

**Definity's Acquisition of Travelers Canada
Conference Call & Webcast**

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PRESENTATION

Dennis Westfall – Vice President, Investor Relations, Definity Financial Corporation

Good afternoon, everyone. My name is Dennis Westfall and I'm vice president of Investor Relations here at Definity. Thank you for joining the call today to discuss our acquisition of Travelers Canada. A link to our live webcast and published information for this call is posted on our website at definity.com under the Investors tab.

For purposes of inclusion and completeness, please refer to Slides 2 and 3 for cautionary language regarding the use of forward-looking statements, which form part of this afternoon's remarks, and Slide 14 for a note on the use of non-IFRS financial measures and important notes on adjustments, terms, and definitions used in this presentation.

Joining me on the call today are Rowan Saunders, our President & CEO, and Philip Mather, our EVP & CFO. Given the ongoing securities offering that was just announced, there will be no live Q&A period today. We'll first provide prepared remarks and will then cover some of the questions that we believe will be top of mind for investors.

With that, I'll turn it over to Rowan to begin his remarks.

Rowan Saunders – President and Chief Executive Officer, Definity Financial Corporation

Three and a half years after our demutualization and landmark IPO, I am delighted to announce that Definity has entered into a definitive agreement with Travelers to acquire the majority of Travelers Canada's personal insurance, commercial insurance, and specialty operations for cash consideration of approximately \$3.3 billion. The addition of Travelers Canada's \$1.6 billion in annual gross written premiums significantly accelerates our growth profile and delivers on our strategic goal of becoming a Top 5 P&C insurer in Canada.

The primary intention behind demutualizing and becoming a public company was to have the access to capital that would allow us to participate meaningfully in a consolidating industry. Now, the years of planning and preparation are coming to fruition as we make this announcement. I am delighted that we are starting this new chapter with Travelers Canada, a highly complementary business to our own that is a strong strategic fit, with a culture very aligned to our own values here at Definity, and strong relationships with customers, brokers, and communities throughout Canada. This acquisition will further diversify our portfolios, expand commercial lines products and capabilities, increase our presence in specialty lines, and provide additional growth opportunities in personal lines.

After closing, we expect to generate shareholder value through scale benefits and cost synergies, leading to an enhanced return profile for the combined business. This

acquisition enables us to optimize our capital structure via strategic deployment of excess capital and utilization of our significant leverage capacity.

You can see on Slide 5 that this acquisition is a rare and transformative opportunity that checks off all the important boxes.

We believe this is a concrete demonstration of our commitment to build a Canadian champion in the still fragmented P&C insurance industry. The addition of Travelers Canada's \$1.6 billion in annual GWP brings our proforma GWP to \$6 billion in combined annual premiums, representing an increase of roughly one third, improving our overall P&C industry position from #6 to #4. Importantly, it strengthens our position in the broker channel and allows us to build on our existing deep broker relationships. We will also be able to enhance our client and broker offering across the combined platform through our technology and data capabilities, expanded product suite and addition of specialized talent.

This acquisition is a financially compelling opportunity that we expect will be immediately accretive to operating EPS, with double-digit run-rate accretion expected within three years of closing. We estimate that the internal rate of return will be in excess of 20% and we see significant value creation opportunities through scale benefits and platform efficiencies, with estimated pre-tax run-rate synergies of \$100 million, before considering loss cost improvements.

Further, we can now optimize our previously unlevered balance sheet through the strategic deployment of excess capital and utilization of financial leverage capacity, which we expect will enhance our run-rate Operating ROE by over 200 basis points and enable us to sustainably target mid-teens post integration.

Turning to Slide 6, Travelers Canada is a well-established business with personal lines, commercial and specialty lines portfolios which are highly attractive and complementary to Definity. The Canadian business ranks twelfth in Canada with approximately \$1.8 billion in annual gross written premiums. The acquired premiums of \$1.6 billion exclude approximately \$200 million of premiums largely comprised of its global surety and cross-border businesses that Travelers will retain.

This acquisition will strengthen our current distribution and expand our reach across Canada, ensuring we have superior breadth of product offerings for broker partners and customers, while adding hard-to-source skills in specialty lines underwriting and claims to our team.

As you can see on Slide 7, our pro forma Commercial business will increase by over 40% and move our overall industry ranking from seventh to fourth in Canada. We are well positioned to integrate and grow the business given our strong alignment on core products, geographical spread and broker distribution network.

We are acquiring some notable niche in-house capabilities, which will include Management Liability, Ocean Marine and a more comprehensive Specialty offering. Our enhanced commercial lines product suite and technical capabilities, combined with our existing deep and long-standing broker relationships are expected to drive traction with our broker partners and help grow the business over time.

In Personal Insurance, on Slide 8, the volume added with this acquisition will accelerate the realization of scale benefits from our leading digital platform, Vyne. Our Personal Insurance portfolio will increase by over 30%, moving our industry position from seventh to fifth and strengthen our leadership position in broker distributed Personal lines. Optimizing Travelers Canada's portfolio with our modern system capabilities will allow for enhanced underwriting and pricing segmentation as well as significant cost efficiencies. This reinforces our long-term outlook for delivering on underwriting targets across cycles.

Additionally, the transaction provides expanded offerings and a consistent service proposition, driving enhanced traction with brokers for broader growth.

I'll now hand it over to Phil to provide more details on integration, synergies and funding.

Philip Mather – Executive Vice President and Chief Financial Officer, Definity Financial Corporation

Thanks Rowan, I'll begin on Slide 9.

We have strong conviction in our integration capabilities. As we outlined at our Investor Day back in September, we've made significant investments in our technology platforms and leadership talent that we expect to enable effective deal execution and synergy capture. Our underwriting and pricing capabilities are an important driver, not only of our organic growth and profitability, but also when integrating acquired businesses.

The strong corporate culture we've worked hard to build and sustain supports our attraction, retention, and development of key talent. Our leadership team has considerable experience in the P&C insurance industry with extensive M&A experience from prior roles, and we have been able to demonstrate the ability to turn around businesses and manage complex challenges through our own transformation during demutualization.

Our ability to mitigate dislocation of business post close is a key element of success, and we believe our investments in building strong broker relationships as well as our operating platforms will be effective. The superior broker experience and ease of business provided by the Vyne platform will help us integrate, maintain, and grow acquired premium and customer base, as we believe this remains an important differentiator in the marketplace.

The transaction is expected to be highly synergistic through the optimization of the pro forma cost base, and we are targeting \$100 million of run-rate expense efficiencies.

We expect that these synergies will come from the realization of economies of scale and the consolidation of IT systems and technology platforms; optimized structuring of management and corporate support functions and a reduction in administrative and duplicative costs, including the elimination of redundant group costs.

Additionally, we anticipate further upside from platform-based synergies in the medium term and an opportunity to increase investment income long-term under our management and investment approach.

We expect one-time integration costs of approximately 1.5x to 1.7x of the ultimate run-rate synergies, which will be incurred over the integration period.

Turning to Slide 10. We view the acquisition of Travelers Canada as not only strategically important, but also financially compelling. We expect it to enhance our ability to deliver shareholder value over time. As mentioned earlier, we believe this acquisition will be highly accretive on several metrics:

- I just outlined the significant opportunity we have to achieve \$100 million in expense synergies
- Further, we expect Operating ROE will be enhanced by at least 200 basis points post integration and, combined with our ongoing organic initiatives, will enable us to sustainably target a mid-teens level post integration
- Operating EPS will see immediate accretion and be expected to increase by double-digits by the end of 2028
- Finally, we estimate the transaction to generate an IRR in excess of 20%, comfortably above our mid-teens internal hurdle

Now let's discuss the transaction details on Slide 11. The purchase price of \$3.3 billion represents a multiple of approximately 1.4 times the 2024 unadjusted year-end book value of the acquired business. Note that there is a locked box concept on this acquisition where the financial performance after December 31 of 2024 will accrue to Definity. Although the purchase price will be settled in U.S. dollars, we have removed currency risk from the acquisition by entering into deal-contingent foreign exchange hedge agreements that provide certainty with respect to currency obligations on closing. From a financing perspective, we will use a combination of excess capital of approximately \$1.5 billion, the expected combination of bank and bond financing of approximately \$1.6 billion and equity financing via a private placement bought deal of \$350 million. Our cornerstone investor, HOOPP, has committed to take up a pro-rata share of the private placement.

Of note, the \$1.5 billion of excess capital includes approximately \$1 billion held by Travelers Canada. This will be financed through an excess capital term loan and is

expected to be repaid within six months post transaction close. The remaining amount is composed of approximately \$500 million of Definity's current excess capital position.

Our debt to capital ratio at close, excluding the short-term excess capital term loan, is expected to be slightly below 30%, and we expect to manage this back to our target 25% level within 24 months of closing. We expect to sustain our existing credit ratings in support of our business strategy and future capital deployment opportunities, and to maintain a strong regulatory capital ratio above our 190% operating target.

This transaction is subject to customary regulatory approvals including from the Federal Minister of Finance and clearance under the Canadian Competition Act. We expect closing to occur in the first quarter of 2026. I'll now turn the call back over to Rowan for some concluding remarks, beginning on Slide 12.

Rowan Saunders – President and Chief Executive Officer, Definity Financial Corporation

Thanks Phil. I believe we've touched on the highlights and key points of this exciting opportunity for Definity. We've discussed our desire to become a larger player in the Canadian P&C industry in the years since our IPO. And we've been clear about our acquisition appetite. What makes this announcement so rewarding is that Travelers Canada has been at the top of our list for years, as it offers us the right combination of size, talent and business mix. It effectively checks off all of our key priorities. We've worked for many months to be able to advance to this point. I'm thrilled that Travelers found our offer compelling.

A benefit of consolidation is that the combined company should be better positioned to succeed in the face of industry challenges such as climate change, as well as the increased need to invest in technology and data in order to remain relevant and responsive to our customers' needs. This is why I am confident that Travelers Canada's customers, brokers and employees will benefit from becoming part of the Definity story.

This acquisition continues our successful deployment of capital – with initial activity going toward building our distribution platform into a top-10 national player with over 20 acquisitions since 2022. Combined with the funding of our dividend growth strategy and acquisition of Travelers Canada, we expect we will have deployed in excess of \$4 billion in capital since IPO, once this acquisition closes.

In conclusion, Travelers Canada is our next step in building a Canadian champion. This acquisition will elevate our position to the fourth largest Canadian P&C Insurer with an enhanced and strengthened mix of business, increased breadth of product and access to hard to source, high-performing talent. The deal is financially compelling with attractive economics. And finally, this deal will allow for the achievement of an optimized capital structure that we expect will sustainably support enhanced returns for shareholders in the years to come.

To our people, thank you for all of your efforts over these many months. We will need each of you to continue delivering on our current business priorities while our integration team focuses on planning for and executing a successful integration. I hope that as we continue to move along this remarkable journey together, you will take a moment to reflect on the impressive progress that defines Definity's story.

And to the Travelers Canada team that will be joining us – I want to extend a warm welcome from the entire Definity team. We look forward to what we will be able to accomplish together. As two long-established and trusted insurers in the Canadian market, we are guided by a similar purpose and shared values, we remain committed to making insurance better.

And with that, I'll pass it back to Dennis for some Q&A.

QUESTION & ANSWER

Dennis Westfall – Vice President, Investor Relations, Definity Financial Corporation

Thanks Rowan. Yes, we've prepared three questions we expect will be top of mind for investors. First, Rowan, what gives you the confidence that Definity can successfully complete an acquisition of this magnitude?

Rowan Saunders – President and Chief Executive Officer, Definity Financial Corporation

We have been preparing to be ready for a transaction like this since before our IPO. I'm confident we have the resources, expertise, and talent to execute successfully. Definity's senior leadership team brings a wealth of experience, has deep knowledge and a proven track record in delivering successful integrations. We have a comprehensive integration plan that addresses all key aspects of the opportunity ahead of us.

As a company, we have experience in executing major multi-year transformations successively and concurrently: think of the launches of Sonnet and Vyne, and our transition to Guidewire Cloud. And we did all of that while achieving business objectives and managing through the demutualization and IPO processes.

Definity is at the forefront of innovation in the Canadian insurance industry, with strong technology platforms that enable us to scale the business and drive ongoing value

In short, this is an in-market acquisition. We have the track record of operating in Canada, strong broker support, and a platform built for a bigger business.

Dennis Westfall – Vice President, Investor Relations, Definity Financial Corporation

Thanks Rowan. The next question is for Phil and has two parts – please provide some colour on the expected timing and nature of the \$100 million of expense synergies; and more broadly, can you help investors better understand how we get to our targeted Operating EPS accretion?

Philip Mather – Executive Vice President and Chief Financial Officer, Definity Financial Corporation

Thanks Dennis.

On your first point, we have identified approximately \$100 million of run-rate annual expense synergies that we expect to realize within the first three years after closing. These synergies come from a few sources:

The automated and scalable technology platforms that Definity has built over the last number of years will not only allow us to integrate an acquisition of this size with minimal disruption to our existing business but will also create significant expense efficiencies in technology platform costs.

As the Travelers Canada business moves to Definity's Canadian headquartered business, we will be able to remove charges for services currently required to be provided by their parent company.

With an acquisition of this size there will be areas where we have an opportunity to optimize structuring and eliminate duplication. We expect much of this to be managed through third party contractual negotiations and natural attrition that occurs in the normal course of business. While it's natural for some to wonder about layoffs, the fact is our combined organization is growing significantly with this acquisition and we need the quality talent from both Travelers Canada and Definity to continue delivering on our strategic objectives.

In terms of timing, although some synergies will be realized immediately after close, other areas require more lead time to implement. In particular, technology platform synergies can only be fully realized once we've converted Travelers Canada's volume onto our systems, which we expect to be complete shortly after 24 months. Overall, all the actions required to generate the targeted synergies will be complete within 36 months of close.

On your second question, to help understand why we expect this acquisition to achieve Operating EPS accretion in the double digits, I would point to the following:

The expense synergies I just walked through represent a meaningful improvement as a percentage of net underwriting revenue, and this is before loss cost improvements and the potential for additional platform synergies. We'll also pick up the income from their investment portfolio, which we will manage internally and transition to our risk appetite and policy weights over time. As nearly half of the purchase price is funded with excess

capital, when you net out the cost of debt and adjust for the modestly higher share count, the result is a run-rate accretion approaching the low teens post integration.

Dennis Westfall – Vice President, Investor Relations, Definity Financial Corporation

Great, thanks Phil. Rowan, back to you for the final question. What do you see as the main ingredients to achieving a mid-teen Operating ROE that we expect to be able to target post integration?

Rowan Saunders – President and Chief Executive Officer, Definity Financial Corporation

Thanks Dennis. Taking a step back, our path to mid-teen Operating ROE is comprised of both organic and inorganic levers. As we've outlined before, we have our three organic levers to improve our Operating ROE toward the low teens. These include improving Sonnet profitability, expense optimization, and the transformation of our Claims operations. We are well on track to deliver the targeted improvement from Sonnet and Expenses by the end of 2026. In addition, we are well positioned to achieve the targeted claims improvements by the end of 2027. We are very confident in our ability to deliver on all three levers.

Beyond this, we've said we require inorganic growth, which would allow us to deploy our excess capital and introduce leverage into the balance sheet. That is exactly what our announced acquisition of Travelers Canada will enable us to do.

Phil walked you through our thoughts on synergies and earnings accretion. We have high confidence in our ability to deliver on these targets and will be determined to do so in the coming years.

So if I put that all together, I'm confident Definity is well on the pathway to a target of sustainable mid-teen Operating ROE post integration.

Dennis Westfall – Vice President, Investor Relations, Definity Financial Corporation

Thank you both for that. This brings us to the end of the session. Following the call, the webcast will be archived on the website for a year. There will also be a transcript available on our website. Thank you all for joining us – and have a great day.