Intact Financial Corporation (TSX: IFC)

Q1-2023 Review of Performance

Thursday, May 11, 2023

intact

Forward-looking statements

Certain of the statements included in this presentation about the Company’s current and future plans, expectations and intentions, results, levels of activity, performance, goals or achievements or any other future events or developments constitute forward-looking statements. The words “may”, “will”, “would”, “should”, “could”, “expects”, “plans”, “intends”, “trends”, “indicates”, “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 presentation are made as at March 31, 2023, and are subject to change after that date. This presentation contains forward-looking statements with respect to the integration of RSA Insurance Group PLC and the realization of the expected strategic, financial and other benefits.

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, economic and political environments and industry conditions. 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, including, without limitation, credit, market, liquidity, operational, strategic and legal risks and the risks discussed in Section 33.6- Top and emerging risks that may affect future results and Section 33.7- Other risk factors that may affect future results of our MD&A for the year ended December 31, 2022, including a major earthquake, climate change, catastrophe, increased competition and disruption, turbulence in financial markets, reserving inadequacy, underwriting inadequacy, governmental and/or regulatory intervention, cyber security failure, failure of a major technology initiative, inability to contain fraud and/or abuse, customer dissatisfaction, social unrest, third party reliance, employee defined benefit pension plan, reinsurance inadequacy, distribution risks, inability to retain and to attract talent, business interruption to our operations, credit downgrade, limit on dividend and capital distribution.

All of the forward-looking statements included in this presentation, the Q1-2023 MD&A and the quarterly earnings press release dated May 10, 2023 are qualified by these cautionary statements and those made in the section entitled Risk management (Sections 30-34) of our MD&A for the year ended December 31, 2022 and the Company’s Annual Information Form for the year ended December 31, 2022. 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 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.

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Non-GAAP and Other Financial Measures

We use both Generally Accepted Accounting Principles (GAAP) financial measures ("reported measures"), as well as Non-GAAP financial measures and Non-GAAP ratios (each as defined in National Instrument 52-112 "Non-GAAP and Other Financial Measures Disclosure") to assess our performance. Non-GAAP financial measures and Non-GAAP ratios (which are calculated using Non-GAAP financial measures) and other financial measures do not have standardized meanings prescribed by IFRS and may not be comparable to similar measures used by other companies in our industry.

The principal Non-GAAP financial measures and other financial measures included in this presentation and other financial reports are: operating net underwriting revenue, operating net claims, operating net underwriting expenses, underwriting income (loss), operating net investment income, net unwind of discount on claims liabilities, operating net investment result, distribution income, total finance costs, other operating income (expense), operating and total income tax expense (benefit), PTOI, NOI attributable to common shareholders, pre-tax income, non-operating results, MYA and FX on claims liabilities, NOIPS, adjusted net income attributable to common shareholders, adjusted average common shareholder's equity, adjusted average common shareholder's equity (excluding AOCI), debt outstanding (excluding hybrid debt). The following are other supplementary financial measures: operating DPW, operating DPW growth, operating DPW growth in constant currency, total capital margin, our regulatory capital ratios, BVPS and BVPS (excluding AOCI).

The Non-GAAP ratios included in the presentation and other financial reports (other than interim condensed Consolidated financial statements) are: operating net underwriting revenue growth, operating net underwriting revenue growth in constant currency, combined ratio, claims ratio (including underlying current year loss ratio, CAT loss ratio and PYD ratio), expense ratio (including commissions ratio, general expenses ratio and premium taxes ratio), operating and total effective income tax rates, NOIPS, AEPS, ROE, OROE, AROE, and adjusted debt-to-total capital ratio.

We believe that similar measures and ratios are widely used in the industry and provide investors, financial analysts, rating agencies and other stakeholders with a better understanding of our business activity and financial results over time, in line with how management analyzes performance. Non-GAAP and other financial measures used by management are fully defined and reconciled to the corresponding GAAP measures, where applicable. We also use other financial measures to assess our performance, including supplementary financial measures and segment measures, which are further presented in the MD&A.

See Section 23 – Non-GAAP and other financial measures of the Q1-2023 MD&A for the definition and reconciliation to the most comparable GAAP measures (or "reported measures").

Important notes:

- Adoption of new accounting standards – On January 1, 2023, we adopted IFRS 17 – Insurance Contracts ("IFRS 17") in conjunction with IFRS 9 – Financial instruments ("IFRS 9"), which replace IFRS 4 – Insurance Contracts ("IFRS 4") and IAS 39 – Financial instruments: recognition and measurement ("IAS 39"), respectively. IFRS 17 was applied retrospectively as at January 1, 2022, and comparative information was restated accordingly to maintain comparability (see "Restated" columns throughout this presentation). IFRS 9 was applied retrospectively as of January 1, 2023, with no restatement of comparative information. For more information, refer to Section 3 – IFRS 17 transitional impact of our Q1-2023 MD&A and to our IFRS 17 & 9 Teach-in presentation dated April 27, 2023, available in the "Investors" section of our web site at www.intactfc.com.
- Abbreviations and definitions of selected key terms used in this presentation are defined in Section 27 – *Glossary and definitions* of our Q1-2023 MD&A
- Other insurance-related terms are defined in *Section 27 – Glossary and definitions* of our Q1-2023 MD&A, as well as in the glossary available in the "Investors" section of our web site at www.intactfc.com.
- Certain totals, subtotals and percentages may not agree due to rounding. Not meaningful (nm) is used to indicate that the current and prior year figures are not comparable, not meaningful, or if the percentage change exceeds 1,000%.

Charles Brindamour

Chief Executive Officer

Key points & highlights

$3.06
NOIPS[1]
on premium growth, higher investment yields and increased distribution income

$2.06
EPS
increase in operating earnings offset in part by non-operating losses

+4% *constant currency*
Operating DPW[1] Growth
+5% excluding strategic exits

91.9%
Combined Ratio (undiscounted)[1]
robust performance in commercial lines across all segments

87.4%
Combined Ratio (discounted)[1]
driven by the high discount rates in effect

$77.72
BVPS[1]
decreased by 6% from Q4-2022, largely reflecting the UK pension de-risking actions

14.1%
OROE[1]

15.4%
ROE[1]

reflecting strong operating results across the business

$2.8B
Total Capital Margin[1,2]
solid underwriting performance and positive impacts related to our investment portfolio

[1] This is a non-GAAP measure. See section 23 – *Non-GAAP and other financial measures* of the Q1-2023 MD&A, available on www.sedar.com.
[2] See section 20.2 - *Maintaining a strong capital position* of the Q1-2023 MD&A, available on www.sedar.com

Q1-2023 Canadian results

	Operating DPW growth[1]	Combined ratio (undiscounted)[1]	Industry outlook[2]
Personal Auto	**+5%** up 3 points from the preceding quarter	**97.1%** in line with our seasonally-adjusted sub-95 expectation	Industry premiums expected to grow in the **mid-to-high single-digit** range
Personal Property	**+6%** continued rate momentum in firm market conditions	**84.5%** robust underlying performance and favourable weather	Industry premium growth expected to remain at a **high single-digit** level
Canadian Commercial	**-%** Rate increases and strong retention levels, offset by target portfolio actions	**90.8%** strong underlying performance, partly offset by higher CAT losses and more modest favourable PYD	Industry premium growth expected at **upper single-digit** level

[1] Operating DPW growth and Combined ratio are non-GAAP measures. See section 23 – *Non-GAAP and other financial measures* of the Q1-2023 MD&A, available on www.sedar.com
[2] 12-month industry outlook. For more details, please see Section 13 – *P&C insurance industry outlook* of the Q1-2023 MD&A, available on www.sedar.com

Q1-2023 UK&I and US results

	Operating DPW growth (constant currency)[1]	Combined ratio (undiscounted)[1]	Industry outlook[2]
UK&I Personal	**(11)%** reflecting the exit from the UK Personal Lines motor market	**107.3%** 4-point adverse impact from the 2022 December freeze event, and inflationary pressures	**UK property:** rate increases expected over time **Ireland property:** low single-digit rate increases expected **Ireland motor:** further rate increases expected into 2023
UK&I Commercial	**+3%** +6% excluding strategic exits, reflecting continued strong rate increases	**88.2%** with continued benefits of our profitability actions and benign CAT losses in the quarter	UK & EU industry premium rates expected to grow at **mid-to-upper single digit** level
US Commercial	**+15%** driven by newer products, new business, and continued rate increases	**89.1%** reflecting robust underwriting discipline	Industry premium growth expected at an **upper single-digit** level

[1] Operating DPW growth and Combined ratio are non-GAAP measures. See section 23 – *Non-GAAP and other financial measures* of the Q1-2023 MD&A, available on www.sedar.com
[2] 12-month industry outlook. For more details, please see Section 13 – *P&C insurance industry outlook* of the Q1-2023 MD&A, available on www.sedar.com

Strategic highlights

RSA integration

- Policy conversion in the broker channel, outside of specialty lines and Johnson, has been completed
- In direct distribution, 50% of Johnson's retail policies have converted to belairdirect thus far
- Conversion of Johnson's affinity policies will begin in Q4-2023, and engagement with affinity partners remains strong

Digital

New features on our mobile apps to encourage more eco-friendly driving have increased active engagement with customers by nearly 50%.

Supply Chain

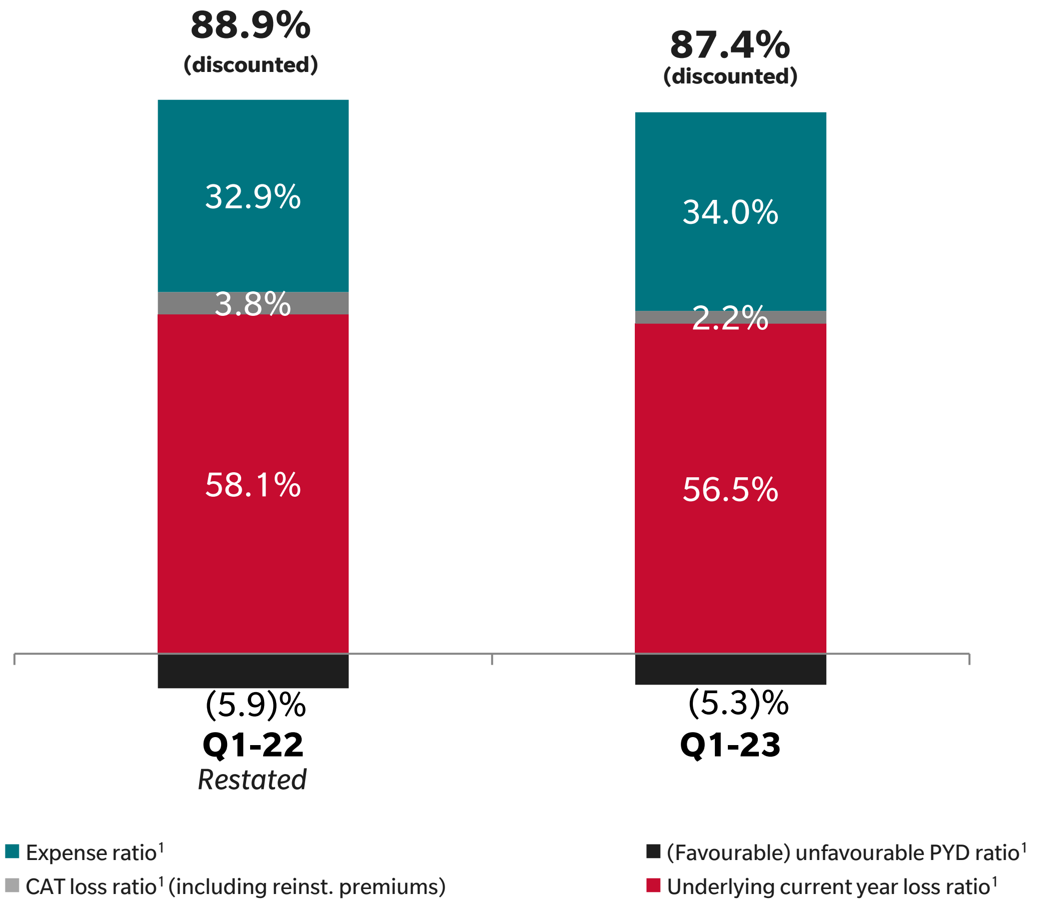
Intact Service Centre network expanded to 13 locations. Increased volume is reducing cycle times and enhancing customer experience.

Louis Marcotte

Executive Vice President & Chief Financial Officer

Q1-2023 Underwriting review[1]

Combined ratio of 87.4% (91.9% undiscounted)



Canada

Combined ratio[2] was solid at 91.7%, reflecting strong performance in personal property and commercial lines, driven by the benefit of our rate increases and favourable weather

UK&I

Combined ratio[2] of 94.6% due to benign CAT losses and the exit of the UK personal lines motor portfolio.

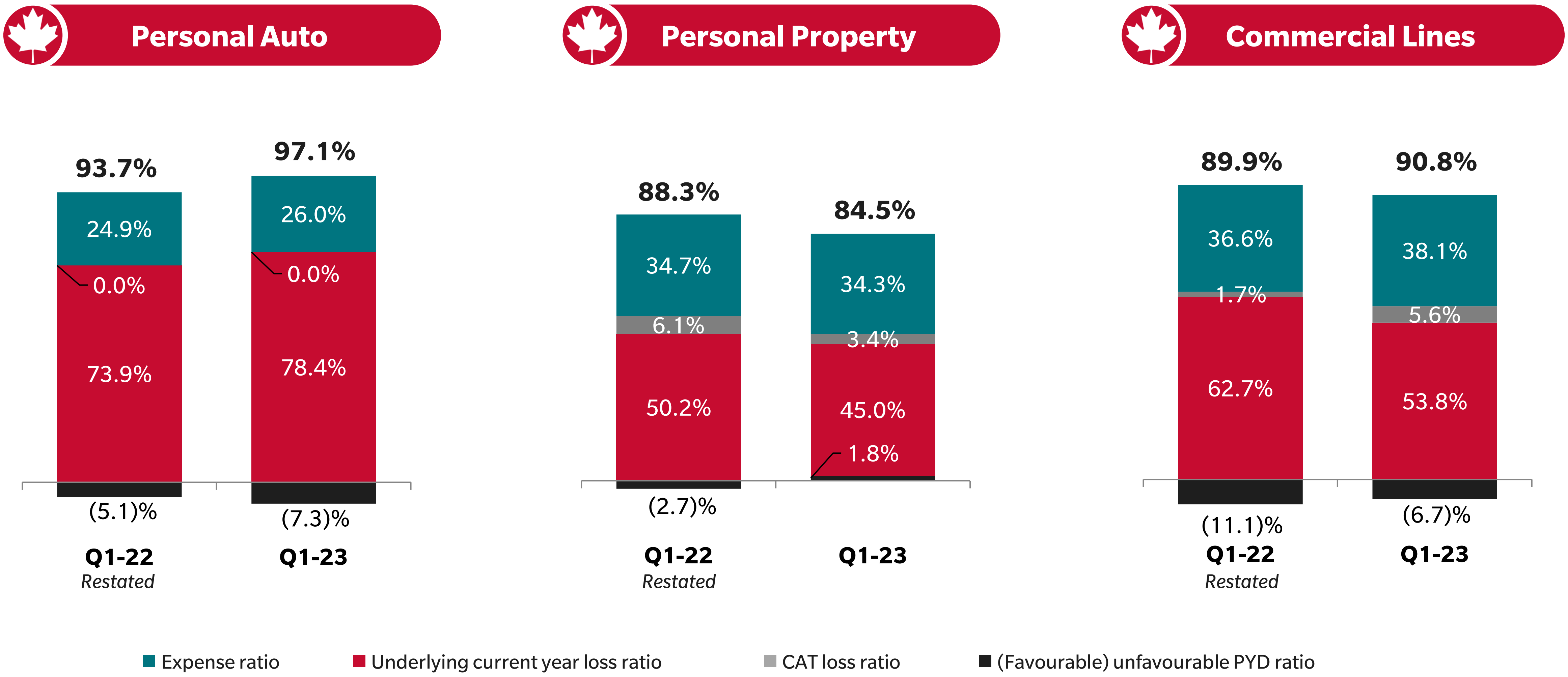
US

Combined ratio[2] was solid at 89.1%, reflecting robust underwriting discipline.

[1] Combined ratio, Expense ratio, CAT loss ratio, PYD ratio, and Underlying current year loss ratio are non-GAAP measures. For details on the reconciliation of the non-GAAP ratios presented, see section 23 – *Non-GAAP and other financial measures* of the Q1-2023 MD&A, available on www.sedar.com.

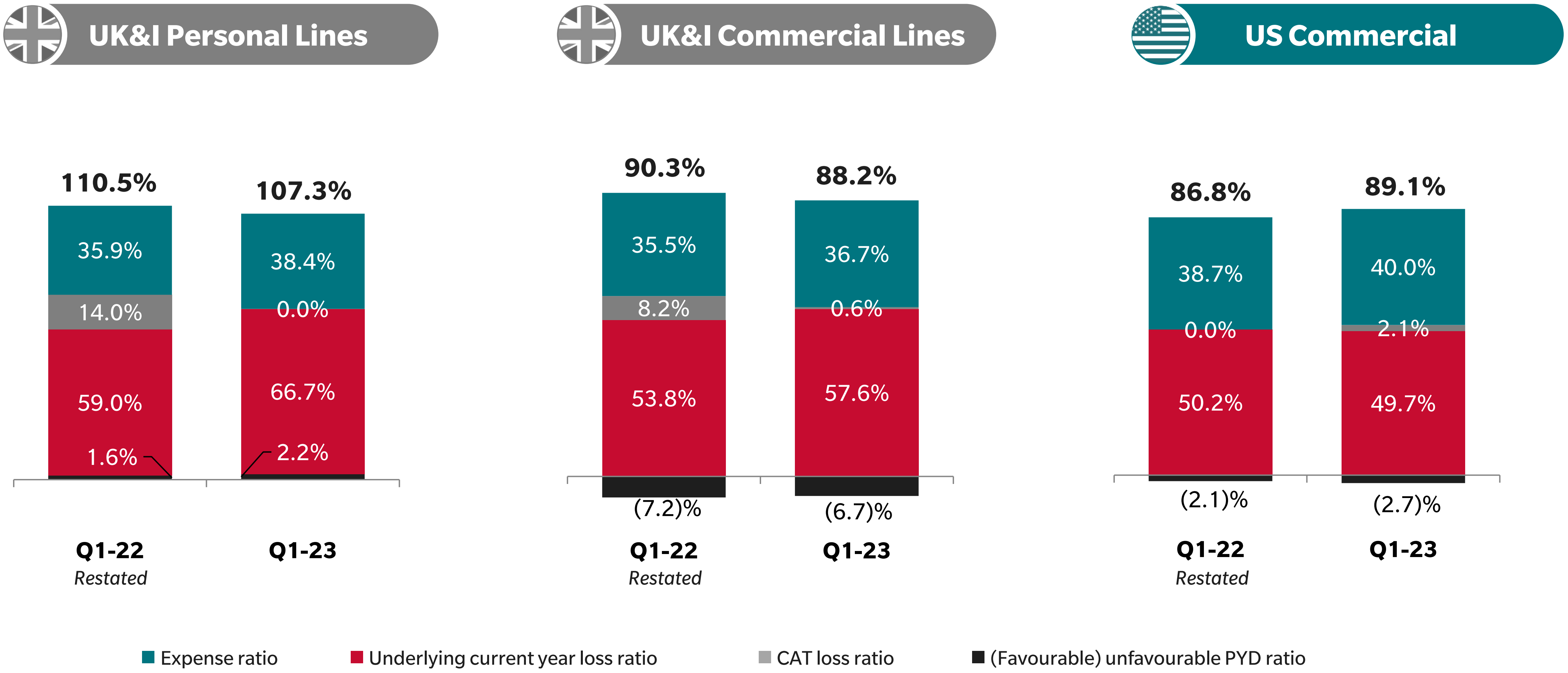
[2] Combined ratios for the segments are undiscounted

Q1-2023 Underwriting review[1,2]



[1] Combined ratios presented are undiscounted.
[2] Combined ratio,Expense ratio, CAT loss ratio, PYD ratio, and Underlying current year loss ratio are non-GAAP measures. For details on the reconciliation of the non-GAAP ratios presented, see section 23 – *Non-GAAP and other financial measures* of the Q1-2023 MD&A, available on www.sedar.com.

Q1-2023 Underwriting review[1,2]



[1] Combined ratios presented are undiscounted.
[2] Combined ratio, Expense ratio, CAT loss ratio, PYD ratio, and Underlying current year loss ratio are non-GAAP measures. For details on the reconciliation of the non-GAAP ratios presented, see section 23 – *Non-GAAP and other financial measures* of the Q1-2023 MD&A, available on www.sedar.com.

RSA integration update

Value Creation

- On track to realize at least **$350 million** of pre-tax annual run-rate synergies within 3 years
  - Estimated annual run-rate of **$285 million** as at March 31, 2023
- RSA contributed **16% NOIPS[1] accretion** over the last 12 months
  - On track to reach approximately 20% in 2024

[1] This is a non-GAAP measure. See section 23 – *Non-GAAP and other financial measures* of the Q1-2023 MD&A, available on www.sedar.com.

Proven and consistent capital management strategy

CAPITAL DEPLOYMENT

MANAGE VOLATILITY

LOW BOOK VALUE PER SHARE SENSITIVITY TO CAPITAL MARKETS VOLATILITY[2]

-2%	**-2%**
per 10% decrease in common share prices[3]	per 100 bps increase in interest rates
-0.4%	**-3%**
per 5% decrease in preferred share prices[4]	Strengthening of CAD by 10% vs all currencies

MAINTAIN LEVERAGE RATIO

ADJUSTED DEBT-TO-TOTAL CAPITAL RATIO[1]

22.4%

INCREASE DIVIDENDS

ANNUAL DIVIDEND INCREASE

Dividend CAGR since 2005

11%

18 consecutive annual dividend increases since our IPO in 2004

INVEST IN GROWTH OPPORTUNITIES

CAPITAL INVESTED IN GROWTH SINCE 2009

$15B

SHARE BUYBACKS

BUYBACKS SINCE 2009

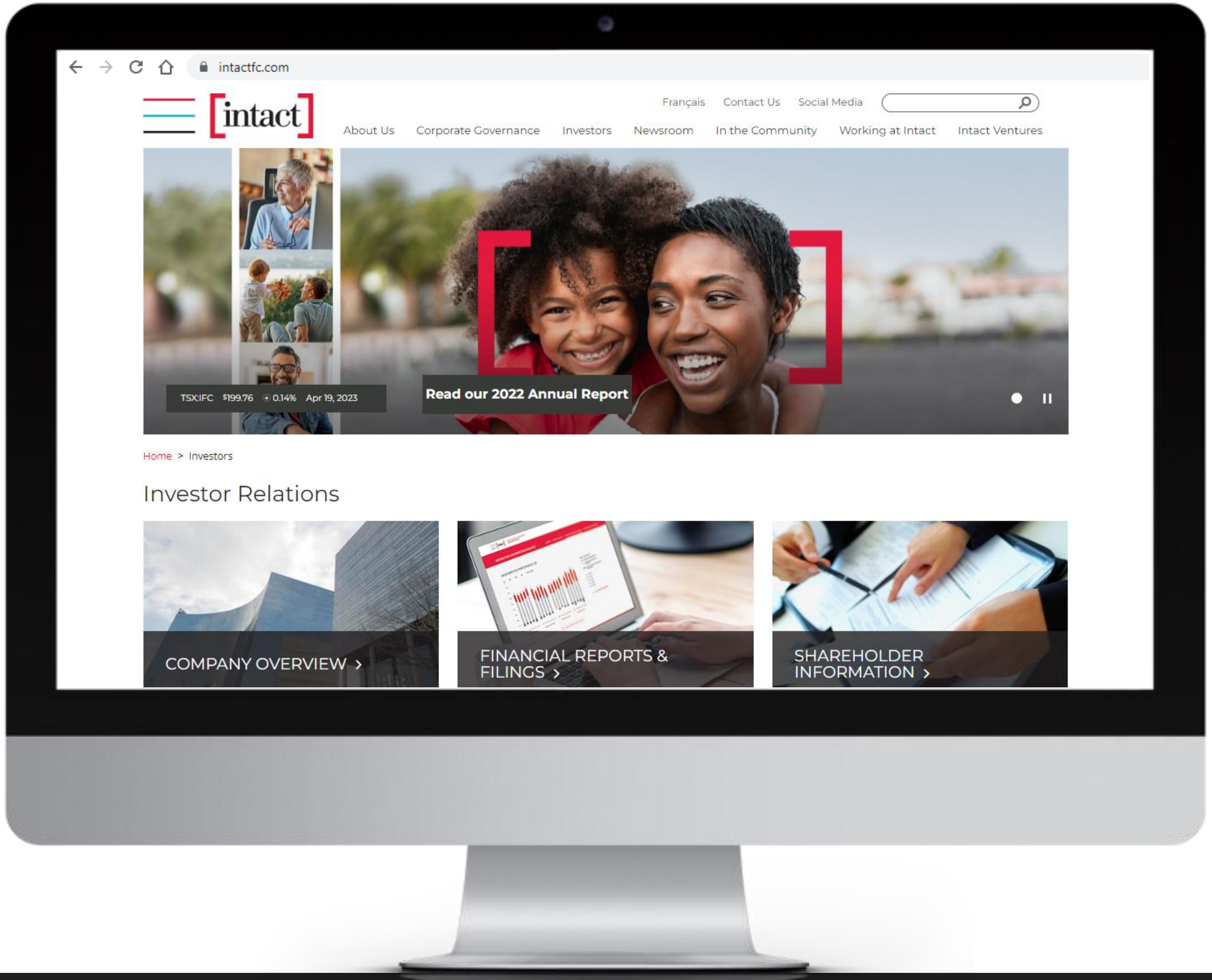
$776M

Our share buyback program (NCIB) has been renewed until February 2024

1 This is a non-GAAP measure. See section 23 – *Non-GAAP and other financial measures* of the Q1-2023 MD&A, available on www.sedar.com
2 Data as of March 31, 2023. See Section 22 – *Sensitivity analyses to market risk* of the Q1-2023 MD&A for additional commentary and break outs.
3 Including the impact of common shares (net of any equity hedges) or investment property related to the defined benefit pension plan, recorded in OCI.
4 Including the impact on related embedded derivatives (December 31, 2022 only).

Q&A

Contact us



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