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Q4-2023 QUARTERLY REPORT

February 16, 2024

ADVISORY REGARDING FORWARD-LOOKING INFORMATION

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

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

- Definity's ability to continue to offer competitive pricing, product features, services that are attractive to customers;
- Definity's ability to appropriately price its insurance products to produce an acceptable return, particularly in provinces where the regulatory environment requires auto insurance rate increases to be approved or that otherwise impose regulatory constraints on auto insurance rate increases;
- Definity's ability to accurately assess the risks associated with the insurance policies that it writes;
- Definity's ability to assess and pay claims in accordance with its insurance policies;
- litigation and regulatory actions, including potential claims in relation to demutualization and our IPO, and COVID-19-related class-action lawsuits that have arisen and which may arise, together with associated legal costs;
- Definity's ability to obtain adequate reinsurance coverage to transfer risk;
- Definity's ability to accurately predict future claims frequency or severity, including the frequency and severity of weather-related events and the impact of climate change;
- Definity's ability to address inflationary cost pressures through pricing, supply chain, or cost management actions;
- the occurrence of unpredictable catastrophe events;
- unfavourable capital market developments, interest rate movements, changes to dividend policies or other factors which may affect our investments or the market price of our common shares;
- changes associated with the transition to a low-carbon economy, including reputational and business implications from stakeholders' views of our climate change approach, that of our industry, or that of our customers;
- Definity's ability to successfully manage credit risk from its counterparties;
- foreign currency fluctuations;
- Definity's ability to meet payment obligations as they become due;
- Definity's ability to maintain its financial strength rating or credit rating;
- Definity's dependence on key people;
- Definity's ability to attract, develop, motivate, and retain an appropriate number of employees with the necessary skills, capabilities, and knowledge;
- Definity's ability to appropriately collect, store, transfer, and dispose of information;
- Definity's reliance on information technology systems and internet, network, data centre, voice or data communications services and the potential disruption or failure of those systems or services, including as a result of cyber security risk;
- failure of key service providers or vendors to provide services or supplies as expected, or comply with contractual or business terms;
- Definity's ability to obtain, maintain and protect its intellectual property rights and proprietary information or prevent third parties from making unauthorized use of our technology;
- compliance with and changes in legislation or its interpretation or application, or supervisory expectations or requirements, including changes in the scope of regulatory oversight, effective income tax rates, risk-based capital guidelines, and accounting standards;
- failure to design, implement and maintain effective controls over financial reporting which could have a material adverse effect on our business;
- deceptive or illegal acts undertaken by an employee or a third party, including fraud in the course of underwriting insurance or administering insurance claims;
- Definity's ability to respond to events impacting its ability to conduct business as normal;
- Definity's ability to implement its strategy or operate its business as management currently expects;
- general business, economic, financial, political, and social conditions, particularly those in Canada;
- the emergence or continuation of widespread health emergencies or pandemics, and their impact on local, national, or international economies, as well as their heightening of certain risks that may affect our business or future results;
- the competitive market environment and cyclical nature of the P&C insurance industry;
- the introduction of disruptive innovation or alternative business models by current market participants or new market entrants;
- distribution channel risk, including Definity's reliance on brokers to sell its products;
- Definity's dividend payments being subject to the discretion of the Board and dependent on a variety of factors and conditions existing from time to time;
- the discontinuance, modification, or failure to complete Definity's normal course issuer bid ("NCIB");
- Definity's dependence on the results of operations of its subsidiaries and the ability of the subsidiaries to pay dividends;
- Definity's ability to manage and access capital and liquidity effectively;
- Definity's ability to successfully identify, complete, integrate and realize the benefits of acquisitions or manage the associated risks;
- management's estimates and judgments in respect of the adoption of IFRS 17 and its impact on various financial metrics;
- periodic negative publicity regarding the insurance industry, Definity, or Definity Insurance Foundation; and
- management's estimates and expectations in relation to interests in the broker distribution channel and the resulting impact on growth, income, and accretion in various financial metrics.

If any of these risks or uncertainties materialize, or if the opinions, estimates or assumptions underlying the forward-looking information prove incorrect, actual results or future events might vary materially from those anticipated in the forward-looking information. The opinions, estimates or assumptions referred to above and described in greater detail in Section 12 – "Risk Management and Corporate Governance" of the December 31, 2023, Management's Discussion and Analysis should be considered carefully by readers.

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

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

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SUPPLEMENTARY FINANCIAL MEASURES AND NON-GAAP FINANCIAL MEASURES AND RATIOS

The Company's audited consolidated financial statements and accompanying notes as at and for the year ended December 31, 2023 have been prepared in accordance with International Financial Reporting Standards ("IFRS" or "GAAP").

We measure and evaluate performance of our business using a number of financial measures. Among these measures are the "supplementary financial measures", "non-GAAP financial measures", and "non-GAAP ratios" (as such terms are defined under Canadian Securities Administrators' National Instrument 52-112 – Non-GAAP and Other Financial Measures Disclosure) included in this presentation, 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 presentation 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. For more information about these supplementary financial measures, non-GAAP financial measures, and non-GAAP ratios, including (where applicable) an explanation of how that measure provides useful information and a quantitative reconciliation of each non-GAAP financial measure to its most directly comparable GAAP measure disclosed in our audited consolidated financial statements, see Section 13 — "Supplementary Financial Measures and Non-GAAP Financial Measures and Ratios" in the Management's Discussion and Analysis dated February 15, 2024 ("Q4-2023 MD&A"), available on www.sedarplus.ca.

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

Supplementary Financial Measures: Book value per share, catastrophe losses, financial capacity, gross written premiums, and leverage capacity.

Non-GAAP Financial Measures: Core accident year claims and adjustment expenses, distribution income, net claims and adjustment expenses, net commissions, net underwriting expenses, net underwriting revenue, non-operating gains (losses), operating income, operating net income, prior year claims development, and underwriting income.

Non-GAAP Ratios: Claims ratio, combined ratio, expense ratio, return on equity ("ROE"), operating return on equity ("operating ROE"), operating earnings per common share ("operating EPS"), and certain other ratios.


ROWAN
SAUNDERS
President & Chief Executive Officer
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FINANCIAL HIGHLIGHTS

	Operating EPS[1]	Gross Written Premiums[1]	Combined Ratio[1]
Q4-2023	$0.86	$1.03B +8.5% y/y	90.6%
FY-2023	$2.11	$4.0B +9.4% y/y	95.9%

Operating ROE (TTM)[1]	Book Value per Share[1]	Financial Capacity[1,2]
9.2%	$24.78 +11.1% y/y	$1,270M

16%+ quarterly dividend increase to $0.16 per share

supported by our robust financial position and confidence in our operational outlook

[1] This is a supplementary financial measure, non-GAAP financial measure, or a non-GAAP ratio. Refer to Supplementary Financial Measures and Non-GAAP Financial Measures and Ratios advisory and Section 13 – *Supplementary financial measures and non-GAAP financial measures and ratios* in the Q4-2023 MD&A for further details.
[2] See "Q4-2023 Capital Management" slides for more information on financial capacity.

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12-MONTH INDUSTRY OUTLOOK



Personal Auto

- We expect the inflationary pressures affecting vehicle damage claims to remain elevated in 2024 but more consistent with pre-pandemic auto physical damage inflationary trends.
- Severity trends as well as elevated theft levels are expected to continue to drive firming industry pricing and a focus on disciplined underwriting in the next 12 months.
- The escalating trend in automotive theft has garnered increased attention at all levels of government.



Personal Property

- The volatility of weather events is expected to continue to be a risk for this line of business over the long term. Enhanced focus and action on loss prevention and mitigation will continue to be required, including rate, coverage, and appetite changes.
- Inflationary pressure on building materials and labour, which has decreased year over year but remains elevated, means claim costs on a dollar basis are expected to continue to increase and should be reflected in firm premium pricing over the next 12 months.



Commercial Insurance

- We expect the commercial lines market to remain firm into 2024 as carriers focus on ensuring long-term profitability and sustainable availability of capacity. We expect the pricing environment to be influenced by weather events, inflation trends, expected investment returns, and the industry's overall underwriting performance.
- Elevated reinsurance costs, increasing frequency and severity of weather-related catastrophe events are expected to prolong firm commercial lines market conditions and pricing.

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KEY FINANCIAL METRICS



Gross Written Premium[1] Growth
FY-2023

9.4%

TARGET[2]

Grow GWP at an upper single digit to approximately 10% rate



Combined Ratio[1]
FY-2023

95.9%

TARGET[2]

Maintain a full year combined ratio in the mid-90s



Operating ROE[1]
FY-2023

9.2%

REVISED TARGET[2]

Generate a full year operating ROE in the 10% to below teens range

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[2] Financial targets for FY-2024

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OUR LEADING BROKER PLATFORM

Our national broker platform provides immediate opportunities to scale and grow the earnings profile of the business

Benefits to Definity

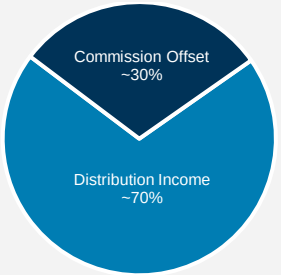
- Diversified product base allows for repeatable distribution income and complementary earnings contribution
- Strong loss ratios and operating margins
- Scale positions in Ontario and Alberta with deep management team and proven M&A experience
- Relationships with over 50 carrier markets with a robust product suite
- Access to high quality portfolios by fostering stronger relationships with brokers
- Demonstrated organic and acquisition-based growth potential



3-5 Year Ambition

$1.5B GWP

Portfolio of broker investments is expected to generate an operating income(2) before finance costs, taxes and minority interests of **~$75 million** in 2024.



[1] Broker Platform annual GWP includes transactions completed after January 1, 2024.
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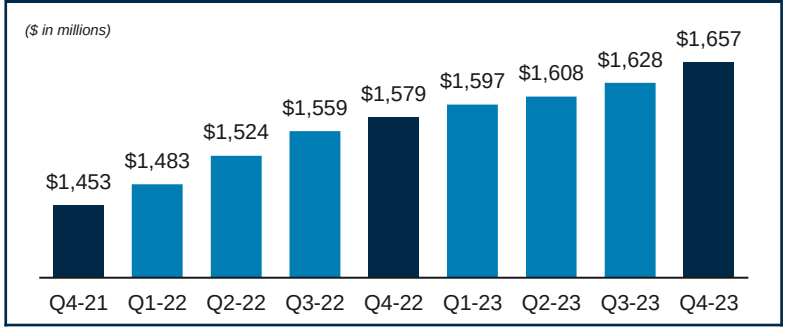
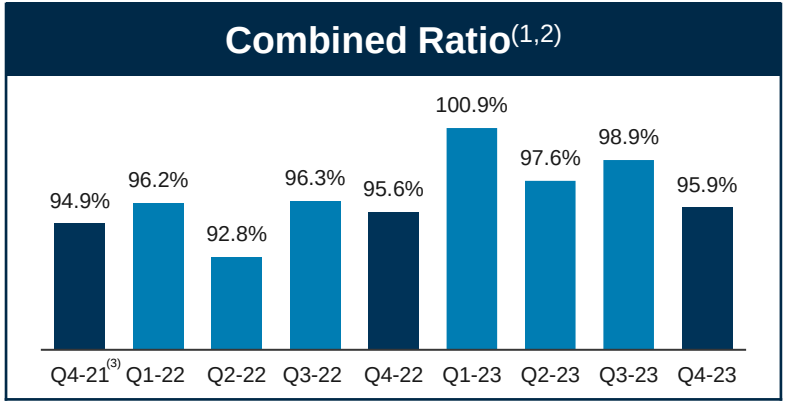
Q4-2023 PERSONAL AUTO

($ in millions, except as otherwise noted)	Q4-23	Q4-22 (Restated)	Δ	FY-23	FY-22 (Restated)	Δ
GWP[1]	$416.0	$386.6	7.6%	$1,657.1	$1,579.1	4.9%
Net underwriting revenue [1]	$392.4	$375.8	4.4%	$1,529.2	$1,457.8	4.9%
Underwriting income[1,2]	$16.2	$16.7	($0.5)	$26.5	$69.7	($43.2)
Core AY claims ratio[1]	71.5%	72.0%	(0.5) pts	72.6%	69.4%	3.2 pts
CAT losses[1]	1.1%	-	1.1 pts	0.9%	0.4%	0.5 pts
Prior year claims development[1]	(1.4%)	(4.9%)	3.5 pts	(1.7%)	(3.1%)	1.4 pts
Claims ratio[1,2]	71.2%	67.1%	4.1 pts	71.8%	66.7%	5.1 pts
Expense ratio[1]	24.7%	28.5%	(3.8) pts	26.5%	28.5%	(2.0) pts
Combined ratio[1,2]	95.9%	95.6%	0.3 pts	98.3%	95.2%	3.1 pts

Gross Written Premiums[1] (TTM)



Combined Ratio[1,2]



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[2] The claims ratio, combined ratio, and underwriting income exclude the impact of discounting.
[3] Under IFRS 4.

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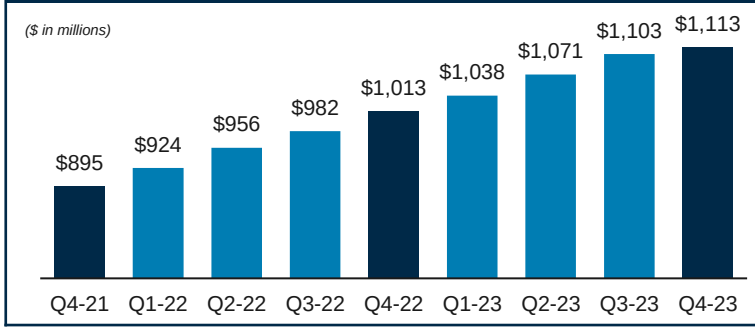
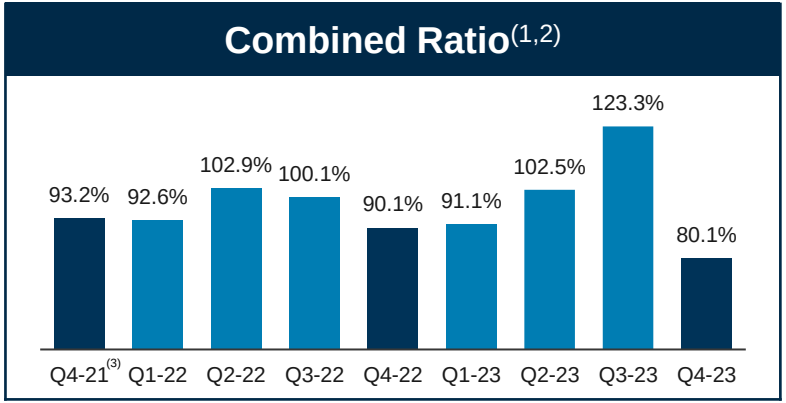
Q4-2023 PERSONAL PROPERTY

($ in millions, except as otherwise noted)	Q4-23	Q4-22 (Restated)	Δ	FY-23	FY-22 (Restated)	Δ
GWP[1]	$278.0	$268.0	3.7%	$1,113.1	$1,012.7	9.9%
Net underwriting revenue [1]	$267.1	$241.6	10.6%	$1,020.5	$915.9	11.4%
Underwriting income[1,2]	$53.1	$24.0	$29.1	$7.2	$33.1	($25.9)
Core AY claims ratio[1]	47.0%	50.5%	(3.5) pts	50.0%	53.7%	(3.7) pts
CAT losses[1]	1.2%	3.7%	(2.5) pts	15.6%	8.8%	6.8 pts
Prior year claims development[1]	(1.6%)	(1.0%)	(0.6) pts	(1.1%)	(2.3%)	1.2 pts
Claims ratio[1,2]	46.6%	53.2%	(6.6) pts	64.5%	60.2%	4.3 pts
Expense ratio[1]	33.5%	36.9%	(3.4) pts	34.8%	36.2%	(1.4) pts
Combined ratio[1,2]	80.1%	90.1%	(10.0) pts	99.3%	96.4%	2.9 pts

Gross Written Premiums[1] (TTM)



Combined Ratio[1,2]



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[3] Under IFRS 4.

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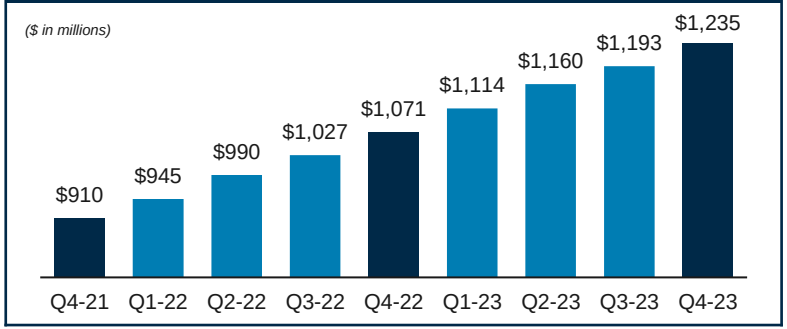
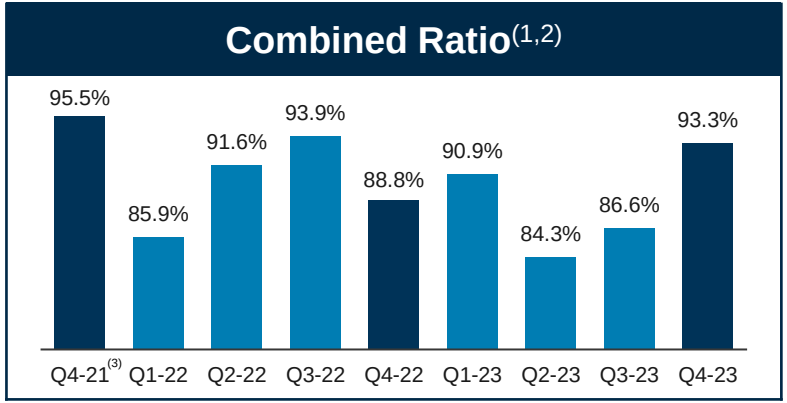
Q4-2023 COMMERCIAL INSURANCE

($ in millions, except as otherwise noted)	Q4-23	Q4-22 (Restated)	Δ	FY-23	FY-22 (Restated)	Δ
GWP[1]	$339.2	$297.3	14.1%	$1,235.0	$1,070.5	15.4%
Net underwriting revenue [1]	$262.9	$233.0	12.8%	$992.9	$877.5	13.2%
Underwriting income[1,2]	$17.7	$26.0	($8.3)	$111.2	$86.6	$24.6
Core AY claims ratio[1]	53.7%	55.5%	(1.8) pts	53.5%	53.3%	0.2 pts
CAT losses[1]	7.9%	(1.5%)	9.4 pts	4.5%	3.8%	0.7 pts
Prior year claims development[1]	(1.1%)	-	(1.1) pts	(2.7%)	(2.3%)	(0.4) pts
Claims ratio[1,2]	60.5%	54.0%	6.5 pts	55.3%	54.8%	0.5 pts
Expense ratio[1]	32.8%	34.8%	(2.0) pts	33.5%	35.3%	(1.8) pts
Combined ratio[1,2]	93.3%	88.8%	4.5 pts	88.8%	90.1%	(1.3) pts

Gross Written Premiums[1] (TTM)



Combined Ratio[1,2]



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[3] Under IFRS 4.

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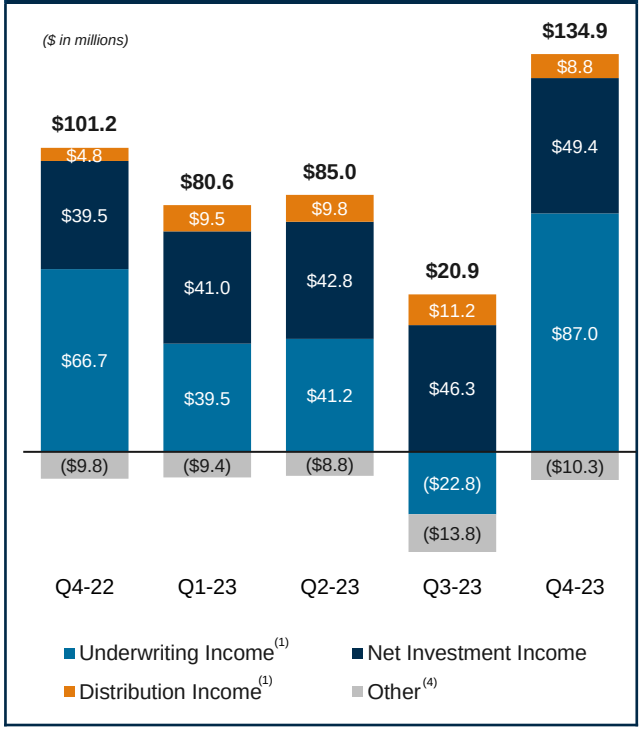
Q4-2023 CONSOLIDATED PROFITABILITY

($ in millions, except as otherwise noted)	Q4-23	Q4-22 (Restated)	Δ	FY-23	FY-22 (Restated)	Δ
GWP[1]	$1,033.2	$951.9	8.5%	$4,005.2	$3,662.3	9.4%
Claims Ratio[1,2]	61.1%	59.5%	1.6 pts	65.1%	61.7%	3.4 pts
Expense Ratio[1]	29.5%	32.7%	(3.2) pts	30.8%	32.5%	(1.7) pts
Combined Ratio[1,2]	90.6%	92.2%	(1.6) pts	95.9%	94.2%	1.7 pts
Underwriting Income[1,2]	$87.0	$66.7	$20.3	$144.9	$189.4	($44.5)
Net Investment Income[3]	$49.4	$39.5	$9.9	$179.5	$133.1	$46.4
Distribution Income[1]	$8.8	$4.8	$4.0	$39.3	$14.1	$25.2
Other [4]	($10.3)	($9.8)	($0.5)	($42.3)	($28.9)	($13.4)
Operating Income[1]	$134.9	$101.2	$33.7	$321.4	$307.7	$13.7
Operating Net Income[5]	$100.7	$76.6	$24.1	$246.5	$236.8	$9.7
Operating EPS (in dollars)[1]	$0.86	$0.66	$0.20	$2.11	$2.03	$0.08
Operating ROE (TTM)[1]	9.2%	9.4%	(0.2) pts	9.2%	9.4%	(0.2) pts

Operating Income [1]



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[2] The claims ratio, combined ratio, and underwriting income exclude the impact of discounting.
[3] Net investment income is dividend & interest income less investment expenses.
[4] Includes public company expenses, interest expense, non-controlling interests, and other.
[5] Operating net income is post-tax.

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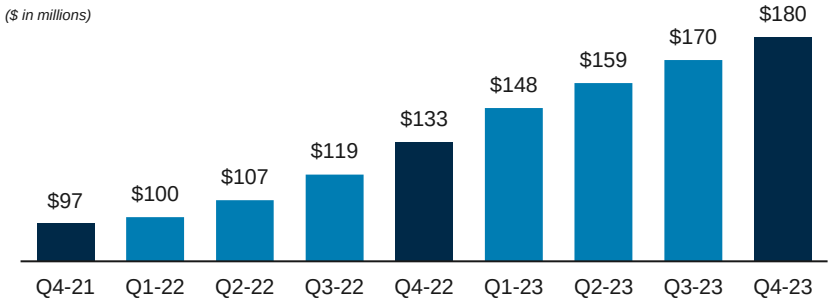
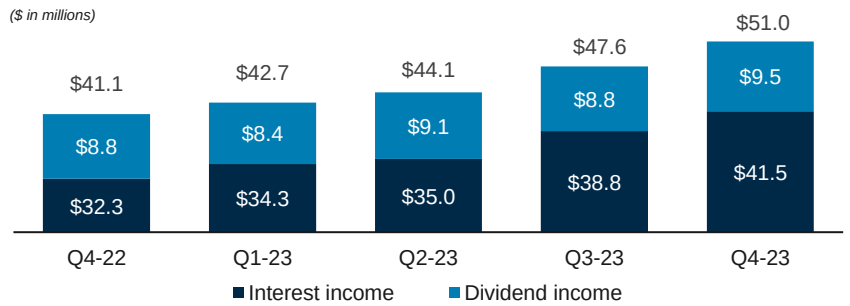
Q4-2023 INVESTMENT PORTFOLIO

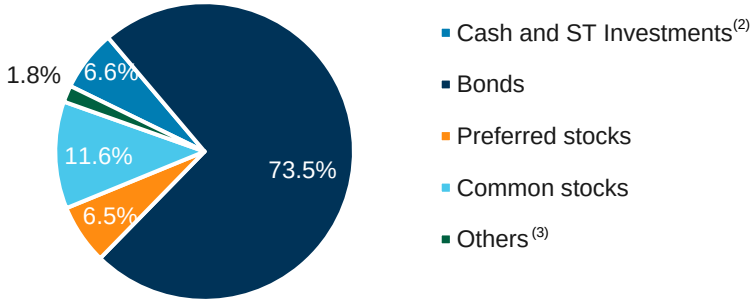
Net Investment Income (TTM)



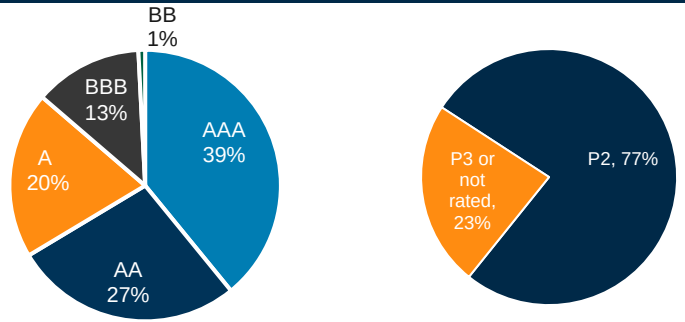
Dividend & Interest Income



Investment Allocation(1)



Credit Rating – Bonds & Preferred Stocks(4)



[1] Percent of accounting carrying value
[2].Cash and ST Investments includes Cash and cash eq. of 3.9% and ST Investments of 2.7%.
[3] Others includes Pooled Funds of 1.5% and Commercial loans of 0.3%.
[4] Using the lowest of S&P and DBRS ratings.

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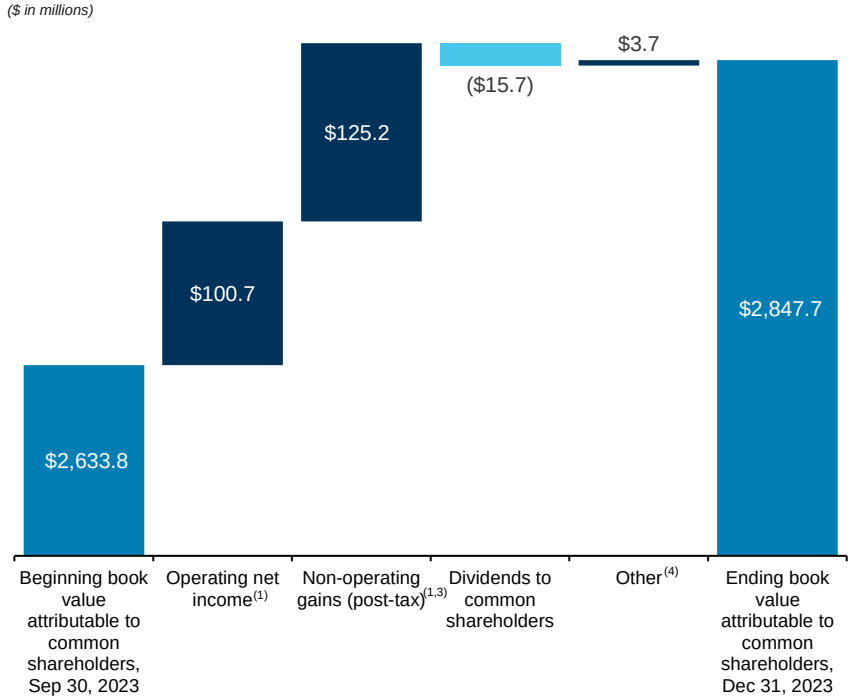
CAPITAL MANAGEMENT

($ in millions, except as otherwise noted)	Dec 31-23[2]
Excess Capital at:	
Definity Insurance Company and ICA subsidiaries	$107.0
Definity Financial Corporation and non-ICA subsidiaries	$274.6
Total Excess Capital	$381.6
Leverage Capacity[1]	$888.0
Financial Capacity[1] as at Q4-2023	**$1,269.6**

($ in millions, except as otherwise noted)	Dec 31-22 (Restated)	Dec 31-23
Total assets	$6,819.7	$7,259.5
Investments	$4,897.2	$4,931.0
Total liabilities	$4,161.4	$4,252.6
Insurance contract liabilities	$3,577.7	$3,493.8
Equity attributable to common s/h	$2,549.8	$2,847.7
Book value per share[1]	$22.30	$24.78

Consolidated Book Value q/q Δ



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[2] Pro forma Definity Financial Corporation continuance to CBCA Jan 1, 2024. Refer to Section 8 – *Liquidity and capital resources* in the Q4-2023 MD&A for further details.
[3] Non-operating gains pre-tax of $168.9 million, less income tax recovery of $43.7 million.
[4] Other represents other comprehensive income (loss), and changes in share capital and contributed surplus.

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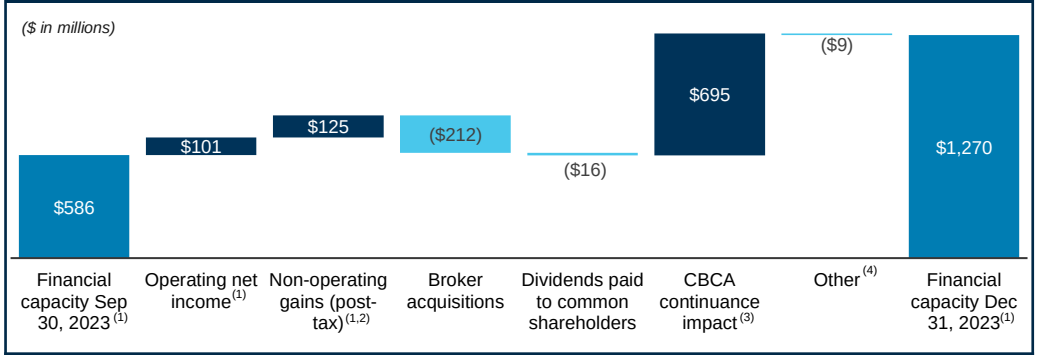
CAPITAL MANAGEMENT

Capital Management Actions

- Most recent announcement of dividend increase represents 16%+ over the level of ordinary quarterly dividends paid in 2023
- Definity Financial Corporation continued to *Canada Business Corporations Act* (CBCA) on January 1, 2024 resulting in significant financial flexibility including an increase in revolving credit facility to $700M
- Further expanded our distribution platform with the closing of Drayden transaction in October 2023, deploying ~$210M funded entirely with excess capital

Financial Capacity y/y Δ



Capital Deployment Priorities

Organic Growth

We retain capital to support the growth in our premium volumes as well as invest in talent and technology that advance our strategic objectives

Common Shareholder Dividends

We intend to have a sustainable and growing dividend per common share that will be reviewed on a regular basis

Inorganic Growth

We intend to actively pursue carrier and distribution acquisition opportunities in the Canadian market. To fund these transactions, we expect to utilize excess capital, introduce leverage, and, if required, access the capital markets

Share Buybacks

We will consider the use of share buybacks as a flexible capital management tool

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[2] Non-operating gains pre-tax of $168.9 million, less income tax recovery of $43.7 million.
[3] Excess capital and leverage capacity are pro forma continuance of Definity Financial Corporation to the CBCA on Jan 1, 2024. Refer to Section 8 – *Liquidity and capital resources* in the Q4-2023 MD&A for further details.
[4] Other represents other changes in book value, regulatory capital available and capital required, as well as changes in leverage capacity not related to broker acquisitions.

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QUESTIONS?

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