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Press Release

Intact Financial Corporation, together with Tryg, to Acquire International P&C Insurer RSA Insurance Group Plc. for £7.2 billion (C$12.3 billion)

November 18, 2020

Building a Leading P&C Insurer

- Intact to acquire RSA's Canada, UK and International operations
- Intact to pay $5.1 billion (£3.0 billion) representing 0.9x book value
- Expands our leadership position in Canada
- Bolsters our leading specialty lines platform and adds international expertise
- Entry into the UK and Ireland at scale
- Increases investment in our core capabilities to strengthen our outperformance
- High single digit NOIPS accretion in the first year, increasing to upper teens within 36 months
- Maintaining mid-teens OROE target and BVPS increasing in excess of 25% at closing
- Total capital margin over $1.5 billion at closing

Intact Financial Corporation (TSX: IFC) ("Intact" or the "Company") announced today that, together with Tryg A/S (CPH: TRYG) ("Tryg") it has reached an agreement with RSA (LSE: RSA) ("RSA") on the terms of a recommended all-cash acquisition for the entire issued and to be issued share capital of RSA at a price of 685 pence per common share, representing a total consideration of approximately £7.2 billion ($12.3 billion) (the "Transaction"). Intact will pay $5.1 billion (£3.0 billion) of the total consideration payable and Tryg will pay $7.2 billion (£4.2 billion). In addition to the cash consideration payable, RSA shareholders will also be entitled to the previously announced but unpaid interim dividend of 8 pence per share.

Pursuant to the Transaction, Intact will retain RSA's Canadian, UK and International ("UK&I") entities, Tryg will retain RSA's Swedish and Norwegian businesses, and Intact and Tryg will co-own RSA's Danish business.

The agreement to announce the Transaction has been recommended unanimously by the boards of directors of all three companies. The Transaction is subject to customary regulatory and shareholder approvals.

"This acquisition is highly strategic for Intact. It expands our leadership position in Canada, builds on our strong track record in specialty lines, and puts us in a solid position to strengthen RSA's UK and Ireland operations. We have strong capabilities in data, risk-selection and claims management, which we plan to leverage across the business," said Intact CEO, Charles Brindamour. "I look forward to welcoming RSA's employees into our company and leveraging their deep expertise across the business. Together, we are stronger and more resilient."

Highly Strategic

With the acquisition of RSA, Intact is taking a significant step to accelerate its strategy and leadership. The acquisition will expand Intact's leadership position in Canada, create a leading specialty lines platform with international expertise, and provide entry into the UK and Ireland market at scale. The acquisition will strengthen Intact's outperformance with increased investment in its core capabilities of data, risk selection, claims and supply chain management.

Expands leadership position in Canada

The acquisition expands Intact's leadership position in Canada, with annual premiums written expected to increase by approximately 30% from $10 billion to $13 billion. The deal will boost Intact's position in a competitive industry, where operational excellence is imperative for outperformance. As well, the acquisition enhances its commercial lines business, and both direct and broker channels simultaneously. Intact increases its ability to further invest in innovation to develop and accelerate new customer experiences, while leveraging its best-in-class expertise in pricing, segmentation, risk selection, claims and supply chain management, and digital platforms to enhance RSA's operations. Canada is expected to account for approximately 75% of the entire value creation, in a region where Intact has a strong track record of integration.

Creates a leading specialty lines platform

The acquisition bolsters Intact's North American specialty lines and adds international expertise in Europe. The combined specialty lines business is projected to grow by approximately 30% and represent over $4 billion in annual premiums. The business will benefit from an expanded product offering with strong global franchises in lines such as Marine, Specialty Property, and E&O/D&O. The specialty lines platform will also benefit from a broader distribution footprint, providing existing specialty franchises with access to new regions.

Entry into the UK & Ireland market at scale

Intact sees an attractive opportunity to build on RSA's UK and Ireland franchises, which have leading industry positions, teams and brands. Intact will contribute its competencies in risk selection and claims management to improve underwriting performance. In commercial lines, where RSA has an attractive small-to-medium sized enterprise portfolio, there is a strong opportunity to share Intact's successful operating model to improve performance. Further, in personal lines, Intact will apply its customer driven and digital expertise to this business.

As well, Intact will co-own a top 3 player in the Danish non-life segment, Codan, and retain strong partnerships in the Middle East with attractive profitability.

Significant Shareholder Value Creation

"Combining RSA's business with ours will create significant shareholder value. Most of the value is expected to come from Canada, where our integration track record is proven," said Intact CFO, Louis Marcotte.

Intact's acquisition offers a unique opportunity to create significant value for its shareholders, with an anticipated internal rate of return (IRR) above the Company's 15% threshold.

The acquisition is expected to generate high single digit NOIPS accretion in the first year, increasing to upper teens within 36 months.

Operating ROE is expected to be maintained at a mid teens level in the medium term. BVPS is expected to increase in excess of 25% on completion of the acquisition.

Attractive Valuation and Synergy Opportunities

Intact will be acquiring RSA's Canadian and UK&I operations and co-owning the Denmark business for $5.1(£3.0) billion which represents an estimated 0.9x price to book value multiple based on balance sheet data as at June 30, 2020.

The acquisition is expected to generate significant value through growth, loss ratio and expense ratio improvements across the operations. Over $250 million of pre-tax annual run-rate synergies are expected within 36 months, before risk selection improvements. The acquisition of RSA's Canadian operations is expected to drive approximately 75% of the value creation, with UK&I operations accounting for approximately 20% and specialty lines accounting for approximately 5%. Intact intends to apply its best-in-class digital, data and AI platforms, pricing and risk selection, claims management and investment, and capital management policies to RSA's platform to drive strong growth and profitability.

Intact to Maintain Strong Capital Positions Post Acquisition

Intact will maintain a strong capital position on completion, with an estimated capital margin above $1.5 billion and an MCT ratio above 194% in Canada, a Solvency II coverage ratio above 160% in the UK and an RBC ratio above 400% in the US.

Intact's debt-to-capital ratio pro forma at completion of the Transaction is expected to be approximately 26%, and is expected to fall to 20% within 36 months. Intact does not anticipate the Transaction and its planned financing structure to lead to a change in its current credit ratings.

Integration costs associated with the Transaction are expected to be between 1.5x to 1.7x of annual run rate synergies, expected within 36 months of closing.

Acquisition Financing

Intact intends to finance the $5.1 billion acquisition and $0.7 billion of additional related transaction costs for RSA's Canadian, UK and International operations, and Intact's share of RSA's Danish operations with:

1) $4.45 billion of private placement subscription receipts as previously announced on November 12, 2020;
2) $0.6 billion bank term loan facility entered into on announcement; and
3) a bond bridge facility that Intact intends to refinance with $0.8 billion of medium term notes and preferred share issuances.

As part of the acquisition, Intact also intends to assume the full amount of RSA's outstanding issued debt and hybrid securities which total £0.8 billion ($1.3 billion) and £0.4 billion ($0.7 billion), respectively.

Tryg intends to provide $7.2 billion (£4.2 billion) for its purchase of RSA's Norway and Sweden operations, and Tryg's share of RSA's Danish operations, using proceeds of a fully underwritten rights issue to be launched before acquisition closing.

The total funds of $12.3 billion (£7.2 billion) for the acquisition of RSA have been structured to ensure compliance with the "certain funds" requirements of the UK City Code on Takeovers and Mergers.

Closing and Approvals

The Acquisition is currently expected to be completed during the second quarter of 2021, subject to receipt of the relevant approvals or clearances from RSA Shareholders and the relevant regulatory and antitrust authorities and the satisfaction (or where capable of waiver) the waiver of the other conditions.

Advisors

Barclays Bank PLC, acting through its Investment Bank, is acting as lead financial adviser to Intact. Clifford Chance LLP is acting as English law legal adviser, Blake, Cassels & Graydon and Torys are acting as Canadian law legal advisers, and Gorrissen Federspiel Advokatpartnerelskab is acting as Danish law legal adviser. CIBC Capital Markets is also acting as financial adviser to Intact.

Conference Call

Intact Financial Corporation (TSX: IFC) will host a conference call today at 2:00 p.m. ET to discuss this transaction.

The conference call will be made available by dialing 1 (647) 427-7450 or 1 (888) 231-8191 (toll-free in North America). Please call 10 minutes before the start of the call. To listen to the call via live audio webcast, visit our website at www.intactfc.com.

A replay of the call will be available later today until midnight on November 24th 2020. To listen to the replay, call 1 (416) 849-0833 or 1 (855) 859-2056 (toll-free in North America), passcode 3568117.

A transcript of the call and link to the audio webcast will also be made available on Intact's website at www.intactfc.com under "Investors".

Rule 2.7 of the UK City Code on Takeovers and Mergers

In accordance with Rule 2.7 of the UK City Code on Takeovers and Mergers, a formal announcement ("Announcement") has been published and is accessible on Intact's website at www.intactfc.com. This news release should be read in conjunction with, and is subject to, the full text of the Announcement (including its appendices). The offer will be subject to the conditions and certain further terms set out in the Announcement and to the full terms and conditions to be set out in the offer document.

About Intact

Intact Financial Corporation is the largest provider of property and casualty (P&C) insurance in Canada and a leading provider of specialty insurance in North America, with over $11 billion in total annual premiums. The Company has approximately 16,000 employees who serve more than five million personal, business and public sector clients through offices in Canada and the U.S.

In Canada, Intact distributes insurance under the Intact Insurance brand through a wide network of brokers, including its wholly-owned subsidiary BrokerLink, and directly to consumers through belairdirect. Frank Cowan Company, a leading MGA, distributes public entity insurance programs including risk and claims management services in Canada.

In the U.S., Intact Insurance Specialty Solutions provides a range of specialty insurance products and services through independent agencies, regional and national brokers, wholesalers and managing general agencies. Products are underwritten by the insurance company subsidiaries of Intact Insurance Group USA, LLC.

About RSA

RSA is a focused international insurance group, with strong positions in the large general insurance markets of the UK, Scandinavia and Canada, together with supporting international business in Ireland, Continental Europe and the Middle East.

RSA is well balanced between personal and business customers, and across product lines and distribution channels. RSA's net written premiums in 2019 were £6.4 billion. RSA is listed on the London Stock Exchange.

In Canada, RSA operates across all provinces, offering a range of personal and commercial lines products. In personal lines, which in 2019 accounted for around 72% of Canadian business, RSA operates under the leading brand Johnson, as well as the RSA brand via brokers. RSA Canadian commercial lines business operates through brokers.

In the UK, RSA operates across both personal and commercial lines. Personal insurance (49% of business in 2019) is offered to customers through MORE TH>N and affinity partners, which include major retailers and large banks. RSA has a strong presence in the UK motor, home and pet markets. In 2019, 51% of RSA UK business was in commercial lines.

In Scandinavia, RSA operates as Trygg-Hansa in Sweden and Codan in Denmark and Norway. In 2019, approximately 60% of RSA's Scandinavian Business was personal lines and 40% was commercial lines. RSA distributes mainly direct to customers in Scandinavia, but also leverages strong agency relationships.

About Tryg

Tryg is one of the leading non-life insurance companies in the Nordic region with activities in Denmark, Norway and Sweden. Tryg had total premiums of DKK 21.7 billion (approx. EUR 3 billion) at year end 2019 and is active in the Private, Commercial and Corporate segment across the Nordic region. Tryg provides coverage to 4 million customers on a daily basis. Tryg is listed on Nasdaq Copenhagen.

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Forward-looking statements

Certain of the statements included in this press release about the acquisition of RSA (the "Acquisition") or any other future events or developments constitute forward-looking statements.

The words “may”, “will”, “would”, “should”, “could”, “expects”, “plans”, “intends”, “trends”, “indications”, “anticipates”, “believes”, “estimates”, “predicts”, “likely”, “potential” or the negative or other variations of these words or other similar or comparable words or phrases, are intended to identify forward-looking statements. Unless otherwise indicated, all forward-looking statements in this press release are made as of November 18, 2020, and are subject to change after that date.

Forward-looking statements are based on estimates and assumptions made by management based on management’s experience and perception of historical trends, current conditions and expected future developments, as well as other factors that management believes are appropriate in the circumstances. In addition to other estimates and assumptions which may be identified herein, estimates and assumptions have been made regarding, among other things, the receipt of all requisite approvals in a timely manner and on terms acceptable to the Company, the realization of the expected strategic, financial and other benefits of the Acquisition, and economic and political environments and industry conditions. However, the completion of the Acquisition is expected to be subject to customary closing conditions, termination rights and other risks and uncertainties, including, without limitation, regulatory approvals, and there can be no assurance that the Acquisition will be completed. There can also be no assurance that if the Acquisition is completed, the strategic and financial benefits expected to result from the Acquisition will be realized**.** Many factors could cause the Company’s actual results, financial performance or condition, or achievements to differ materially from those expressed or implied by the forward-looking statements herein, including, without limitation, the following factors:

- expected regulatory processes and outcomes in connection with the Company’s business;
- the Company’s ability to implement its strategy or operate its business as management currently expects;
- the Company’s ability to accurately assess the risks associated with the insurance policies it writes;
- unfavourable capital market developments or other factors, including the impact of the COVID-19 pandemic and related economic conditions, which may affect the Company’s investments, floating rate securities and funding obligations under its pension plans;
- the cyclical nature of the P&C insurance industry;
- management’s ability to accurately predict future claims frequency and severity, including in the high net worth and personal auto lines of business;
- government regulations designed to protect policyholders and creditors rather than investors;
- litigation and regulatory actions, including with respect to the COVID-19 pandemic;
- periodic negative publicity regarding the insurance industry;
- intense competition;
- the Company’s reliance on brokers and third parties to sell its products to clients and provide services to the Company and the impact of COVID-19 and related economic conditions on such brokers and third parties;
- the Company’s ability to successfully pursue its acquisition strategy;
- the Company’s ability to execute its business strategy;
- the uncertainty of obtaining in a timely manner, or at all, the regulatory approvals required to complete the Acquisition, the issuance of the subscription receipts and the issuance of the common shares issuable pursuant to the subscription agreements;
- unfavourable capital markets developments or other factors that may adversely affect the Company’s ability to finance the Acquisition;
- the Company’s ability to improve its combined ratio, retain business and achieve synergies and maintain market position arising from successful integration plans relating to the

Acquisition, as well as management's estimates and expectations in relation to future economic and business conditions and other factors in relation to the Acquisition and resulting impact on growth and accretion in various financial metrics;
- its ability to otherwise complete the integration of the business acquired within anticipated time periods and at expected cost levels;
- the Company’s dependence on key employees and its ability to attract and retain key employees in connection with the Acquisition;
- the Company’s ability to achieve synergies arising from successful integration plans relating to acquisitions generally;
- the Company’s profitability and ability to improve its combined ratio in the United States;
- the Company’s ability to retain and attract new business in connection with the Acquisition;
- the Company’s participation in the Facility Association (a mandatory pooling arrangement among all industry participants) and similar mandated risk-sharing pools;
- terrorist attacks and ensuing events;
- the occurrence and frequency of catastrophe events, including a major earthquake;
- catastrophe losses caused by severe weather and other weather-related losses, as well as the impact of climate change;
- the occurrence of and response to public health crises including epidemics, pandemics or outbreaks of new infectious diseases, including most recently, the coronavirus (COVID-19) pandemic and ensuing events;
- the Company’s ability to maintain its financial strength and issuer credit ratings;
- the Company’s access to debt and equity financing;
- the Company's ability to compete for large commercial business;
- the Company’s ability to alleviate risk through reinsurance;
- the Company’s ability to successfully manage credit risk (including credit risk related to the financial health of reinsurers);
- the Company’s ability to contain fraud and/or abuse;
- the Company’s reliance on information technology and telecommunications systems and potential failure of or disruption to those systems, including in the context of the impact on the ability of our workforce to perform necessary business functions remotely, as well as in the context of evolving cybersecurity risk;
- the impact of developments in technology and use of data on the Company’s products and distribution;
- changes in laws or regulations, including those adopted in response to COVID-19 that would, for example, require insurers to cover business interruption claims irrespective of terms after policies have been issued, and could result in an unexpected increase in the number of claims and have a material adverse impact on the Company’s results;
- COVID-19 related coverage issues and claims, including certain class actions and related defence costs could negatively impact our claims reserves;
- general economic, financial and political conditions;
- the Company’s dependence on the results of operations of its subsidiaries and the ability of the Company’s subsidiaries to pay dividends;
- the volatility of the stock market and other factors affecting the trading prices of the Company’s securities, including in the context of the COVID-19 crisis;
- the Company’s ability to hedge exposures to fluctuations in foreign exchange rates;
- future sales of a substantial number of the Company’s common shares; and
- changes in applicable tax laws, tax treaties or tax regulations or the interpretation or enforcement thereof.

All of the forward-looking statements included in this press release are qualified by these cautionary statements and those made in the section entitled Risk Management (Sections 22-27) of our MD&A for the year ended December 31, 2019 ("Annual MD&A"), the section entitled Risk Management (sections 17-18) of our MD&A for the quarter ended September 30, 2020 and elsewhere in this press release. These factors are not intended to represent a complete list of the factors that could affect the Company. These factors should, however, be considered carefully. Although the forward-looking statements are based upon what management believes to be reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward-looking statements. Investors should not rely on forward-looking statements to make decisions, and investors should ensure the preceding information is carefully considered when reviewing forward-looking statements contained herein. The Company and management have no intention and undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Disclaimer

This press release does not constitute or form part of any offer for sale or solicitation of any offer to buy or subscribe for any securities nor shall it or any part of it form the basis of or be relied on in connection with, or act as any inducement to enter into, any contract or commitment whatsoever.

The information contained in this press release concerning the Company does not purport to be all-inclusive or to contain all the information that an investor may desire to have in evaluating whether or not to make an investment in the Company. The information is qualified entirely by reference to the Company's publicly disclosed information and the cautionary note regarding forward-looking statements included in this press release.

No representation or warranty, express or implied, is made or given by or on behalf of the Company or any of its the directors, officers or employees as to the accuracy, completeness or fairness of the information or opinions contained in this press release and no responsibility or liability is accepted by any person for such information or opinions. In furnishing this press release, the Company does not undertake or agree to any obligation to provide investors with access to any additional information or to update this press release or to correct any inaccuracies in, or omissions from, this press release that may become apparent. The information and opinions contained in this press release are provided as at the date of this press release. The contents of this press release are not to be construed as legal, financial or tax advice. Each investor should contact his, her or its own legal adviser, independent financial adviser or tax adviser for legal, financial or tax advice.

Non-IFRS Measures

The Company uses both International Financial Reporting Standards ("IFRS") and certain non-IFRS measures to assess performance. Non-IFRS measures do not have any standardized meaning prescribed by IFRS and are unlikely to be comparable to any similar measures presented by other companies. Management analyzes performance based on underwriting ratios such as combined, expense, loss and claims ratios, MCT, RBC and debt-to-total capital, as well as other non-IFRS financial measures, namely DPW, change or growth in constant currency, underlying current year loss ratio, underwriting income (loss), underwriting expenses, NEP, NOI, NOIPS, OROE, ROE, AROE, non-operating results, net distribution income, adjusted net income, AEPS, total net claims, and total capital margin. See section 31 of the Annual MD&A, which is posted under the Company's profile on SEDAR at www.sedar.com, for the definition and historical reconciliation to the most comparable IFRS measure, where such a measure exists.