

definity.



# Q1-2023 Supplementary Information

Unaudited

Definity Financial Corporation (TSX : DFY)



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### Note:

This supplementary information package has been updated to reflect the adoption of IFRS 17 - *Insurance Contracts* and IFRS 9 - *Financial Instruments* on January 1, 2023. This document contains Q1-2022 and Annual 2022 results restated under IFRS 17 and IFRS 9, as applicable. Our 2022 quarterly results for Q2, Q3, and Q4 will be restated along with the issuance of our quarterly 2023 results for the same period. Headings have been added in each tab, as applicable, to distinguish amounts reported under IFRS 17 and IFRS 9 and those reported under the previous accounting standards: IFRS 4 - *Insurance Contracts* and IAS 39 - *Financial Instruments: Recognition and Measurement*. Financial measures that have been added or renamed as a result of the adoption of IFRS 17 and IFRS 9 have been denoted in blue font. The glossary within this supplementary information package has been updated to include updated definitions, as applicable, to reflect the adoption of the new standards.

## FINANCIAL HIGHLIGHTS

(in millions of Canadian dollars, except as otherwise noted - unaudited)

### Financial results

IFRS 17 / IFRS 9			
	2023	2022	
	Q1	Q1	Annual
Insurance revenue	907.5	814.3	3,485.7
Insurance service expenses	(782.3)	(664.2)	(3,028.9)
Net expenses from reinsurance contracts held	(31.3)	(34.1)	(14.9)
<b>Insurance service result</b>	<b>93.9</b>	<b>116.0</b>	<b>441.9</b>
Net earned premiums			
Net claims and adjustment expenses			
Underwriting expenses (net of other underwriting revenues) <sup>1</sup>			
<b>Underwriting income (loss)</b>			
Impact of discounting			
<b>Underwriting income (loss) after the impact of discounting</b>			
Net investment income	41.0	25.8	133.1
Recognized gains (losses) on FVTPL investments / Recognized (losses) gains on investments	91.7	(197.8)	(446.1)
Finance (expenses) income from insurance contracts issued	(64.5)	52.7	96.3
Finance income (expenses) from reinsurance contracts held	5.6	(3.2)	(5.2)
Distribution revenues	25.5	-	19.9
Other (expenses) income	(60.0)	(41.0)	(126.1)
Restructuring recovery	-	-	-
<b>Income (loss) before income taxes</b>	<b>133.2</b>	<b>(47.5)</b>	<b>113.8</b>
Income tax (expense) recovery	(31.1)	14.9	(2.3)
Effective tax rate	23.5%	31.4%	2.0%
<b>Net income (loss)</b>	<b>102.1</b>	<b>(32.6)</b>	<b>111.5</b>
<b>Net income (loss) attributable to common shareholders</b>	<b>100.9</b>	<b>(32.6)</b>	<b>110.9</b>
<b>Net income attributable to non-controlling interests</b>	<b>1.2</b>	<b>-</b>	<b>0.6</b>
<b>Gross written premiums<sup>1</sup></b>	<b>846.9</b>	<b>760.1</b>	<b>3,662.3</b>
Change YOY	11.4%	14.1%	12.4%
<b>Net underwriting revenue / Net earned premiums<sup>1</sup></b>	<b>839.1</b>	<b>765.3</b>	<b>3,251.2</b>
Change YOY	9.6%	N/A	N/A

### Operating income (loss)

Underwriting income (loss) <sup>1</sup>	39.5	57.8	189.5
Net investment income	41.0	25.8	133.1
Distribution income <sup>1</sup>	8.9	4.7	13.5
Finance costs	-	-	-
Other operating (expenses) income	(8.8)	(5.7)	(28.4)
<b>Operating income (loss)<sup>1</sup></b>	<b>80.6</b>	<b>82.6</b>	<b>307.7</b>
Operating income tax (expense) recovery	(17.2)	(19.3)	(70.9)
Operating effective tax rate	21.3%	23.4%	23.0%
<b>Operating net income (loss)<sup>1</sup></b>	<b>63.4</b>	<b>63.3</b>	<b>236.8</b>

### Underwriting ratios

Claims ratio <sup>1</sup>	62.6%	59.1%	61.7%
Expense ratio <sup>1</sup>	32.7%	33.3%	32.5%
<b>Combined ratio<sup>1</sup></b>	<b>95.3%</b>	<b>92.4%</b>	<b>94.2%</b>

### Return on equity (for the last 12 months)

ROE <sup>1</sup>	9.5%		4.3%
Operating ROE <sup>1</sup>	9.3%		9.4%

### Financial position

Total investments	4,881.5	5,141.8	4,897.2
Total assets	6,739.5	6,252.5	6,819.7
Total equity	2,746.8	2,506.9	2,658.3
Minimum capital test (MCT) ratio <sup>2</sup>	219%		
Financial capacity <sup>1</sup>	845.9		

### Per share (in \$) and share data (in 000's)

Earnings (loss) per common share, basic	\$ 0.88	\$ (0.28)	\$ 0.96
Earnings (loss) per common share, diluted	\$ 0.87	\$ (0.28)	\$ 0.95
Operating earnings (loss) per common share <sup>1</sup>	\$ 0.54	\$ 0.54	\$ 2.03
Book value per share <sup>1</sup>	\$ 22.90	\$ 21.68	\$ 22.30
Dividends paid per share	\$ 0.138	\$ 0.175	\$ 0.550
Weighted average common shares outstanding, diluted	116,443	117,523	116,929

IFRS 17 / IFRS 9			
	2023	2022	
	Q1	Q1	Annual

IFRS 4 / IAS 39							
2022				2022	2021	2020	2019
Q4	Q3	Q2	Q1	Annual	Annual	Annual	Annual

850.6	830.0	799.6	768.4	3,248.6	2,833.6	2,508.7	2,343.2
500.1	530.9	501.1	455.8	1,987.9	1,721.5	1,562.3	1,713.9
280.3	271.2	264.5	252.4	1,068.4	917.6	810.0	747.6
<b>70.2</b>	<b>27.9</b>	<b>34.0</b>	<b>60.2</b>	<b>192.3</b>	<b>194.5</b>	<b>136.4</b>	<b>(118.3)</b>
2.8	15.5	61.3	83.0	162.6	44.7	(114.0)	(29.0)
<b>73.0</b>	<b>43.4</b>	<b>95.3</b>	<b>143.2</b>	<b>354.9</b>	<b>239.2</b>	<b>22.4</b>	<b>(147.3)</b>
39.5	36.0	31.8	25.8	133.1	96.8	100.3	105.4
(4.9)	(23.6)	(97.5)	(102.3)	(228.3)	(20.8)	79.8	68.3
19.9	-	-	-	19.9	-	-	-
39.0	(4.7)	(4.8)	(3.9)	25.6	(34.0)	(1.9)	(6.0)
-	-	-	-	-	-	-	0.8
<b>166.5</b>	<b>51.1</b>	<b>24.8</b>	<b>62.8</b>	<b>305.2</b>	<b>281.2</b>	<b>200.6</b>	<b>21.2</b>
(24.3)	(10.0)	(3.8)	(14.5)	(52.6)	(68.0)	(46.7)	(3.8)
14.6%	19.4%	15.5%	23.1%	17.2%	24.2%	23.3%	18.0%
<b>142.2</b>	<b>41.1</b>	<b>21.0</b>	<b>48.3</b>	<b>252.6</b>	<b>213.2</b>	<b>153.9</b>	<b>17.4</b>
<b>141.6</b>	<b>41.1</b>	<b>21.0</b>	<b>48.3</b>	<b>252.0</b>	<b>213.2</b>	<b>153.9</b>	<b>17.4</b>
<b>0.6</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.6</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>951.9</b>	<b>954.5</b>	<b>995.8</b>	<b>760.1</b>	<b>3,662.3</b>	<b>3,258.1</b>	<b>2,829.2</b>	<b>2,533.9</b>
11.0%	11.5%	13.4%	14.1%	12.4%	15.2%	11.7%	1.5%
<b>850.6</b>	<b>830.0</b>	<b>799.6</b>	<b>768.4</b>	<b>3,248.6</b>	<b>2,833.6</b>	<b>2,508.7</b>	<b>2,343.2</b>
14.2%	14.5%	14.7%	15.3%	14.6%	13.0%	7.1%	4.4%

70.2	27.9	34.0	60.2	192.3	194.5	136.4	(118.3)
39.5	36.0	31.8	25.8	133.1	96.8	100.3	105.4
4.2	1.7	2.9	4.7	13.5	8.0	4.1	3.5
-	-	-	-	-	-	-	-
(9.2)	(7.1)	(6.1)	(5.8)	(28.4)	(8.4)	1.3	(0.5)
<b>104.7</b>	<b>58.3</b>	<b>62.6</b>	<b>84.9</b>	<b>310.5</b>	<b>290.9</b>	<b>242.1</b>	<b>(9.9)</b>
(25.7)	(11.8)	(13.8)	(20.3)	(71.6)	(70.5)	(57.7)	4.5
24.5%	20.2%	22.0%	23.9%	23.1%	24.2%	23.8%	45.5%
<b>79.0</b>	<b>46.5</b>	<b>48.8</b>	<b>64.6</b>	<b>238.9</b>	<b>220.4</b>	<b>184.4</b>	<b>(5.4)</b>

58.8%	64.0%	62.7%	59.3%	61.2%	60.8%	62.3%	73.1%
32.9%	32.6%	33.1%	32.9%	32.9%	32.3%	32.3%	31.9%
<b>91.7%</b>	<b>96.6%</b>	<b>95.8%</b>	<b>92.2%</b>	<b>94.1%</b>	<b>93.1%</b>	<b>94.6%</b>	<b>105.0%</b>

10.6%	6.8%	7.6%	8.8%	10.6%	10.7%	9.0%	1.1%
10.0%	9.7%	10.7%	11.2%	10.0%	11.5%	11.0%	(0.3%)

4,897.9	4,854.9	4,915.5	5,142.9	4,897.9	5,365.8	4,366.3	4,191.0
8,316.8	7,943.4	7,770.5	7,519.0	8,316.8	7,891.4	6,620.3	5,956.5
2,480.4	2,240.9	2,244.7	2,359.7	2,480.4	2,396.3	1,818.0	1,611.0
204%	204%	206%	215%	204%	275%	268%	239%
658.5	884.4	909.5	1,020.9	658.5	1,057.8	n/a	n/a

\$ 1.23	\$ 0.36	\$ 0.18	\$ 0.42	\$ 2.19	\$ 2.03	\$ 1.48	\$ 0.17
\$ 1.21	\$ 0.35	\$ 0.18	\$ 0.41	\$ 2.15	\$ 2.02	\$ 1.48	\$ 0.17
\$ 0.67	\$ 0.40	\$ 0.42	\$ 0.55	\$ 2.04	\$ 2.09	\$ 1.77	\$ (0.05)
\$ 20.74	\$ 19.54	\$ 19.51	\$ 20.41	\$ 20.74	\$ 20.68	\$ 17.48	\$ 15.49
\$ 0.125	\$ 0.125	\$ 0.125	\$ 0.175	\$ 0.550	n/a	n/a	n/a
116,357	116,774	117,241	117,523	116,929	105,405	103,976	103,976

<sup>1</sup>This is a supplementary financial measure, non-GAAP financial measure, or a non-GAAP ratio. Refer to Section 12 – Supplementary financial measures and non-GAAP financial measures and ratios in the Q1-2023 Management's Discussion and Analysis dated May 11, 2023 for further details, which is available on the Company's website at [www.definityfinancial.com](http://www.definityfinancial.com) and on SEDAR at [www.sedar.com](http://www.sedar.com). Refer to Section 12 – Supplementary financial measures and non-GAAP financial measures and ratios in the Q4-2022 Management's Discussion and Analysis dated February 9, 2023 for further details of non-GAAP financial measures and ratios prior to the adoption of IFRS 17 and IFRS 9. For non-GAAP financial measures, refer to tab 14 for the composition and reconciliation to the most directly comparable GAAP measure.

<sup>2</sup>Consolidated Definity Insurance Company.

## CONSOLIDATED RESULTS OF OPERATIONS

(in millions of Canadian dollars, except as otherwise noted - unaudited)

### Comprehensive income (loss)

	IFRS 17 / IFRS 9		
	2023 Q1	2022 Q1	2022 Annual
<b>Net income (loss)</b>	<b>102.1</b>	<b>(32.6)</b>	<b>111.5</b>
Net unrealized gains (losses) on AFS investments			
Reclassification to net income (loss) of net recognized losses (gains) on AFS investments			
Foreign exchange (loss) gain on investments in associates	-	(0.4)	2.1
Income tax recovery (expense)			
<b>Items that may be reclassified subsequently to net income (loss)</b>	<b>-</b>	<b>(0.4)</b>	<b>2.1</b>
Recognized gains (losses) on FVTOCI investments	2.1	(4.5)	(55.8)
Post-employment benefit obligation gain (loss)	1.6	17.5	26.4
Income tax (expense) recovery	(1.0)	(3.4)	7.8
<b>Items that will not be reclassified subsequently to net income (loss)</b>	<b>2.7</b>	<b>9.6</b>	<b>(21.6)</b>
<b>Other comprehensive income (loss)</b>	<b>2.7</b>	<b>9.2</b>	<b>(19.5)</b>
<b>Comprehensive income (loss)</b>	<b>104.8</b>	<b>(23.4)</b>	<b>92.0</b>
<b>Comprehensive income (loss) attributable to common shareholders</b>	<b>103.6</b>	<b>(23.4)</b>	<b>91.4</b>
<b>Comprehensive income attributable to non-controlling interests</b>	<b>1.2</b>	<b>-</b>	<b>0.6</b>

### Net investment income

<b>Total interest income</b>	<b>34.3</b>	<b>19.7</b>	<b>105.3</b>
Preferred shares	4.5	4.3	17.2
Common shares	3.9	3.4	16.2
<b>Total dividend income</b>	<b>8.4</b>	<b>7.7</b>	<b>33.4</b>
<b>Investment income, before expenses</b>	<b>42.7</b>	<b>27.4</b>	<b>138.7</b>
Investment expenses	(1.7)	(1.6)	(5.6)
<b>Net investment income</b>	<b>41.0</b>	<b>25.8</b>	<b>133.1</b>

### Recognized gains (losses) on investments

Recognized gains (losses) on FVTPL investments / Total recognized (losses) gains on investments	91.7	(197.8)	(446.1)
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### Non-operating gains (losses)

Recognized gains (losses) on FVTPL investments / Total recognized (losses) gains on investments	91.7	(197.8)	(446.1)
Discounting in insurance service result / Impact of discounting	16.4	16.9	107.4
Risk adjustment	2.3	4.1	(6.6)
Finance (expenses) income from insurance contracts issued	(64.5)	52.7	96.3
Finance income (expenses) from reinsurance contracts held	5.6	(3.2)	(5.2)
Interest on restricted cash, and demutualization and IPO-related expenses	2.5	(1.9)	0.7
Amortization of intangible assets recognized in business combinations	(3.2)	(0.6)	(5.4)
Restructuring recovery	-	-	-
Revaluation gain on acquisition of McDougall Insurance Brokers Limited	-	-	67.0
Other	0.1	(0.3)	(2.8)
<b>Total non-operating (losses) gains<sup>1</sup></b>	<b>50.9</b>	<b>(130.1)</b>	<b>(194.7)</b>

IFRS 17 / IFRS 9		
2023 Q1	2022 Q1	2022 Annual

IFRS 4 / IAS 39							
2022		2021		2020		2019	
Q4	Q3	Q2	Q1	Annual	Annual	Annual	Annual

<b>142.2</b>	<b>41.1</b>	<b>21.0</b>	<b>48.3</b>	<b>252.6</b>	<b>213.2</b>	<b>153.9</b>	<b>17.4</b>
5.7	(49.1)	(186.9)	(110.4)	(340.7)	96.6	76.8	73.7
7.7	13.4	35.3	10.5	66.9	(49.2)	5.0	(39.2)
(0.5)	2.1	0.9	(0.4)	2.1	(0.3)	(0.5)	(1.5)
(3.4)	9.3	39.4	26.6	71.9	(11.2)	(21.6)	(9.6)
<b>9.5</b>	<b>(24.3)</b>	<b>(111.3)</b>	<b>(73.7)</b>	<b>(199.8)</b>	<b>35.9</b>	<b>59.7</b>	<b>23.4</b>
2.3	-	6.6	17.5	26.4	29.3	(8.8)	4.2
(0.7)	-	(1.7)	(4.6)	(7.0)	(7.6)	2.2	(1.3)
<b>1.6</b>	<b>-</b>	<b>4.9</b>	<b>12.9</b>	<b>19.4</b>	<b>21.7</b>	<b>(6.6)</b>	<b>2.9</b>
<b>11.1</b>	<b>(24.3)</b>	<b>(106.4)</b>	<b>(60.8)</b>	<b>(180.4)</b>	<b>57.6</b>	<b>53.1</b>	<b>26.3</b>
<b>153.3</b>	<b>16.8</b>	<b>(85.4)</b>	<b>(12.5)</b>	<b>72.2</b>	<b>270.8</b>	<b>207.0</b>	<b>43.7</b>
<b>152.7</b>	<b>16.8</b>	<b>(85.4)</b>	<b>(12.5)</b>	<b>71.6</b>	<b>270.8</b>	<b>207.0</b>	<b>43.7</b>
<b>0.6</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.6</b>	<b>-</b>	<b>-</b>	<b>-</b>

<b>32.3</b>	<b>28.5</b>	<b>24.8</b>	<b>19.7</b>	<b>105.3</b>	<b>71.5</b>	<b>75.3</b>	<b>82.5</b>
4.2	4.4	4.3	4.3	17.2	18.2	18.6	17.1
4.6	4.3	3.9	3.4	16.2	12.5	10.5	9.9
<b>8.8</b>	<b>8.7</b>	<b>8.2</b>	<b>7.7</b>	<b>33.4</b>	<b>30.7</b>	<b>29.1</b>	<b>27.0</b>
<b>41.1</b>	<b>37.2</b>	<b>33.0</b>	<b>27.4</b>	<b>138.7</b>	<b>102.2</b>	<b>104.4</b>	<b>109.5</b>
(1.6)	(1.2)	(1.2)	(1.6)	(5.6)	(5.4)	(4.1)	(4.1)
<b>39.5</b>	<b>36.0</b>	<b>31.8</b>	<b>25.8</b>	<b>133.1</b>	<b>96.8</b>	<b>100.3</b>	<b>105.4</b>

(4.9)	(23.6)	(97.5)	(102.3)	(228.3)	(20.8)	79.8	68.3
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(4.9)	(23.6)	(97.5)	(102.3)	(228.3)	(20.8)	79.8	68.3
2.8	15.5	61.3	83.0	162.6	44.7	(114.0)	(29.0)
1.7	1.3	(0.4)	(1.9)	0.7	(30.1)	(3.8)	(4.8)
(3.5)	(0.7)	(0.7)	(0.6)	(5.4)	(3.5)	(4.5)	(4.4)
-	-	-	-	-	-	-	0.8
67.0	-	-	-	67.0	-	-	-
(2.2)	0.3	(0.5)	(0.3)	(2.8)	-	1.0	0.2
<b>60.9</b>	<b>(7.2)</b>	<b>(37.8)</b>	<b>(22.1)</b>	<b>(6.2)</b>	<b>(9.7)</b>	<b>(41.5)</b>	<b>31.1</b>

<sup>1</sup> This is a supplementary financial measure, non-GAAP financial measure, or a non-GAAP ratio. Refer to Section 12 – Supplementary financial measures and non-GAAP financial measures and ratios in the Q1-2023 Management's Discussion and Analysis dated May 11, 2023 for further details, which is available on the Company's website at [www.definityfinancial.com](http://www.definityfinancial.com) and on SEDAR at [www.sedar.com](http://www.sedar.com). Refer to Section 12 – Supplementary financial measures and non-GAAP financial measures and ratios in the Q4-2022 Management's Discussion and Analysis dated February 9, 2023 for further details of non-GAAP financial measures and ratios prior to the adoption of IFRS 17 and IFRS 9. For non-GAAP financial measures, refer to tab 14 for the composition and reconciliation to the most directly comparable GAAP measure.

## UNDERWRITING PERFORMANCE

(in millions of Canadian dollars, except as otherwise noted - unaudited)

### Underwriting results

	IFRS 17		
	2023	2022	
	Q1	Q1	Annual
Net underwriting revenue / Net earned premiums <sup>1</sup>	839.1	765.3	3,251.2
Net claims and adjustment expenses <sup>1</sup>	525.1	452.0	2,004.5
Underwriting expenses <sup>1</sup> / Underwriting expenses (net of other underwriting revenues) <sup>1</sup>	274.5	255.5	1,057.2
<b>Underwriting income (loss)<sup>1</sup></b>	<b>39.5</b>	<b>57.8</b>	<b>189.5</b>
Claims ratio <sup>1</sup>	62.6%	59.1%	61.7%
Expense ratio <sup>1</sup>	32.7%	33.3%	32.5%
<b>Combined ratio<sup>1</sup></b>	<b>95.3%</b>	<b>92.4%</b>	<b>94.2%</b>

### Net claims and adjustment expenses

	IFRS 17		
	2023	2022	
	Q1	Q1	Annual
Core accident year claims and adjustment expenses <sup>1</sup>	512.8	456.6	1,970.9
Catastrophe losses <sup>1</sup>	20.0	17.3	119.9
Prior year favourable claims development <sup>1</sup>	(7.7)	(21.9)	(86.3)
<b>Net claims and adjustment expenses<sup>1</sup></b>	<b>525.1</b>	<b>452.0</b>	<b>2,004.5</b>
Core accident year claims ratio <sup>1</sup>	61.1%	59.7%	60.7%
Catastrophe losses ratio <sup>1,2</sup>	2.4%	2.3%	3.7%
Prior year favourable claims development ratio <sup>1</sup>	(0.9%)	(2.9%)	(2.7%)
<b>Claims ratio<sup>1</sup></b>	<b>62.6%</b>	<b>59.1%</b>	<b>61.7%</b>

### Underwriting expenses

	IFRS 17		
	2023	2022	
	Q1	Q1	Annual
Net commissions <sup>1</sup>	124.8	122.9	503.5
Operating expenses / Operating expenses (net of other underwriting revenues) <sup>1</sup>	118.4	104.2	433.3
Premium taxes	31.3	28.4	120.4
<b>Underwriting expenses<sup>1</sup> / Underwriting expenses (net of other underwriting revenues)<sup>1</sup></b>	<b>274.5</b>	<b>255.5</b>	<b>1,057.2</b>
Net commissions ratio <sup>1</sup>	14.9%	16.1%	15.5%
Operating expenses ratio <sup>1</sup> / Operating expenses (net of other underwriting revenues) ratio <sup>1</sup>	14.1%	13.5%	13.3%
Premium taxes ratio <sup>1</sup>	3.7%	3.7%	3.7%
<b>Expense ratio<sup>1</sup></b>	<b>32.7%</b>	<b>33.3%</b>	<b>32.5%</b>

	IFRS 4							
	2022		2021	2020	2019			
	Q4	Q3	Q2	Q1	Annual	Annual	Annual	Annual
	850.6	830.0	799.6	768.4	3,248.6	2,833.6	2,508.7	2,343.2
	500.1	530.9	501.1	455.8	1,987.9	1,721.5	1,562.3	1,713.9
	280.3	271.2	264.5	252.4	1,068.4	917.6	810.0	747.6
	<b>70.2</b>	<b>27.9</b>	<b>34.0</b>	<b>60.2</b>	<b>192.3</b>	<b>194.5</b>	<b>136.4</b>	<b>(118.3)</b>
	58.8%	64.0%	62.7%	59.3%	61.2%	60.8%	62.3%	73.1%
	32.9%	32.6%	33.1%	32.9%	32.9%	32.3%	32.3%	31.9%
	<b>91.7%</b>	<b>96.6%</b>	<b>95.8%</b>	<b>92.2%</b>	<b>94.1%</b>	<b>93.1%</b>	<b>94.6%</b>	<b>105.0%</b>
	519.6	510.3	480.8	460.8	1,971.5	1,705.8	1,498.8	1,685.4
	4.3	45.8	41.5	17.3	108.9	91.7	93.1	66.4
	(23.8)	(25.2)	(21.2)	(22.3)	(92.5)	(76.0)	(29.6)	(37.9)
	<b>500.1</b>	<b>530.9</b>	<b>501.1</b>	<b>455.8</b>	<b>1,987.9</b>	<b>1,721.5</b>	<b>1,562.3</b>	<b>1,713.9</b>
	61.1%	61.3%	59.5%	59.9%	60.4%	60.2%	59.8%	71.9%
	0.5%	5.7%	5.8%	2.3%	3.6%	3.3%	3.7%	2.8%
	(2.8%)	(3.0%)	(2.6%)	(2.9%)	(2.8%)	(2.7%)	(1.2%)	(1.6%)
	<b>58.8%</b>	<b>64.0%</b>	<b>62.7%</b>	<b>59.3%</b>	<b>61.2%</b>	<b>60.8%</b>	<b>62.3%</b>	<b>73.1%</b>
	136.3	130.3	127.2	126.6	520.4	426.5	379.6	361.3
	112.4	110.0	107.6	97.6	427.6	384.2	337.3	300.1
	31.6	30.9	29.7	28.2	120.4	106.9	93.1	86.2
	<b>280.3</b>	<b>271.2</b>	<b>264.5</b>	<b>252.4</b>	<b>1,068.4</b>	<b>917.6</b>	<b>810.0</b>	<b>747.6</b>
	16.0%	15.7%	15.9%	16.5%	16.0%	15.0%	15.1%	15.4%
	13.2%	13.2%	13.5%	12.7%	13.2%	13.5%	13.5%	12.8%
	3.7%	3.7%	3.7%	3.7%	3.7%	3.8%	3.7%	3.7%
	<b>32.9%</b>	<b>32.6%</b>	<b>33.1%</b>	<b>32.9%</b>	<b>32.9%</b>	<b>32.3%</b>	<b>32.3%</b>	<b>31.9%</b>

<sup>1</sup> This is a supplementary financial measure, non-GAAP financial measure, or a non-GAAP ratio. Refer to Section 12 – Supplementary financial measures and non-GAAP financial measures and ratios in the Q1-2023 Management's Discussion and Analysis dated May 11, 2023 for further details, which is available on the Company's website at [www.definityfinancial.com](http://www.definityfinancial.com) and on SEDAR at [www.sedar.com](http://www.sedar.com). Refer to Section 12 – Supplementary financial measures and non-GAAP financial measures and ratios in the Q4-2022 Management's Discussion and Analysis dated February 9, 2023 for further details of non-GAAP financial measures and ratios prior to the adoption of IFRS 17 and IFRS 9. For non-GAAP financial measures, refer to tab 14 for the composition and reconciliation to the most directly comparable GAAP measure.

<sup>2</sup> The impact of reinsurance reinstatement premiums on the claims ratio is fully reflected in catastrophe losses.

## PERSONAL INSURANCE

(in millions of Canadian dollars, except as otherwise noted - unaudited)

### Personal insurance

	IFRS 17		
	2023	2022	Annual
	Q1	Q1	Annual
Policies in force (in '000)	1,626.7	1,576.4	1,622.6
Change YOY	3.2%	9.4%	4.6%
Gross written premiums <sup>1</sup>	583.1	540.2	2,591.8
Change YOY	7.9%	12.3%	10.4%
Broker channel gross written premiums <sup>1</sup>	488.8	452.0	2,168.1
Change YOY	8.1%	10.6%	9.8%
Direct channel gross written premiums <sup>1</sup>	94.3	88.2	423.7
Change YOY	6.9%	21.7%	13.4%
Net underwriting revenue / Net earned premiums <sup>1</sup>	606.7	561.7	2,373.7
Change YOY	8.0%	N/A	N/A
Underwriting income (loss) <sup>1</sup>	18.3	29.0	102.9
Combined ratio <sup>1</sup>	97.0%	94.8%	95.7%

### Personal auto

Policies in force (in '000)	784.2	770.5	785.0
Change YOY	1.8%	5.1%	3.1%
Gross written premiums <sup>1</sup>	357.8	339.8	1,579.1
Change YOY	5.3%	9.6%	8.7%
Net underwriting revenue / Net earned premiums <sup>1</sup>	365.7	346.2	1,457.8
Change YOY	5.6%	N/A	N/A
Core accident year claims <sup>1</sup>	266.4	234.4	1,011.8
Catastrophe losses <sup>1</sup>	0.3	0.4	5.4
Prior year favourable claims development <sup>1</sup>	(2.0)	(3.9)	(45.0)
Net claims and adjustment expenses <sup>1</sup>	264.7	230.9	972.2
Underwriting expenses <sup>1</sup> / Underwriting expenses (net of other underwriting revenues) <sup>1</sup>	104.2	102.3	415.8
Underwriting income (loss) <sup>1</sup>	(3.2)	13.0	69.8
Core accident year claims ratio <sup>1</sup>	72.9%	67.7%	69.4%
Catastrophe losses ratio <sup>1,2</sup>	0.1%	0.1%	0.4%
Prior year favourable claims development ratio <sup>1</sup>	(0.6%)	(1.1%)	(3.1%)
Claims ratio <sup>1</sup>	72.4%	66.7%	66.7%
Net commissions ratio <sup>1</sup>	11.2%	12.6%	11.8%
Operating expenses ratio <sup>1</sup> / Operating expenses (net of other underwriting revenues) ratio <sup>1</sup>	14.0%	13.6%	13.4%
Premium taxes ratio <sup>1</sup>	3.3%	3.3%	3.3%
Expense ratio <sup>1</sup>	28.5%	29.5%	28.5%
Combined ratio <sup>1</sup>	100.9%	96.2%	95.2%

### Personal property<sup>3</sup>

Policies in force (in '000)	842.5	805.9	837.6
Change YOY	4.5%	13.9%	6.1%
Gross written premiums <sup>1</sup>	225.3	200.4	1,012.7
Change YOY	12.4%	17.1%	13.2%
Net underwriting revenue / Net earned premiums <sup>1</sup>	241.0	215.5	915.9
Change YOY	11.8%	N/A	N/A
Core accident year claims and adjustment expenses <sup>1</sup>	122.1	113.7	491.3
Catastrophe losses <sup>1</sup>	9.2	15.4	80.8
Prior year (favourable) adverse claims development <sup>1</sup>	(0.7)	(9.5)	(20.8)
Net claims and adjustment expenses <sup>1</sup>	130.6	119.6	551.3
Underwriting expenses <sup>1</sup> / Underwriting expenses (net of other underwriting revenues) <sup>1</sup>	88.9	79.9	331.5
Underwriting income (loss) <sup>1</sup>	21.5	16.0	33.1
Core accident year claims ratio <sup>1</sup>	50.7%	52.7%	53.7%
Catastrophe losses ratio <sup>1,2</sup>	3.8%	7.2%	8.8%
Prior year (favourable) adverse claims development ratio <sup>1</sup>	(0.3%)	(4.4%)	(2.3%)
Claims ratio <sup>1</sup>	54.2%	55.5%	60.2%
Net commissions ratio <sup>1</sup>	19.7%	20.3%	20.0%
Operating expenses ratio <sup>1</sup> / Operating expenses (net of other underwriting revenues) ratio <sup>1</sup>	13.4%	12.8%	12.2%
Premium taxes ratio <sup>1</sup>	3.9%	4.0%	4.0%
Expense ratio <sup>1</sup>	36.9%	37.1%	36.2%
Combined ratio <sup>1</sup>	91.1%	92.6%	96.4%

	IFRS 4							
	2022		2021		2020		2019	
	Q4	Q3	Q2	Q1	Annual	Annual	Annual	Annual
Policies in force (in '000)	1,622.6	1,611.1	1,596.0	1,576.4	1,622.6	1,550.7	1,416.1	1,341.8
Change YOY	4.6%	5.5%	7.4%	9.4%	4.6%	9.5%	5.5%	0.6%
Gross written premiums <sup>1</sup>	654.6	697.2	699.8	540.2	2,591.8	2,347.8	2,100.6	1,917.1
Change YOY	8.4%	9.7%	11.6%	10.4%	11.8%	10.4%	9.6%	5.5%
Broker channel gross written premiums <sup>1</sup>	544.7	578.7	592.7	452.0	2,168.1	1,974.2	1,795.3	1,652.4
Change YOY	8.4%	9.3%	11.0%	10.6%	9.8%	10.0%	8.6%	2.1%
Direct channel gross written premiums <sup>1</sup>	109.9	118.5	107.1	88.2	423.7	373.6	305.3	264.7
Change YOY	8.4%	11.5%	14.7%	21.7%	13.4%	22.4%	15.3%	32.8%
Net underwriting revenue / Net earned premiums <sup>1</sup>	619.5	607.3	585.3	565.6	2,377.7	2,093.7	1,892.9	1,747.4
Change YOY	13.0%	14.0%	13.1%	14.2%	13.6%	10.6%	8.3%	9.6%
Underwriting income (loss) <sup>1</sup>	45.4	13.6	18.0	30.7	107.7	127.6	114.2	(108.4)
Combined ratio <sup>1</sup>	92.7%	97.7%	96.9%	94.6%	95.5%	93.9%	94.0%	106.2%
Core accident year claims <sup>1</sup>	267.5	259.3	244.9	237.9	1,009.6	895.6	847.4	1,015.3
Catastrophe losses <sup>1</sup>	(0.1)	1.3	3.0	0.4	4.6	6.1	11.0	3.5
Prior year favourable claims development <sup>1</sup>	(20.9)	(12.1)	(15.0)	(6.6)	(54.6)	(72.6)	(11.3)	(25.7)
Net claims and adjustment expenses <sup>1</sup>	246.5	248.5	232.9	231.7	959.6	829.1	847.1	993.1
Underwriting expenses <sup>1</sup> / Underwriting expenses (net of other underwriting revenues) <sup>1</sup>	110.6	111.5	107.1	104.2	433.4	386.6	358.9	341.9
Underwriting income (loss) <sup>1</sup>	22.3	15.5	26.7	13.2	77.7	116.8	45.2	(139.4)
Core accident year claims ratio <sup>1</sup>	70.5%	69.1%	66.8%	68.2%	68.6%	67.1%	67.7%	84.9%
Catastrophe losses ratio <sup>1,2</sup>	-	0.3%	0.8%	0.1%	0.3%	0.5%	0.9%	0.3%
Prior year favourable claims development ratio <sup>1</sup>	(5.5%)	(3.2%)	(4.1%)	(1.9%)	(3.7%)	(5.4%)	(0.9%)	(2.1%)
Claims ratio <sup>1</sup>	65.0%	66.2%	63.5%	66.4%	65.2%	62.2%	67.7%	83.1%
Net commissions ratio <sup>1</sup>	12.6%	12.7%	12.5%	13.5%	12.8%	11.8%	11.8%	12.1%
Operating expenses ratio <sup>1</sup> / Operating expenses (net of other underwriting revenues) ratio <sup>1</sup>	13.3%	13.7%	13.4%	13.0%	13.4%	13.8%	13.5%	13.1%
Premium taxes ratio <sup>1</sup>	3.3%	3.3%	3.3%	3.3%	3.3%	3.4%	3.4%	3.4%
Expense ratio <sup>1</sup>	29.2%	29.7%	29.2%	29.8%	29.5%	29.0%	28.7%	28.6%
Combined ratio <sup>1</sup>	94.2%	95.9%	92.7%	96.2%	94.7%	91.2%	96.4%	111.7%
Policies in force (in '000)	837.6	826.0	817.4	805.9	837.6	789.1	689.1	623.0
Change YOY	6.1%	7.7%	10.9%	13.9%	6.1%	14.5%	10.6%	7.0%
Gross written premiums <sup>1</sup>	268.0	275.6	268.7	200.4	1,012.7	894.6	750.7	632.3
Change YOY	13.0%	10.5%	13.4%	17.1%	13.2%	13.2%	18.7%	14.1%
Net underwriting revenue / Net earned premiums <sup>1</sup>	240.1	231.8	218.6	216.5	907.0	761.2	641.7	551.8
Change YOY	17.9%	18.4%	17.7%	23.0%	19.2%	18.6%	16.3%	11.6%
Core accident year claims and adjustment expenses <sup>1</sup>	121.4	129.9	124.8	113.2	489.2	406.4	322.8	299.6
Catastrophe losses <sup>1</sup>	8.1	24.5	24.0	15.4	72.1	69.9	28.8	37.0
Prior year (favourable) adverse claims development <sup>1</sup>	(2.7)	(4.6)	(3.4)	(7.8)	(18.5)	3.5	(6.7)	(6.9)
Net claims and adjustment expenses <sup>1</sup>	126.8	149.8	145.4	120.8	542.8	479.8	344.9	329.7
Underwriting expenses <sup>1</sup> / Underwriting expenses (net of other underwriting revenues) <sup>1</sup>	90.2	83.9	81.9	78.2	334.2	270.6	227.8	191.1
Underwriting income (loss) <sup>1</sup>	23.1	(1.9)	(8.7)	17.5	30.0	10.8	69.0	31.0
Core accident year claims ratio <sup>1</sup>	50.5%	55.7%	55.5%	52.3%	53.4%	53.1%	50.2%	54.4%
Catastrophe losses ratio <sup>1,2</sup>	3.4%	10.9%	12.5%	7.1%	8.4%	9.4%	4.5%	6.7%
Prior year (favourable) adverse claims development ratio <sup>1</sup>	(1.1%)	(2.0%)	(1.5%)	(3.6%)	(2.0%)	0.5%	(1.0%)	(1.3%)
Claims ratio <sup>1</sup>	52.8%	64.6%	66.5%	55.8%	59.8%	63.0%	53.7%	59.8%
Net commissions ratio <sup>1</sup>	20.7%	19.6%	20.2%	20.2%	20.2%	18.6%	18.3%	18.1%
Operating expenses ratio <sup>1</sup> / Operating expenses (net of other underwriting revenues) ratio <sup>1</sup>	12.8%	12.5%	13.2%	11.9%	12.6%	12.8%	13.1%	12.4%
Premium taxes ratio <sup>1</sup>	4.1%	4.1%	4.1%	4.0%	4.1%	4.2%	4.1%	4.1%
Expense ratio <sup>1</sup>	37.6%	36.2%	37.5%	36.1%	36.9%	35.6%	35.5%	34.6%
Combined ratio <sup>1</sup>	90.4%	100.8%	104.0%	91.9%	96.7%	98.6%	89.2%	94.4%

<sup>1</sup> This is a supplementary financial measure, non-GAAP financial measure, or a non-GAAP ratio. Refer to Section 12 – Supplementary financial measures and ratios in the Q1-2023 Management's Discussion and Analysis dated May 11, 2023 for further details, which is available on the Company's website at [www.definitivfinancial.com](http://www.definitivfinancial.com) and on SEDAR at [www.sedar.com](http://www.sedar.com). Refer to Section 12 – Supplementary financial measures and non-GAAP financial measures and ratios in the Q4-2022 Management's Discussion and Analysis dated February 9, 2023 for further details of non-GAAP financial measures and ratios prior to the adoption of IFRS 17 and IFRS 9. For non-GAAP financial measures, refer to tab 14 for the composition and reconciliation to the most directly comparable GAAP measure.

<sup>2</sup> The impact of reinsurance reinstatement premiums on the claims ratio is fully reflected in catastrophe losses.

<sup>3</sup> Includes Petline

## COMMERCIAL INSURANCE

(in millions of Canadian dollars, except as otherwise noted - unaudited)

### Commercial insurance

		IFRS 17		
		2023	2022	
		Q1	Q1	Annual
<b>Gross written premiums<sup>1</sup></b>	1	<b>263.8</b>	<b>219.9</b>	<b>1,070.5</b>
Change YOY	2	20.0%	19.0%	17.6%
<b>Net underwriting revenue / Net earned premiums<sup>1</sup></b>	3	<b>232.4</b>	<b>203.6</b>	<b>877.5</b>
Change YOY	4	14.1%	N/A	N/A
Core accident year claims and adjustment expenses <sup>1</sup>	5	124.3	108.5	467.8
Catastrophe losses <sup>1</sup>	6	10.5	1.5	33.7
Prior year (favourable) adverse claims development <sup>1</sup>	7	(5.0)	(8.5)	(20.5)
<b>Net claims and adjustment expenses<sup>1</sup></b>	8	<b>129.8</b>	<b>101.5</b>	<b>481.0</b>
Underwriting expenses <sup>1</sup> / Underwriting expenses (net of other underwriting revenues) <sup>1</sup>	9	81.4	73.3	309.9
<b>Underwriting income (loss)<sup>1</sup></b>	10	<b>21.2</b>	<b>28.8</b>	<b>86.6</b>
Core accident year claims ratio <sup>1</sup>	11	53.5%	53.4%	53.3%
Catastrophe losses ratio <sup>1,2</sup>	12	4.5%	0.7%	3.8%
Prior year (favourable) adverse claims development ratio <sup>1</sup>	13	(2.1%)	(4.2%)	(2.3%)
<b>Claims ratio<sup>1</sup></b>	14	<b>55.9%</b>	<b>49.9%</b>	<b>54.8%</b>
Net commissions ratio <sup>1</sup>	15	15.8%	17.6%	17.0%
Operating expenses ratio <sup>1</sup> / Operating expenses (net of other underwriting revenues) ratio <sup>1</sup>	16	15.2%	14.5%	14.3%
Premium taxes ratio <sup>1</sup>	17	4.0%	3.9%	4.0%
<b>Expense ratio<sup>1</sup></b>	18	<b>35.0%</b>	<b>36.0%</b>	<b>35.3%</b>
<b>Combined ratio<sup>1</sup></b>	19	<b>90.9%</b>	<b>85.9%</b>	<b>90.1%</b>

IFRS 4								
		2022			2022	2021	2020	2019
		Q4	Q3	Q2	Q1	Annual	Annual	Annual
		<b>297.3</b>	<b>257.3</b>	<b>296.0</b>	<b>219.9</b>	<b>1,070.5</b>	<b>910.3</b>	<b>728.6</b>
		17.0%	16.7%	17.9%	19.0%	17.6%	24.9%	18.1%
		<b>231.1</b>	<b>222.7</b>	<b>214.3</b>	<b>202.8</b>	<b>870.9</b>	<b>739.9</b>	<b>615.8</b>
		17.3%	15.7%	19.3%	18.7%	17.7%	20.2%	3.4%
		130.7	121.1	111.1	109.7	472.7	403.8	328.6
		(3.7)	20.0	14.5	1.5	32.2	15.7	53.3
		(0.2)	(8.5)	(2.8)	(7.9)	(19.4)	(6.9)	(11.6)
		<b>126.8</b>	<b>132.6</b>	<b>122.8</b>	<b>103.3</b>	<b>485.5</b>	<b>412.6</b>	<b>370.3</b>
		79.5	75.8	75.5	70.0	300.8	260.4	223.3
		<b>24.8</b>	<b>14.3</b>	<b>16.0</b>	<b>29.5</b>	<b>84.6</b>	<b>66.9</b>	<b>22.2</b>
		56.6%	54.3%	51.7%	54.1%	54.2%	54.4%	53.3%
		(1.6%)	9.1%	6.9%	0.7%	3.7%	2.3%	8.7%
		(0.1%)	(3.8%)	(1.3%)	(3.9%)	(2.2%)	(0.9%)	(1.9%)
		<b>54.9%</b>	<b>59.6%</b>	<b>57.3%</b>	<b>50.9%</b>	<b>55.7%</b>	<b>55.8%</b>	<b>60.1%</b>
		16.8%	16.6%	17.4%	17.7%	17.1%	17.3%	18.6%
		13.5%	13.3%	13.8%	12.9%	13.5%	13.9%	13.8%
		4.0%	4.1%	4.0%	4.0%	4.0%	4.0%	3.9%
		<b>34.3%</b>	<b>34.0%</b>	<b>35.2%</b>	<b>34.6%</b>	<b>34.6%</b>	<b>35.2%</b>	<b>36.3%</b>
		<b>89.2%</b>	<b>93.6%</b>	<b>92.5%</b>	<b>85.5%</b>	<b>90.3%</b>	<b>91.0%</b>	<b>96.4%</b>
		<b>616.8</b>						<b>616.8</b>
		17.0%	16.7%	17.9%	19.0%	17.6%	24.9%	18.1%
		<b>595.8</b>						<b>595.8</b>
		17.3%	15.7%	19.3%	18.7%	17.7%	20.2%	3.4%
		130.7	121.1	111.1	109.7	472.7	403.8	328.6
		(3.7)	20.0	14.5	1.5	32.2	15.7	53.3
		(0.2)	(8.5)	(2.8)	(7.9)	(19.4)	(6.9)	(11.6)
		<b>391.1</b>						<b>391.1</b>
		79.5	75.8	75.5	70.0	300.8	260.4	223.3
		<b>(9.9)</b>						<b>(9.9)</b>

<sup>1</sup> This is a supplementary financial measure, non-GAAP financial measure, or a non-GAAP ratio. Refer to Section 12 – Supplementary financial measures and non-GAAP financial measures and ratios in the Q1-2023 Management's Discussion and Analysis dated May 11, 2023 for further details, which is available on the Company's website at www.definityfinancial.com and on SEDAR at www.sedar.com. Refer to Section 12 – Supplementary financial measures and non-GAAP financial measures and ratios in the Q4-2022 Management's Discussion and Analysis dated February 9, 2023 for further details of non-GAAP financial measures and ratios prior to the adoption of IFRS 17 and IFRS 9. For non-GAAP financial measures, refer to tab 14 for the composition and reconciliation to the most directly comparable GAAP measure.

<sup>2</sup> The impact of reinsurance reinstatement premiums on the claims ratio is fully reflected in catastrophe losses.

## CATASTROPHE LOSSES BY LINE OF BUSINESS

(in millions of Canadian dollars, except as otherwise noted - unaudited)

### By line of business

		IFRS 17		
		2023	2022	
		Q1	Q1	Annual
1	Personal auto	0.3	0.4	5.4
2	Personal property	9.2	15.4	80.8
3	Commercial lines	10.5	1.5	33.7
4	<b>Total catastrophe losses</b>	<b>20.0</b>	<b>17.3</b>	<b>119.9</b>

### By line of business, as % of NEP<sup>1,2</sup>

5	Personal auto	0.1%	0.1%	0.4%
6	Personal property	3.8%	7.2%	8.8%
7	Commercial lines	4.5%	0.7%	3.8%
8	<b>Total catastrophe losses</b>	<b>2.4%</b>	<b>2.3%</b>	<b>3.7%</b>

## HISTORICAL PRIOR YEAR CLAIMS DEVELOPMENT

### By line of business

9	Personal auto	(2.0)	(3.9)	(45.0)
10	Personal property	(0.7)	(9.5)	(20.8)
11	Commercial lines	(5.0)	(8.5)	(20.5)
12	<b>Total favourable claims development<sup>1</sup></b>	<b>(7.7)</b>	<b>(21.9)</b>	<b>(86.3)</b>

### By line of business, as % of NEP<sup>1</sup>

13	Personal auto	(0.6%)	(1.1%)	(3.1%)
14	Personal property	(0.3%)	(4.4%)	(2.3%)
15	Commercial lines	(2.1%)	(4.2%)	(2.3%)
16	<b>Total favourable claims development<sup>1</sup></b>	<b>(0.9%)</b>	<b>(2.9%)</b>	<b>(2.7%)</b>

IFRS 4							
		2022		2022	2021	2020	2019
		Q4	Q3	Q2	Q1	Annual	Annual
		(0.1)	1.3	3.0	0.4	4.6	6.1
		8.1	24.5	24.0	15.4	72.1	69.9
		(3.7)	20.0	14.5	1.5	32.2	15.7
		<b>4.3</b>	<b>45.8</b>	<b>41.5</b>	<b>17.3</b>	<b>108.9</b>	<b>91.7</b>
		-	0.3%	0.8%	0.1%	0.3%	0.5%
		3.4%	10.9%	12.5%	7.1%	8.4%	9.4%
		(1.6%)	9.1%	6.9%	0.7%	3.7%	2.3%
		<b>0.5%</b>	<b>5.7%</b>	<b>5.8%</b>	<b>2.3%</b>	<b>3.6%</b>	<b>3.3%</b>
		(20.9)	(12.1)	(15.0)	(6.6)	(54.6)	(72.6)
		(2.7)	(4.6)	(3.4)	(7.8)	(18.5)	3.5
		(0.2)	(8.5)	(2.8)	(7.9)	(19.4)	(6.9)
		<b>(23.8)</b>	<b>(25.2)</b>	<b>(21.2)</b>	<b>(22.3)</b>	<b>(92.5)</b>	<b>(76.0)</b>
		(5.5%)	(3.2%)	(4.1%)	(1.9%)	(3.7%)	(5.4%)
		(1.1%)	(2.0%)	(1.5%)	(3.6%)	(2.0%)	0.5%
		(0.1%)	(3.8%)	(1.3%)	(3.9%)	(2.2%)	(0.9%)
		<b>(2.8%)</b>	<b>(3.0%)</b>	<b>(2.6%)</b>	<b>(2.9%)</b>	<b>(2.8%)</b>	<b>(2.7%)</b>
		(11.3)	(6.7)	(11.6)	(5.3)		
		(25.7)	(6.9)	(5.3)			
		<b>(37.9)</b>	<b>(1.6%)</b>				

<sup>1</sup> This is a supplementary financial measure, non-GAAP financial measure, or a non-GAAP ratio. Refer to Section 12 – Supplementary financial measures and non-GAAP financial measures and ratios in the Q1-2023 Management's Discussion and Analysis dated May 11, 2023 for further details, which is available on the Company's website at [www.definityfinancial.com](http://www.definityfinancial.com) and on SEDAR at [www.sedar.com](http://www.sedar.com). Refer to Section 12 – Supplementary financial measures and non-GAAP financial measures and ratios in the Q4-2022 Management's Discussion and Analysis dated February 9, 2023 for further details of non-GAAP financial measures and ratios prior to the adoption of IFRS 17 and IFRS 9. For non-GAAP financial measures, refer to tab 14 for the composition and reconciliation to the most directly comparable GAAP measure.

<sup>2</sup> The impact of reinsurance reinstatement premiums on the claims ratio is fully reflected in catastrophe losses. Prior to the adoption of IFRS 17, reinstatement premiums were included in net earned premiums.

## INVESTMENT PORTFOLIO

(in millions of Canadian dollars, except as otherwise noted - unaudited)

		IFRS 9			IAS 39							
		2023	2022		2022			2021	2020	2019		
		Q1	Q1	Annual	Q4	Q3	Q2	Q1	Annual	Annual	Annual	Annual
<b>Total portfolio</b>												
<b>By class</b>												
Short-term investments	1	58.6	74.5	89.3	89.3	175.2	112.9	74.5	89.3	88.8	218.2	228.1
Bonds	2	3,906.3	4,033.7	3,923.7	3,923.7	3,808.8	3,897.6	4,033.7	3,923.7	4,233.8	3,400.7	3,223.8
Preferred stocks	3	305.2	390.9	298.0	298.0	327.4	349.6	390.9	298.0	405.7	336.6	345.1
Common stocks	4	544.2	570.1	517.7	517.7	488.6	492.5	570.1	517.7	570.5	329.8	296.8
Pooled funds	5	56.3	45.3	57.2	57.2	40.3	40.3	45.3	57.2	42.7	43.4	44.4
Commercial loans	6	10.9	27.3	11.3	12.0	14.6	22.6	28.4	12.0	24.3	37.6	52.8
<b>Total</b>	7	<b>4,881.5</b>	<b>5,141.8</b>	<b>4,897.2</b>	<b>4,897.9</b>	<b>4,854.9</b>	<b>4,915.5</b>	<b>5,142.9</b>	<b>4,897.9</b>	<b>5,365.8</b>	<b>4,366.3</b>	<b>4,191.0</b>
<b>Region of issuer</b>												
Canada	8	4,642.5	4,895.9	4,669.9	4,669.9	4,645.4	4,700.4	4,895.9	4,669.9	5,112.6	4,205.5	4,034.2
United States	9	162.2	158.2	152.8	152.8	141.6	139.5	158.2	152.8	164.6	86.2	69.0
Europe	10	42.9	35.3	36.9	36.9	31.6	30.3	35.3	36.9	37.0	25.2	25.6
Other	11	23.0	25.1	26.3	26.3	21.7	22.7	25.1	26.3	27.3	11.8	9.4
<b>Total</b>	12	<b>4,870.6</b>	<b>5,114.5</b>	<b>4,885.9</b>	<b>4,885.9</b>	<b>4,840.3</b>	<b>4,892.9</b>	<b>5,114.5</b>	<b>4,885.9</b>	<b>5,341.5</b>	<b>4,328.7</b>	<b>4,138.2</b>
<b>Credit quality</b>												
<b>Fixed-income securities</b>												
AAA	13	1,303.2	1,157.7	1,325.4	1,325.4	1,346.0	1,139.2	1,157.7	1,325.4	1,072.6	1,102.9	1,189.3
AA	14	1,125.8	1,509.7	1,034.1	1,034.1	1,139.0	1,322.0	1,509.7	1,034.1	1,800.5	1,170.3	980.5
A	15	870.9	1,059.8	926.9	926.9	1,048.0	1,140.0	1,059.8	926.9	1,080.1	854.3	767.8
BBB	16	570.4	306.5	606.0	606.0	275.3	296.4	306.5	606.0	280.6	273.2	286.2
BB	17	36.0	-	31.4	31.3	0.5	-	-	31.4	-	-	-
<b>Total</b>	18	<b>3,906.3</b>	<b>4,033.7</b>	<b>3,923.8</b>	<b>3,923.7</b>	<b>3,808.8</b>	<b>3,897.6</b>	<b>4,033.7</b>	<b>3,923.8</b>	<b>4,233.8</b>	<b>3,400.7</b>	<b>3,223.8</b>
<b>Preferred shares</b>												
P1	19	3.8	12.5	5.4	5.4	5.5	6.0	12.5	5.4	11.9	-	-
P2	20	247.5	308.4	236.0	236.0	250.2	273.0	308.4	236.0	305.4	272.9	288.5
P3 or not rated	21	53.9	70.0	56.6	56.6	71.7	70.6	70.0	56.6	88.4	63.7	56.6
<b>Total</b>	22	<b>305.2</b>	<b>390.9</b>	<b>298.0</b>	<b>298.0</b>	<b>327.4</b>	<b>349.6</b>	<b>390.9</b>	<b>298.0</b>	<b>405.7</b>	<b>336.6</b>	<b>345.1</b>
<b>Investment portfolio sector mix</b>												
Government	23	48%	48%	48%	48%	49%	49%	48%	48%	49%	49%	46%
Financials	24	23%	28%	24%	24%	28%	28%	28%	24%	29%	29%	32%
Energy	25	6%	4%	6%	6%	4%	4%	4%	6%	4%	4%	5%
Communication services	26	5%	3%	6%	6%	3%	3%	3%	6%	2%	2%	3%
Industrials	27	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%
Utilities	28	4%	5%	4%	4%	5%	5%	5%	4%	4%	5%	4%
Consumer discretionary	29	3%	2%	2%	2%	2%	2%	2%	2%	2%	2%	1%
Materials	30	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Consumer staples	31	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Information technology	32	2%	2%	1%	1%	1%	1%	2%	1%	2%	1%	1%
Health care	33	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Real estate	34	2%	1%	2%	2%	1%	1%	1%	2%	1%	1%	1%
<b>Total</b>	35	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

## INVESTMENT PORTFOLIO (cont'd)

(in millions of Canadian dollars, except as otherwise noted - unaudited)

### Sector mix by asset class

#### Short-term investments and bonds

		2023	2022				2022	2021	2020	2019
		Q1	Q4	Q3	Q2	Q1	Annual	Annual	Annual	Annual
Government	1	59%	59%	60%	60%	61%	59%	61%	60%	56%
Financials	2	20%	20%	25%	25%	24%	20%	25%	25%	29%
Energy	3	4%	4%	2%	2%	2%	4%	2%	2%	2%
Communication services	4	5%	5%	2%	2%	2%	5%	2%	1%	2%
Industrials	5	3%	3%	3%	3%	3%	3%	3%	4%	4%
Utilities	6	3%	4%	5%	4%	5%	4%	4%	5%	3%
Consumer discretionary	7	3%	2%	1%	2%	1%	2%	1%	1%	1%
Materials	8	-	-	-	-	-	-	-	-	-
Consumer staples	9	1%	1%	1%	1%	1%	1%	1%	1%	1%
Information technology	10	-	-	-	-	-	-	-	-	-
Health care	11	-	-	-	-	-	-	-	-	1%
Real estate	12	2%	2%	1%	1%	1%	2%	1%	1%	1%
<b>Total</b>	13	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

#### Preferred stocks

Government	14	-	-	-	-	-	-	-	-	-
Financials	15	68%	68%	67%	67%	71%	68%	70%	75%	77%
Energy	16	17%	17%	17%	17%	16%	17%	16%	14%	15%
Communication services	17	4%	4%	4%	4%	4%	4%	4%	2%	2%
Industrials	18	-	-	-	-	-	-	-	-	-
Utilities	19	10%	10%	10%	10%	7%	10%	8%	7%	6%
Consumer discretionary	20	-	-	-	-	-	-	-	-	-
Materials	21	-	-	-	-	-	-	-	-	-
Consumer staples	22	-	-	-	-	-	-	-	-	-
Information technology	23	-	-	-	-	-	-	-	-	-
Health care	24	-	-	-	-	-	-	-	-	-
Real estate	25	1%	1%	2%	2%	2%	1%	2%	2%	-
<b>Total</b>	26	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

#### Common stocks

Government	27	-	-	-	-	-	-	-	-	-
Financials	28	29%	29%	29%	30%	32%	29%	29%	27%	28%
Energy	29	14%	15%	15%	15%	13%	15%	11%	10%	18%
Communication services	30	7%	6%	6%	6%	6%	6%	6%	6%	7%
Industrials	31	12%	12%	12%	11%	11%	12%	11%	11%	10%
Utilities	32	3%	3%	3%	3%	3%	3%	3%	3%	3%
Consumer discretionary	33	6%	5%	5%	5%	5%	5%	6%	6%	6%
Materials	34	8%	8%	9%	8%	9%	8%	8%	11%	11%
Consumer staples	35	6%	6%	6%	6%	5%	6%	5%	4%	5%
Information technology	36	10%	10%	10%	10%	11%	10%	15%	16%	7%
Health care	37	4%	4%	4%	5%	4%	4%	5%	5%	5%
Real estate	38	1%	2%	1%	1%	1%	2%	1%	1%	-
<b>Total</b>	39	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

#### Pooled funds

Government	40	-	-	-	-	-	-	-	-	-
Financials	41	9%	9%	10%	10%	10%	9%	11%	14%	16%
Energy	42	3%	3%	3%	3%	3%	3%	3%	3%	7%
Communication services	43	7%	7%	8%	8%	8%	7%	10%	10%	6%
Industrials	44	6%	6%	7%	7%	7%	6%	8%	9%	9%
Utilities	45	15%	15%	2%	2%	2%	15%	2%	10%	15%
Consumer discretionary	46	9%	9%	10%	10%	11%	9%	13%	7%	6%
Materials	47	2%	2%	2%	2%	2%	2%	3%	5%	4%
Consumer staples	48	5%	5%	5%	5%	5%	5%	6%	11%	12%
Information technology	49	31%	31%	38%	38%	37%	31%	28%	16%	8%
Health care	50	11%	11%	12%	12%	12%	11%	13%	12%	13%
Real estate	51	2%	2%	3%	3%	3%	2%	3%	3%	4%
<b>Total</b>	52	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

## CONSOLIDATED BALANCE SHEET

(in millions of Canadian dollars, except as otherwise noted - unaudited)

### Balance sheet

#### Cash and investments

		IFRS 17 / IFRS 9		IFRS 4 / IAS 39							
		2023	2022	2022				2022	2021	2020	2019
		Q1	Annual	Q4	Q3	Q2	Q1	Annual	Annual	Annual	Annual
Cash and cash equivalents	1	164.2	200.5	200.5	193.9	268.3	252.5	200.5	387.3	510.3	94.7
Short-term investments	2	58.6	89.3	89.3	175.2	112.9	74.5	89.3	88.8	218.2	228.1
Bonds	3	3,906.3	3,923.7	3,923.7	3,808.8	3,897.6	4,033.7	3,923.7	4,233.8	3,400.7	3,223.8
Preferred stocks	4	305.2	298.0	298.0	327.4	349.6	390.9	298.0	405.7	336.6	345.1
Common stocks	5	544.2	517.7	517.7	488.6	492.5	570.1	517.7	570.5	329.8	296.8
Pooled funds	6	56.3	57.2	57.2	40.3	40.3	45.3	57.2	42.7	43.4	44.4
Commercial loans	7	10.9	11.3	12.0	14.6	22.6	28.4	12.0	24.3	37.6	52.8
<b>Total cash and investments</b>	8	<b>5,045.7</b>	<b>5,097.7</b>	<b>5,098.4</b>	<b>5,048.8</b>	<b>5,183.8</b>	<b>5,395.4</b>	<b>5,098.4</b>	<b>5,753.1</b>	<b>4,876.6</b>	<b>4,285.7</b>
Restricted cash	9	286.7	302.1	302.1	310.3	319.1	116.8	302.1	110.8	-	-
Cash held in escrow	10	-	-	-	203.1	-	-	-	-	-	-
Premiums receivable	11			1,188.8	1,160.1	1,133.9	1,018.4	1,188.8	1,075.9	958.7	850.7
Income taxes receivable	12	45.8	81.7	81.7	103.4	103.1	46.8	81.7	0.2	2.1	3.0
Reinsurance receivable and recoverable	13			255.8	247.7	185.9	147.6	255.8	179.2	95.6	95.1
Reinsurance contract assets	14	315.0	305.1								
Deferred policy acquisition expenses	15			327.0	319.1	307.9	282.5	327.0	295.1	260.2	235.6
Property and equipment	16	82.8	83.8	83.8	62.1	62.4	56.1	83.8	57.0	56.9	61.1
Deferred income tax assets	17	22.5	25.2	55.0	59.3	56.8	56.8	55.0	62.5	40.2	89.8
Goodwill and intangible assets	18	771.1	771.6	771.6	234.5	229.0	227.2	771.6	219.7	211.6	210.9
Other assets	19	169.9	152.5	152.6	195.0	188.6	171.4	152.6	137.9	118.4	124.6
<b>Total assets</b>	20	<b>6,739.5</b>	<b>6,819.7</b>	<b>8,316.8</b>	<b>7,943.4</b>	<b>7,770.5</b>	<b>7,519.0</b>	<b>8,316.8</b>	<b>7,891.4</b>	<b>6,620.3</b>	<b>5,956.5</b>
Unearned premiums	21			1,765.4	1,725.2	1,665.7	1,533.5	1,765.4	1,599.2	1,433.1	1,294.5
Claim liabilities	22			3,254.3	3,323.2	3,246.8	3,239.4	3,254.3	3,336.1	3,026.3	2,808.2
Insurance contract liabilities	23	3,463.6	3,577.7								
Accounts payable and other liabilities	24	109.1	139.0	405.7	343.8	294.2	269.6	405.7	393.4	324.2	240.6
Income taxes payable	25	0.6	-	-	-	-	-	-	55.6	18.7	2.2
Deferred income tax liabilities	26	94.6	103.5	69.8	-	-	-	69.8	-	-	-
Demand loans	27	38.1	39.1	39.1	-	-	-	39.1	-	-	-
Demutualization amounts outstanding	28	286.7	302.1	302.1	310.3	319.1	116.8	302.1	110.8	-	-
<b>Total liabilities</b>	29	<b>3,992.7</b>	<b>4,161.4</b>	<b>5,836.4</b>	<b>5,702.5</b>	<b>5,525.8</b>	<b>5,159.3</b>	<b>5,836.4</b>	<b>5,495.1</b>	<b>4,802.3</b>	<b>4,345.5</b>
Share capital	30	2,281.6	2,254.2	2,254.2	2,267.4	2,279.9	2,299.7	2,254.2	2,307.8	-	-
Contributed surplus	31	24.4	40.2	40.2	34.4	28.2	23.6	40.2	19.3	-	-
Retained earnings (deficit)	32	362.1	287.8	179.3	50.4	23.6	12.1	179.3	(28.8)	1,755.9	1,608.6
Accumulated other comprehensive (loss) income (AOCI)	33	(30.9)	(32.4)	(101.8)	(111.3)	(87.0)	24.3	(101.8)	98.0	62.1	2.4
Equity attributable to common shareholders	34	2,637.2	2,549.8	2,371.9	2,240.9	2,244.7	2,359.7	2,371.9	2,396.3	1,818.0	1,611.0
Non-controlling interests	35	109.6	108.5	108.5	-	-	-	108.5	-	-	-
<b>Total equity</b>	36	<b>2,746.8</b>	<b>2,658.3</b>	<b>2,480.4</b>	<b>2,240.9</b>	<b>2,244.7</b>	<b>2,359.7</b>	<b>2,480.4</b>	<b>2,396.3</b>	<b>1,818.0</b>	<b>1,611.0</b>
<b>Total liabilities and equity</b>	37	<b>6,739.5</b>	<b>6,819.7</b>	<b>8,316.8</b>	<b>7,943.4</b>	<b>7,770.5</b>	<b>7,519.0</b>	<b>8,316.8</b>	<b>7,891.4</b>	<b>6,620.3</b>	<b>5,956.5</b>

## CAPITAL AND LIQUIDITY RESOURCES

(in millions of Canadian dollars, except as otherwise noted - unaudited)

### Capital management<sup>3</sup>

Capital available <sup>2</sup>	1	1,489.1
Capital required <sup>2</sup>	2	680.3
Minimum capital test (MCT) ratio <sup>2</sup>	3	219%
Excess capital at 190% for Definity Insurance Company (200% in 2022 and prior)	4	196.5
Additional capital at Definity Financial Corporation	5	357.9
<b>Total excess capital</b>	6	<b>554.4</b>
Leverage capacity <sup>1</sup>	7	291.5
<b>Financial capacity<sup>1</sup></b>	8	<b>845.9</b>

### Liquidity

<b>Cash (used in) provided by operating activities</b>	9	<b>(90.6)</b>
Investments sold, net of investments purchased	10	112.2
Commercial loans collected, net of commercial loans advanced	11	0.4
Purchases of intangible assets and property and equipment	12	(28.3)
Business acquisitions, net of cash acquired	13	(8.2)
<b>Cash provided by (used in) investing activities</b>	14	<b>76.1</b>
Net proceeds from the issuance of common shares	15	-
Dividends paid on common shares	16	(15.8)
Dividends paid to non-controlling interests	17	(0.1)
Common shares purchased and held in trust	18	(4.9)
Change in demutualization amounts outstanding	19	(15.4)
Repayment of demand loans	20	(1.0)
<b>Cash (used in) provided by financing activities</b>	21	<b>(37.2)</b>
<b>Net (decrease) increase in cash and cash equivalents, restricted cash, and held in escrow</b>	22	<b>(51.7)</b>
Balance, beginning of the period	23	502.6
Balance, end of the period	24	450.9

### IFRS 17/9

2023

Q1

### IFRS 4 / IAS 39

2022

2021

2020

2019

Q4

Q3

Q2

Q1

Annual

Annual

Annual

Annual

1,323.6	1,285.5	1,278.7	1,368.1	1,323.6	1,789.1	1,477.8	1,217.3
647.5	629.7	621.0	636.1	647.5	651.6	550.8	509.2
204%	204%	206%	215%	204%	275%	268%	239%
28.7	26.1	36.7	95.8	28.7	485.9	376.3	198.8
357.5	567.0	585.0	636.5	357.5	273.4	n/a	n/a
<b>386.2</b>	<b>593.1</b>	<b>621.7</b>	<b>732.3</b>	<b>386.2</b>	<b>759.3</b>	<b>376.3</b>	<b>198.8</b>
272.3	291.3	287.8	288.6	272.3	298.5	n/a	n/a
<b>658.5</b>	<b>884.4</b>	<b>909.5</b>	<b>1,020.9</b>	<b>658.5</b>	<b>1,057.8</b>	<b>n/a</b>	<b>n/a</b>
<b>112.5</b>	<b>173.0</b>	<b>113.7</b>	<b>(93.4)</b>	<b>305.8</b>	<b>655.2</b>	<b>490.2</b>	<b>138.5</b>
(35.6)	(7.1)	(30.6)	19.1	(54.2)	(1,008.1)	(47.0)	(204.5)
2.6	8.0	5.8	(4.1)	12.3	13.3	15.2	48.7
(20.4)	(18.5)	(23.9)	(28.0)	(90.8)	(49.4)	(42.8)	(23.3)
(227.0)	-	(15.0)	-	(242.0)	-	-	-
<b>(280.4)</b>	<b>(17.6)</b>	<b>(63.7)</b>	<b>(13.0)</b>	<b>(374.7)</b>	<b>(1,044.2)</b>	<b>(74.6)</b>	<b>(179.1)</b>
-	-	-	-	-	2,285.7	-	-
(14.3)	(14.3)	(14.4)	(20.3)	(63.3)	-	-	-
-	-	-	-	-	-	-	-
(13.2)	(12.5)	(19.8)	(8.1)	(53.6)	-	-	-
(8.3)	(8.7)	202.3	6.0	191.3	(1,908.9)	-	-
(1.0)	-	-	-	(1.0)	-	-	-
<b>(36.8)</b>	<b>(35.5)</b>	<b>168.1</b>	<b>(22.4)</b>	<b>73.4</b>	<b>376.8</b>	<b>-</b>	<b>-</b>
<b>(204.7)</b>	<b>119.9</b>	<b>218.1</b>	<b>(128.8)</b>	<b>4.5</b>	<b>(12.2)</b>	<b>415.6</b>	<b>(40.6)</b>
707.3	587.4	369.3	498.1	498.1	510.3	94.7	135.3
502.6	707.3	587.4	369.3	502.6	498.1	510.3	94.7

<sup>1</sup> This is a supplementary financial measure, non-GAAP financial measure, or a non-GAAP ratio. Refer to Section 12 – Supplementary financial measures and non-GAAP financial measures and ratios in the Q1-2023 Management's Discussion and Analysis dated May 11, 2023 for further details, which is available on the Company's website at www.definityfinancial.com and on SEDAR at www.sedar.com. Refer to Section 12 – Supplementary financial measures and non-GAAP financial measures and ratios in the Q4-2022 Management's Discussion and Analysis dated February 9, 2023 for further details of non-GAAP financial measures and ratios prior to the adoption of IFRS 17 and IFRS 9. For non-GAAP financial measures, refer to tab 14 for the composition and reconciliation to the most directly comparable GAAP measure.

<sup>2</sup> Consolidated Definity Insurance Company.

<sup>3</sup> Results prior to 2023 do not reflect the adoption of IFRS 17 and IFRS 9, and have not been restated for OSFI's MCT 2023 guidelines.

## SHAREHOLDER INFORMATION

(in millions of Canadian dollars, except as otherwise noted - unaudited)

### Number of shares outstanding (in 000's)

#### Common shares

		2023	2022				2022	2021
		Q1	Q4	Q3	Q2	Q1	Annual	Annual
End of period	1	115,893	115,893	115,893	115,893	115,893	115,893	115,893
Weighted average common shares outstanding (Basic)	2	114,659	114,455	114,855	115,317	115,855	115,123	105,249
Weighted average common shares outstanding (Diluted)	3	116,443	116,357	116,774	117,241	117,523	116,929	105,405

### Common share performance

#### Common share price (in \$)

High	4	39.05	40.42	40.84	35.56	33.18	40.84	30.27
Low	5	33.34	37.72	32.35	30.60	27.00	27.00	26.00
Close	6	34.89	38.48	38.82	33.27	31.93	38.48	29.53
Market capitalization (\$ millions)	7	4,044	4,460	4,499	3,856	3,700	4,460	3,422

### Dividends

#### Common shares

Dividends declared per share (in \$)	8	0.138	0.125	0.125	0.125	0.175	0.550	n/a
Dividends paid per share (in \$)	9	0.138	0.125	0.125	0.125	0.175	0.550	n/a

### Rating information

#### Financial strength ratings (FSR)<sup>1</sup>

AM Best	10	A- (Excellent)	A- (Excellent)	A- (Excellent)	A- (Excellent)	A- (Excellent)	A- (Excellent)	A- (Excellent)
DBRS	11	A (low)	A (low)	A (low)	A (low)	A (low)	A (low)	A (low)

#### Issuer rating<sup>2</sup>

DBRS	12	BBB	BBB	BBB	BBB	BBB	BBB	BBB
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<sup>1</sup> Definity Insurance Company.

<sup>2</sup> Definity Financial Corporation.

**NON-GAAP FINANCIAL MEASURES AND NON-GAAP RATIOS**

(in millions of Canadian dollars, except as otherwise noted - unaudited)

**ROE**

	IFRS 17 / IFRS 9		
	2023 Q1	2022 Q1	2022 Annual
Net income (loss) attributable to common shareholders	100.9	(32.6)	110.9
Net income (loss) - last 12 months	244.4		110.9
Average adjusted equity attributable to common shareholders	2,572.0		2,552.1
ROE for the last 12 months	9.5%		4.3%

**Operating net income, Operating EPS, and Operating ROE**

	IFRS 17 / IFRS 9		
	2023 Q1	2022 Q1	2022 Annual
Net income (loss) attributable to common shareholders	100.9	(32.6)	110.9
Remove: income tax expense (recovery)	30.6	(14.9)	2.1
Remove: non-operating gains (losses)			
Recognized gains (losses) on FVTPL investments / Total recognized (losses) gains on investments	91.7	(197.8)	(446.1)
Discounting in insurance service result / Impact of discounting	16.4	16.9	107.4
Risk adjustment	2.3	4.1	(6.6)
Finance (expenses) income from insurance contracts issued	(64.5)	52.7	96.3
Finance income (expenses) from reinsurance contracts held	5.6	(3.2)	(5.2)
Interest on restricted cash, and demutualization and IPO-related expenses	2.5	(1.9)	0.7
Amortization of intangible assets recognized in business combinations	(3.2)	(0.6)	(5.4)
Restructuring recovery	-	-	-
Revaluation gain on acquisition of McDougall	-	-	67.0
Other	0.1	(0.3)	(2.8)
Non-operating gains (losses)	50.9	(130.1)	(194.7)
Operating income (loss)	80.6	82.6	307.7
Operating income tax (expense) recovery	(17.2)	(19.3)	(70.9)
Operating net income (loss)	63.4	63.3	236.8
Weighted average common shares outstanding, diluted (in millions)	21	116.4	117.5
Operating EPS, diluted (in \$)	0.54	0.54	2.03
Operating net income (loss) - last 12 months	236.9		236.8
Average adjusted equity attributable to common shareholders, excluding AOCI	2,536.1		2,515.3
Operating ROE for the last 12 months	9.3%		9.4%

**Underwriting income**

Net underwriting revenue	839.1	765.3	3,251.2
Net claims and adjustment expenses	525.1	452.0	2,004.5
Net commissions	124.8	122.9	503.5
Operating expenses	118.4	104.2	433.3
Premium taxes	31.3	28.4	120.4
Underwriting income	39.5	57.8	189.5

**Net underwriting revenue**

Insurance revenue	907.5	814.3	3,485.7
Earned reinsurance premiums ceded	(68.4)	(49.0)	(234.5)
Net underwriting revenue	839.1	765.3	3,251.2

**Net claims and adjustment expenses**

Claims and adjustment expenses	557.5	460.7	2,198.2
Impact of onerous insurance contracts	(1.2)	(0.7)	1.4
Claims recoverable from reinsurers for incurred claims	(31.2)	(8.0)	(195.1)
Net claims and adjustment expenses	525.1	452.0	2,004.5

**Net commissions**

Commissions	136.5	131.6	538.7
Commissions earned on ceded reinsurance	(11.7)	(8.7)	(35.2)
Net commissions	124.8	122.9	503.5

**Prior year claims development**

Changes in fulfillment cash flows relating to the liabilities for incurred claims	(10.8)	(50.8)	(142.1)
Changes to amounts recoverable for incurred claims	3.1	10.5	4.0
Remove: discounting included above	(16.0)	(0.7)	17.1
Remove: risk adjustment included above	16.0	19.1	34.7
Prior year claims development	(7.7)	(21.9)	(86.3)

**Underwriting expenses**

Net commissions	124.8	122.9	503.5
Operating expenses	118.4	104.2	433.3
Premium taxes	31.3	28.4	120.4
Underwriting expenses	274.5	255.5	1,057.2

**Distribution income**

Distribution revenues	25.5	-	19.9
Distribution business expenses	(16.6)	-	(15.7)
Share of distribution profit from investments in associates	-	3.4	6.9
Remove: Income taxes included in share of distribution profit from investments in associates	-	1.3	2.4
Distribution income	8.9	4.7	13.5

**Other operating income (expenses)**

Public company expenses	(6.8)	(6.5)	(26.5)
Share of operating profit (loss) from investments in other associates	1.0	1.1	(0.5)
Other	(0.4)	(0.3)	0.4
Less: NCI	(2.6)	-	(1.8)
Other operating income (expenses)	(8.8)	(5.7)	(28.4)

IFRS 4 / IAS 39								
Q4	2022			Q1	Annual	2021 Annual	2020 Annual	2019 Annual
	Q3	Q2	Q1					
141.6	41.1	21.0	48.3	252.0	213.2	153.9	17.4	
252.0	144.1	156.3	179.2	252.0	213.2	153.9	17.4	
2,384.1	2,116.8	2,052.2	2,037.1	2,384.1	1,993.3	1,714.5	1,589.2	
10.6%	6.8%	7.6%	8.8%	10.6%	10.7%	9.0%	1.1%	
141.6	41.1	21.0	48.3	252.0	213.2	153.9	17.4	
24.0	10.0	3.8	14.5	52.3	68.0	46.7	3.8	
(4.9)	(23.6)	(97.5)	(102.3)	(228.3)	(20.8)	79.8	68.3	
2.8	15.5	61.3	63.0	162.6	44.7	(114.0)	(29.0)	
1.7	1.3	(0.4)	(1.9)	0.7	(30.1)	(3.8)	(4.8)	
(3.5)	(0.7)	(0.7)	(0.6)	(5.4)	(3.5)	(4.5)	(4.4)	
-	-	-	-	-	-	-	0.8	
67.0	-	-	-	67.0	-	-	-	
(2.2)	0.3	(0.5)	(0.3)	(2.8)	-	1.0	0.2	
60.9	(7.2)	(37.8)	(22.1)	(6.2)	(9.7)	(41.5)	31.1	
104.7	59.3	62.6	84.9	310.5	290.9	242.1	(9.9)	
(25.7)	(11.8)	(13.8)	(20.3)	(71.6)	(70.5)	(57.7)	4.5	
79.0	46.5	48.8	64.6	238.9	220.4	184.4	(5.4)	
116.4	116.8	117.2	117.5	116.9	105.4	104.0	104.0	
0.67	0.40	0.42	0.55	2.04	2.09	1.77	(0.05)	
238.9	206.3	220.6	224.4	238.9	220.4	184.4	(5.4)	
2,386.0	2,132.2	2,056.4	2,004.4	2,386.0	1,913.3	1,682.3	1,586.5	
10.0%	9.7%	10.7%	11.2%	10.0%	11.5%	11.0%	(0.3%)	

## SUPPLEMENTARY FINANCIAL MEASURES AND NON-GAAP FINANCIAL MEASURES AND RATIOS

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), and in each case are not standardized financial measures under GAAP. The supplementary financial measures, non-GAAP financial measures, and non-GAAP ratios in this supplementary information 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 Q1-2023 Management's Discussion and Analysis dated May 11, 2023, which is available on our website at [www.definityfinancial.com](http://www.definityfinancial.com) and on SEDAR at [www.sedar.com](http://www.sedar.com). Refer to Section 12 – Supplementary financial measures and non-GAAP financial measures and ratios in the Q4-2022 Management's Discussion and Analysis dated February 9, 2023 for further details of non-GAAP financial measures and ratios prior to the adoption of IFRS 17 and IFRS 9.

## GLOSSARY

Terms	Definitions
<b>Book value per share<sup>1</sup></b>	1 The Company's equity attributable to common shareholders divided by the total common shares outstanding, net of shares held in trust, as at the balance sheet date.
<b>Catastrophe losses<sup>1</sup></b>	2 An event causing gross losses in excess of \$2 million, and generally greater than 100 claims, or a single claim with a gross loss in excess of \$3 million. Catastrophe losses are presented net of reinsurance recoveries.
<b>Claims ratio<sup>1</sup></b>	3 Net claims and adjustment expenses during a defined period expressed as a percentage of net underwriting revenue for the same period.
<b>Combined ratio<sup>1</sup></b>	4 The total of our net claims and adjustment expenses and underwriting expenses during a defined period expressed as a percentage of net underwriting revenue for the same period.
<b>Core accident year claims and adjustment expenses<sup>1</sup></b>	5 Net claims and adjustment expenses less catastrophe losses and prior year claims development.
<b>Discounting</b>	6 To reflect the time value of money, the expected future payments of claim liabilities are discounted back to present value using risk-free yield curves adjusted to reflect the characteristics of the cash flows and the liquidity of the insurance contracts. The risk-free yield curves are adjusted by an illiquidity premium using a reference portfolio to reflect the liquidity characteristics of the insurance contracts.
<b>Distribution income<sup>1</sup></b>	7 Income before taxes and amortization of intangible assets recognized in business combinations from our consolidated brokers and broker associates. Distribution income is calculated using distribution revenue earned on commissions from external insurance companies, and components of other (expenses) income (Distribution business expenses, currently including finance costs, and share of distribution profit from investments in associates).
<b>Expense ratio<sup>1</sup></b>	8 The total of our net commissions, operating expenses, and premium taxes during a defined period, expressed as a percentage of net underwriting revenue for the same period.
<b>Financial capacity<sup>1</sup></b>	9 The sum of excess capital over 190% MCT (200% prior to 2023) and leverage capacity.
<b>Gross written premiums (GWP)<sup>1</sup></b>	10 The total premiums from the sale of insurance during a specific period including premiums assumed.
<b>Leverage capacity<sup>1</sup></b>	11 The amount of financial leverage that can be assumed, comprised of the Company's current debt limit as an entity established under the ICA (2.5% of total assets) and a target capitalization level of 5% in preferred shares and hybrids.
<b>Minimum capital test (MCT)</b>	12 A regulatory formula defined by the Office of the Superintendent of Financial Institutions, that is a risk-based test of capital available relative to capital required.
<b>Net claims and adjustment expenses<sup>1</sup></b>	13 Claims and adjustment expenses (excluding the impact of discounting and risk adjustment) and the impact of onerous insurance contracts, net of amounts recoverable from reinsurers for incurred claims.
<b>Net commissions<sup>1</sup></b>	14 Commissions expense less commissions ceded to reinsurers.
<b>Net underwriting revenue<sup>1</sup></b>	15 Insurance revenue less earned reinsurance premiums.
<b>Non-operating gains (losses)<sup>1</sup></b>	16 Recognized gains (losses) on FVTPL investments, discounting income or expense, risk adjustment income or expense, interest on restricted cash and demutualization and IPO-related expenses, amortization of intangible assets recognized in business combinations, transaction costs in business combinations, restructuring costs, and other expenses or revenues that in the view of management are not part of our insurance operations.
<b>Operating earnings per share<sup>1</sup></b>	17 Operating net income for the 12 months ended at a specified date divided by the Company's weighted average diluted common shares outstanding during the period.
<b>Operating income<sup>1</sup></b>	18 Net income (loss) attributable to common shareholders less (or plus) income tax expense (recovery) and non-operating gains (losses). This financial measure is used to calculate operating net income.
<b>Operating net income<sup>1</sup></b>	19 Net income (loss) attributable to common shareholders less (or plus) non-operating gains (losses) net of applicable income taxes.
<b>Operating return on equity (Operating ROE)<sup>1</sup></b>	20 Operating net income for the 12 months ended at a specified date divided by the average of equity attributable to common shareholders, excluding accumulated OCI and excluding unrealized gains or losses on FVTPL equity instruments, adjusted for significant capital transactions if applicable, over the same 12-month period.
<b>Policies in force (PIF)</b>	21 The number of insurance policies that are in effect at a specified date.
<b>Prior year claims development<sup>1</sup></b>	22 The difference between prior year-end estimates of ultimate claim costs excluding the effects of discounting and the risk adjustment for non-financial risk, and the current estimates for the same block of claims. A favourable development represents a reduction in the estimated ultimate claim costs during the period for that block of claims.
<b>Return on equity (ROE)<sup>1</sup></b>	23 Net income (loss) attributable to common shareholders for the 12 months ended at a specific date divided by the average equity attributable to common shareholders, adjusted for significant capital transactions if applicable, over the same 12-month period.
<b>Risk adjustment</b>	24 The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows, and reflects the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows arising from non-financial risk as the Company fulfils insurance contracts.
<b>Underwriting expenses<sup>1</sup></b>	25 Underwriting expenses consist of net commissions, operating expenses, and premium taxes.
<b>Underwriting income<sup>1</sup></b>	26 Net underwriting revenue for a defined period less the sum of net claims and adjustment expenses, net commissions, operating expenses, and premium taxes during the same period.

<sup>1</sup> This is a supplementary financial measure, non-GAAP financial measure, or a non-GAAP ratio.