TORONTO (TSX: IFC) – July 28, 2020
(in Canadian dollars except as otherwise noted)

PRESS RELEASE
Intact Financial Corporation reports Q2-2020 results and provides COVID-19 update

COVID-19 Update

- **Our focus remains on helping our employees, customers and communities through this crisis**
- **Since March we have provided over $350 million of relief**, including premium reductions and payment flexibility, to over a million customers
- For the remainder of 2020 the crisis is expected to impact direct premiums written growth in the mid-single to low-double digit range, while **underwriting performance is expected to be on track**
- Our operations and service levels remain strong and we have begun a risk-based, voluntary return to the office strategy for our employees

Financial Results

- **Net operating income per share up 63% to $2.35,** with $0.64 per share of catastrophe losses
- **Premium growth of 7%** following the impact of relief measures and including The Guarantee Company of North America ("The Guarantee") acquisition. Integration remains on target.
- **Strong underwriting performance across North America**, with a combined ratio of 89.5%
- **Balance sheet strength maintained** with $1.7 billion of total capital margin and 22.1% debt-to-total-capital ratio
- **BVPS of $53.95 increased 8% year-over-year** on strong financial performance

Charles Brindamour, Chief Executive Officer, said:

"We delivered solid results this quarter while providing relief to more than one million customers and helping our Alberta customers get back on track following two significant weather events. Our capital position remains strong and we are well positioned to meet our underwriting targets for 2020. The COVID-19 crisis has exacerbated many underlying societal challenges, from poverty to racism, to the care of our most vulnerable people. Businesses and their employees have an important role to play in solving these problems and we intend to do our part to contribute to meaningful change."

	Consolidated Highlights[1]					
(in millions of Canadian dollars except as otherwise noted)	Q2-2020	Q2-2019	Change	YTD 2020	YTD 2019	Change
Direct premiums written[1]	**3,382**	3,152	7%	**5,903**	5,367	10%
Combined ratio	**89.5%**	97.0%	(7.5) pts	**91.9%**	99.2%	(7.3) pts
Underwriting income	**284**	75	nm	**443**	38	nm
Net investment income	**141**	148	(5)%	**291**	288	1%
Distribution EBITA and Other	**78**	72	8%	**122**	108	13%
Net operating income	**350**	212	65%	**593**	325	82%
Net income	**263**	168	57%	**370**	327	13%
Per share measures (in dollars)						
Net operating income per share (NOIPS)	**2.35**	1.44	63%	**3.96**	2.17	82%
Earnings per share (EPS)	**1.74**	1.13	54%	**2.40**	2.19	10%
Return on equity for the last 12 months						
Operating ROE	**15.6%**	12.0%	3.6 pts			
ROE	**10.1%**	10.6%	(0.5) pts			
Book value per share (in dollars)	**53.95**	49.90	8%			
Total capital margin[2]	**1,707**	1,269	438			
Debt-to-total-capital ratio	**22.1%**	21.6%	0.5 pts			

(1) This press release contains non-IFRS financial measures. Refer to Section 20 – *Non-IFRS financial measures* in the Management's Discussion and Analysis for further details. DPW change (growth) is presented in constant currency.
(2) Aggregate of capital in excess of company action levels in regulated entities (165% MCT effective April 1, 2020, previously 170% MCT, 200% RBC) plus available cash in unregulated entities. Refer to Section 14 – *Capital management* in the Management's Discussion and Analysis for further details.

Common Share Dividend

- The Board of Directors approved the quarterly dividend of $0.83 per share on the Company's outstanding common shares. The dividends are payable on September 30, 2020, to shareholders of record on September 15, 2020.
- With a strong balance sheet, low payout ratio and resilient operating income, IFC has capacity to support its customers and pay its dividends, while continuing to invest in its strategy.

Industry Outlook

- The prevailing hard market conditions in personal auto will be tempered until driving activity returns to a normal level. Hard market conditions in personal property are expected to continue. In commercial lines hard market conditions are expected to resume in the coming months. In U.S. commercial, hardening market conditions are expected to continue.
- Given that the Canadian industry combined ratio was above 100% and the industry ROE was well below historical averages in 2019 and in Q1-2020, we expect industry corrective measures to resume as the impacts from the COVID-19 crisis decline.

Insurance Business Performance

(in millions of Canadian dollars except as otherwise noted)	Q2-2020	Q2-2019	Change	YTD 2020	YTD 2019	Change
Direct premiums written[1]						
Canada	**2,896**	2,727	6%	**5,021**	4,580	10%
U.S.	**486**	425	10%	**882**	787	10%
	3,382	3,152	7%	**5,903**	5,367	10%
Combined ratio						
Canada	**89.0%**	97.4%	(8.4) pts	**91.2%**	100.1%	(8.9) pts
U.S.	**93.2%**	94.8%	(1.6) pts	**96.7%**	94.4%	2.3 pts
	89.5%	97.0%	(7.5) pts	**91.9%**	99.2%	(7.3) pts
Underwriting income						
Canada	**257**	55	367%	**415**	(4)	nm
U.S.	**26**	18	44%	**25**	39	(36)%
Corporate & other	**1**	2	nm	**3**	3	-
	284	75	279%	**443**	38	nm

[1] DPW change (growth) is presented in constant currency. Refer to Section 6 – *U.S.* in the Management's Discussion and Analysis for further details. In the U.S., DPW change (growth) as reported was 14% for the quarter and 12% year-to-date.

- **Premiums grew 7%** in the quarter reflecting solid growth across all lines of businesses and the 4-point impact of premium relief to customers. In Canada, premium growth was 6% in the quarter, including the benefit of The Guarantee acquisition. In the U.S., topline grew 14%, or 10% on a constant currency basis, reflecting strong organic growth in most lines of businesses and including The Guarantee acquisition.
- **Combined ratio of 89.5%** in the quarter was strong and included $124 million of weather-related catastrophe losses, as announced on July 8, 2020. No material COVID-19 related losses were recorded in the quarter. The combined ratio in Canada was strong at 89.0%, reflecting lower claims frequency, largely offset by premium relief measures. A bad debt provision added 1.3 points to the combined ratio. In the U.S., the combined ratio of 93.2% improved by 1.6 points, driven by our profitability actions.

Lines of Business

P&C Canada

- **Personal auto** premium growth of 3% in the quarter reflected a 7-point impact from customer premium relief measures. We expect the impact of premium relief measures in Q3-2020 to be in the low-double digit range. The combined ratio improved 14.8 points over last year to 84.7% in Q2-2020. The underlying current year loss ratio of 53.7% improved by 13.1 points from Q2-2019, reflecting lower claims frequency from reduced driving, better weather conditions and the benefit of our profitability actions, partly offset by increased severity and relief. Catastrophe losses of 3.5 points were above expectations for a second quarter, due to severe weather events in Alberta.
- **Personal property** premiums increased 11% in the quarter driven by favourable market conditions and unit growth. The combined ratio improved 11 points year-over-year to 88.6%. The underlying current year loss ratio of 46.7% improved 12.3 points compared to last year, driven by our profitability actions and lower non-CAT weather-related losses. Catastrophe losses of 8.4 points, versus 9.1 points last year, reflect weather events in Alberta.
- **Commercial lines** (P&C and auto) premium growth of 7% in the quarter was tempered by the impact of the economic slowdown and premium relief measures. The underlying current year loss ratio of 53.5% improved 5.5 points from Q2-2019, reflecting lower claims frequency and the benefit of our profitability actions. The combined ratio of 95.1% in the quarter increased 2.3 points, due to elevated expenses and catastrophe losses, and lower favourable prior year claims development.
- **Distribution EBITA and Other** grew 8% to $78 million driven by organic growth and acquisitions.

P&C U.S.

- **Premiums** grew 10% in constant currency to $486 million in Q2-2020, driven by strong organic growth in most lines of business and including The Guarantee acquisition. Excluding the impact of the Healthcare business exit effective July 1, 2019 and The Guarantee acquisition, premium growth was 7%.
- **Combined ratio** of 93.2% in the quarter improved 1.6 points compared to last year reflecting strong performance across most lines. The underlying current year loss ratio of 53% improved 4.8 points compared to last year, driven by our profitability actions. Catastrophe losses were 1.7 points, versus nil last year.

Investments

- **Net investment income** of $141 million for the quarter decreased 5% compared to last year, mainly due to lower reinvestment yields and lower dividend income related to reductions and timing, offset by higher invested assets following The Guarantee acquisition.
- **Net losses excluding FVTPL bonds** were $35 million for the quarter. Equity impairments were immaterial.

Net Income and ROE

- **Net operating income** increased 65% to $350 million (or $2.35 per share) in Q2-2020, reflecting strong growth in underwriting income.
- **Earnings per share** increased by 54% to $1.74 in Q2-2020 driven by growth in operating income.
- **Operating ROE** for the last 12 months improved 3.6 points year-over-year to 15.6% as at June 30, 2020.

Balance Sheet

- The Company ended the quarter in a strong financial position, with a total capital margin of $1.7 billion. MCT in Canada was estimated at 200%.
- IFC's **book value per share** of $53.95 as at June 30, 2020, increased 4% since March 31, 2020, driven by strong operating performance and the rebound in capital markets.
- The **debt-to-total capital ratio** was 22.1% as at June 30, 2020, compared to 24.1% as of March 31, 2020. We expect to return to our 20% target level over the next 12-18 months.

Preferred Share Dividends

- The Board of Directors also approved a quarterly dividend of 21.225 cents per share on the Company's Class A Series 1 preferred shares, 20.825 cents per share on the Class A Series 3 preferred shares,18.31825 cents per share on the Class A Series 4 preferred shares, 32.5 cents per share on the Class A Series 5 preferred shares, 33.125 cents per share on the Class A Series 6 preferred shares, 30.625 cents per share on the Class A Series 7 preferred shares and 33.75 cents per share on the Class A Series 9 preferred shares. The dividends are payable on September 30, 2020, to shareholders of record on September 15, 2020.

M&A Update

- The Guarantee, Frank Cowan and On Side acquisitions collectively added 1 cent to NOIPS year-to-date.
- The integrations are on track to deliver mild NOIPS accretion in 2020 and **mid-single digit NOIPS accretion by 2021.**

Analysts' Estimates

- The average estimate of **earnings per share** and **net operating income per share** for the quarter among the analysts who follow the Company was $1.72 and $1.96, respectively.

Management's Discussion and Analysis (MD&A) and Consolidated Financial Statements

This Press Release, which was approved by the Company’s Board of Directors on the Audit Committee’s recommendation, should be read in conjunction with the Q2-2020 MD&A as well as the Q2-2020 Consolidated Financial Statements, which are available on the Company’s website at www.intactfc.com and later today on SEDAR at www.sedar.com.

For the definitions of measures and other insurance-related terms used in this Press Release, please refer to the MD&A and to the glossary available in the “Investors” section of the Company’s website at www.intactfc.com.

Conference Call

Intact Financial Corporation will host a conference call to review its earnings results tomorrow at 11:00 a.m. ET. To listen to the call via live audio webcast and to view the Company’s Financial Statements, MD&A, presentation slides, Supplementary financial information and other information not included in this press release, visit the Company’s website at www.intactfc.com and link to “Investors”. The conference call is also available by dialing 647 427-7450 or 1 888 231-8191 (toll-free in North America). Please call 10 minutes before the start of the call. A replay of the call will be available on July 29th, 2020 at 2:00 p.m. ET until midnight on August 5th. To listen to the replay, call 416 849-0833 or 1 855 859-2056 (toll-free in North America), passcode 5456118. A transcript of the call will also be made available on Intact Financial Corporation’s website.

About Intact Financial Corporation

Intact Financial Corporation (TSX: IFC) 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 Group USA (previously known as OneBeacon Insurance Group), a wholly-owned subsidiary, provides a range of specialty insurance products and services sold through independent agencies, regional and national brokers, wholesalers and managing general agencies.

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Forward Looking Statements

Certain statements made in this press release are forward-looking statements. These statements include, without limitation, statements relating to claims, catastrophe losses and non-catastrophe losses, the anticipated effect on combined ratio as well as on a per share basis and by line of business, the anticipated effect of applicable and future federal and provincial tax regulations and the impact on the Company of the occurrence of and response to the coronavirus (COVID-19) pandemic and ensuing events. All such forward-looking statements are made pursuant to the 'safe harbour' provisions of applicable Canadian securities laws.

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. Many factors could cause the Company's actual results, performance or achievements or future events or developments to differ materially from those expressed or implied by the forward-looking statements. In the case of estimated claims and losses, due to the preliminary nature of the information available to prepare estimates, future estimates and the actual amount of claims and losses associated with events described above may be materially different from current estimates.

All of the forward-looking statements included in this press release are qualified by these cautionary statements and those made in the "Risk Management" section (Section 18) of our Q2-2020 Management's Discussion and Analysis, and our 2019 Annual Management's Discussion and Analysis, in Notes 10 and 13 of our Consolidated Financial Statements for the year ended December 31, 2019 and in our Annual Information Form dated March 30, 2020. 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. When relying on forward-looking statements to make decisions, investors should ensure the preceding information is carefully considered. Undue reliance should not be placed on forward-looking statements made in this press release. The Company has no intention and undertakes 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.