

definity.



INVESTOR PRESENTATION

February 2023



ADVISORY REGARDING FORWARD-LOOKING INFORMATION

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

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

- Definity’s ability to appropriately price its insurance products to produce an acceptable return; 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 or that of our industry;
- Definity’s ability to successfully manage credit risk from its counterparties;
- foreign currency fluctuations;
- Definity’s ability to meet payment obligations as they become due;
- Definity’s ability to maintain its financial strength rating or credit rating;
- Definity’s dependence on key 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 manage and protect the collection and storage 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 effective income tax rates, risk-based capital guidelines, and accounting standards;
- failure to design, implement and maintain effective control over financial reporting which could have a material adverse effect on our business;
- deceptive or illegal acts undertaken by an employee or a third party, including fraud in the course of underwriting insurance or settling insurance claims;
- Definity’s ability to respond to events impacting its ability to conduct business as normal;
- Definity’s ability to implement its strategy or operate its business as management currently expects;
- the impact of public-health crises, such as pandemics or other health risk events including the COVID-19 pandemic and their associated operational, economic, legislative and regulatory impacts, including impacts on Definity’s ability to maintain operations and provide services to customers and on the expectations of governmental or regulatory authorities concerning the provision of customer relief;
- general economic, financial, political, and social conditions, particularly those in Canada;
- the competitive market environment and cyclical nature of the P&C insurance industry;
- the introduction of disruptive innovation;
- distribution channel risk, including Definity’s reliance on 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;
- there can be no assurance that Definity’s normal course issuer bid (“NCIB”) will be maintained, unchanged and/or completed;
- Definity’s dependence on the results of operations of its subsidiaries and the ability of the subsidiaries to pay dividends;
- Definity’s ability to manage and access capital and liquidity effectively;
- Definity’s ability to successfully identify, complete, integrate and realize the benefits of acquisitions or manage the associated risks;
- periodic negative publicity regarding the insurance industry or Definity;
- 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; and
- the completion and timing of Definity continuing under the Canada Business Corporations Act.

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 11 – “Risk Management and Corporate Governance” 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.



COMPANY OVERVIEW

definity.

DEFINITY IS A LEADING CANADIAN P&C INSURER

We are a personal and commercial P&C insurer offering auto, property, liability, pet insurance, and specialty insurance solutions through multiple distribution channels



Over 150 Years of Operations in Canada



6th Largest P&C Insurance Carrier in Canada⁽¹⁾



Deeply Engaged Team

~3,500 employees in 15 regional offices and a national network of over 600 independent brokerage firms



Passion for Innovation

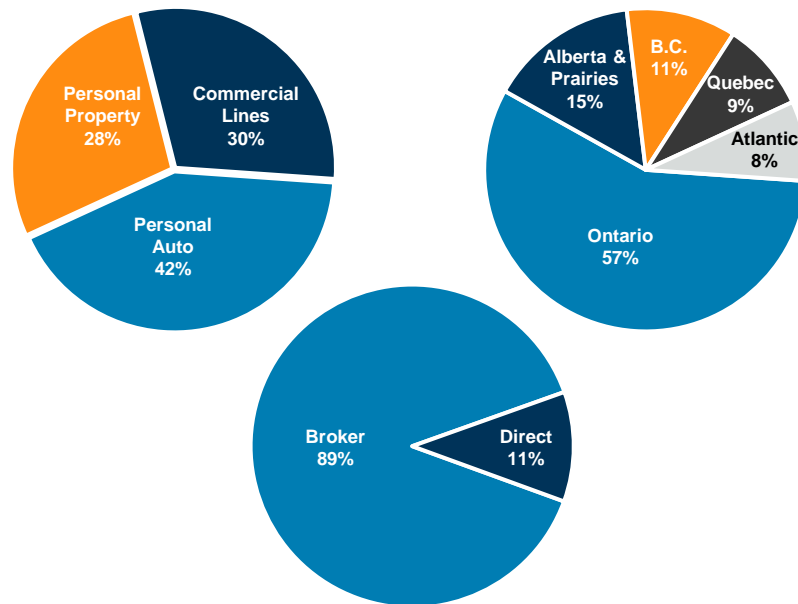
Demonstrated by Award-winning Digital Platforms



Profitable Growth

GWP CAGR of 10% and Underwriting Income Improvement of ~\$458M in 2018-2022

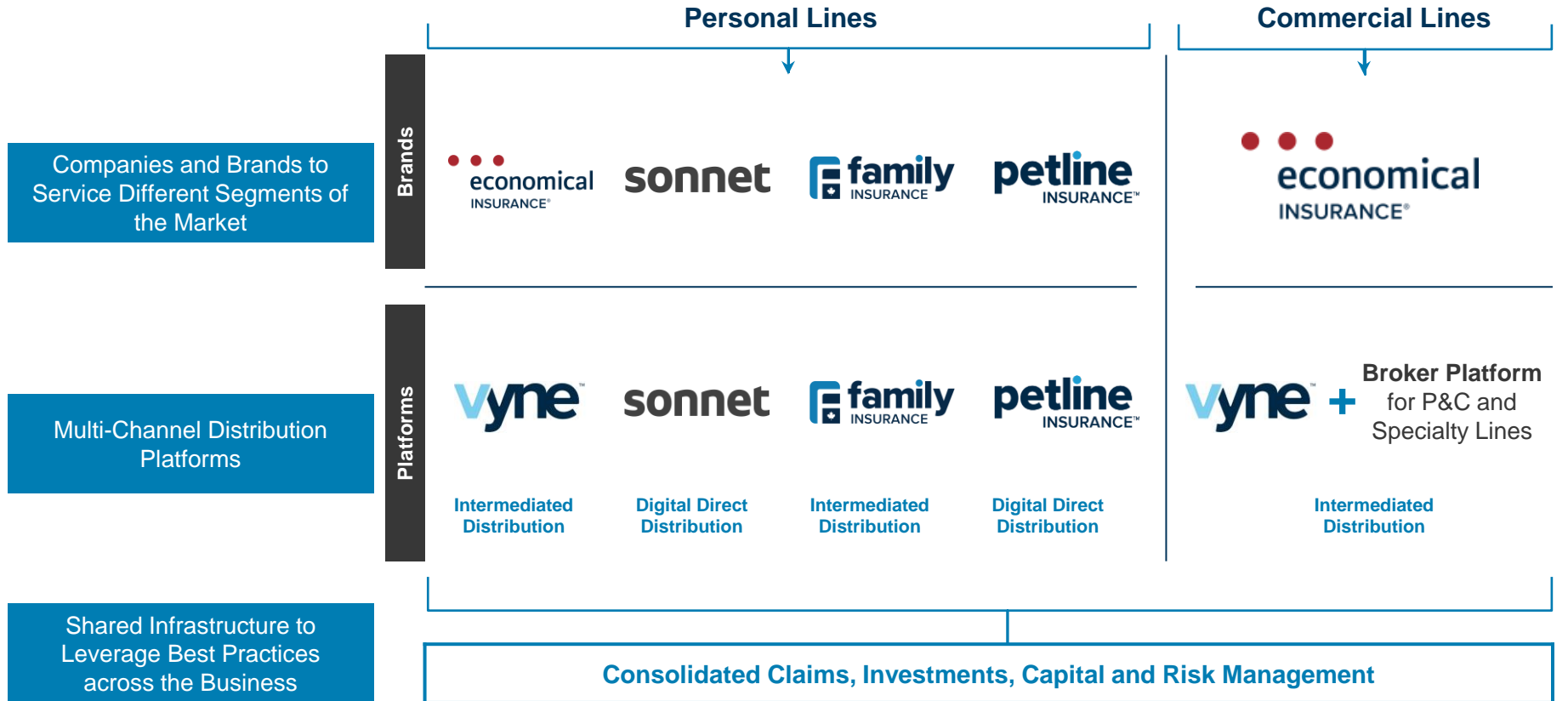
\$3.6B IN GROSS WRITTEN PREMIUMS FOR FY2022 ⁽²⁾



1. Market share of Canadian P&C insurance industry DWP of \$70.5 billion for the twelve months ended June 30, 2022.

2. GWP breakdown is provided for 12 months ended Dec 31, 2022, by business line, distribution channel, and region.

DIVERSIFIED OPERATING MODEL





COMPANY HIGHLIGHTS

definity.

COMPANY HIGHLIGHTS

Leading Canadian P&C Insurer in a Large and Growing Market

Superior Customer and Broker Experience

Highly Scalable Digital Platforms and Growing Distribution Capabilities

Market Leading Commercial Insurance Capabilities

Sophisticated Pricing Methodologies and Disciplined Underwriting Underpin Profitability

Significant Financial Flexibility to Support Value Creation

Seasoned Management Team and Dynamic Corporate Culture

POSITIONED TO SUCCESSFULLY NAVIGATE INDUSTRY LANDSCAPE

KEY GLOBAL P&C DRIVERS



Primacy of Customer Experience



Increasing Digitization



Value Creation via Data and Analytics



Increasing Importance of Sustainability



definity.

- **6th Largest** P&C Insurer in Canada⁽¹⁾
- **4th Largest** Carrier in Broker Channel in Canada
- **Largest** Fully Digital Direct-to-Consumer P&C Insurance Business in Canada⁽²⁾
- **Advanced** Data Analytics Capabilities
- **Well-diversified** Business Mix, with Platforms and Capabilities in a Broad Range of Lines



KEY CANADA P&C DRIVERS



Scale and Diversification



Broker Channel Remains Highly Relevant



Federal / Provincial Regulatory Complexity



Management of Climate and Catastrophe Risks

1. Market share of Canadian P&C insurance industry DWP of \$70.5 billion for the twelve months ended June 30, 2022.

2. Based on market share by DWP for the twelve months ended June 30, 2022. Includes only insurance carriers that require all customers to bind online.

OUR STRATEGY

OUR PURPOSE

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

OUR AMBITION

To be one of Canada's leading and most innovative P&C insurers

OUR PROMISE

Making insurance better

STRATEGIC OBJECTIVES

Become one of the five largest P&C insurers in Canada

Maintain our digital leadership

Consistently deliver disciplined financial management

Position Definity as a purpose-driven sustainability leader

KEY FOCUS AREAS

- Capitalize on the expanding digital direct insurance market with Sonnet
- Leverage Vyne to increase our share of the broker channel
- Grow and diversify our Commercial Insurance business
- Deliver a superior claims experience that supports and satisfies customers
- Grow and diversify through acquisitions and partnerships
- Attract and retain top talent
- Maintain our pace of innovation
- Deliver on our Inclusion, Diversity, Equity and Accessibility (IDEA) targets, climate goals, and other ESG priorities

SONNET IS CANADA'S LEADING FULLY DIGITAL DIRECT P&C INSURANCE PLATFORM⁽¹⁾

Digital-Direct P&C Insurance Platforms Are Gaining Momentum	<ul style="list-style-type: none"> • Canadian consumers are increasingly embracing digital solutions in financial services • We believe that there is significant opportunity for digitally-enabled direct distribution offerings to gain market share 	52%⁽²⁾ Canadians open to buying insurance online
Industry Leader	<ul style="list-style-type: none"> • First fully digital P&C insurance platform widely available in Canada • Offering includes auto, home, condo, tenant, landlord, and pet insurance, and Sonnet Connect • Award-winning customer service and customer-centric products and pricing 	>\$330M Sonnet GWP FY2022 ⁽³⁾
Agile, Data-Driven Operating Model	<ul style="list-style-type: none"> • Operating model integrating machine learning, artificial intelligence, data analytics and data management capabilities, as well as real-time fraud detection and deflection • Efficient customer acquisition 	~51⁽⁴⁾ Average NPS (>50 considered excellent)
Highly Scalable	<ul style="list-style-type: none"> • Custom designed technology infrastructure built to support significant growth • Acquisition costs are expected to decrease as scale and retention increase 	45% Decrease in customer acquisition costs from 2017-2022
Significant Opportunity to Scale Business	<ul style="list-style-type: none"> • Sonnet significantly expands our addressable market • Differentiated operating model enables us to more profitably access the large group and affinity segment 	27% Sonnet GWP CAGR from 2018-2022

1. Based on market share by DWP for the twelve months ended December 31, 2021. Includes only insurance carriers that require all customers to bind online.

2. Source: IMI International – Sonnet Category, Brand, and product Insights Research, November 2020.

3. Trailing twelve months.

4. For the year ended December 31, 2022.

SUPERIOR CUSTOMER AND BROKER EXPERIENCE

Our Digital Platforms, Sonnet and Vyne, enable our customers and brokers to access competitively priced insurance in a fast, easy to use manner

sonnet.
INSURANCE

vyne
GROW WITH
CONFIDENCE

- ✓ Purchase insurance in as little as 5 minutes
- ✓ Easy-to-understand language and available support
- ✓ Fully digital
- ✓ Real-time customization, processing and underwriting
- ✓ Automated underwriting and advanced data analytics used to deliver personalized pricing

- ✓ Quickly obtain and process bindable quotes
- ✓ Integration with all major BMS⁽¹⁾ and quoting vendors
- ✓ Uses the technology and learnings of Sonnet
- ✓ Real-time customization, processing and underwriting
- ✓ Automated underwriting and advanced data analytics used to deliver personalized pricing

IMPACT EVERY ASPECT OF THE VALUE CHAIN

- ▶ We believe that our sophisticated Digital Platforms **enable rapid scaling of our business**
- ▶ Ability to **directly drive new business** from over 30,000 individual brokers and thousands of customers who engage with us directly **while reducing variable costs**
- ▶ Ability to **respond to market conditions with greater speed and agility** drives improvements in our personal lines claims ratio
- ▶ **Automated, data-driven model supports customer acquisition and retention** - Sonnet customer acquisition costs have decreased by 45% over the last five years
- ▶ We expect that these platforms will also enable us to **drive synergies in connection with potential future acquisitions**

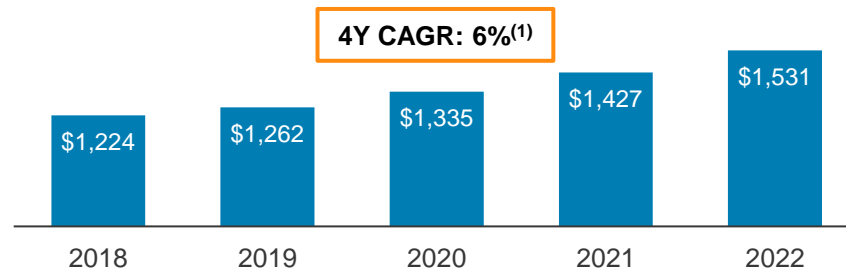
1. Broker management systems.

DRIVING PROFITABLE GROWTH IN PERSONAL AUTO BY LEVERAGING DIGITAL ASSETS AND BROKER RELATIONSHIPS

TODAY

- ✓ **6% CAGR** in annual personal auto GWP in 2018-2022 since the launch of **Sonnet** and **Vyne**
- ✓ **19-point reduction** in combined ratio⁽³⁾ from 2018-2022
- ✓ **\$233M improvement** in underwriting income from 2018-2022

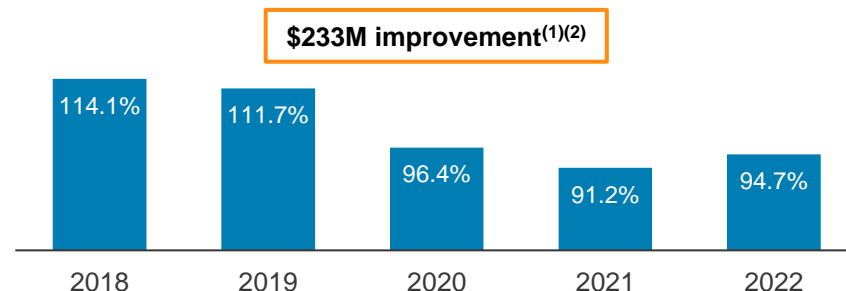
PERSONAL AUTO GWP GROWTH



OUTLOOK

- ✓ We continue to expect our personal auto combined ratio to trend into the higher end of our **mid to upper 90s target** range in the near term, as inflationary pressures persist, and claims frequencies continue to normalize ahead of our rates fully earning into results

PERSONAL AUTO COMBINED RATIO⁽³⁾



Note: Figures in millions, unless otherwise noted.

1. From 2018-2022.

2. Improvement in underwriting income.

3. This is a supplementary financial measure, non-GAAP financial measure, or a non-GAAP ratio. Refer to Supplementary Financial Measures and Non-GAAP Financial Measures and Ratios advisory and Section 12 – Supplementary financial measures and non-GAAP financial measures and ratios in the Q4-2022 MD&A for further details.

ROBUST GROWTH IN PERSONAL PROPERTY WITH IMPROVED UNDERWRITING

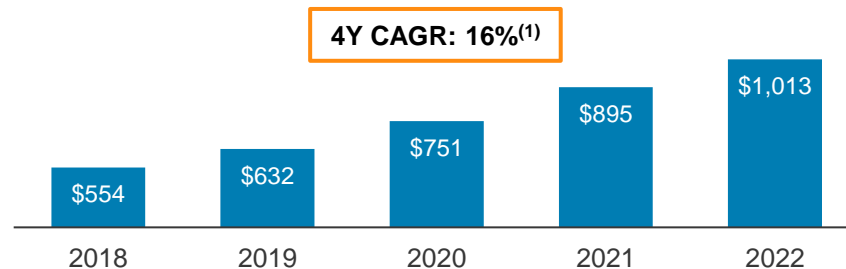
TODAY

- ✓ **16% CAGR** in annual personal property GWP in 2018-2022 since the launch of **Sonnet** and **Vyne**
- ✓ **7-point reduction** in combined ratio⁽³⁾ from 2018-2022
- ✓ **\$48M improvement** in underwriting income from 2018-2022

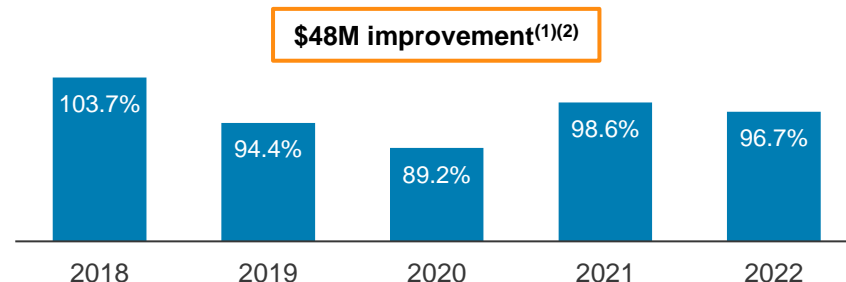
OUTLOOK

- ✓ We expect a continuation of the firm pricing conditions prevalent in the industry in recent years, the organic growth potential of our digital platforms, and stronger broker relationships to help **maintain our growth** above that of the industry
- ✓ We continue to target a **mid-90s** combined ratio for the personal property line of business on an annual basis

PERSONAL PROPERTY GWP GROWTH



PERSONAL PROPERTY COMBINED RATIO⁽³⁾



Note: Figures in millions, unless otherwise noted.

1. From 2018-2022.

2. Improvement in underwriting income.

3. This is a supplementary financial measure, non-GAAP financial measure, or a non-GAAP ratio. Refer to Supplementary Financial Measures and Non-GAAP Financial Measures and Ratios advisory and Section 12 – Supplementary financial measures and non-GAAP financial measures and ratios in the Q4-2022 MD&A for further details.

GROWING AND PROFITABLE COMMERCIAL INSURANCE CAPABILITIES

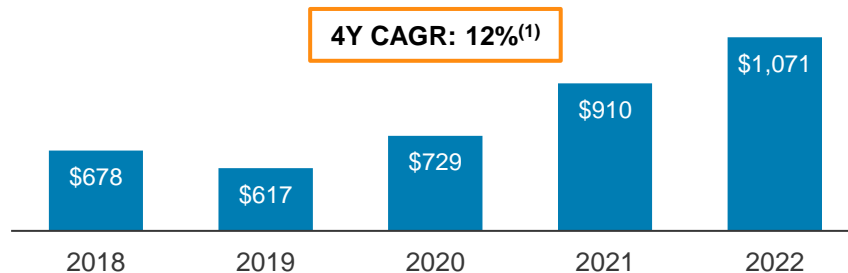
TODAY

- ✓ **Highly experienced team** that has **transformed the business** since 2017 and **continues to add top talent** from across the industry
- ✓ **Small Business, Mid-market** and **Specialty** focus
- ✓ **Strong underwriting, pricing, and risk selection capabilities** supported by **expertise in data management and analytics**

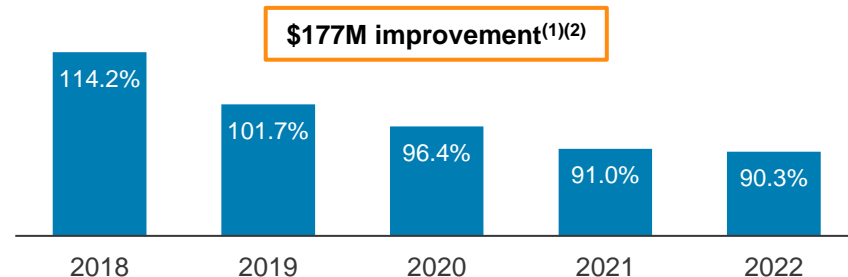
OUTLOOK

- ✓ **Digitization** of broader small business product offering with the recent launch of **Vyne Commercial** will help **deepen** our **broker relationships**
- ✓ **Expanded product offering** with particular **focus in specialty and mid-market**
- ✓ We continue to expect the commercial insurance business to sustainably deliver annual combined ratios in the **low 90s**

COMMERCIAL LINES GWP GROWTH



COMMERCIAL LINES COMBINED RATIO⁽³⁾



Note: Figures in millions, unless otherwise noted.

1. From 2018-2022.

2. Improvement in underwriting income.

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POSITIONED FOR EXPANSION ACROSS SEVERAL COMMERCIAL INSURANCE SEGMENTS



SMALL BUSINESS

Target market size: ~\$9.5B⁽¹⁾

Key growth opportunities:

- Leverage digital capability of “Vyne Commercial” to drive growth in the broker channel



MID-MARKET

Target market size: ~\$8.5B⁽¹⁾

Key growth opportunities:

- Deepening broker relationships to drive new business
- Comprehensive product suite and recently introduced cross-border capabilities



SPECIALTY

Target market size: ~\$6.0B⁽¹⁾

Key growth opportunities:

- Continue to add new products to become a core market for strategic broker partners
- Leverage insights gained from Uber partnership to further enhance digital underwriting capabilities



Uber

1. Based on GWP as of December 31, 2022.

SOPHISTICATED PRICING AND DISCIPLINED DATA-DRIVEN UNDERWRITING UNDERPIN SUSTAINABLE PROFITABILITY



CLOUD-BASED
INFRASTRUCTURE
PLATFORMS



DATA
MANAGEMENT
EXPERTISE



MACHINE
LEARNING & AI
CAPABILITIES



ADVANCED FRAUD
DETECTION

sonnet
INSURANCE

vynē
GROW WITH
CONFIDENCE

**COMMERCIAL
INSURANCE**

CLAIMS

- Sophisticated marketing and customer origination capabilities
- Personalization of user experience based on customer insights
- Real-time fraud detection and deflection
- Predictive modelling evaluates customer profitability, loss propensity, conversion & retention
- Granular analytics utilized to assess broker performance
- Daily application of fraud detection tools on in-force business
- Access to one of the largest Commercial Insurance datasets in Canada
- Continue to invest in model sophistication
- Analytics supported the repositioning of the CI portfolio to focus on the most profitable segments
- Over 40 models used to triage & evaluate claims in real time upon first notification of loss
- Multiple layers of analytics & machine learning are subsequently used to manage the claim throughout its lifecycle & detect fraud

- ✓ Our use of advanced analytics is estimated to be at least 2x higher⁽¹⁾ than North American peers
- ✓ 14-point improvement in claims ratio during the four-year period ending December 31, 2022

1. Willis Towers Watson, "Advanced analytics: Are insurers living the dream? 2019/2020 P&C Insurance Advanced Analytics Survey Report (North America)". We used advanced analytics to support 43% of the identified claims use cases as of 2019 and 86% of the identified claims use cases as of 2020, vs. 19% for the broader industry as of 2019 (no data available for 2020).

DISTRIBUTION PLATFORM: PROVEN M&A ABILITY COMPLEMENTS STRONG ORGANIC GROWTH

McDougall
INSURANCE & FINANCIAL

Profile

- Entrepreneurial culture
- Robust operating margins
- Proven ability to scale
- 14 acquisitions since 2017
- Over 40 branches
- More than 450 employees

Partnership Highlights

- Established broker partner with a track record of profitable growth
- Building on strong, pre-existing relationship
- Provides earnings diversification via distribution income



Premiums

Current
>\$500M



Ambition
\$1B

Our portfolio of broker investments is expected to generate operating income before taxes and non-controlling interests in excess of
\$40M annually

SEASONED MANAGEMENT TEAM



Rowan Saunders
President & CEO



Philip Mather
EVP & CFO



Paul MacDonald
EVP, Personal Insurance
& Digital Channels



Fabian Richenberger
EVP, Commercial
Insurance & Insurance
Operations



Liam McFarlane
SVP & Chief Risk and
Actuarial Officer



Brigid Pelino
SVP & Chief People &
Culture Officer



Innes Dey
SVP,
Legal and Strategy



Tatjana Lalkovic
SVP & Chief
Technology Officer



Tom Reikman
SVP & Chief
Distribution Officer



Roger Dunbar
SVP, Sonnet



Donna Ince
SVP & Chief
Underwriting Officer,
Personal Insurance



Obaid Rahman
SVP & Chief
Underwriting Officer,
Commercial Insurance

- ✓ A heightened focus on developing executive bench strength and attracting top talent from across the industry
- ✓ 58% of the Senior Leadership Team have been with Definity for more than 5 years
- ✓ Senior leadership Team has an average of more than 15 years of P&C insurance industry experience
- ✓ New hires since 2017 represent ~60% of the top-100 senior leaders in the company

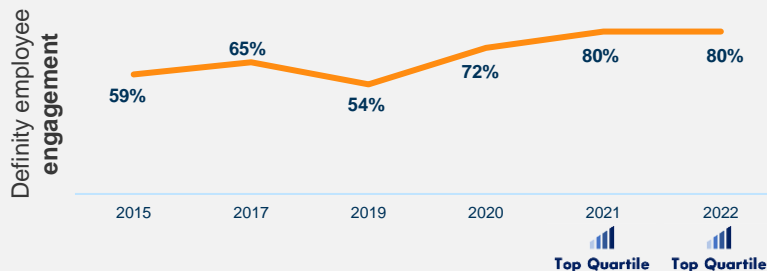
- Denotes new members of the executive leadership team since 2017

DEFINITY, IT'S BETTER HERE

2022 Company Recognition



Our engagement journey



A better employee experience⁽¹⁾

+26% increase in employee engagement since 2019

99% of eligible employees have ownership in the Company through the Definity Share Ownership Plan

87% of SLT level employees are engaged

86% of employees would recommend Definity as a great place to work

85% of employees at Definity feel they have the flexibility they need in their work schedule to meet work and personal needs

Key Statistics



93% retention rate of high-performers



87% of employees feel **accepted** and included **for who they are at work**



55% of all hires in the past 12 months are **women**



45% of managerial positions are held by **women**



28% of employees who responded to our 2021 Census identified as **Black, Indigenous or a Person of Colour**

1. Employee Engagement Survey was conducted between September 28, 2022, to October 7, 2022.

ESG HIGHLIGHTS

Our purpose: Building a better world by helping our clients and communities adapt and thrive.

ENVIRONMENT

- Target: Achieve **net zero emissions from operations and investments¹ by 2040** or sooner, including interim targets
- Committed to **Science Based Targets** initiative
- **\$4.6M+** invested in **energy efficiency retrofits** since 2019
- **-17% Scope 1 & 2 GHG emissions** from 2020 levels;
-31% from 2019 levels

SOCIAL

- **\$100 million** in demutualization benefits allocated to **Definity Insurance Foundation**; 1% of Definity Insurance's pre-tax net profit to be donated annually²
- Target: At least **30% women, 15% equity-deserving** (BIPOC, LGBTQ+, with [dis]abilities) in **VP+ roles by 2026**
- **89%** of employees feel Definity is **accepting of diverse backgrounds** and thinking

GOVERNANCE

- Executive **ESG Steering Committee** chaired by SVP, Legal & Strategy to oversee strategy and execution
- **Sustainability-linked loan** ties credit facility pricing to annual ESG performance
- Reporting aligned to the **Task Force on Climate-related Financial Disclosures (TCFD)** and **Sustainability Accounting Standards Board (SASB)**

1. Listed equities and corporate bonds.

2. Subject to a minimum annual contribution of \$250,000.



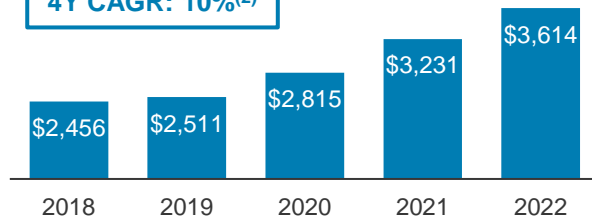
FINANCIAL PERFORMANCE AND RISK MANAGEMENT

FINANCIAL PERFORMANCE TRENDS AND TARGETS

Improvement across key financial metrics

GROSS WRITTEN PREMIUMS

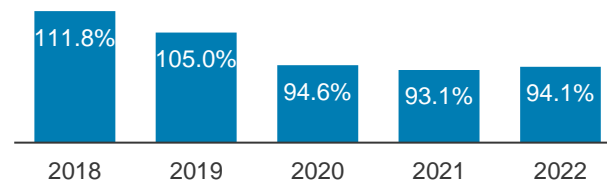
4Y CAGR: 10%⁽²⁾



Target: Grow GWP annually at an upper single digit to approximately 10% rate ⁽³⁾

COMBINED RATIO⁽¹⁾

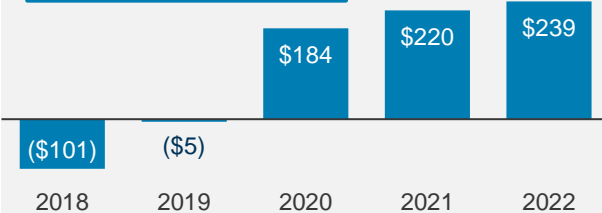
18-point improvement⁽²⁾



Target: Maintain a full year combined ratio in the mid-90's⁽³⁾

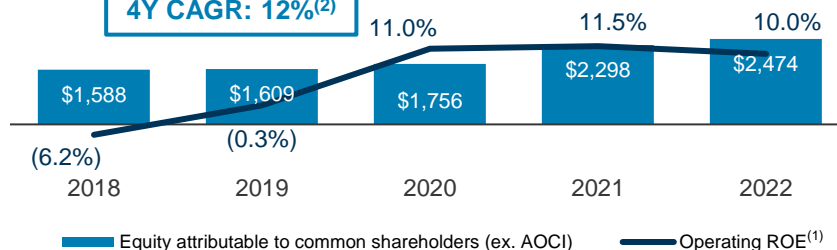
OPERATING NET INCOME⁽¹⁾

\$339M improvement⁽²⁾



EQUITY ATT. TO COMMON SHAREHOLDERS (EX. AOCI) AND OPERATING ROE⁽¹⁾

4Y CAGR: 12%⁽²⁾



Target: Generate an annual Operating ROE in the upper single digit to below teens range ⁽³⁾⁽⁴⁾

Note: Figures in millions, unless otherwise noted.

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2. From 2018-2022.
3. Financial targets are expected to be achieved over the next year and do not include the impact of IFRS 17. These targets are subject to the factors and assumptions as described in the Advisory Regarding Forward-Looking Information. There is no assurance that we will be able to achieve these targets or that the factors and assumptions underlying these targets will prove to be accurate. Our ability to achieve the above targets is subject to a number of risks, challenges and uncertainties that could cause actual future results to differ materially from these targets. See "Advisory Regarding Forward-Looking Information".
4. We expect to achieve further improvements on Operating ROE over time, targeting the low teens, through future balance sheet optimization.

SIGNIFICANT FINANCIAL FLEXIBILITY

UNLEVERED BALANCE SHEET WITH SIGNIFICANT EXCESS CAPITAL

- We have over \$600 million in financial capacity⁽¹⁾ to fund our strategic growth initiatives for the coming years⁽²⁾
- Undrawn \$150M credit facility set to automatically increase to \$600M upon the continuance of Definity under the *Canada Business Corporations Act* (the "Continuance"), which is subject to government approval⁽²⁾
- Definity Insurance Company credit rating: "A (low) positive trend" from DBRS, financial strength rating: "A- (Excellent) stable outlook" from AM Best
- Future optimization of capital structure expected to support improvements in Operating ROE⁽¹⁾ over time⁽⁴⁾

FINANCIAL CAPACITY

ICA⁽²⁾CBCA⁽³⁾

Consolidated Excess Capital at 200% MCT:

- Definity Insurance Company	\$29	\$29
- Definity Financial Corporation	\$357	\$357
Total Excess Capital	\$386	\$386
Leverage Capacity^(1,3)	\$272	\$788
Financial Capacity⁽¹⁾ as at Q4-2022	\$658	\$1,174

STRATEGIC FOCUS ON CONSISTENTLY DEMONSTRATING DISCIPLINED FINANCIAL MANAGEMENT

Organic
Growth

Common
Shareholder
Dividends⁽⁵⁾

Inorganic
Growth

Share
Buybacks

Note: Figures in millions, unless otherwise noted.

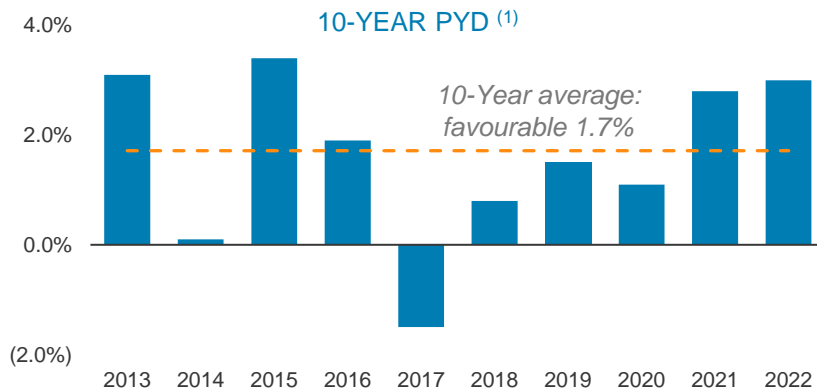
1. This is a supplementary financial measure, non-GAAP financial measure, or a non-GAAP ratio. Refer to Supplementary Financial Measures and Non-GAAP Financial Measures and Ratios advisory and Section 12 – Supplementary financial measures and non-GAAP financial measures and ratios in the Q4-2022 MD&A for further details.
2. Definity is subject to leverage restrictions under the Insurance Companies Act (Canada) (the "ICA"), which provide that its total debt cannot exceed 2% of its total assets. Under the ICA, property and casualty insurance companies must maintain adequate capital and appropriate forms of liquidity. The Office of the Superintendent of Financial Institutions ("OSFI"), has published the Minimum Capital Test guideline which provides the framework within which OSFI assesses whether a property and casualty insurance company maintains adequate capital for purposes of the ICA.
3. Assumes Definity proceeds with the Continuance and establishes financial leverage levels at 20% debt and 5% preferred or hybrids. The Continuance is subject to government approval.
4. Expectation subject to certain factors and assumptions. See "Advisory Regarding Forward-Looking Information".
5. Declaration of dividends is subject to Board discretion.

definity.

PRUDENT APPROACH TO RESERVING AND REINSURANCE

PRUDENT RESERVING PRACTICES

- Closely monitor **adequacy of reserves**
- Favourable prior year development (PYD) in **9 out of 10 years** between 2013-2022
- 2013-2022 **average favourable PYD of 1.7%**⁽¹⁾



1. Favourable (adverse) development on prior year closing claims, undiscounted.

ROBUST REINSURANCE FRAMEWORK

Structured to provide **protection against individual large losses and catastrophe events** above a certain threshold and to assist with mitigating underwriting risk

97.7% of the Company's reinsurers have a credit rating of **"A-" or better**, as of December 31, 2022

In 2023 the upper limit of our Excess of Loss structure increased from \$1.8 billion to **\$1.95 billion** to support growth capacity. We retain participations on reinsurance layers between the retention and maximum limit averaging 8.6% for 2023 (2022: 3.4%) including an average of 42.5% between the retention and up to a \$100 million loss (2022: 0%).

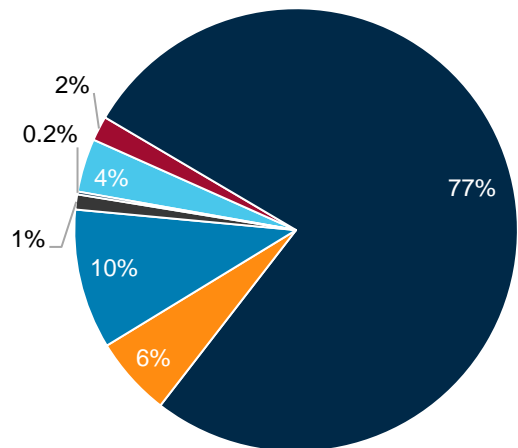
To mitigate against the volatility of catastrophe events we also continued with our 100% placement of the catastrophe aggregate treaty in 2023 on the same terms as 2022.

CONSERVATIVE AND DIVERSIFIED INVESTMENT PORTFOLIO

PORTFOLIO HIGHLIGHTS

- ✓ **77%** of portfolio in high quality fixed income securities
- ✓ **81%** of the preferred stocks in the portfolio being rated “P2L” or better
- ✓ Comprised primarily of **short-duration investments**
- ✓ Our investment portfolio sector mix is concentrated in the **secure and liquid** government and financials sectors
- ✓ **~\$133M** net investment income in 2022, an increase of **37.5%** y/y

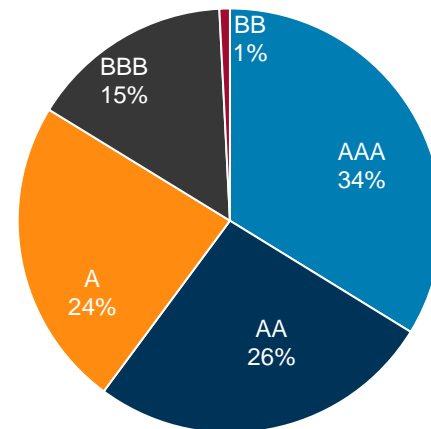
DIVERSE ASSET ALLOCATION



\$5.1B

- Cash and cash eq.
- Bonds
- Common stocks
- Commercial loans
- Short-term investments
- Preferred stocks
- Pooled funds

FIXED INCOME PORTFOLIO⁽¹⁾



\$3.9B

84% of the bonds in our portfolio are rated “A-” or better

Note: Data as of December 31, 2022, unless otherwise noted.

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



APPENDIX

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12-MONTH INDUSTRY OUTLOOK



Personal Auto

- We expect the frequency of claims to continue to normalize toward pre-pandemic levels over the next six to nine months as people continue to return to on-site work environments.
- We also expect the inflationary pressures affecting vehicle damage claims to remain elevated but not escalate much further.
- We could see severity continue to level off or slightly decline in the coming quarters.
- Both frequency and severity trends as well as the lag in the recognition of earned premium are expected to continue to drive firming industry pricing and a focus on disciplined underwriting.



Personal Property

- Due to the volatility of weather events combined with the ongoing inflationary pressure on building materials and labour, claim costs are expected to increase and will be reflected in firm premium pricing over the next 12 months.
- We expect this volatility to continue, with commensurate rate actions, coverage and appetite changes, and an enhanced focus on loss prevention and mitigation.
- We expect the reinsurance market will drive firmer pricing across the entire property portfolio, but this will be more pronounced in the higher catastrophe risk regions of the country.



Commercial Insurance

- Elevated inflation and interest rates will likely impact industry growth somewhat in the near term.
- We expect the commercial lines market to remain firm over the next 12 months as carriers focus on ensuring long-term profitability and sustainable availability of capacity. We expect the hard pricing environment to be influenced by inflation trends, weather events, expected investment returns, and the industry's overall underwriting performance.
- Hardening reinsurance conditions in 2023 are expected to prolong firm commercial lines market conditions and pricing.

RECOGNIZED BY CUSTOMERS AND INDUSTRY

CUSTOMER AND BROKER RECOGNITION



~51⁽¹⁾

Sonnet average Net Promoter Score
(>50 is considered excellent)

sonnet
INSURANCE

"To be able to do everything online is a huge benefit and I will recommend Sonnet to everyone."

- Sonnet customer

"It's nice to see an insurance company support the broker channel and simplify business for our consumers."

- Economical Broker

INDUSTRY / EXPERT RECOGNITION

Insurance Nexus

*Canadian Insurance
Carrier of the Year
Award
(2018)*

vyne

GUIDEWIRE

*Innovation Award
(2018)*

vyne

THE STEVIE® AWARDS
The World's Premier Business Award Competitions

*Innovation in
Customer Service
(2017)*

sonnet
INSURANCE



Insurance-Canada

ICTA

*People's Choice
Tech Award
(2017)*

sonnet
INSURANCE

GUIDEWIRE

*Innovation Award
(2016)*

sonnet
INSURANCE

GUIDEWIRE

*Cloud Pioneer
Award
(2022)*

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HISTORICAL FINANCIALS

Income Statement

	2019	2020	2021	2022
Gross written premiums	2,511	2,815	3,231	3,614
Net written premiums	2,331	2,640	2,991	3,452
Net earned premiums	2,343	2,509	2,834	3,249
Net claims and adjustment expenses	1,714	1,562	1,722	1,988
Underwriting expenses ^(1,2)	748	810	918	1,068
Underwriting (loss) income	(118)	136	195	192
Impact of discounting	(29)	(114)	45	163
Underwriting (loss) income after the impact of discounting	(147)	22	239	355
Net investment income	105	100	97	133
Recognized gains (losses) on investments	68	80	(21)	(228)
Distribution revenues	-	-	-	20
Other (expenses) income	(6)	(2)	(34)	26
Restructuring recovery	1	-	-	-
Income before income taxes	21	201	281	305
Income tax (expense)	(4)	(47)	(68)	(53)
Net income	17	154	213	253
Operating net (loss) income⁽¹⁾	(5)	184	220	239

Selected financial ratios

Gross written premiums growth	2.2%	12.1%	14.8%	11.8%
Claims ratio ⁽¹⁾	73.1%	62.3%	60.8%	61.2%
Expense ratio ⁽¹⁾	31.9%	32.3%	32.3%	32.9%
Combined ratio ⁽¹⁾	105.0%	94.6%	93.1%	94.1%
ROE (TTM) ^(1,3)	1.1%	9.0%	10.7%	10.6%
Operating ROE (TTM) ^(1,3)	-0.3%	11.0%	11.5%	10.0%

Note: Figures in millions, unless otherwise noted.

1. This is a supplementary financial measure, non-GAAP financial measure, or a non-GAAP ratio. Refer to Supplementary Financial Measures and Non-GAAP Financial Measures and Ratios advisory and Section 12 – Supplementary financial measures and non-GAAP financial measures and ratios in the Q4-2022 MD&A for further details.

2. Net of other underwriting revenues.

3. ROE and Operating ROE are calculated for the 12 months ended December 31, 2019, 2020, 2021, and 2022. ROE stands for Return on equity.

4. Under the ICA, property and casualty insurance companies must maintain adequate capital and appropriate forms of liquidity. OSFI has published the Minimum Capital Test guideline which provides the framework within which OSFI assesses whether a property and casualty insurance company maintains adequate capital for purposes of the ICA.

Balance Sheet

	2019	2020	2021	2022
ASSETS				
Cash and cash equivalents	95	510	387	201
Restricted cash	-	-	111	302
Investments	4,191	4,366	5,366	4,898
Premiums receivable	851	959	1,076	1,189
Income taxes receivable	3	2	-	82
Reinsurance receivable and recoverable	95	96	179	256
Deferred policy acquisition expenses	236	260	295	327
Property and equipment	61	57	57	84
Deferred income tax assets	90	40	63	55
Goodwill and intangible assets	211	212	220	772
Other assets	124	118	137	152
	5,957	6,620	7,891	8,317
LIABILITIES AND EQUITY				
Unearned premiums	1,295	1,433	1,599	1,765
Claims liabilities	2,808	3,026	3,336	3,254
Accounts payable and other liabilities	241	324	393	406
Income taxes payable	2	19	56	-
Deferred income tax liabilities	-	-	-	70
Demand loans	-	-	-	39
Demutualization amounts outstanding	-	-	111	302
	4,346	4,802	5,495	5,836
EQUITY				
Share capital	-	-	2,308	2,254
Contributed surplus	-	-	19	40
Retained earnings (deficit)	1,609	1,756	(29)	179
Accumulated other comprehensive (loss) income	2	62	98	(102)
Equity attributable to common shareholders	1,611	1,818	2,396	2,372
Non-controlling interests	-	-	-	109
Total Equity	1,611	1,818	2,396	2,480
	5,957	6,620	7,891	8,317
MCT Ratio⁽⁴⁾	239%	268%	275%	204%

SUPPLEMENTARY FINANCIAL MEASURES AND NON-GAAP FINANCIAL MEASURES AND RATIOS

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

We measure and evaluate performance of our business using a number of financial measures. Among these measures are the “supplementary financial measures”, “non-GAAP financial measures”, and “non-GAAP ratios” (as such terms are defined under Canadian Securities Administrators’ National Instrument 52-112 – Non-GAAP and Other Financial Measures Disclosure). These supplementary financial measures are calculated using amounts in, or components of line items in, our audited consolidated financial statements; however, they are not themselves disclosed in our consolidated financial statements. The non-GAAP financial measures in these materials are derived from one or more financial measures disclosed in our audited consolidated financial statements, and the non-GAAP ratios have at least one of those non-GAAP financial measures as a component, and in each case are not standardized financial measures under GAAP. The supplementary financial measures, non-GAAP financial measures, and non-GAAP ratios in these materials may not be comparable to similar measures presented by other companies. These measures should not be considered in isolation or as a substitute for analysis of our financial information reported under GAAP. These supplementary financial measures, non-GAAP financial measures, and non-GAAP ratios 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) 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 consolidated financial statements, refer to Section 12 – “Supplementary Financial Measures and Non-GAAP Financial Measures and Ratios” in the Management’s Discussion and Analysis dated February 9, 2023 (“Q4-2022 MD&A”), available on www.sedar.com.

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

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

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

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

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