definity.

# Q3-2023 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, Q2-2022, Q3-2022, and Annual 2022 results restated under IFRS 17 and IFRS 9, as applicable. Our 2022 quarterly results for 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)

| | | IFRS 17 / IFRS 9 | | | | | | | | IFRS 4 / IAS 39 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 2023 | | | 2022 | | | 2023 | 2022 | 2022 | 2022 | | | | | | | |
| | | Q3 | Q2 | Q1 | Q3 | Q2 | Q1 | YTD | YTD | Annual | Q4 | Q3 | Q2 | Q1 | Annual | Annual | Annual | Annual |
| **Financial results** | | | | | | | | | | | | | | | | | | |
| Insurance revenue | 1 | 984.1 | 954.9 | 907.5 | 895.9 | 863.8 | 814.3 | 2,846.5 | 2,574.0 | 3,485.7 | | | | | | | | |
| Insurance service expenses | 2 | (932.2) | (805.3) | (782.3) | (835.7) | (751.2) | (664.2) | (2,519.8) | (2,251.1) | (3,028.9) | | | | | | | | |
| Net (expenses) income from reinsurance contracts held | 3 | (1.5) | (17.4) | (31.3) | 30.9 | (11.0) | (34.1) | (50.2) | (14.2) | (14.9) | | | | | | | | |
| **Insurance service result** | 4 | **50.4** | **132.2** | **93.9** | **91.1** | **101.6** | **116.0** | **276.5** | **308.7** | **441.9** | | | | | | | | |
| Net earned premiums | 5 | | | | | | | | | | **850.6** | **830.0** | **799.6** | **768.4** | **3,248.6** | **2,833.6** | **2,508.7** | **2,343.2** |
| Net claims and adjustment expenses | 6 | | | | | | | | | | 500.1 | 530.9 | 501.1 | 455.8 | 1,987.9 | 1,721.5 | 1,562.3 | 1,713.9 |
| Underwriting expenses (net of other underwriting revenues)[3] | 7 | | | | | | | | | | 280.3 | 271.2 | 264.5 | 252.4 | 1,068.4 | 917.6 | 810.0 | 747.6 |
| **Underwriting income (loss)** | 8 | | | | | | | | | | **70.2** | **27.9** | **34.0** | **60.2** | **192.3** | **194.5** | **136.4** | **(118.3)** |
| Impact of discounting | 9 | | | | | | | | | | 2.8 | 15.5 | 61.3 | 83.0 | 162.6 | 44.7 | (114.0) | (29.0) |
| **Underwriting income (loss) after the impact of discounting** | 10 | | | | | | | | | | **73.0** | **43.4** | **95.3** | **143.2** | **354.9** | **239.2** | **22.4** | **(147.3)** |
| Net investment income | 11 | 46.3 | 42.8 | 41.0 | 36.0 | 31.8 | 25.8 | 130.1 | 93.6 | 133.1 | 39.5 | 36.0 | 31.8 | 25.8 | 133.1 | 96.8 | 100.3 | 105.4 |
| Recognized (losses) gains on FVTPL investments / Recognized (losses) gains on investments | 12 | (99.8) | (62.7) | 91.7 | (39.2) | (227.2) | (197.8) | (70.8) | (464.2) | (446.1) | (4.9) | (23.6) | (97.5) | (102.3) | (228.3) | (20.8) | 79.8 | 68.3 |
| Finance (expenses) income from insurance contracts issued | 13 | (27.5) | 18.6 | (64.5) | (2.7) | 29.8 | 52.7 | (73.4) | 79.8 | 96.3 | | | | | | | | |
| Finance income (expenses) from reinsurance contracts held | 14 | 1.8 | (1.6) | 5.6 | 0.5 | (1.9) | (3.2) | 5.8 | (4.6) | (5.2) | | | | | | | | |
| Distribution revenues | 15 | 34.1 | 32.0 | 25.5 | - | - | - | 91.6 | - | 19.9 | 19.9 | - | - | - | 19.9 | - | - | - |
| Other (expenses) revenue | 16 | (67.9) | (65.5) | (59.4) | (41.9) | (41.8) | (41.0) | (192.8) | (124.7) | (125.5) | 39.6 | (4.7) | (4.8) | (3.9) | 26.2 | (34.0) | (1.9) | (6.0) |
| Interest expense | 17 | (1.7) | (1.3) | (0.6) | - | - | - | (3.6) | - | (0.6) | (0.6) | - | - | - | (0.6) | - | - | - |
| Restructuring recovery | 18 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 0.8 |
| **(Loss) income before income taxes** | 19 | **(64.3)** | **94.5** | **133.2** | **43.8** | **(107.7)** | **(47.5)** | **163.4** | **(111.4)** | **113.8** | **166.5** | **51.1** | **24.8** | **62.8** | **305.2** | **281.2** | **200.6** | **21.2** |
| Income tax recovery (expense) | 20 | 18.1 | (22.3) | (31.1) | (8.1) | 30.5 | 14.9 | (35.3) | 37.3 | (2.3) | (24.3) | (10.0) | (3.8) | (14.5) | (52.6) | (68.0) | (46.7) | (3.8) |
| *Effective tax rate* | 21 | *28.1%* | *23.6%* | *23.5%* | *18.5%* | *28.3%* | *31.4%* | *21.6%* | *33.5%* | *2.0%* | *14.6%* | *19.4%* | *15.5%* | *23.1%* | *17.2%* | *24.2%* | *23.3%* | *18.0%* |
| **Net (loss) income** | 22 | **(46.2)** | **72.2** | **102.1** | **35.7** | **(77.2)** | **(32.6)** | **128.1** | **(74.1)** | **111.5** | **142.2** | **41.1** | **21.0** | **48.3** | **252.6** | **213.2** | **153.9** | **17.4** |
| **Net (loss) income attributable to common shareholders** | 23 | **(48.3)** | **71.6** | **100.9** | **35.7** | **(77.2)** | **(32.6)** | **124.2** | **(74.1)** | **110.9** | **141.6** | **41.1** | **21.0** | **48.3** | **252.0** | **213.2** | **153.9** | **17.4** |
| **Net income attributable to non-controlling interests** | 24 | **2.1** | **0.6** | **1.2** | **-** | **-** | **-** | **3.9** | **-** | **0.6** | **0.6** | **-** | **-** | **-** | **0.6** | **-** | **-** | **-** |
| **Gross written premiums**[1] | 25 | **1,040.0** | **1,085.1** | **846.9** | **954.5** | **995.8** | **760.1** | **2,972.0** | **2,710.4** | **3,662.3** | **951.9** | **954.5** | **995.8** | **760.1** | **3,662.3** | **3,258.1** | **2,829.2** | **2,533.9** |
| *Change YOY* | 26 | *9.0%* | *9.0%* | *11.4%* | *11.5%* | *13.4%* | *14.1%* | *9.7%* | *12.9%* | *12.4%* | *11.0%* | *11.5%* | *13.4%* | *14.1%* | *12.4%* | *15.2%* | *11.7%* | *1.5%* |
| **Net underwriting revenue/ Net earned premiums**[1] | 27 | **903.6** | **877.5** | **839.1** | **832.4** | **803.1** | **765.3** | **2,620.2** | **2,400.8** | **3,251.2** | **850.6** | **830.0** | **799.6** | **768.4** | **3,248.6** | **2,833.6** | **2,508.7** | **2,343.2** |
| *Change YOY* | 28 | *8.6%* | *9.3%* | *9.6%* | *N/A* | *N/A* | *N/A* | *9.1%* | *N/A* | *N/A* | *14.2%* | *14.5%* | *14.7%* | *15.3%* | *14.6%* | *13.0%* | *7.1%* | *4.4%* |
| **Operating income (loss)** | | | | | | | | | | | | | | | | | | |
| Underwriting (loss) income[3] | 29 | (22.8) | 41.2 | 39.5 | 27.1 | 37.8 | 57.8 | 57.9 | 122.7 | 189.5 | 70.2 | 27.9 | 34.0 | 60.2 | 192.3 | 194.5 | 136.4 | (118.3) |
| Net investment income | 30 | 46.3 | 42.8 | 41.0 | 36.0 | 31.8 | 25.8 | 130.1 | 93.6 | 133.1 | 39.5 | 36.0 | 31.8 | 25.8 | 133.1 | 96.8 | 100.3 | 105.4 |
| Distribution income[1] | 31 | 11.2 | 9.8 | 9.5 | 1.7 | 2.9 | 4.7 | 30.5 | 9.3 | 14.1 | 4.8 | 1.7 | 2.9 | 4.7 | 14.1 | 8.0 | 4.1 | 3.5 |
| Interest expense | 32 | (1.7) | (1.3) | (0.6) | - | - | - | (3.6) | - | (0.6) | (0.6) | - | - | - | (0.6) | - | - | - |
| Other operating (expenses) income | 33 | (12.1) | (7.5) | (8.8) | (7.2) | (6.2) | (5.7) | (28.4) | (19.1) | (28.4) | (9.2) | (7.3) | (6.1) | (5.8) | (28.4) | (8.4) | 1.3 | (0.5) |
| **Operating income (loss)**[1] | 34 | **20.9** | **85.0** | **80.6** | **57.6** | **66.3** | **82.6** | **186.5** | **206.5** | **307.7** | **104.7** | **58.3** | **62.6** | **84.9** | **310.5** | **290.9** | **242.1** | **(9.9)** |
| Operating income tax (recovery) expense | 35 | (3.3) | (20.2) | (17.2) | (11.8) | (15.2) | (19.3) | (40.7) | (46.3) | (70.9) | (25.7) | (11.8) | (13.8) | (20.3) | (71.6) | (70.5) | (57.7) | 4.5 |
| *Operating effective tax rate* | 36 | *15.9%* | *23.8%* | *21.3%* | *20.3%* | *23.0%* | *23.4%* | *21.8%* | *22.4%* | *23.0%* | *24.5%* | *20.2%* | *22.0%* | *23.9%* | *23.1%* | *24.2%* | *23.8%* | *45.5%* |
| **Operating net income (loss)**[1] | 37 | **17.6** | **64.8** | **63.4** | **45.8** | **51.1** | **63.3** | **145.8** | **160.2** | **236.8** | **79.0** | **46.5** | **48.8** | **64.6** | **238.9** | **220.4** | **184.4** | **(5.4)** |
| **Underwriting ratios** | | | | | | | | | | | | | | | | | | |
| Claims ratio[1] | 38 | 72.9% | 63.7% | 62.6% | 64.7% | 63.3% | 59.1% | 66.5% | 62.4% | 61.7% | 58.8% | 64.0% | 62.7% | 59.3% | 61.2% | 60.8% | 62.3% | 73.1% |
| Expense ratio[1] | 39 | 29.6% | 31.6% | 32.7% | 32.0% | 32.0% | 33.3% | 31.3% | 32.5% | 32.5% | 32.9% | 32.6% | 33.1% | 32.9% | 32.9% | 32.3% | 32.3% | 31.9% |
| **Combined ratio**[1] | 40 | **102.5%** | **95.3%** | **95.3%** | **96.7%** | **95.3%** | **92.4%** | **97.8%** | **94.9%** | **94.2%** | **91.7%** | **96.6%** | **95.8%** | **92.2%** | **94.1%** | **93.1%** | **94.6%** | **105.0%** |
| **Return on equity (for the last 12 months)** | | | | | | | | | | | | | | | | | | |
| ROE[1] | 41 | 12.3% | 15.5% | 9.5% | | | | 12.3% | | 4.3% | 10.6% | 6.8% | 7.6% | 8.8% | 10.6% | 10.7% | 9.0% | 1.1% |
| Operating ROE[1] | 42 | 8.8% | 9.8% | 9.3% | | | | 8.8% | | 9.4% | 10.0% | 9.7% | 10.7% | 11.2% | 10.0% | 11.5% | 11.0% | (0.3%) |
| **Financial position** | | | | | | | | | | | | | | | | | | |
| Total investments | 43 | 4,604.3 | 4,758.2 | 4,881.5 | 4,854.3 | 4,914.6 | 5,141.8 | 4,604.3 | 4,854.3 | 4,897.2 | 4,897.9 | 4,854.9 | 4,915.5 | 5,142.9 | 4,897.9 | 5,365.8 | 4,366.3 | 4,191.0 |
| Total assets | 44 | 6,928.2 | 6,863.0 | 6,739.5 | 6,478.2 | 6,351.2 | 6,252.5 | 6,928.2 | 6,478.2 | 6,819.7 | 8,316.8 | 7,943.4 | 7,770.5 | 7,519.0 | 8,316.8 | 7,891.4 | 6,620.3 | 5,956.5 |
| Total equity | 45 | 2,789.7 | 2,850.3 | 2,746.8 | 2,392.4 | 2,389.9 | 2,506.9 | 2,789.7 | 2,392.4 | 2,658.3 | 2,480.4 | 2,240.9 | 2,244.7 | 2,359.7 | 2,480.4 | 2,396.3 | 1,818.0 | 1,611.0 |
| Minimum capital test (MCT) ratio[2] | 46 | 201% | 213% | 219% | | | | 201% | | | 204% | 204% | 206% | 215% | 204% | 275% | 268% | 239% |
| Financial capacity[1] | 47 | 585.9 | 665.4 | 845.9 | | | | 585.9 | | | 658.5 | 884.4 | 909.5 | 1,020.9 | 658.5 | 1,057.8 | n/a | n/a |
| **Per share (in $) and share data (in 000's)** | | | | | | | | | | | | | | | | | | |
| (Loss) earnings per common share, basic | 48 | $ (0.42) | $ 0.62 | $ 0.88 | $ 0.31 | $ (0.67) | $ (0.28) | $ 1.08 | $ (0.64) | $ 0.96 | $ 1.23 | $ 0.36 | $ 0.18 | $ 0.42 | $ 2.19 | $ 2.03 | $ 1.48 | $ 0.17 |
| (Loss) earnings per common share, diluted | 49 | $ (0.42) | $ 0.61 | $ 0.87 | $ 0.31 | $ (0.67) | $ (0.28) | $ 1.06 | $ (0.64) | $ 0.95 | $ 1.21 | $ 0.35 | $ 0.18 | $ 0.41 | $ 2.15 | $ 2.02 | $ 1.48 | $ 0.17 |
| Operating earnings (loss) per common share[1] | 50 | $ 0.15 | $ 0.56 | $ 0.54 | $ 0.39 | $ 0.44 | $ 0.54 | $ 1.25 | $ 1.37 | $ 2.03 | $ 0.67 | $ 0.40 | $ 0.42 | $ 0.55 | $ 2.04 | $ 2.09 | $ 1.77 | $ (0.05) |
| Book value per share[1] | 51 | $ 22.87 | $ 23.42 | $ 22.90 | $ 20.86 | $ 20.78 | $ 21.68 | $ 22.87 | $ 20.86 | $ 22.30 | $ 20.74 | $ 19.54 | $ 19.51 | $ 20.41 | $ 20.74 | $ 20.68 | $ 17.48 | $ 15.49 |
| Dividends paid per share | 52 | $ 0.138 | $ 0.138 | $ 0.138 | $ 0.125 | $ 0.125 | $ 0.175 | $ 0.413 | $ 0.425 | $ 0.550 | $ 0.125 | $ 0.125 | $ 0.125 | $ 0.175 | $ 0.550 | n/a | n/a | n/a |
| Weighted average common shares outstanding, diluted | 53 | 116,735 | 116,736 | 116,443 | 116,774 | 117,241 | 117,523 | 116,639 | 117,149 | 116,929 | 116,357 | 116,774 | 117,241 | 117,523 | 116,929 | 105,405 | 103,976 | 103,976 |

[1] 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 Q3-2023 Management's Discussion and Analysis dated November 9, 2023 for further details, which is available on the Company's website at www.definityfinancial.com and on SEDAR+ at www.sedarplus.ca. 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.

[2] Consolidated Definity Insurance Company.

## CONSOLIDATED RESULTS OF OPERATIONS

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

| | | IFRS 17 / IFRS 9 | | | | | | | | | IFRS 4 / IAS 39 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 2023 | | | 2022 | | | 2023 | 2022 | 2022 | 2022 | | | | 2022 | 2021 | 2020 | 2019 |
| | | Q3 | Q2 | Q1 | Q3 | Q2 | Q1 | YTD | YTD | Annual | Q4 | Q3 | Q2 | Q1 | Annual | Annual | Annual | Annual |
| **Comprehensive (loss) income** | | | | | | | | | | | | | | | | | | |
| **Net (loss) income** | 1 | **(46.2)** | **72.2** | **102.1** | **35.7** | **(77.2)** | **(32.6)** | **128.1** | **(74.1)** | **111.5** | **142.2** | **41.1** | **21.0** | **48.3** | **252.6** | **213.2** | **153.9** | **17.4** |
| Net unrealized gains (losses) on AFS investments | 2 | | | | | | | | | | 5.7 | (49.1) | (186.9) | (110.4) | (340.7) | 96.6 | 76.8 | 73.7 |
| Reclassification to net income (loss) of net recognized losses (gains) on AFS investments | 3 | | | | | | | | | | 7.7 | 13.4 | 35.3 | 10.5 | 66.9 | (49.2) | 5.0 | (39.2) |
| Foreign exchange gain (loss) on investments in associates | 4 | 0.8 | (0.8) | - | 2.1 | 0.9 | (0.4) | - | 2.6 | 2.1 | (0.5) | 2.1 | 0.9 | (0.4) | 2.1 | (0.3) | (0.5) | (1.5) |
| Income tax recovery (expense) | 5 | | | | | | | | | | (3.4) | 9.3 | 39.4 | 26.6 | 71.9 | (11.2) | (21.6) | (9.6) |
| **Items that may be reclassified subsequently to net (loss) income** | 6 | **0.8** | **(0.8)** | **-** | **2.1** | **0.9** | **(0.4)** | **-** | **2.6** | **2.1** | **9.5** | **(24.3)** | **(111.3)** | **(73.7)** | **(199.8)** | **35.9** | **59.7** | **23.4** |
| Recognized (losses) gains on FVTOCI investments | 7 | (3.3) | (2.0) | 2.1 | (19.9) | (21.8) | (4.5) | (3.2) | (46.2) | (55.8) | | | | | | | | |
| Post-employment benefit obligation (loss) gain | 8 | (1.6) | (0.2) | 1.6 | - | 6.6 | 17.5 | (0.2) | 24.1 | 26.4 | 2.3 | - | 6.6 | 17.5 | 26.4 | 29.3 | (8.8) | 4.2 |
| Income tax recovery (expense) | 9 | 1.3 | 0.6 | (1.0) | 5.2 | 4.1 | (3.4) | 0.9 | 5.9 | 7.8 | (0.7) | - | (1.7) | (4.6) | (7.0) | (7.6) | 2.2 | (1.3) |
| **Items that will not be reclassified subsequently to net (loss) income** | 10 | **(3.6)** | **(1.6)** | **2.7** | **(14.7)** | **(11.1)** | **9.6** | **(2.5)** | **(16.2)** | **(21.6)** | **1.6** | **-** | **4.9** | **12.9** | **19.4** | **21.7** | **(6.6)** | **2.9** |
| **Other comprehensive (loss) income** | 11 | **(2.8)** | **(2.4)** | **2.7** | **(12.6)** | **(10.2)** | **9.2** | **(2.5)** | **(13.6)** | **(19.5)** | **11.1** | **(24.3)** | **(106.4)** | **(60.8)** | **(180.4)** | **57.6** | **53.1** | **26.3** |
| **Comprehensive (loss) income** | 12 | **(49.0)** | **69.8** | **104.8** | **23.1** | **(87.4)** | **(23.4)** | **125.6** | **(87.7)** | **92.0** | **153.3** | **16.8** | **(85.4)** | **(12.5)** | **72.2** | **270.8** | **207.0** | **43.7** |
| **Comprehensive (loss) income attributable to common shareholders** | 13 | **(51.1)** | **69.2** | **103.6** | **23.1** | **(87.4)** | **(23.4)** | **121.7** | **(87.7)** | **91.4** | **152.7** | **16.8** | **(85.4)** | **(12.5)** | **71.6** | **270.8** | **207.0** | **43.7** |
| **Comprehensive income attributable to non-controlling interests** | 14 | **2.1** | **0.6** | **1.2** | **-** | **-** | **-** | **3.9** | **-** | **0.6** | **0.6** | **-** | **-** | **-** | **0.6** | **-** | **-** | **-** |
| **Net investment income** | | | | | | | | | | | | | | | | | | |
| **Total interest income** | 15 | **38.8** | **35.0** | **34.3** | **28.5** | **24.8** | **19.7** | **108.1** | **73.0** | **105.3** | **32.3** | **28.5** | **24.8** | **19.7** | **105.3** | **71.5** | **75.3** | **82.5** |
| Preferred shares | 16 | 4.6 | 4.7 | 4.5 | 4.4 | 4.3 | 4.3 | 13.8 | 13.0 | 17.2 | 4.2 | 4.4 | 4.3 | 4.3 | 17.2 | 18.2 | 18.6 | 17.1 |
| Common shares | 17 | 4.2 | 4.4 | 3.9 | 4.3 | 3.9 | 3.4 | 12.5 | 11.6 | 16.2 | 4.6 | 4.3 | 3.9 | 3.4 | 16.2 | 12.5 | 10.5 | 9.9 |
| **Total dividend income** | 18 | **8.8** | **9.1** | **8.4** | **8.7** | **8.2** | **7.7** | **26.3** | **24.6** | **33.4** | **8.8** | **8.7** | **8.2** | **7.7** | **33.4** | **30.7** | **29.1** | **27.0** |
| **Investment income, before expenses** | 19 | **47.6** | **44.1** | **42.7** | **37.2** | **33.0** | **27.4** | **134.4** | **97.6** | **138.7** | **41.1** | **37.2** | **33.0** | **27.4** | **138.7** | **102.2** | **104.4** | **109.5** |
| Investment expenses | 20 | (1.3) | (1.3) | (1.7) | (1.2) | (1.2) | (1.6) | (4.3) | (4.0) | (5.6) | (1.6) | (1.2) | (1.2) | (1.6) | (5.6) | (5.4) | (4.1) | (4.1) |
| **Net investment income** | 21 | **46.3** | **42.8** | **41.0** | **36.0** | **31.8** | **25.8** | **130.1** | **93.6** | **133.1** | **39.5** | **36.0** | **31.8** | **25.8** | **133.1** | **96.8** | **100.3** | **105.4** |
| **Recognized (losses) gains on investments** | | | | | | | | | | | | | | | | | | |
| Recognized (losses) gains on FVTPL investments / Total recognized (losses) gains on investments | 22 | (99.8) | (62.7) | 91.7 | (39.2) | (227.2) | (197.8) | (70.8) | (464.2) | (446.1) | (4.9) | (23.6) | (97.5) | (102.3) | (228.3) | (20.8) | 79.8 | 68.3 |
| **Non-operating (losses) gains** | | | | | | | | | | | | | | | | | | |
| Recognized (losses) gains on FVTPL investments / Total recognized (losses) gains on investments | 23 | (99.8) | (62.7) | 91.7 | (39.2) | (227.2) | (197.8) | (70.8) | (464.2) | (446.1) | (4.9) | (23.6) | (97.5) | (102.3) | (228.3) | (20.8) | 79.8 | 68.3 |
| Discounting in insurance service result / Impact of discounting | 24 | 40.3 | 52.0 | 16.4 | 27.8 | 25.8 | 16.9 | 108.7 | 70.5 | 107.4 | 2.8 | 15.5 | 61.3 | 83.0 | 162.6 | 44.7 | (114.0) | (29.0) |
| Risk adjustment | 25 | 0.5 | 3.7 | 2.3 | (1.1) | 1.1 | 4.1 | 6.5 | 4.1 | (6.6) | | | | | | | | |
| Finance (expenses) income from insurance contracts issued | 26 | (27.5) | 18.6 | (64.5) | (2.7) | 29.8 | 52.7 | (73.4) | 79.8 | 96.3 | | | | | | | | |
| Finance income (expenses) from reinsurance contracts held | 27 | 1.8 | (1.6) | 5.6 | 0.5 | (1.9) | (3.2) | 5.8 | (4.6) | (5.2) | | | | | | | | |
| Interest on restricted cash, less demutualization and IPO-related expenses | 28 | 2.8 | 2.9 | 2.5 | 1.3 | (0.4) | (1.9) | 8.2 | (1.0) | 0.7 | 1.7 | 1.3 | (0.4) | (1.9) | 0.7 | (30.1) | (3.8) | (4.8) |
| Amortization of intangible assets recognized in business combinations | 29 | (4.4) | (3.9) | (3.2) | (0.7) | (0.7) | (0.6) | (11.5) | (1.9) | (5.4) | (3.5) | (0.7) | (0.7) | (0.6) | (5.4) | (3.5) | (4.5) | (4.4) |
| Restructuring recovery | 30 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 0.8 |
| Revaluation gain on acquisition of McDougall Insurance Brokers Limited | 31 | - | - | - | - | - | - | - | - | 67.0 | 67.0 | - | - | - | 67.0 | - | - | - |
| Other | 32 | (1.6) | (0.2) | 0.1 | 0.3 | (0.5) | (0.3) | (1.7) | (0.6) | (2.8) | (2.2) | 0.3 | (0.5) | (0.3) | (2.8) | - | 1.0 | 0.2 |
| **Total non-operating (losses) gains**[1] | 33 | **(87.9)** | **8.8** | **50.9** | **(13.8)** | **(174.0)** | **(130.1)** | **(28.2)** | **(317.9)** | **(194.7)** | **60.9** | **(7.2)** | **(37.8)** | **(22.1)** | **(6.2)** | **(9.7)** | **(41.5)** | **31.1** |

[1] 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 Q3-2023 Management's Discussion and Analysis dated November 9, 2023 for further details, which is available on the Company's website at www.definityfinancial.com and on SEDAR+ at www.sedarplus.ca. 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)

| | IFRS 17 | | | | | | | | | IFRS 4 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2023 | | | 2022 | | | 2023 | 2022 | 2022 | 2022 | | | | 2022 | 2021 | 2020 | 2019 |
| | Q3 | Q2 | Q1 | Q3 | Q2 | Q1 | YTD | YTD | Annual | Q4 | Q3 | Q2 | Q1 | Annual | Annual | Annual | Annual |
| **Underwriting results** | | | | | | | | | | | | | | | | | |
| Net underwriting revenue / Net earned premiums[1] | 1 | 903.6 | 877.5 | 839.1 | 832.4 | 803.1 | 765.3 | 2,620.2 | 2,400.8 | 3,251.2 | 850.6 | 830.0 | 799.6 | 768.4 | 3,248.6 | 2,833.6 | 2,508.7 | 2,343.2 |
| Net claims and adjustment expenses[1] | 2 | 658.4 | 559.1 | 525.1 | 538.1 | 508.0 | 452.0 | 1,742.6 | 1,498.1 | 2,004.5 | 500.1 | 530.9 | 501.1 | 455.8 | 1,987.9 | 1,721.5 | 1,562.3 | 1,713.9 |
| Net underwriting expenses[1] / Underwriting expenses (net of other underwriting revenues)[1] | 3 | 268.0 | 277.2 | 274.5 | 267.2 | 257.3 | 255.5 | 819.7 | 780.0 | 1,057.2 | 280.3 | 271.2 | 264.5 | 252.4 | 1,068.4 | 917.6 | 810.0 | 747.6 |
| **Underwriting (loss) income[1]** | 4 | **(22.8)** | **41.2** | **39.5** | **27.1** | **37.8** | **57.8** | **57.9** | **122.7** | **189.5** | **70.2** | **27.9** | **34.0** | **60.2** | **192.3** | **194.5** | **136.4** | **(118.3)** |
| Claims ratio[1] | 5 | 72.9% | 63.7% | 62.6% | 64.7% | 63.3% | 59.1% | 66.5% | 62.4% | 61.7% | 58.8% | 64.0% | 62.7% | 59.3% | 61.2% | 60.8% | 62.3% | 73.1% |
| Expense ratio[1] | 6 | 29.6% | 31.6% | 32.7% | 32.0% | 32.0% | 33.3% | 31.3% | 32.5% | 32.5% | 32.9% | 32.6% | 33.1% | 32.9% | 32.9% | 32.3% | 32.3% | 31.9% |
| **Combined ratio[1]** | 7 | **102.5%** | **95.3%** | **95.3%** | **96.7%** | **95.3%** | **92.4%** | **97.8%** | **94.9%** | **94.2%** | **91.7%** | **96.6%** | **95.8%** | **92.2%** | **94.1%** | **93.1%** | **94.6%** | **105.0%** |
| **Net claims and adjustment expenses** | | | | | | | | | | | | | | | | | |
| Core accident year claims and adjustment expenses[1] | 8 | 556.2 | 533.9 | 512.8 | 511.7 | 480.4 | 456.6 | 1,602.9 | 1,448.7 | 1,970.9 | 519.6 | 510.3 | 480.8 | 460.8 | 1,971.5 | 1,705.8 | 1,498.8 | 1,685.4 |
| Catastrophe losses[1] | 9 | 122.3 | 47.6 | 20.0 | 48.1 | 49.4 | 17.3 | 189.9 | 114.8 | 119.9 | 4.3 | 45.8 | 41.5 | 17.3 | 108.9 | 91.7 | 93.1 | 66.4 |
| Prior year favourable claims development[1] | 10 | (20.1) | (22.4) | (7.7) | (21.7) | (21.8) | (21.9) | (50.2) | (65.4) | (86.3) | (23.8) | (25.2) | (21.2) | (22.3) | (92.5) | (76.0) | (29.6) | (37.9) |
| **Net claims and adjustment expenses[1]** | 11 | **658.4** | **559.1** | **525.1** | **538.1** | **508.0** | **452.0** | **1,742.6** | **1,498.1** | **2,004.5** | **500.1** | **530.9** | **501.1** | **455.8** | **1,987.9** | **1,721.5** | **1,562.3** | **1,713.9** |
| Core accident year claims ratio[1] | 12 | 61.6% | 60.9% | 61.1% | 61.5% | 59.8% | 59.7% | 61.2% | 60.3% | 60.7% | 61.1% | 61.3% | 59.5% | 59.9% | 60.4% | 60.2% | 59.8% | 71.9% |
| Catastrophe losses ratio[1,2] | 13 | 13.5% | 5.4% | 2.4% | 5.8% | 6.2% | 2.3% | 7.2% | 4.8% | 3.7% | 0.5% | 5.7% | 5.8% | 2.3% | 3.6% | 3.3% | 3.7% | 2.8% |
| Prior year favourable claims development ratio[1] | 14 | (2.2%) | (2.6%) | (0.9%) | (2.6%) | (2.7%) | (2.9%) | (1.9%) | (2.7%) | (2.7%) | (2.8%) | (3.0%) | (2.6%) | (2.9%) | (2.8%) | (2.7%) | (1.2%) | (1.6%) |
| **Claims ratio[1]** | 15 | **72.9%** | **63.7%** | **62.6%** | **64.7%** | **63.3%** | **59.1%** | **66.5%** | **62.4%** | **61.7%** | **58.8%** | **64.0%** | **62.7%** | **59.3%** | **61.2%** | **60.8%** | **62.3%** | **73.1%** |
| **Net underwriting expenses** | | | | | | | | | | | | | | | | | |
| Net commissions[1] | 16 | 125.4 | 127.4 | 124.8 | 125.1 | 121.3 | 122.9 | 377.6 | 369.3 | 503.5 | 136.3 | 130.3 | 127.2 | 126.6 | 520.4 | 426.5 | 379.6 | 361.3 |
| Operating expenses / Operating expenses (net of other underwriting revenues)[1] | 17 | 108.6 | 116.0 | 118.4 | 110.9 | 105.8 | 104.2 | 343.0 | 320.9 | 433.3 | 112.4 | 110.0 | 107.6 | 97.6 | 427.6 | 384.2 | 337.3 | 300.1 |
| Premium taxes | 18 | 34.0 | 33.8 | 31.3 | 31.2 | 30.2 | 28.4 | 99.1 | 89.8 | 120.4 | 31.6 | 30.9 | 29.7 | 28.2 | 120.4 | 106.9 | 93.1 | 86.2 |
| **Net underwriting expenses[1] / Underwriting expenses (net of other underwriting revenues)[1]** | 19 | **268.0** | **277.2** | **274.5** | **267.2** | **257.3** | **255.5** | **819.7** | **780.0** | **1,057.2** | **280.3** | **271.2** | **264.5** | **252.4** | **1,068.4** | **917.6** | **810.0** | **747.6** |
| Net commissions ratio[1] | 20 | 13.9% | 14.5% | 14.9% | 15.0% | 15.1% | 16.1% | 14.4% | 15.4% | 15.5% | 16.0% | 15.7% | 15.9% | 16.5% | 16.0% | 15.0% | 15.1% | 15.4% |
| Operating expenses ratio[1] / Operating expenses (net of other underwriting revenues) ratio[1] | 21 | 11.9% | 13.2% | 14.1% | 13.2% | 13.1% | 13.5% | 13.1% | 13.4% | 13.3% | 13.2% | 13.2% | 13.5% | 12.7% | 13.2% | 13.5% | 13.5% | 12.8% |
| Premium taxes ratio[1] | 22 | 3.8% | 3.9% | 3.7% | 3.8% | 3.8% | 3.7% | 3.8% | 3.7% | 3.7% | 3.7% | 3.7% | 3.7% | 3.7% | 3.7% | 3.8% | 3.7% | 3.7% |
| **Expense ratio[1]** | 23 | **29.6%** | **31.6%** | **32.7%** | **32.0%** | **32.0%** | **33.3%** | **31.3%** | **32.5%** | **32.5%** | **32.9%** | **32.6%** | **33.1%** | **32.9%** | **32.9%** | **32.3%** | **32.3%** | **31.9%** |

[1] 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 Q3-2023 Management's Discussion and Analysis dated November 9, 2023 for further details, which is available on the Company's website at www.definityfinancial.com and on SEDAR+ at www.sedarplus.ca. 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.

[2] 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)

| | IFRS 17 | | | | | | | | | IFRS 4 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2023 | | | 2022 | | | 2023 | 2022 | 2022 | 2022 | | | | 2022 | 2021 | 2020 | 2019 |
| | Q3 | Q2 | Q1 | Q3 | Q2 | Q1 | YTD | YTD | Annual | Q4 | Q3 | Q2 | Q1 | Annual | Annual | Annual | Annual |
| **Personal insurance** | | | | | | | | | | | | | | | | | |
| **Policies in force (in '000)** | **1,619.3** | **1,630.1** | **1,626.7** | **1,611.1** | **1,596.0** | **1,576.4** | **1,619.3** | **1,611.1** | **1,622.6** | **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* | *0.5%* | *2.1%* | *3.2%* | *5.5%* | *7.4%* | *9.4%* | *0.5%* | *5.5%* | *4.6%* | *4.6%* | *5.5%* | *7.4%* | *9.4%* | *4.6%* | *9.5%* | *5.5%* | *0.6%* |
| **Gross written premiums**[3] | **749.2** | **743.9** | **583.1** | **697.2** | **699.8** | **540.2** | **2,076.2** | **1,937.2** | **2,591.8** | **654.6** | **697.2** | **699.8** | **540.2** | **2,591.8** | **2,347.8** | **2,100.6** | **1,917.1** |
| *Change YOY* | *7.5%* | *6.3%* | *7.9%* | *9.7%* | *11.6%* | *12.3%* | *7.2%* | *11.1%* | *10.4%* | *8.4%* | *9.7%* | *11.6%* | *12.3%* | *10.4%* | *11.8%* | *9.6%* | *5.5%* |
| **Broker channel gross written premiums**[3] | **629.2** | **642.1** | **488.8** | **578.6** | **592.7** | **452.0** | **1,760.1** | **1,623.3** | **2,168.1** | **544.7** | **578.6** | **592.7** | **452.0** | **2,168.1** | **1,974.2** | **1,795.3** | **1,652.4** |
| *Change YOY* | *8.7%* | *8.3%* | *8.1%* | *9.3%* | *11.0%* | *10.6%* | *8.4%* | *10.3%* | *9.8%* | *8.4%* | *9.3%* | *11.0%* | *10.6%* | *9.8%* | *10.0%* | *8.6%* | *2.1%* |
| **Direct channel gross written premiums**[3] | **120.0** | **101.8** | **94.3** | **118.6** | **107.1** | **88.2** | **316.1** | **313.9** | **423.7** | **109.9** | **118.6** | **107.1** | **88.2** | **423.7** | **373.6** | **305.3** | **264.7** |
| *Change YOY* | *1.2%* | *(4.9%)* | *6.9%* | *11.5%* | *14.7%* | *21.7%* | *0.7%* | *15.3%* | *13.4%* | *8.4%* | *11.5%* | *14.7%* | *21.7%* | *13.4%* | *22.4%* | *15.3%* | *32.8%* |
| **Net underwriting revenue / Net earned premiums**[1] | **650.7** | **632.8** | **606.7** | **607.4** | **587.2** | **561.7** | **1,890.2** | **1,756.3** | **2,373.7** | **619.5** | **607.3** | **585.3** | **565.6** | **2,377.7** | **2,093.7** | **1,892.9** | **1,747.4** |
| *Change YOY* | *7.1%* | *7.8%* | *8.0%* | *N/A* | *N/A* | *N/A* | *7.6%* | *N/A* | *N/A* | *13.0%* | *14.0%* | *13.1%* | *14.2%* | *13.6%* | *10.6%* | *8.3%* | *9.6%* |
| **Underwriting (loss) income**[3] | **(56.7)** | **2.8** | **18.3** | **13.4** | **19.7** | **29.0** | **(35.6)** | **62.1** | **102.9** | **45.4** | **13.6** | **18.0** | **30.7** | **107.7** | **127.6** | **114.2** | **(108.4)** |
| **Combined ratio**[1] | **108.7%** | **99.6%** | **97.0%** | **97.8%** | **96.7%** | **94.8%** | **101.9%** | **96.5%** | **95.7%** | **92.7%** | **97.7%** | **96.9%** | **94.6%** | **95.5%** | **93.9%** | **94.0%** | **106.2%** |
| **Personal auto** | | | | | | | | | | | | | | | | | |
| **Policies in force (in '000)** | **772.2** | **782.6** | **784.2** | **785.1** | **778.6** | **770.5** | **772.2** | **785.1** | **785.0** | **785.0** | **785.1** | **778.6** | **770.5** | **785.0** | **761.6** | **727.0** | **718.8** |
| *Change YOY* | *(1.6%)* | *0.5%* | *1.8%* | *3.4%* | *4.0%* | *5.1%* | *(1.6%)* | *3.4%* | *3.1%* | *3.1%* | *3.4%* | *4.0%* | *5.1%* | *3.1%* | *4.8%* | *1.1%* | *(4.4%)* |
| **Gross written premiums**[3] | **441.2** | **442.1** | **357.8** | **421.6** | **431.1** | **339.8** | **1,241.1** | **1,192.5** | **1,579.1** | **386.6** | **421.6** | **431.1** | **339.8** | **1,579.1** | **1,453.2** | **1,349.9** | **1,284.8** |
| *Change YOY* | *4.6%* | *2.6%* | *5.3%* | *9.1%* | *10.5%* | *9.6%* | *4.1%* | *9.8%* | *8.7%* | *5.4%* | *9.1%* | *10.5%* | *9.6%* | *8.7%* | *7.7%* | *5.1%* | *1.7%* |
| **Net underwriting revenue / Net earned premiums**[1] | **389.1** | **382.0** | **365.7** | **373.1** | **362.7** | **346.2** | **1,136.8** | **1,082.0** | **1,457.8** | **379.4** | **375.5** | **366.7** | **349.1** | **1,470.7** | **1,332.5** | **1,251.2** | **1,195.6** |
| *Change YOY* | *4.3%* | *5.3%* | *5.6%* | *N/A* | *N/A* | *N/A* | *5.1%* | *N/A* | *N/A* | *10.2%* | *11.4%* | *10.5%* | *9.3%* | *10.4%* | *6.5%* | *4.7%* | *8.8%* |
| Core accident year claims[3] | 290.6 | 271.5 | 266.4 | 261.4 | 245.5 | 234.4 | 828.5 | 741.3 | 1,011.8 | 267.5 | 259.3 | 244.9 | 237.9 | 1,009.6 | 895.6 | 847.4 | 1,015.3 |
| Catastrophe losses[3] | 7.9 | 1.9 | 0.3 | 1.3 | 3.8 | 0.4 | 10.1 | 5.5 | 5.4 | (0.1) | 1.3 | 3.0 | 0.4 | 4.6 | 6.1 | 11.0 | 3.5 |
| Prior year favourable claims development | (11.8) | (6.4) | (2.0) | (8.8) | (13.9) | (3.9) | (20.2) | (26.6) | (45.0) | (20.9) | (12.1) | (15.0) | (6.6) | (54.6) | (72.6) | (11.3) | (25.7) |
| **Net claims and adjustment expenses**[3] | **286.7** | **267.0** | **264.7** | **253.9** | **235.4** | **230.9** | **818.4** | **720.2** | **972.2** | **246.5** | **248.5** | **232.9** | **231.7** | **959.6** | **829.1** | **847.1** | **993.1** |
| Net underwriting expenses[3] / Underwriting expenses (net of other underwriting revenues)[3] | 98.1 | 105.8 | 104.2 | 105.5 | 101.0 | 102.3 | 308.1 | 308.8 | 415.8 | 110.6 | 111.5 | 107.1 | 104.2 | 433.4 | 386.6 | 358.9 | 341.9 |
| **Underwriting income (loss)**[3] | **4.3** | **9.2** | **(3.2)** | **13.7** | **26.3** | **13.0** | **10.3** | **53.0** | **69.8** | **22.3** | **15.5** | **26.7** | **13.2** | **77.7** | **116.8** | **45.2** | **(139.4)** |
| Core accident year claims ratio | 74.7% | 71.1% | 72.9% | 70.1% | 67.7% | 67.7% | 72.9% | 68.6% | 69.4% | 70.5% | 69.1% | 66.8% | 68.2% | 68.6% | 67.1% | 67.7% | 84.9% |
| Catastrophe losses ratio[2] | 2.0% | 0.5% | 0.1% | 0.3% | 1.0% | 0.1% | 0.9% | 0.5% | 0.4% | - | 0.3% | 0.8% | 0.1% | 0.3% | 0.5% | 0.9% | 0.3% |
| Prior year favourable claims development ratio | (3.0%) | (1.7%) | (0.6%) | (2.3%) | (3.8%) | (1.1%) | (1.8%) | (2.5%) | (3.1%) | (5.5%) | (3.2%) | (4.1%) | (1.9%) | (3.7%) | (5.4%) | (0.9%) | (2.1%) |
| **Claims ratio**[1] | **73.7%** | **69.9%** | **72.4%** | **68.1%** | **64.9%** | **66.7%** | **72.0%** | **66.6%** | **66.7%** | **65.0%** | **66.2%** | **63.5%** | **66.4%** | **65.2%** | **62.2%** | **67.7%** | **83.1%** |
| Net commissions ratio | 9.9% | 10.5% | 11.2% | 11.4% | 11.0% | 12.6% | 10.5% | 11.6% | 11.8% | 12.6% | 12.7% | 12.5% | 13.5% | 12.8% | 11.8% | 11.8% | 12.1% |
| Operating expenses ratio / Operating expenses (net of other underwriting revenues) ratio | 12.0% | 13.7% | 14.0% | 13.4% | 13.4% | 13.6% | 13.2% | 13.5% | 13.4% | 13.3% | 13.7% | 13.4% | 13.0% | 13.4% | 13.8% | 13.5% | 13.1% |
| Premium taxes ratio | 3.3% | 3.5% | 3.3% | 3.4% | 3.5% | 3.3% | 3.4% | 3.4% | 3.3% | 3.3% | 3.3% | 3.3% | 3.3% | 3.3% | 3.4% | 3.4% | 3.4% |
| **Expense ratio**[3] | **25.2%** | **27.7%** | **28.5%** | **28.2%** | **27.9%** | **29.5%** | **27.1%** | **28.5%** | **28.5%** | **29.2%** | **29.7%** | **29.2%** | **29.8%** | **29.5%** | **29.0%** | **28.7%** | **28.6%** |
| **Combined ratio**[1] | **98.9%** | **97.6%** | **100.9%** | **96.3%** | **92.8%** | **96.2%** | **99.1%** | **95.1%** | **95.2%** | **94.2%** | **95.9%** | **92.7%** | **96.2%** | **94.7%** | **91.2%** | **96.4%** | **111.7%** |
| **Personal property**[3] | | | | | | | | | | | | | | | | | |
| **Policies in force (in '000)** | **847.1** | **847.5** | **842.5** | **826.0** | **817.4** | **805.9** | **847.1** | **826.0** | **837.6** | **837.6** | **826.0** | **817.4** | **805.9** | **837.6** | **789.1** | **689.1** | **623.0** |
| *Change YOY* | *2.6%* | *3.7%* | *4.5%* | *7.7%* | *10.9%* | *13.9%* | *2.6%* | *7.7%* | *6.1%* | *6.1%* | *7.7%* | *10.9%* | *13.9%* | *6.1%* | *14.5%* | *10.6%* | *7.0%* |
| **Gross written premiums**[3] | **308.0** | **301.8** | **225.3** | **275.6** | **268.7** | **200.4** | **835.1** | **744.7** | **1,012.7** | **268.0** | **275.6** | **268.7** | **200.4** | **1,012.7** | **894.6** | **750.7** | **632.3** |
| *Change YOY* | *11.8%* | *12.3%* | *12.4%* | *10.5%* | *13.4%* | *17.1%* | *12.1%* | *13.3%* | *13.2%* | *13.0%* | *10.5%* | *13.4%* | *17.1%* | *13.2%* | *19.2%* | *18.7%* | *14.1%* |
| **Net underwriting revenue / Net earned premiums**[1] | **261.6** | **250.8** | **241.0** | **234.3** | **224.5** | **215.5** | **753.4** | **674.3** | **915.9** | **240.1** | **231.8** | **218.6** | **216.5** | **907.0** | **761.2** | **641.7** | **551.8** |
| *Change YOY* | *11.7%* | *11.7%* | *11.8%* | *N/A* | *N/A* | *N/A* | *11.7%* | *N/A* | *N/A* | *17.9%* | *18.4%* | *17.7%* | *23.0%* | *19.2%* | *18.6%* | *16.3%* | *11.6%* |
| Core accident year claims and adjustment expenses[3] | 135.5 | 127.2 | 122.1 | 130.3 | 125.2 | 113.7 | 384.8 | 369.2 | 491.3 | 121.4 | 129.9 | 124.8 | 113.2 | 489.2 | 406.4 | 322.8 | 299.6 |
| Catastrophe losses[3] | 103.8 | 42.7 | 9.2 | 26.2 | 30.4 | 15.4 | 155.7 | 72.0 | 80.8 | 8.1 | 24.5 | 24.0 | 15.4 | 72.1 | 69.9 | 28.8 | 37.0 |
| Prior year (favourable) adverse claims development | (4.8) | (1.1) | (0.7) | (4.5) | (4.4) | (9.5) | (6.6) | (18.4) | (20.8) | (2.7) | (4.6) | (3.4) | (7.8) | (18.5) | 3.5 | (6.7) | (6.9) |
| **Net claims and adjustment expenses**[3] | **234.5** | **168.8** | **130.6** | **152.0** | **151.2** | **119.6** | **533.9** | **422.8** | **551.3** | **126.8** | **149.8** | **145.4** | **120.8** | **542.8** | **479.8** | **344.9** | **329.7** |
| Net underwriting expenses[3] / Underwriting expenses (net of other underwriting revenues)[3] | 88.1 | 88.4 | 88.9 | 82.6 | 79.9 | 79.9 | 265.4 | 242.4 | 331.5 | 90.2 | 83.9 | 81.9 | 78.2 | 334.2 | 270.6 | 227.8 | 191.1 |
| **Underwriting (loss) income**[3] | **(61.0)** | **(6.4)** | **21.5** | **(0.3)** | **(6.6)** | **16.0** | **(45.9)** | **9.1** | **33.1** | **23.1** | **(1.9)** | **(8.7)** | **17.5** | **30.0** | **10.8** | **69.0** | **31.0** |
| Core accident year claims ratio | 51.7% | 50.7% | 50.7% | 55.7% | 55.8% | 52.7% | 51.1% | 54.7% | 53.7% | 50.5% | 55.7% | 55.5% | 52.3% | 53.4% | 53.1% | 50.2% | 54.4% |
| Catastrophe losses ratio[2] | 39.7% | 17.0% | 3.8% | 11.1% | 13.5% | 7.2% | 20.7% | 10.7% | 8.8% | 3.4% | 10.9% | 12.5% | 7.1% | 8.4% | 9.4% | 4.5% | 6.7% |
| Prior year (favourable) adverse claims development ratio | (1.8%) | (0.4%) | (0.3%) | (1.9%) | (2.0%) | (4.4%) | (0.9%) | (2.7%) | (2.3%) | (1.1%) | (2.0%) | (1.5%) | (3.6%) | (2.0%) | 0.5% | (1.0%) | (1.3%) |
| **Claims ratio**[1] | **89.6%** | **67.3%** | **54.2%** | **64.9%** | **67.3%** | **55.5%** | **70.9%** | **62.7%** | **60.2%** | **52.8%** | **64.6%** | **66.5%** | **55.8%** | **59.8%** | **63.0%** | **53.7%** | **59.8%** |
| Net commissions ratio | 18.8% | 19.3% | 19.7% | 19.4% | 19.7% | 20.3% | 19.3% | 19.8% | 20.0% | 20.7% | 19.6% | 20.2% | 20.2% | 20.2% | 18.6% | 18.3% | 18.1% |
| Operating expenses ratio / Operating expenses (net of other underwriting revenues) ratio | 10.8% | 11.7% | 13.4% | 11.8% | 11.9% | 12.8% | 11.9% | 12.2% | 12.2% | 12.8% | 12.5% | 13.2% | 11.9% | 12.6% | 12.8% | 13.1% | 12.4% |
| Premium taxes ratio | 4.1% | 4.2% | 3.9% | 4.0% | 4.0% | 4.0% | 4.0% | 4.0% | 4.0% | 4.1% | 4.1% | 4.1% | 4.0% | 4.1% | 4.2% | 4.1% | 4.1% |
| **Expense ratio**[3] | **33.7%** | **35.2%** | **36.9%** | **35.2%** | **35.6%** | **37.1%** | **35.2%** | **36.0%** | **36.2%** | **37.6%** | **36.2%** | **37.5%** | **36.1%** | **36.9%** | **35.6%** | **35.5%** | **34.6%** |
| **Combined ratio**[1] | **123.3%** | **102.5%** | **91.1%** | **100.1%** | **102.9%** | **92.6%** | **106.1%** | **98.7%** | **96.4%** | **90.4%** | **100.8%** | **104.0%** | **91.9%** | **96.7%** | **98.6%** | **89.2%** | **94.4%** |

[1] 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 Q3-2023 Management's Discussion and Analysis dated November 9, 2023 for further details, which is available on the Company's website at www.definityfinancial.com and on SEDAR+ at www.sedarplus.ca. 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.
[2] The impact of reinsurance reinstatement premiums on the claims ratio is fully reflected in catastrophe losses.
[3] Includes Petline.

## COMMERCIAL INSURANCE

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

| | | IFRS 17 | | | | | | | | IFRS 4 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 2023 | | | 2022 | | | 2023 | 2022 | 2022 | 2022 | | | | | 2022 | 2021 | 2020 | 2019 |
| | | Q3 | Q2 | Q1 | Q3 | Q2 | Q1 | YTD | YTD | Annual | Q4 | Q3 | Q2 | Q1 | Annual | Annual | Annual | Annual |
| **Commercial insurance** | | | | | | | | | | | | | | | | | | |
| **Gross written premiums** [1] | 1 | **290.8** | **341.2** | **263.8** | **257.3** | **296.0** | **219.9** | **895.8** | **773.2** | **1,070.5** | **297.3** | **257.3** | **296.0** | **219.9** | **1,070.5** | **910.3** | **728.6** | **616.8** |
| *Change YOY* | 2 | *13.0%* | *15.3%* | *20.0%* | *16.7%* | *17.9%* | *19.0%* | *15.9%* | *17.8%* | *17.6%* | *17.0%* | *16.7%* | *17.9%* | *19.0%* | *17.6%* | *24.9%* | *18.1%* | *(9.0%)* |
| **Net underwriting revenue / Net earned premiums** [1] | 3 | **252.9** | **244.7** | **232.4** | **225.0** | **215.9** | **203.6** | **730.0** | **644.5** | **877.5** | **231.1** | **222.7** | **214.3** | **202.8** | **870.9** | **739.9** | **615.8** | **595.8** |
| *Change YOY* | 4 | *12.4%* | *13.3%* | *14.1%* | *N/A* | *N/A* | *N/A* | *13.3%* | *N/A* | *N/A* | *17.3%* | *15.7%* | *19.3%* | *18.7%* | *17.7%* | *20.2%* | *3.4%* | *(8.5%)* |
| Core accident year claims and adjustment expenses [1] | 5 | 130.1 | 135.2 | 124.3 | 120.0 | 109.7 | 108.5 | 389.6 | 338.2 | 467.8 | 130.7 | 121.1 | 111.1 | 109.7 | 472.7 | 403.8 | 328.6 | 370.5 |
| Catastrophe losses [1] | 6 | 10.6 | 3.0 | 10.5 | 20.6 | 15.2 | 1.5 | 24.1 | 37.3 | 33.7 | (3.7) | 20.0 | 14.5 | 1.5 | 32.2 | 15.7 | 53.3 | 25.9 |
| Prior year favourable claims development [1] | 7 | (3.5) | (14.9) | (5.0) | (8.4) | (3.5) | (8.5) | (23.4) | (20.4) | (20.5) | (0.2) | (8.5) | (2.8) | (7.9) | (19.4) | (6.9) | (11.6) | (5.3) |
| **Net claims and adjustment expenses** [1] | 8 | **137.2** | **123.3** | **129.8** | **132.2** | **121.4** | **101.5** | **390.3** | **355.1** | **481.0** | **126.8** | **132.6** | **122.8** | **103.3** | **485.5** | **412.6** | **370.3** | **391.1** |
| Net underwriting expenses [1] / Underwriting expenses (net of other underwriting revenues) [1] | 9 | 81.8 | 83.0 | 81.4 | 79.1 | 76.4 | 73.3 | 246.2 | 228.8 | 309.9 | 79.5 | 75.8 | 75.5 | 70.0 | 300.8 | 260.4 | 223.3 | 214.6 |
| **Underwriting income (loss)** [1] | 10 | **33.9** | **38.4** | **21.2** | **13.7** | **18.1** | **28.8** | **93.5** | **60.6** | **86.6** | **24.8** | **14.3** | **16.0** | **29.5** | **84.6** | **66.9** | **22.2** | **(9.9)** |
| Core accident year claims ratio [1] | 11 | 51.5% | 55.3% | 53.5% | 53.4% | 50.8% | 53.4% | 53.4% | 52.5% | 53.3% | 56.6% | 54.3% | 51.7% | 54.1% | 54.2% | 54.4% | 53.3% | 62.2% |
| Catastrophe losses ratio [1,2] | 12 | 4.2% | 1.2% | 4.5% | 9.2% | 7.0% | 0.7% | 3.3% | 5.8% | 3.8% | (1.6%) | 9.1% | 6.9% | 0.7% | 3.7% | 2.3% | 8.7% | 4.3% |
| Prior year favourable claims development ratio [1] | 13 | (1.4%) | (6.1%) | (2.1%) | (3.8%) | (1.6%) | (4.2%) | (3.2%) | (3.2%) | (2.3%) | (0.1%) | (3.8%) | (1.3%) | (3.9%) | (2.2%) | (0.9%) | (1.9%) | (0.9%) |
| **Claims ratio** [1] | 14 | **54.3%** | **50.4%** | **55.9%** | **58.8%** | **56.2%** | **49.9%** | **53.5%** | **55.1%** | **54.8%** | **54.9%** | **59.6%** | **57.3%** | **50.9%** | **55.7%** | **55.8%** | **60.1%** | **65.6%** |
| Net commissions ratio [1] | 15 | 14.8% | 16.0% | 15.8% | 16.5% | 17.2% | 17.6% | 15.5% | 17.1% | 17.0% | 16.8% | 16.6% | 17.4% | 17.7% | 17.1% | 17.3% | 18.6% | 19.5% |
| Operating expenses ratio [1] / Operating expenses (net of other underwriting revenues) ratio [1] | 16 | 13.4% | 13.8% | 15.2% | 14.6% | 14.2% | 14.5% | 14.1% | 14.4% | 14.3% | 13.5% | 13.3% | 13.8% | 12.9% | 13.5% | 13.9% | 13.8% | 12.8% |
| Premium taxes ratio [1] | 17 | 4.1% | 4.1% | 4.0% | 4.0% | 4.0% | 3.9% | 4.1% | 4.0% | 4.0% | 4.0% | 4.1% | 4.0% | 4.0% | 4.0% | 4.0% | 3.9% | 3.8% |
| **Expense ratio** [1] | 18 | **32.3%** | **33.9%** | **35.0%** | **35.1%** | **35.4%** | **36.0%** | **33.7%** | **35.5%** | **35.3%** | **34.3%** | **34.0%** | **35.2%** | **34.6%** | **34.6%** | **35.2%** | **36.3%** | **36.1%** |
| **Combined ratio** [1] | 19 | **86.6%** | **84.3%** | **90.9%** | **93.9%** | **91.6%** | **85.9%** | **87.2%** | **90.6%** | **90.1%** | **89.2%** | **93.6%** | **92.5%** | **85.5%** | **90.3%** | **91.0%** | **96.4%** | **101.7%** |

[1] 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 Q3-2023 Management's Discussion and Analysis dated November 9, 2023 for further details, which is available on the Company's website at www.definityfinancial.com and on SEDAR+ at www.sedarplus.ca. 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.

[2] 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)

| | | IFRS 17 | | | | | | | | | IFRS 4 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 2023 | | | 2022 | | | 2023 | 2022 | 2022 | 2022 | | | | 2022 | 2021 | 2020 | 2019 |
| | | Q3 | Q2 | Q1 | Q3 | Q2 | Q1 | YTD | YTD | Annual | Q4 | Q3 | Q2 | Q1 | Annual | Annual | Annual | Annual |
| **By line of business** | | | | | | | | | | | | | | | | | | |
| Personal auto | 1 | 7.9 | 1.9 | 0.3 | 1.3 | 3.8 | 0.4 | 10.1 | 5.5 | 5.4 | (0.1) | 1.3 | 3.0 | 0.4 | 4.6 | 6.1 | 11.0 | 3.5 |
| Personal property | 2 | 103.8 | 42.7 | 9.2 | 26.2 | 30.4 | 15.4 | 155.7 | 72.0 | 80.8 | 8.1 | 24.5 | 24.0 | 15.4 | 72.1 | 69.9 | 28.8 | 37.0 |
| Commercial lines | 3 | 10.6 | 3.0 | 10.5 | 20.6 | 15.2 | 1.5 | 24.1 | 37.3 | 33.7 | (3.7) | 20.0 | 14.5 | 1.5 | 32.2 | 15.7 | 53.3 | 25.9 |
| **Total catastrophe losses** | 4 | **122.3** | **47.6** | **20.0** | **48.1** | **49.4** | **17.3** | **189.9** | **114.8** | **119.9** | **4.3** | **45.8** | **41.5** | **17.3** | **108.9** | **91.7** | **93.1** | **66.4** |
| **By line of business, as % of NEP[1,2]** | | | | | | | | | | | | | | | | | | |
| Personal auto | 5 | 2.0% | 0.5% | 0.1% | 0.3% | 1.0% | 0.1% | 0.9% | 0.5% | 0.4% | - | 0.3% | 0.8% | 0.1% | 0.3% | 0.5% | 0.9% | 0.3% |
| Personal property | 6 | 39.7% | 17.0% | 3.8% | 11.1% | 13.5% | 7.2% | 20.7% | 10.7% | 8.8% | 3.4% | 10.9% | 12.5% | 7.1% | 8.4% | 9.4% | 4.5% | 6.7% |
| Commercial lines | 7 | 4.2% | 1.2% | 4.5% | 9.2% | 7.0% | 0.7% | 3.3% | 5.8% | 3.8% | (1.6%) | 9.1% | 6.9% | 0.7% | 3.7% | 2.3% | 8.7% | 4.3% |
| **Total catastrophe losses** | 8 | **13.5%** | **5.4%** | **2.4%** | **5.8%** | **6.2%** | **2.3%** | **7.2%** | **4.8%** | **3.7%** | **0.5%** | **5.7%** | **5.8%** | **2.3%** | **3.6%** | **3.3%** | **3.7%** | **2.8%** |

## HISTORICAL PRIOR YEAR CLAIMS DEVELOPMENT

| | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **By line of business** | | | | | | | | | | | | | | | | | | |
| Personal auto | 9 | (11.8) | (6.4) | (2.0) | (8.8) | (13.9) | (3.9) | (20.2) | (26.6) | (45.0) | (20.9) | (12.1) | (15.0) | (6.6) | (54.6) | (72.6) | (11.3) | (25.7) |
| Personal property | 10 | (4.8) | (1.1) | (0.7) | (4.5) | (4.4) | (9.5) | (6.6) | (18.4) | (20.8) | (2.7) | (4.6) | (3.4) | (7.8) | (18.5) | 3.5 | (6.7) | (6.9) |
| Commercial lines | 11 | (3.5) | (14.9) | (5.0) | (8.4) | (3.5) | (8.5) | (23.4) | (20.4) | (20.5) | (0.2) | (8.5) | (2.8) | (7.9) | (19.4) | (6.9) | (11.6) | (5.3) |
| **Total favourable claims development[1]** | 12 | **(20.1)** | **(22.4)** | **(7.7)** | **(21.7)** | **(21.8)** | **(21.9)** | **(50.2)** | **(65.4)** | **(86.3)** | **(23.8)** | **(25.2)** | **(21.2)** | **(22.3)** | **(92.5)** | **(76.0)** | **(29.6)** | **(37.9)** |
| **By line of business, as % of NEP[1]** | | | | | | | | | | | | | | | | | | |
| Personal auto | 13 | (3.0%) | (1.7%) | (0.6%) | (2.3%) | (3.8%) | (1.1%) | (1.8%) | (2.5%) | (3.1%) | (5.5%) | (3.2%) | (4.1%) | (1.9%) | (3.7%) | (5.4%) | (0.9%) | (2.1%) |
| Personal property | 14 | (1.8%) | (0.4%) | (0.3%) | (1.9%) | (2.0%) | (4.4%) | (0.9%) | (2.7%) | (2.3%) | (1.1%) | (2.0%) | (1.5%) | (3.6%) | (2.0%) | 0.5% | (1.0%) | (1.3%) |
| Commercial lines | 15 | (1.4%) | (6.1%) | (2.1%) | (3.8%) | (1.6%) | (4.2%) | (3.2%) | (3.2%) | (2.3%) | (0.1%) | (3.8%) | (1.3%) | (3.9%) | (2.2%) | (0.9%) | (1.9%) | (0.9%) |
| **Total favourable claims development[1]** | 16 | **(2.2%)** | **(2.6%)** | **(0.9%)** | **(2.6%)** | **(2.7%)** | **(2.9%)** | **(1.9%)** | **(2.7%)** | **(2.7%)** | **(2.8%)** | **(3.0%)** | **(2.6%)** | **(2.9%)** | **(2.8%)** | **(2.7%)** | **(1.2%)** | **(1.6%)** |

[1] 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 Q3-2023 Management's Discussion and Analysis dated November 9, 2023 for further details, which is available on the Company's website at www.definityfinancial.com and on SEDAR+ at www.sedarplus.ca. 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.

[2] 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 | 2022 | | | | 2022 | 2021 | 2020 | 2019 |
| | | Q3 | Q2 | Q1 | Q3 | Q2 | Q1 | Annual | Q4 | Q3 | Q2 | Q1 | Annual | Annual | Annual | Annual |
| **Total portfolio** | | | | | | | | | | | | | | | | |
| **By class** | | | | | | | | | | | | | | | | |
| Short-term investments | 1 | 96.6 | 144.7 | 58.6 | 175.2 | 112.9 | 74.5 | 89.3 | 89.3 | 175.2 | 112.9 | 74.5 | 89.3 | 88.8 | 218.2 | 228.1 |
| Bonds | 2 | 3,570.1 | 3,679.1 | 3,906.3 | 3,808.8 | 3,897.6 | 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 | 300.2 | 299.9 | 305.2 | 327.4 | 349.6 | 390.9 | 298.0 | 298.0 | 327.4 | 349.6 | 390.9 | 298.0 | 405.7 | 336.6 | 345.1 |
| Common stocks | 4 | 549.5 | 559.1 | 544.2 | 488.6 | 492.5 | 570.1 | 517.7 | 517.7 | 488.6 | 492.5 | 570.1 | 517.7 | 570.5 | 329.8 | 296.8 |
| Pooled funds | 5 | 69.4 | 64.9 | 56.3 | 40.3 | 40.3 | 45.3 | 57.2 | 57.2 | 40.3 | 40.3 | 45.3 | 57.2 | 42.7 | 43.4 | 44.4 |
| Commercial loans | 6 | 18.5 | 10.5 | 10.9 | 14.0 | 21.7 | 27.3 | 11.3 | 12.0 | 14.6 | 22.6 | 28.4 | 12.0 | 24.3 | 37.6 | 52.8 |
| **Total** | 7 | **4,604.3** | **4,758.2** | **4,881.5** | **4,854.3** | **4,914.6** | **5,141.8** | **4,897.2** | **4,897.9** | **4,854.9** | **4,915.5** | **5,142.9** | **4,897.9** | **5,365.8** | **4,366.3** | **4,191.0** |
| **Region of issuer** | | | | | | | | | | | | | | | | |
| Canada | 8 | 4,341.0 | 4,445.3 | 4,642.5 | 4,645.4 | 4,700.4 | 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 | 181.7 | 236.5 | 162.2 | 141.6 | 139.5 | 158.2 | 152.8 | 152.8 | 141.6 | 139.5 | 158.2 | 152.8 | 164.6 | 86.2 | 69.0 |
| Europe | 10 | 37.6 | 40.0 | 42.9 | 31.6 | 30.3 | 35.3 | 36.9 | 36.9 | 31.6 | 30.3 | 35.3 | 36.9 | 37.0 | 25.2 | 25.6 |
| Other | 11 | 25.5 | 25.9 | 23.0 | 21.7 | 22.7 | 25.1 | 26.3 | 26.3 | 21.7 | 22.7 | 25.1 | 26.3 | 27.3 | 11.8 | 9.4 |
| **Total** | 12 | **4,585.8** | **4,747.7** | **4,870.6** | **4,840.3** | **4,892.9** | **5,114.5** | **4,885.9** | **4,885.9** | **4,840.3** | **4,892.9** | **5,114.5** | **4,885.9** | **5,341.5** | **4,328.7** | **4,138.2** |
| **Credit quality** | | | | | | | | | | | | | | | | |
| **Fixed-income securities** | | | | | | | | | | | | | | | | |
| AAA | 13 | 1,321.0 | 1,299.8 | 1,303.2 | 1,346.0 | 1,139.2 | 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 | 990.6 | 1,089.7 | 1,125.8 | 1,139.0 | 1,322.0 | 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 | 782.2 | 784.7 | 870.9 | 1,048.0 | 1,140.0 | 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 | 447.3 | 475.8 | 570.4 | 275.3 | 296.4 | 306.5 | 606.0 | 606.0 | 275.3 | 296.4 | 306.5 | 606.0 | 280.6 | 273.2 | 286.2 |
| BB | 17 | 29.0 | 29.1 | 36.0 | 0.5 | - | - | 31.4 | 31.3 | 0.5 | - | - | 31.4 | - | - | - |
| **Total** | 18 | **3,570.1** | **3,679.1** | **3,906.3** | **3,808.8** | **3,897.6** | **4,033.7** | **3,923.8** | **3,923.7** | **3,808.8** | **3,897.6** | **4,033.7** | **3,923.8** | **4,233.8** | **3,400.7** | **3,223.8** |
| **Preferred shares** | | | | | | | | | | | | | | | | |
| P1 | 19 | - | - | 3.8 | 5.5 | 6.0 | 12.5 | 5.4 | 5.4 | 5.5 | 6.0 | 12.5 | 5.4 | 11.9 | - | - |
| P2 | 20 | 222.0 | 238.7 | 247.5 | 250.2 | 273.0 | 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 | 78.2 | 61.2 | 53.9 | 71.7 | 70.6 | 70.0 | 56.6 | 56.6 | 71.7 | 70.6 | 70.0 | 56.6 | 88.4 | 63.7 | 56.6 |
| **Total** | 22 | **300.2** | **299.9** | **305.2** | **327.4** | **349.6** | **390.9** | **298.0** | **298.0** | **327.4** | **349.6** | **390.9** | **298.0** | **405.7** | **336.6** | **345.1** |
| **Investment portfolio sector mix** | | | | | | | | | | | | | | | | |
| Government | 23 | 51% | 50% | 48% | 49% | 49% | 48% | 48% | 48% | 49% | 49% | 48% | 48% | 49% | 49% | 46% |
| Financials | 24 | 22% | 22% | 23% | 28% | 28% | 28% | 24% | 24% | 28% | 28% | 28% | 24% | 29% | 29% | 32% |
| Energy | 25 | 5% | 6% | 6% | 4% | 4% | 4% | 6% | 6% | 4% | 4% | 4% | 6% | 4% | 4% | 5% |
| Communication services | 26 | 5% | 5% | 5% | 3% | 3% | 3% | 6% | 6% | 3% | 3% | 3% | 6% | 2% | 2% | 3% |
| Industrials | 27 | 4% | 5% | 4% | 4% | 4% | 4% | 4% | 4% | 4% | 4% | 4% | 4% | 4% | 4% | 4% |
| Utilities | 28 | 4% | 3% | 4% | 5% | 5% | 5% | 4% | 4% | 5% | 5% | 5% | 4% | 4% | 5% | 4% |
| Consumer discretionary | 29 | 3% | 2% | 3% | 2% | 2% | 2% | 2% | 2% | 2% | 2% | 2% | 2% | 2% | 2% | 1% |
| Materials | 30 | 1% | 1% | 1% | 1% | 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% | 1% | 1% | 1% | 1% |
| Information technology | 32 | 2% | 2% | 2% | 1% | 1% | 2% | 1% | 1% | 1% | 1% | 2% | 1% | 2% | 1% | 1% |
| Health care | 33 | 1% | 1% | 1% | 1% | 1% | 1% | 1% | 1% | 1% | 1% | 1% | 1% | 1% | 1% | 1% |
| Real estate | 34 | 1% | 2% | 2% | 1% | 1% | 1% | 2% | 2% | 1% | 1% | 1% | 2% | 1% | 1% | 1% |
| **Total** | 35 | **100%** | **100%** | **100%** | **100%** | **100%** | **100%** | **100%** | **100%** | **100%** | **100%** | **100%** | **100%** | **100%** | **100%** | **100%** |

## INVESTMENT PORTFOLIO (cont'd)

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

| | | 2023 | | | 2022 | | | | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 | Annual | Annual | Annual | Annual |
| **Sector mix by asset class** | | | | | | | | | | | | |
| **Short-term investments and bonds** | | | | | | | | | | | | |
| Government | 1 | 64% | 62% | 59% | 59% | 60% | 60% | 61% | 59% | 61% | 60% | 56% |
| Financials | 2 | 18% | 18% | 20% | 20% | 25% | 25% | 24% | 20% | 25% | 25% | 29% |
| Energy | 3 | 3% | 4% | 4% | 4% | 2% | 2% | 2% | 4% | 2% | 2% | 2% |
| Communication services | 4 | 5% | 4% | 5% | 5% | 2% | 2% | 2% | 5% | 2% | 1% | 2% |
| Industrials | 5 | 3% | 4% | 3% | 3% | 3% | 3% | 3% | 3% | 3% | 4% | 4% |
| Utilities | 6 | 3% | 3% | 3% | 4% | 5% | 4% | 5% | 4% | 4% | 5% | 3% |
| Consumer discretionary | 7 | 2% | 2% | 3% | 2% | 1% | 2% | 1% | 2% | 1% | 1% | 1% |
| Materials | 8 | - | - | - | - | - | - | - | - | - | - | - |
| Consumer staples | 9 | 1% | 1% | 1% | 1% | 1% | 1% | 1% | 1% | 1% | 1% | 1% |
| Information technology | 10 | - | - | - | - | - | - | - | - | - | - | - |
| Health care | 11 | - | - | - | - | - | - | - | - | - | - | 1% |
| Real estate | 12 | 1% | 2% | 2% | 2% | 1% | 1% | 1% | 2% | 1% | 1% | 1% |
| **Total** | 13 | **100%** | **100%** | **100%** | **100%** | **100%** | **100%** | **100%** | **100%** | **100%** | **100%** | **100%** |
| | | | | | | | | | - | | | |
| **Preferred stocks** | | | | | | | | | - | | | |
| Government | 14 | - | - | - | - | - | - | - | - | - | - | - |
| Financials | 15 | 69% | 66% | 68% | 68% | 67% | 67% | 71% | 68% | 70% | 75% | 77% |
| Energy | 16 | 14% | 17% | 17% | 17% | 17% | 17% | 16% | 17% | 16% | 14% | 15% |
| Communication services | 17 | 5% | 5% | 4% | 4% | 4% | 4% | 4% | 4% | 4% | 2% | 2% |
| Industrials | 18 | - | - | - | - | - | - | - | - | - | - | - |
| Utilities | 19 | 12% | 11% | 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% | 1% | 2% | 2% | 2% | 1% | 2% | 2% | - |
| **Total** | 26 | **100%** | **100%** | **100%** | **100%** | **100%** | **100%** | **100%** | **100%** | **100%** | **100%** | **100%** |
| | | | | | | | | | - | | | |
| **Common stocks** | | | | | | | | | - | | | |
| Government | 27 | - | - | - | - | - | - | - | - | - | - | - |
| Financials | 28 | 27% | 29% | 29% | 29% | 29% | 30% | 32% | 29% | 29% | 27% | 28% |
| Energy | 29 | 15% | 13% | 14% | 15% | 15% | 15% | 13% | 15% | 11% | 10% | 18% |
| Communication services | 30 | 6% | 7% | 7% | 6% | 6% | 6% | 6% | 6% | 6% | 6% | 7% |
| Industrials | 31 | 13% | 13% | 12% | 12% | 12% | 11% | 11% | 12% | 11% | 11% | 10% |
| Utilities | 32 | 3% | 3% | 3% | 3% | 3% | 3% | 3% | 3% | 3% | 3% | 3% |
| Consumer discretionary | 33 | 6% | 6% | 6% | 5% | 5% | 5% | 5% | 5% | 6% | 6% | 6% |
| Materials | 34 | 8% | 8% | 8% | 8% | 9% | 8% | 9% | 8% | 8% | 11% | 11% |
| Consumer staples | 35 | 5% | 5% | 6% | 6% | 6% | 6% | 5% | 6% | 5% | 4% | 5% |
| Information technology | 36 | 11% | 11% | 10% | 10% | 10% | 10% | 11% | 10% | 15% | 16% | 7% |
| Health care | 37 | 4% | 4% | 4% | 4% | 4% | 5% | 4% | 4% | 5% | 5% | 5% |
| Real estate | 38 | 2% | 1% | 1% | 2% | 1% | 1% | 1% | 2% | 1% | 1% | - |
| **Total** | 39 | **100%** | **100%** | **100%** | **100%** | **100%** | **100%** | **100%** | **100%** | **100%** | **100%** | **100%** |
| | | | | | | | | | - | | | |
| **Pooled funds** | | | | | | | | | - | | | |
| Government | 40 | - | - | - | - | - | - | - | - | - | - | - |
| Financials | 41 | 7% | 8% | 9% | 9% | 10% | 10% | 10% | 9% | 11% | 14% | 16% |
| Energy | 42 | 2% | 3% | 3% | 3% | 3% | 3% | 3% | 3% | 3% | 3% | 7% |
| Communication services | 43 | 6% | 6% | 7% | 7% | 8% | 8% | 8% | 7% | 10% | 10% | 6% |
| Industrials | 44 | 5% | 16% | 6% | 6% | 7% | 7% | 7% | 6% | 8% | 9% | 9% |
| Utilities | 45 | 21% | 12% | 15% | 15% | 2% | 2% | 2% | 15% | 2% | 10% | 15% |
| Consumer discretionary | 46 | 8% | 8% | 9% | 9% | 10% | 10% | 11% | 9% | 13% | 7% | 6% |
| Materials | 47 | 2% | 2% | 2% | 2% | 2% | 2% | 2% | 2% | 3% | 5% | 4% |
| Consumer staples | 48 | 4% | 4% | 5% | 5% | 5% | 5% | 5% | 5% | 6% | 11% | 12% |
| Information technology | 49 | 34% | 30% | 31% | 31% | 38% | 38% | 37% | 31% | 28% | 16% | 8% |
| Health care | 50 | 9% | 9% | 11% | 11% | 12% | 12% | 12% | 11% | 13% | 12% | 13% |
| Real estate | 51 | 2% | 2% | 2% | 2% | 3% | 3% | 3% | 2% | 3% | 3% | 4% |
| **Total** | 52 | **100%** | **100%** | **100%** | **100%** | **100%** | **100%** | **100%** | **100%** | **100%** | **100%** | **100%** |

## CONSOLIDATED BALANCE SHEET

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

| | | IFRS 17 / IFRS 9 | | | | IFRS 4 / IAS 39 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 2023 | | | 2022 | 2022 | | | | 2022 | 2021 | 2020 | 2019 |
| | | Q3 | Q2 | Q1 | Annual | Q4 | Q3 | Q2 | Q1 | Annual | Annual | Annual | Annual |
| **Balance sheet** | | | | | | | | | | | | | |
| **Cash and investments** | | | | | | | | | | | | | |
| Cash and cash equivalents | 1 | 405.1 | 185.7 | 164.2 | 200.5 | 200.5 | 193.9 | 268.3 | 252.5 | 200.5 | 387.3 | 510.3 | 94.7 |
| Short-term investments | 2 | 96.6 | 144.7 | 58.6 | 89.3 | 89.3 | 175.2 | 112.9 | 74.5 | 89.3 | 88.8 | 218.2 | 228.1 |
| Bonds | 3 | 3,570.1 | 3,679.1 | 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 | 300.2 | 299.9 | 305.2 | 298.0 | 298.0 | 327.4 | 349.6 | 390.9 | 298.0 | 405.7 | 336.6 | 345.1 |
| Common stocks | 5 | 549.5 | 559.1 | 544.2 | 517.7 | 517.7 | 488.6 | 492.5 | 570.1 | 517.7 | 570.5 | 329.8 | 296.8 |
| Pooled funds | 6 | 69.4 | 64.9 | 56.3 | 57.2 | 57.2 | 40.3 | 40.3 | 45.3 | 57.2 | 42.7 | 43.4 | 44.4 |
| Commercial loans | 7 | 18.5 | 10.5 | 10.9 | 11.3 | 12.0 | 14.6 | 22.6 | 28.4 | 12.0 | 24.3 | 37.6 | 52.8 |
| **Total cash and investments** | 8 | **5,009.4** | **4,943.9** | **5,045.7** | **5,097.7** | **5,098.4** | **5,048.8** | **5,183.8** | **5,395.4** | **5,098.4** | **5,753.1** | **4,876.6** | **4,285.7** |
| Restricted cash | 9 | 257.3 | 268.8 | 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 | 22.0 | 21.3 | 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 | 305.9 | 302.2 | 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 | 105.0 | 104.6 | 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 | 21.9 | 22.2 | 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 | 1,005.2 | 1,005.5 | 771.1 | 771.6 | 771.6 | 234.5 | 229.0 | 227.2 | 771.6 | 219.7 | 211.6 | 210.9 |
| Other assets | 19 | 201.5 | 194.5 | 169.9 | 152.5 | 152.6 | 195.0 | 188.6 | 171.4 | 152.6 | 137.9 | 118.4 | 124.6 |
| **Total assets** | 20 | **6,928.2** | **6,863.0** | **6,739.5** | **6,819.7** | **8,316.8** | **7,943.4** | **7,770.5** | **7,519.0** | **8,316.8** | **7,891.4** | **6,620.3** | **5,956.5** |
| 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 | 3,527.9 | 3,381.6 | 3,463.6 | 3,577.7 | | | | | | | | |
| Accounts payable and other liabilities | 24 | 115.7 | 124.8 | 109.1 | 139.0 | 405.7 | 343.8 | 294.2 | 269.6 | 405.7 | 393.4 | 324.2 | 240.6 |
| Income taxes payable | 25 | 3.6 | 2.7 | 0.6 | - | - | - | - | - | - | 55.6 | 18.7 | 2.2 |
| Deferred income tax liabilities | 26 | 119.7 | 120.5 | 94.6 | 103.5 | 69.8 | - | - | - | 69.8 | - | - | - |
| Debt outstanding | 27 | 114.3 | 114.3 | 38.1 | 39.1 | 39.1 | - | - | - | 39.1 | - | - | - |
| Demutualization amounts outstanding | 28 | 257.3 | 268.8 | 286.7 | 302.1 | 302.1 | 310.3 | 319.1 | 116.8 | 302.1 | 110.8 | - | - |
| **Total liabilities** | 29 | **4,138.5** | **4,012.7** | **3,992.7** | **4,161.4** | **5,836.4** | **5,702.5** | **5,525.8** | **5,159.3** | **5,836.4** | **5,495.1** | **4,802.3** | **4,345.5** |
| Share capital | 30 | 2,281.6 | 2,281.6 | 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 | 34.7 | 30.1 | 24.4 | 40.2 | 40.2 | 34.4 | 28.2 | 23.6 | 40.2 | 19.3 | - | - |
| Retained earnings (deficit) | 32 | 352.3 | 417.7 | 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 | (34.8) | (33.2) | (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 | 2,633.8 | 2,696.2 | 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 | 155.9 | 154.1 | 109.6 | 108.5 | 108.5 | - | - | - | 108.5 | - | - | - |
| **Total equity** | 36 | **2,789.7** | **2,850.3** | **2,746.8** | **2,658.3** | **2,480.4** | **2,240.9** | **2,244.7** | **2,359.7** | **2,480.4** | **2,396.3** | **1,818.0** | **1,611.0** |
| **Total liabilities and equity** | 37 | **6,928.2** | **6,863.0** | **6,739.5** | **6,819.7** | **8,316.8** | **7,943.4** | **7,770.5** | **7,519.0** | **8,316.8** | **7,891.4** | **6,620.3** | **5,956.5** |

## CAPITAL AND LIQUIDITY RESOURCES

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

| | | IFRS 17/9 | | | IFRS 4 / IAS 39 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 2023 | | | 2022 | | | | 2022 | 2021 | 2020 | 2019 |
| | | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 | Annual | Annual | Annual | Annual |
| **Capital management[3]** | | | | | | | | | | | | |
| Capital available[2] | 1 | 1,405.2 | 1,459.7 | 1,489.1 | 1,323.6 | 1,285.5 | 1,278.7 | 1,368.1 | 1,323.6 | 1,789.1 | 1,477.8 | 1,217.3 |
| Capital required[2] | 2 | 698.6 | 684.2 | 680.3 | 647.5 | 629.7 | 621.0 | 636.1 | 647.5 | 651.6 | 550.8 | 509.2 |
| Minimum capital test (MCT) ratio[2] | 3 | 201% | 213% | 219% | 204% | 204% | 206% | 215% | 204% | 275% | 268% | 239% |
| Excess capital at 190% for Definity Insurance Company (200% in 2022 and prior) | 4 | 77.8 | 159.8 | 196.5 | 28.7 | 26.1 | 36.7 | 95.8 | 28.7 | 485.9 | 376.3 | 198.8 |
| Additional capital at Definity Financial Corporation | 5 | 287.4 | 283.5 | 357.9 | 357.5 | 567.0 | 585.0 | 636.5 | 357.5 | 273.4 | n/a | n/a |
| **Total excess capital** | 6 | **365.2** | **443.3** | **554.4** | **386.2** | **593.1** | **621.7** | **732.3** | **386.2** | **759.3** | **376.3** | **198.8** |
| Leverage capacity[1] | 7 | 220.7 | 222.1 | 291.5 | 272.3 | 291.3 | 287.8 | 288.6 | 272.3 | 298.5 | n/a | n/a |
| **Financial capacity[1]** | 8 | **585.9** | **665.4** | **845.9** | **658.5** | **884.4** | **909.5** | **1,020.9** | **658.5** | **1,057.8** | **n/a** | **n/a** |
| **Liquidity** | | | | | | | | | | | | |
| **Cash provided by (used in) operating activities** | 9 | **217.1** | **97.3** | **(90.6)** | **112.5** | **173.0** | **113.7** | **(93.4)** | **305.8** | **655.2** | **490.2** | **138.5** |
| Investments sold, net of investments purchased | 10 | 64.5 | 61.7 | 112.2 | (35.6) | (7.1) | (30.6) | 19.1 | (54.2) | (1,008.1) | (47.0) | (204.5) |
| Commercial loans advanced, net of commercial loans collected | 11 | (8.3) | 0.9 | 0.4 | 2.6 | 8.0 | 5.8 | (4.1) | 12.3 | 13.3 | 15.2 | 48.7 |
| Purchases of intangible assets and property and equipment | 12 | (26.1) | (15.7) | (28.3) | (20.4) | (18.5) | (23.9) | (28.0) | (90.8) | (49.4) | (42.8) | (23.3) |
| Business acquisitions, net of cash acquired | 13 | (11.6) | (182.8) | (8.2) | (227.0) | - | (15.0) | - | (242.0) | - | - | - |
| **Cash provided by (used in) investing activities** | 14 | **18.5** | **(135.9)** | **76.1** | **(280.4)** | **(17.6)** | **(63.7)** | **(13.0)** | **(374.7)** | **(1,044.2)** | **(74.6)** | **(179.1)** |
| Net proceeds from the issuance of common shares | 15 | - | - | - | - | - | - | - | - | 2,285.7 | - | - |
| Dividends paid on common shares | 16 | (15.9) | (15.8) | (15.8) | (14.3) | (14.3) | (14.4) | (20.3) | (63.3) | - | - | - |
| Dividends paid to non-controlling interests | 17 | (0.3) | (0.3) | (0.1) | - | - | - | - | - | - | - | - |
| Common shares purchased and held in trust | 18 | - | - | (4.9) | (13.2) | (12.5) | (19.8) | (8.1) | (53.6) | - | - | - |
| Change in demutualization amounts outstanding | 19 | (11.5) | (17.9) | (15.4) | (8.3) | (8.7) | 202.3 | 6.0 | 191.3 | (1,908.9) | - | - |
| Borrowing on credit facility | 20 | - | 114.3 | - | - | - | - | - | - | - | - | - |
| Repayment of demand loans | 21 | - | (38.1) | (1.0) | (1.0) | - | - | - | (1.0) | - | - | - |
| **Cash (used in) provided by financing activities** | 22 | **(27.7)** | **42.2** | **(37.2)** | **(36.8)** | **(35.5)** | **168.1** | **(22.4)** | **73.4** | **376.8** | **-** | **-** |
| **Net increase (decrease) in cash and cash equivalents, restricted cash, and cash held in escrow** | 23 | **207.9** | **3.6** | **(51.7)** | **(204.7)** | **119.9** | **218.1** | **(128.8)** | **4.5** | **(12.2)** | **415.6** | **(40.6)** |
| Balance, beginning of the period | 24 | 454.5 | 450.9 | 502.6 | 707.3 | 587.4 | 369.3 | 498.1 | 498.1 | 510.3 | 94.7 | 135.3 |
| Balance, end of the period | 25 | 662.4 | 454.5 | 450.9 | 502.6 | 707.3 | 587.4 | 369.3 | 502.6 | 498.1 | 510.3 | 94.7 |

[1] 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 Q3-2023 Management's Discussion and Analysis dated November 9, 2023 for further details, which is available on the www.sedarplus.ca. 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 the most directly comparable GAAP measure.

[2] Consolidated Definity Insurance Company.

[3] 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)

| | | 2023 | | | 2022 | | | | 2022 | 2021 |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 | Annual | Annual |
| **Number of shares outstanding (in 000's)** | | | | | | | | | | |
| **Common shares** | | | | | | | | | | |
| End of period | 1 | 115,893 | 115,893 | 115,893 | 115,893 | 115,893 | 115,893 | 115,893 | 115,893 | 115,893 |
| Weighted average common shares outstanding (Basic) | 2 | 115,141 | 115,139 | 114,659 | 114,455 | 114,855 | 115,317 | 115,855 | 115,123 | 105,249 |
| Weighted average common shares outstanding (Diluted) | 3 | 116,735 | 116,736 | 116,443 | 116,357 | 116,774 | 115,317 | 117,523 | 116,929 | 105,405 |
| **Common share performance** | | | | | | | | | | |
| **Common share price (in $)** | | | | | | | | | | |
| High | 4 | 39.13 | 37.90 | 39.05 | 40.42 | 40.84 | 35.56 | 33.18 | 40.84 | 30.27 |
| Low | 5 | 32.09 | 33.78 | 33.34 | 37.72 | 32.35 | 30.60 | 27.00 | 27.00 | 26.00 |
| Close | 6 | 37.50 | 35.15 | 35.27 | 38.48 | 38.82 | 33.27 | 31.93 | 38.48 | 29.53 |
| Market capitalization ($ millions) | 7 | 4,346 | 4,074 | 4,088 | 4,460 | 4,499 | 3,856 | 3,700 | 4,460 | 3,422 |
| **Dividends** | | | | | | | | | | |
| **Common shares** | | | | | | | | | | |
| Dividends declared per share (in $) | 8 | 0.138 | 0.138 | 0.138 | 0.125 | 0.125 | 0.125 | 0.175 | 0.550 | n/a |
| Dividends paid per share (in $) | 9 | 0.138 | 0.138 | 0.138 | 0.125 | 0.125 | 0.125 | 0.175 | 0.550 | n/a |
| **Rating information** | | | | | | | | | | |
| **Financial strength ratings (FSR)[1]** | | | | | | | | | | |
| AM Best | 10 | A- (Excellent) | A- (Excellent) | A- (Excellent) | A- (Excellent) | A- (Excellent) | A- (Excellent) | A- (Excellent) | A- (Excellent) | A- (Excellent) |
| DBRS | 11 | A | A | A (low) | A (low) | A (low) | A (low) | A (low) | A (low) | A (low) |
| **Issuer rating[2]** | | | | | | | | | | |
| DBRS | 12 | BBB (high) | BBB (high) | BBB | BBB | BBB | BBB | BBB | BBB | BBB |

[1] Definity Insurance Company.

[2] Definity Financial Corporation.

## NON-GAAP FINANCIAL MEASURES AND NON-GAAP RATIO

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

| | IFRS 17 / IFRS 9 | | | | | | | | | IFRS 4 / IAS 39 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2023 | | | 2022 | | | 2023 | 2022 | 2022 | 2022 | | | | 2022 | 2021 | 2020 | 2019 |
| | Q3 | Q2 | Q1 | Q3 | Q2 | Q1 | YTD | YTD | Annual | Q4 | Q3 | Q2 | Q1 | Annual | Annual | Annual | Annual |
| **ROE** | | | | | | | | | | | | | | | | | |
| **Net (loss) income attributable to common shareholders** 1 | **(48.3)** | **71.6** | **100.9** | **35.7** | **(77.2)** | **(32.6)** | **124.2** | **(74.1)** | **110.9** | **141.6** | **41.1** | **21.0** | **48.3** | **252.0** | **213.2** | **153.9** | **17.4** |
| **Net income - last 12 months** 2 | **309.2** | **393.2** | **244.4** | | | | **309.2** | | **110.9** | **252.0** | **144.1** | **156.3** | **179.2** | **252.0** | **213.2** | **153.9** | **17.4** |
| Average adjusted equity attributable to common shareholders 3 | 2,513.1 | 2,543.1 | 2,572.0 | | | | 2,513.1 | | 2,552.1 | 2,384.1 | 2,116.8 | 2,052.2 | 2,037.1 | 2,384.1 | 1,993.3 | 1,714.5 | 1,589.2 |
| **ROE for the last 12 months** 4 | **12.3%** | **15.5%** | **9.5%** | | | | **12.3%** | | **4.3%** | **10.6%** | **6.8%** | **7.6%** | **8.8%** | **10.6%** | **10.7%** | **9.0%** | **1.1%** |
| **Operating net income, Operating EPS, and Operating ROE** | | | | | | | | | | | | | | | | | |
| **Net (loss) income attributable to common shareholders** 5 | **(48.3)** | **71.6** | **100.9** | **35.7** | **(77.2)** | **(32.6)** | **124.2** | **(74.1)** | **110.9** | **141.6** | **41.1** | **21.0** | **48.3** | **252.0** | **213.2** | **153.9** | **17.4** |
| Remove: income tax (recovery) expense 6 | (18.7) | 22.2 | 30.6 | 8.1 | (30.5) | (14.9) | 34.1 | (37.3) | 2.1 | 24.0 | 10.0 | 3.8 | 14.5 | 52.3 | 68.0 | 46.7 | 3.8 |
| Remove: non-operating gains (losses) | | | | | | | | | | | | | | | | | |
| Recognized (losses) gains on FVTPL investments / Total recognized (losses) gains on investments 7 | (99.8) | (62.7) | 91.7 | (39.2) | (227.2) | (197.8) | (70.8) | (464.2) | (446.1) | **(4.9)** | **(23.6)** | **(97.5)** | **(102.3)** | **(228.3)** | **(20.8)** | **79.8** | **68.3** |
| Discounting in insurance service result / Impact of discounting 8 | 40.3 | 52.0 | 16.4 | 27.8 | 25.8 | 16.9 | 108.7 | 70.5 | 107.4 | 2.8 | 15.5 | 61.3 | 83.0 | 162.6 | 44.7 | (114.0) | (29.0) |
| Risk adjustment 9 | 0.5 | 3.7 | 2.3 | (1.1) | 1.1 | 4.1 | 6.5 | 4.1 | (6.6) | | | | | | | | |
| Finance (expenses) income from insurance contracts issued 10 | (27.5) | 18.6 | (64.5) | (2.7) | 29.8 | 52.7 | (73.4) | 79.8 | 96.3 | | | | | | | | |
| Finance income (expenses) from reinsurance contracts held 11 | 1.8 | (1.6) | 5.6 | 0.5 | (1.9) | (3.2) | 5.8 | (4.6) | (5.2) | | | | | | | | |
| Interest on restricted cash, less demutualization and IPO-related expenses 12 | 2.8 | 2.9 | 2.5 | 1.3 | (0.4) | (1.9) | 8.2 | (1.0) | 0.7 | 1.7 | 1.3 | (0.4) | (1.9) | 0.7 | (30.1) | (3.8) | (4.8) |
| Amortization of intangible assets recognized in business combinations 13 | (4.4) | (3.9) | (3.2) | (0.7) | (0.7) | (0.6) | (11.5) | (1.9) | (5.4) | (3.5) | (0.7) | (0.7) | (0.6) | (5.4) | (3.5) | (4.5) | (4.4) |
| Restructuring recovery 14 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 0.8 |
| Revaluation gain on acquisition of McDougall 15 | - | - | - | - | - | - | - | - | 67.0 | 67.0 | - | - | - | 67.0 | | | |
| Other 16 | (1.6) | (0.2) | 0.1 | 0.3 | (0.5) | (0.3) | (1.7) | (0.6) | (2.8) | (2.2) | 0.3 | (0.5) | (0.3) | (2.8) | - | 1.0 | 0.2 |
| Non-operating (losses) gains 17 | (87.9) | 8.8 | 50.9 | (13.8) | (174.0) | (130.1) | (28.2) | (317.9) | (194.7) | 60.9 | (7.2) | (37.8) | (22.1) | (6.2) | (9.7) | (41.5) | 31.1 |
| **Operating income (loss)** 18 | **20.9** | **85.0** | **80.6** | **57.6** | **66.3** | **82.6** | **186.5** | **206.5** | **307.7** | **104.7** | **58.3** | **62.6** | **84.9** | **310.5** | **290.9** | **242.1** | **(9.9)** |
| Operating income tax (expense) recovery 19 | (3.3) | (20.2) | (17.2) | (11.8) | (15.2) | (19.3) | (40.7) | (46.3) | (70.9) | (25.7) | (11.8) | (13.8) | (20.3) | (71.6) | (70.5) | (57.7) | 4.5 |
| **Operating net income (loss)** 20 | **17.6** | **64.8** | **63.4** | **45.8** | **51.1** | **63.3** | **145.8** | **160.2** | **236.8** | **79.0** | **46.5** | **48.8** | **64.6** | **238.9** | **220.4** | **184.4** | **(5.4)** |
| Weighted average common shares outstanding, diluted (in millions) 21 | 116.7 | 116.7 | 116.4 | 116.8 | 117.2 | 117.5 | 116.6 | 117.1 | 116.9 | 116.4 | 116.8 | 117.2 | 117.5 | 116.9 | 105.4 | 104.0 | 104.0 |
| **Operating EPS, diluted (in $)** 22 | **0.15** | **0.56** | **0.54** | **0.39** | **0.44** | **0.54** | **1.25** | **1.37** | **2.03** | **0.67** | **0.40** | **0.42** | **0.55** | **2.04** | **2.09** | **1.77** | **(0.05)** |
| **Operating net income (loss) - last 12 months** 23 | **222.4** | **250.6** | **236.9** | | | | **222.4** | | **236.8** | **238.9** | **206.3** | **220.6** | **224.4** | **238.9** | **220.4** | **184.4** | **(5.4)** |
| Average adjusted equity attributable to common shareholders, excluding AOCI 24 | 2,531.8 | 2,549.0 | 2,536.1 | | | | 2,531.8 | | 2,515.3 | 2,386.0 | 2,132.2 | 2,056.4 | 2,004.4 | 2,386.0 | 1,913.3 | 1,682.3 | 1,598.5 |
| **Operating ROE for the last 12 months** 25 | **8.8%** | **9.8%** | **9.3%** | | | | **8.8%** | | **9.4%** | **10.0%** | **9.7%** | **10.7%** | **11.2%** | **10.0%** | **11.5%** | **11.0%** | **(0.3%)** |
| **Underwriting (loss) income** | | | | | | | | | | | | | | | | | |
| Net underwriting revenue 26 | 903.6 | 877.5 | 839.1 | 832.4 | 803.1 | 765.3 | 2,620.2 | 2,400.8 | 3,251.2 | | | | | | | | |
| Net claims and adjustment expenses 27 | 658.4 | 559.1 | 525.1 | 538.1 | 508.0 | 452.0 | 1,742.6 | 1,498.1 | 2,004.5 | | | | | | | | |
| Net commissions 28 | 125.4 | 127.4 | 124.8 | 125.1 | 121.3 | 122.9 | 377.6 | 369.3 | 503.5 | | | | | | | | |
| Operating expenses 29 | 108.6 | 116.0 | 118.4 | 110.9 | 105.8 | 104.2 | 343.0 | 320.9 | 433.3 | | | | | | | | |
| Premium taxes 30 | 34.0 | 33.8 | 31.3 | 31.2 | 30.2 | 28.4 | 99.1 | 89.8 | 120.4 | | | | | | | | |
| **Underwriting (loss) income** 31 | **(22.8)** | **41.2** | **39.5** | **27.1** | **37.8** | **57.8** | **57.9** | **122.7** | **189.5** | | | | | | | | |
| **Net underwriting revenue** | | | | | | | | | | | | | | | | | |
| Insurance revenue 32 | 984.1 | 954.9 | 907.5 | 895.9 | 863.8 | 814.3 | 2,846.5 | 2,574.0 | 3,485.7 | | | | | | | | |
| Earned reinsurance premiums ceded 33 | (80.5) | (77.4) | (68.4) | (63.5) | (60.7) | (49.0) | (226.3) | (173.2) | (234.5) | | | | | | | | |
| **Net underwriting revenue** 34 | **903.6** | **877.5** | **839.1** | **832.4** | **803.1** | **765.3** | **2,620.2** | **2,400.8** | **3,251.2** | | | | | | | | |
| **Net claims and adjustment expenses** | | | | | | | | | | | | | | | | | |
| Claims and adjustment expenses 35 | 727.4 | 613.5 | 557.5 | 626.0 | 548.3 | 460.7 | 1,898.4 | 1,635.0 | 2,198.2 | | | | | | | | |
| Impact of onerous insurance contracts 36 | 0.4 | (1.3) | (1.2) | 1.0 | 1.1 | (0.7) | (2.1) | 1.4 | 1.4 | | | | | | | | |
| Claims recoverable from reinsurers for incurred claims 37 | (69.4) | (53.1) | (31.2) | (88.9) | (41.4) | (8.0) | (153.7) | (138.3) | (195.1) | | | | | | | | |
| **Net claims and adjustment expenses** 38 | **658.4** | **559.1** | **525.1** | **538.1** | **508.0** | **452.0** | **1,742.6** | **1,498.1** | **2,004.5** | | | | | | | | |
| **Net commissions** | | | | | | | | | | | | | | | | | |
| Commissions 39 | 137.9 | 140.6 | 136.5 | 134.1 | 131.4 | 131.6 | 415.0 | 397.1 | 538.7 | | | | | | | | |
| Commissions earned on ceded reinsurance 40 | (12.5) | (13.2) | (11.7) | (9.0) | (10.1) | (8.7) | (37.4) | (27.8) | (35.2) | | | | | | | | |
| **Net commissions** 41 | **125.4** | **127.4** | **124.8** | **125.1** | **121.3** | **122.9** | **377.6** | **369.3** | **503.5** | | | | | | | | |
| **Prior year claims development** | | | | | | | | | | | | | | | | | |
| Changes in fulfilment cash flows relating to the liabilities for incurred claims 42 | (32.4) | (32.7) | (10.8) | (24.8) | (49.4) | (50.8) | (75.9) | (125.0) | (142.1) | | | | | | | | |
| Changes to amounts recoverable for incurred claims 43 | 3.4 | (9.3) | 3.1 | (9.4) | 9.6 | 10.5 | (2.8) | 10.7 | 4.0 | | | | | | | | |
| Remove: discounting included above 44 | (2.5) | 4.9 | (16.0) | 3.4 | 6.0 | (0.7) | (13.6) | 8.7 | 17.1 | | | | | | | | |
| Remove: risk adjustment included above 45 | 11.4 | 14.7 | 16.0 | 9.1 | 12.0 | 19.1 | 42.1 | 40.2 | 34.7 | | | | | | | | |
| **Prior year claims development** 46 | **(20.1)** | **(22.4)** | **(7.7)** | **(21.7)** | **(21.8)** | **(21.9)** | **(50.2)** | **(65.4)** | **(86.3)** | | | | | | | | |
| **Net underwriting expenses** | | | | | | | | | | | | | | | | | |
| Net commissions 47 | 125.4 | 127.4 | 124.8 | 125.1 | 121.3 | 122.9 | 377.6 | 369.3 | 503.5 | | | | | | | | |
| Operating expenses 48 | 108.6 | 116.0 | 118.4 | 110.9 | 105.8 | 104.2 | 343.0 | 320.9 | 433.3 | | | | | | | | |
| Premium taxes 49 | 34.0 | 33.8 | 31.3 | 31.2 | 30.2 | 28.4 | 99.1 | 89.8 | 120.4 | | | | | | | | |
| **Net underwriting expenses** 50 | **268.0** | **277.2** | **274.5** | **267.2** | **257.3** | **255.5** | **819.7** | **780.0** | **1,057.2** | | | | | | | | |
| **Distribution income** | | | | | | | | | | | | | | | | | |
| Distribution revenues 51 | 34.1 | 32.0 | 25.5 | - | - | - | 91.6 | - | 19.9 | 19.9 | - | - | - | 19.9 | - | - | - |
| Distribution business expenses 52 | (22.9) | (22.2) | (16.0) | - | - | - | (61.1) | - | (15.1) | (15.1) | - | - | - | (15.1) | - | - | - |
| Share of distribution profit from investments in associates 53 | - | - | - | 1.3 | 2.2 | 3.4 | - | 6.9 | 6.9 | - | 1.3 | 2.2 | 3.4 | 6.9 | 6.4 | 3.8 | 3.4 |
| Remove: Income taxes included in share of distribution profit from investments in associates 54 | - | - | - | 0.4 | 0.7 | 1.3 | - | 2.4 | 2.4 | - | 0.4 | 0.7 | 1.3 | 2.4 | 1.6 | 0.3 | 0.1 |
| **Distribution income** 55 | **11.2** | **9.8** | **9.5** | **1.7** | **2.9** | **4.7** | **30.5** | **9.3** | **14.1** | **4.8** | **1.7** | **2.9** | **4.7** | **14.1** | **8.0** | **4.1** | **3.5** |
| **Other operating (expenses) income** | | | | | | | | | | | | | | | | | |
| Public company expenses 56 | (6.7) | (5.5) | (6.8) | (6.5) | (5.3) | (6.5) | (19.0) | (18.3) | (26.5) | (8.2) | (6.5) | (5.3) | (6.5) | (26.5) | (7.3) | - | - |
| Share of operating (loss) profit from investments in other associates 57 | (0.9) | 0.1 | 1.0 | 0.5 | (0.5) | 1.1 | 0.2 | 1.3 | (0.5) | (1.7) | 0.5 | (0.5) | 1.1 | (0.5) | (0.4) | 2.8 | (0.5) |
| Other 58 | (1.1) | 0.8 | (0.4) | (1.2) | (0.4) | (0.3) | (0.7) | (2.1) | 0.4 | 2.4 | (1.2) | (0.4) | (0.3) | 0.4 | (0.7) | (1.5) | - |
| Less: NCI 59 | (3.4) | (2.9) | (2.6) | - | - | - | (8.9) | - | (1.8) | (1.8) | - | - | - | (1.8) | - | - | - |
| **Other operating (expenses) income** 60 | **(12.1)** | **(7.5)** | **(8.8)** | **(7.2)** | **(6.2)** | **(5.7)** | **(28.4)** | **(19.1)** | **(28.4)** | **(9.3)** | **(7.2)** | **(6.2)** | **(5.7)** | **(28.4)** | **(8.4)** | **1.3** | **(0.5)** |
| **Underwriting expenses (net of other underwriting revenues)** | | | | | | | | | | | | | | | | | |
| Net claims and underwriting expenses 61 | | | | | | | | | | 781.1 | 804.5 | 767.8 | 710.4 | 3,063.7 | 2,647.3 | 2,379.8 | 2,471.6 |
| Remove: net claims and adjustment expenses 62 | | | | | | | | | | 500.1 | 530.9 | 501.1 | 455.8 | 1,987.9 | 1,721.5 | 1,562.3 | 1,713.9 |
| Remove: other underwriting revenues 63 | | | | | | | | | | 0.7 | 2.4 | 2.2 | 2.2 | 7.4 | 8.2 | 7.5 | 10.1 |
| **Underwriting expenses (net of other underwriting revenues)** 64 | | | | | | | | | | **280.3** | **271.2** | **264.5** | **252.4** | **1,068.4** | **917.6** | **810.0** | **747.6** |
| **Operating expenses (net of other underwriting revenues)** | | | | | | | | | | | | | | | | | |
| Operating expenses 65 | | | | | | | | | | 113.1 | 112.4 | 109.8 | 99.8 | 435.0 | 392.4 | 344.8 | 310.2 |
| Remove: other underwriting revenues 66 | | | | | | | | | | 0.7 | 2.4 | 2.2 | 2.2 | 7.4 | 8.2 | 7.5 | 10.1 |
| **Operating expenses (net of other underwriting revenues)** 67 | | | | | | | | | | **112.4** | **110.0** | **107.6** | **97.6** | **427.6** | **384.2** | **337.3** | **300.1** |

## 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 Q3-2023 Management's Discussion and Analysis dated November 9, 2023, which is available on our website at www.definityfinancial.com and on SEDAR+ at www.sedarplus.ca. 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 |
|---|---|---|
| **Book value per share**[1] | *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. |
| **Catastrophe losses**[1] | *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. |
| **Claims ratio**[1] | *3* | Net claims and adjustment expenses during a defined period expressed as a percentage of net underwriting revenue for the same period. |
| **Combined ratio**[1] | *4* | The total of our net claims and adjustment expenses and net underwriting expenses during a defined period expressed as a percentage of net underwriting revenue for the same period. |
| **Core accident year claims and adjustment expenses**[1] | *5* | Net claims and adjustment expenses less catastrophe losses and prior year claims development. |
| **Discounting** | *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. |
| **Distribution income**[1] | *7* | Income (loss) before taxes, amortization of intangible assets recognized in business combinations from our consolidated brokers and broker associates, acquisition-related expenses, and interest expense on debt. Distribution income is calculated using distribution revenue earned on commissions from external insurance companies, and components of other (expenses) income (Distribution business expenses and share of distribution profit from investments in associates). |
| **Expense ratio**[1] | *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. |
| **Financial capacity**[1] | *9* | The sum of excess capital over 190% MCT (200% prior to 2023) and leverage capacity. |
| **Gross written premiums (GWP)**[1] | *10* | The total premiums from the sale of insurance during a specific period including premiums assumed. |
| **Leverage capacity**[1] | *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. |
| **Minimum capital test (MCT)** | *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. |
| **Net claims and adjustment expenses**[1] | *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. |
| **Net commissions**[1] | *14* | Commissions expense less commissions ceded to reinsurers. |
| **Net underwriting expenses**[1] | *15* | Net underwriting expenses consist of net commissions, operating expenses, and premium taxes. |
| **Net underwriting revenue**[1] | *16* | Insurance revenue less earned reinsurance premiums. |
| **Non-operating gains (losses)**[1] | *17* | Recognized gains (losses) on FVTPL investments, discounting income or expense, risk adjustment income or expense, interest on restricted cash, less 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. |
| **Operating earnings per share**[1] | *18* | 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. |
| **Operating income**[1] | *19* | 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. |
| **Operating net income**[1] | *20* | Net income (loss) attributable to common shareholders less (or plus) non-operating gains (losses) net of applicable income taxes. |
| **Operating return on equity (Operating ROE)**[1] | *21* | 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. |
| **Policies in force (PIF)** | *22* | The number of insurance policies that are in effect at a specified date. |
| **Prior year claims development**[1] | *23* | 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. |
| **Return on equity (ROE)**[1] | *24* | 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. |
| **Risk adjustment** | *25* | 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. |
| **Underwriting income**[1] | *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. |

[1] This is a supplementary financial measure, non-GAAP financial measure, or a non-GAAP ratio.