMARKS FROM THE CEO

I am incredibly proud of the strong results Definity achieved in 2023, and the ways we continued to deliver on our commitments and financial goals while striving to make insurance better. In a year that saw the lingering effects of supply chain challenges, a concerning rise in auto theft, and significant severe weather events, our business demonstrated resiliency and resolve to come through for our employees, customers, broker partners, and communities.

I'd like to start by sharing some of our overall results for the year – results that reflect the strength of our organization and our focus on becoming one of the five largest P&C insurers in Canada:

- We had strong overall premium growth of 9.4% in 2023
- That growth propelled us to end the year with annual premiums exceeding $4 billion for the first time in our history
- Our full year combined ratio of 95.9% demonstrates the strength and resilience of our operating model and our commitment to disciplined underwriting, which together delivered on our mid-90s combined ratio target despite 6.2 points of catastrophe losses.
- We diversified our earnings stream with greater net investment income and distribution income, with a growing contribution from our national broker platform to generate a full year operating ROE of 9.2% and 11.1% growth in book value per share
- And we accelerated the national broker platform with more than $700 million invested over the past 18 months

All told, I would characterize this year as a resilient and strong performance. When I drill down into each of our key lines of business, the following highlights stand out:

- In Personal Auto, our early and focused action on rate increases tempered growth for much of the year, but helped protect the profitability of the business and support profitable growth into 2024
- In Personal Property, our premium growth was close to 10%, reflecting continued firm market conditions and the impact of portfolio transfer activity on our volumes. Our focus on disciplined underwriting and proactive rate actions delivered an underwriting profit in this line of business despite 15.6 points of catastrophe losses.
- Our Commercial Insurance business saw strong results that reflected our comprehensive value proposition, the strength of our underwriting capabilities and the support of our valued broker partners throughout Canada, against the backdrop of favourable market conditions. With an annual performance achieving 15% premium growth and a high 80s combined ratio, Commercial Insurance produced an excellent performance with both top and bottom line delivery, including further building out the Specialty segments of our portfolio.
- Our National Broker Platform is now a thriving part of our business, having accumulated more than $1 billion in annual premiums in a short period of time. It has meaningfully increased the earnings contribution from our distribution operations, which serves to counter-balance the inherent volatility in insurance underwriting results.

Just last week we shared our first quarter financial results. It was a strong start to 2024, fueled by the leading rates taken last year, along with ongoing firm market conditions, the effectiveness of our growth engines, and strong broker and customer value propositions built over the past few years. I'm confident we'll deliver on our financial targets, while advancing our strategic objectives in 2024.

As I look ahead, we are focused on continuing to deliver against our strategic priorities:

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- We are delivering on our performance targets while focusing on strategic capital and disciplined financial management. Looking ahead, we target growing premiums at an upper single digit to approximately 10% rate, a full year combined ratio in the mid-90s, and an annual operating ROE in the range of 10% to below teens.
- The confidence in our outlook is demonstrated by the more than 16% increase in our quarterly dividend, which has now increased by a cumulative 28% from its starting point at IPO.
- We are maintaining digital leadership in the industry, with the introduction of Sonnet Shift, a usage-based insurance offering that is the first of its kind to allow customers quarterly price adjustments based on their driving, and our multi-year claims transformation agenda continues to make excellent progress as we deploy our digital capabilities and sophisticated analytics to deliver consistently superior customer and broker experiences, while prudently managing insurance fundamentals.
- We remain committed to positioning Definity as a purpose-driven sustainability leader, making progress against our climate change and diversity commitments, and are proud to have been named to Forbes' list of Canada's Best Employers for Diversity.
- At Definity, we have a culture that enables our employees to thrive and deliver high performance, making us a destination for top talent. We continuously invest in talent and expertise, helping grow our track record in advanced analytics, technological innovation, and artificial intelligence.

For many years, we've been transforming the company and driving continuous improvement in everything we do, and it shows in the dramatic improvement in our results over the past five years.

Investors continue to show their support for our strategy as we have consistently delivered on expectations and produced 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.

Overall, I believe that Definity is exceptionally well positioned to continue navigating a dynamic industry environment with resilience. This is due in no small part to the insightful guidance from our Board of Directors, the dedication of our passionate leadership team, the engaged, high-performing teams we are fortunate to have across the company, and the partnership of brokers across Canada.

Together, we are building a clear path toward a bright future and on track to write the next Canadian success story. With the momentum we have built into our business, I continue to be excited by the opportunities that are ahead of us.

Thank you very much.



ROWAN SAUNDERS
President and CEO

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