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Scotia Capital
Financials Summit

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# Forward-looking statements and disclaimer

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", "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. 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, including, without limitation, the following factors: the Company's ability to implement its strategy or operate its business as management currently expects; its ability to accurately assess the risks associated with the insurance policies that the Company writes; unfavourable capital market developments or other factors which may affect the Company's investments 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; government regulations designed to protect policyholders and creditors rather than investors; litigation and regulatory actions; periodic negative publicity regarding the insurance industry; intense competition; the Company's reliance on brokers and third parties to sell its products to clients; the Company's ability to successfully pursue its acquisition strategy; the Company's ability to execute its business strategy; the terms and conditions of, and regulatory approvals relating to, the Acquisition of AXA Canada by the company (the "Acquisition"); timing for completion of the Acquisition; synergies arising from, and the Company's integration plans relating to the Acquisition; the Company's financing plans for the Acquisition; management's estimates and expectations in relation to resulting accretion, internal rate of return and debt to capital position at closing of the Acquisition and thereafter, as applicable; various other actions to be taken or requirements to be met in connection with the Acquisition and integrating the Company and AXA Canada after completion of 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 of catastrophic events; the Company's ability to maintain its financial strength ratings; 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 reliance on information technology and telecommunications systems; the Company's dependence on key employees; general economic, financial and political conditions; the Company's dependence on the results of operations of its subsidiaries; the volatility of the stock market and other factors affecting the Company's share price; and future sales of a substantial number of its common shares.

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# Forward-looking statements and disclaimer

All of the forward-looking statements included in this presentation are qualified by these cautionary statements and those made in the "Risk Management" section of our MD&A for the year ended December 31, 2010. 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.

Important Notes:

- All references to direct premiums written in this document exclude industry pools, unless otherwise noted.

- All references to "excess capital" in this document include excess capital in the P&C insurance subsidiaries at 170% minimum capital test ("MCT") plus liquid assets in the holding company, unless otherwise noted.

- Catastrophe claims are any one claim, or group of claims, equal to or greater than $5.0 million, related to a single event.

- All underwriting results and related ratios exclude the Market Yield Adjustment ("MYA"), except if noted otherwise.

**Disclaimer**

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 of Intact Financial Corporation analyzes performance based on underwriting ratios such as combined, general expenses and claims ratios as well as other performance measures such as return on equity ("ROE") and operating return on equity. These measures and other insurance related terms are defined in the Company's glossary available on the Intact Financial Corporation web site at www.intactfc.net in the "Investor Relations" section. Additional information about Intact Financial Corporation, including the Annual Information Form, may be found online on SEDAR at www.sedar.com.

# Canada’s leader in auto, home and business insurance

## Who we are[1]

- Largest P&C insurer in Canada
- $6.5 billion in direct premiums written
- #1 in Ontario, Quebec, Alberta, Nova Scotia
- $12.3 billion cash and invested assets
- Proven industry consolidator

## Distinct brands

intact INSURANCE

belairdirect.

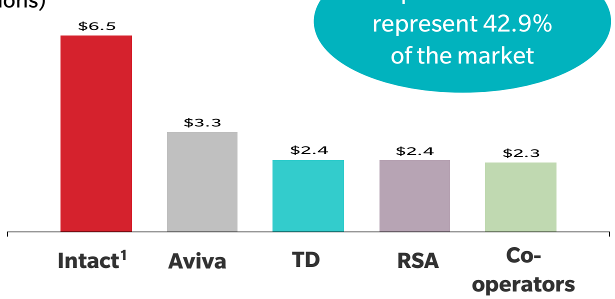
gp car and home

BrokerLink Auto / Home / Business Insurance

## Scale advantage

2010 Direct premiums written[2]
($ billions)

Top five insurers represent 42.9% of the market




| | Intact[1] | Aviva | TD | RSA | Co-operators |
|---|---|---|---|---|---|
| Market share | 16.5% | 8.4% | 6.1% | 6.0% | 5.9% |

## Industry outperformer

| 10-year performance – IFC vs. P&C industry[2] | IFC outperformance |
|---|---|
| Premium growth | 1.8 pts |
| Combined ratio[3] | 3.8 pts |
| Return on equity[4] | 7.7 pts |

[1] Pro forma acquisition of AXA Canada
[2] Industry data source: MSA Research excluding Lloyd’s, ICBC, SGI, SAF, MPI and Genworth. All data as at the end of 2010.
[3] Combined ratio includes the market yield adjustment (MYA)
[4] ROE is for Intact’s P&C insurance subsidiaries

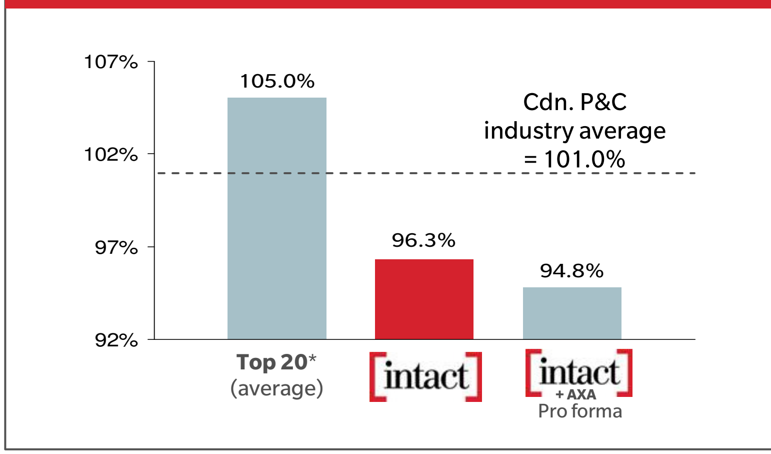
# Consistent industry outperformance



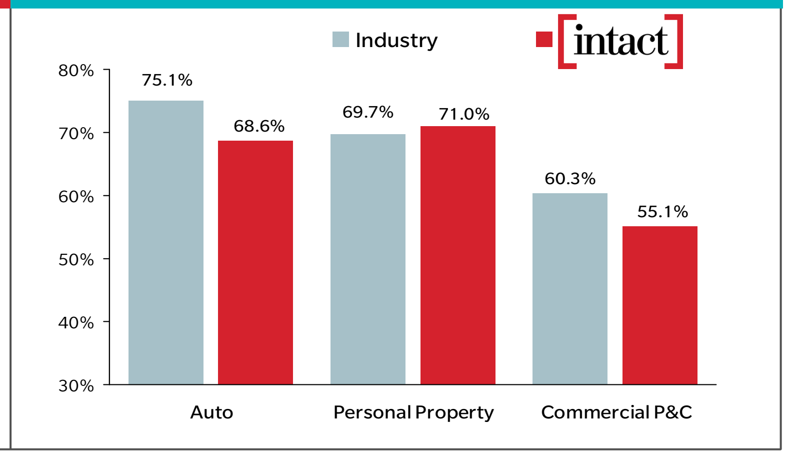



- Significant scale advantage
- Sophisticated pricing and underwriting
- In-house claims expertise
- Broker relationships
- Multi-channel distribution
- Proven acquisition strategy

## 2010 combined ratios




## Five-year average loss ratios




Industry data source: MSA Research excluding Lloyd's, ICBC, SGI, SAF, MPI and Genworth
Data in both charts is for the year ended December 31, 2010
Includes market yield adjustment (MYA)
* Top 20 excludes Lloyd's, Genworth, AXA, and IFC

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# Strong financial position and excess capital

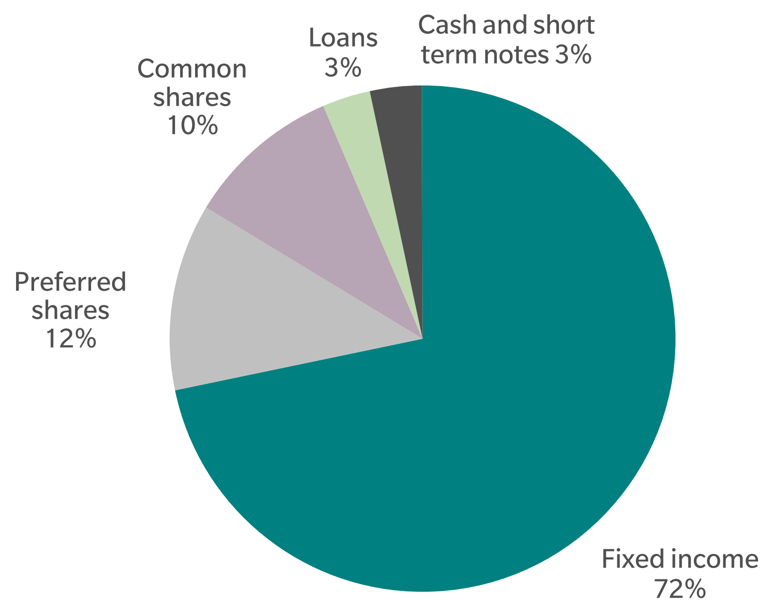
## Strong balance sheet

- Excess capital of $758 million, based on 170% MCT, of which ~$400 million will be used to finance the acquisition of AXA Canada
- As at the end of Q2-2011, the debt to total capital ratio was 14.4%. Although this will rise due to the AXA Canada acquisition, we intend to reduce the ratio to a level of 20% within 2 years.
- Solid ratings from A.M. Best, Moody's and DBRS
- Adequate claims reserves evidenced by consistent favourable development

## High-quality investment portfolio

- Approx. 99.2% of bonds are rated A or better
- 79.9% of preferred shares are highly-rated as P1 or P2
- $75 million in net investment income and market-based yield of 4.2% in Q2-2011

## $12.3 billion in cash and invested assets[1]




Note: Invested asset mix is net of hedging positions

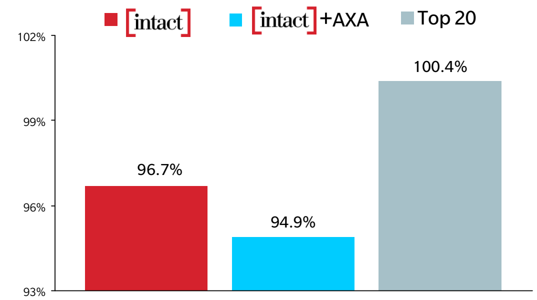
All figures as of June 30, 2011 unless otherwise noted
[1] Pro forma acquisition of AXA Canada

# We continued to outperform the industry in H1-2011

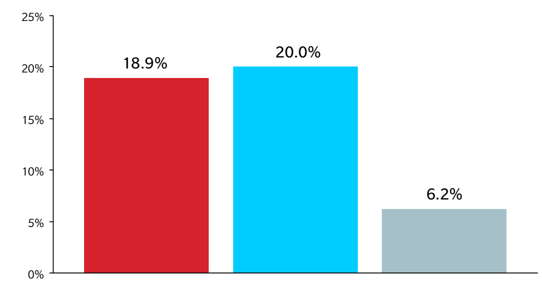
## Operating highlights: Q2-2011 results

- Net operating income per share of $0.87, despite $0.84 in losses from natural catastrophes
- Q2 combined ratio of 97.0% driven by very strong underwriting results from our auto businesses
- DPW growth of 2% in personal lines reflects slower growth in our direct businesses, notably in Ontario, while commercial lines grew 5% year-over-year
- Return on equity of 17.3% and operating ROE of 13.6% for the last 12 months, with an 11% increase in book value per share

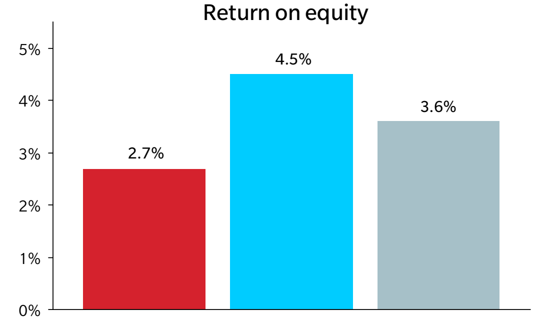
## Comparison with Canadian P&C industry[1] benchmark



Combined ratio (including MYA)



Return on equity



Direct premiums written growth (including FA pools)

1. Industry data source: MSA Research, excluding Lloyd's, Genworth, AXA and Intact, H1-2011 results

# 12-month industry outlook

**We remain well-positioned to continue outperforming the Canadian P&C insurance industry in the current environment**

**Premium growth**

- Industry premiums likely to increase at a similar rate as in 2010, with mid-single digit growth in personal auto (driven by ON), upper single digit growth in personal property (reflecting impact of water related losses and more frequent and/or severe storms) and low single digit growth in commercial lines
- As a result of IFC's disciplined pricing strategy, we are well-positioned to grow organically as market pricing becomes more rational

**Capital markets**

- Capital markets remain volatile, as economic data (particularly outside of Canada) raise questions about the sustainability of global recovery. Low interest rates continue to pressure investment yields which could influence higher premiums across the industry
- Capital requirements are not expected to negatively impact IFC to the same degree as the overall P&C insurance industry, given the composition of our investment portfolio and the nature of our claims liabilities

**Return on equity**

- Industry's ROE was approximately 7% in 2010 and 8% in Q1-2011. Although the combined ratio may improve, we believe this would be largely offset by a reduction in the level of investment income. Consequently, we do not expect material improvement in ROEs in the near term
- We strongly believe IFC is likely to outperform the industry's ROE by at least 500 basis points in the next 12 months

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# Four distinct avenues for growth

## Benefit from firming market conditions

**Personal lines**
- Industry premiums remain inadequate in ON auto
- Home insurance premiums also on the rise

**Commercial lines**
- Evidence of price firming in the past year
- Opportunity to gain share in mid-market

## Develop existing platforms

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- Continue to expand support to our broker partners

belairdirect.
gp car and home
- Expand and grow belairdirect and GP Car and Home

BrokerLink Auto / Home / Business Insurance
- Transform BrokerLink by leveraging scale

## Consolidate Canadian P&C market

**Capital**
- Strong financial position

**Strategy**
- Grow areas where IFC has a competitive advantage

**Opportunities**
- Global capital requirements becoming more stringent
- Industry underwriting results remain challenged
- Continued difficulties in global capital markets

## Expand beyond existing markets

**Principles**
- Financial guideposts: long-term customer growth, IRR>20%
- Stepped approach with limited near-term capital outlay
- Build growth pipeline with meaningful impact in 5+ years

**Strategy**
- Enter new market in auto insurance by leveraging strengths: 1) pricing, 2) claims and 3) online expertise

**Opportunities**
- Emerging markets or unsophisticated targets in mature markets

# Acquisition of AXA Canada: Building a world-class P&C insurer

| Strong strategic fit | Financially compelling |
| --- | --- |
| • Strengthens IFC's premiums by over 40%<br>• Bolsters our risk selection and claims management capabilities<br>• Capitalizes on a unique opportunity to combine two best-in-class operators<br>• Accelerates IFC's growth profile with industry-leading underwriting performance<br>• Bolsters proprietary distribution | • Management estimates IRR[1] of 20%<br>• Acquisition is accretive to NOIPS[2,3] in 2012; annual accretion of 15% expected in the mid-term[3]<br>• Operational synergies in excess of $100 million (after-tax) expected annually<br>• Strong annual cash flows from operating earnings |
| **Numerous diversification benefits** | **Solid financial position maintained** |
| • Strengthens commercial lines offering, presence and expertise<br>• Expands geographic footprint<br>• Enhances strength of multi-channel distribution<br>• Greater stability of earnings<br>• Increases bench strength of executive team | • Improves our ability to outperform the P&C insurance industry's ROE by at least 500 bps per year<br>• Accretive to book value per share<br>• Optimal deployment of our excess capital<br>• Capital ratio remains strong with MCT of 200% |

[1] Internal Rate of Return, based on equity returns.
[2] NOIPS = net operating income per share. A non-IFRS measure. Accretion based on consensus estimate of $4.78.
[3] Excluding non-recurring restructuring costs.

# AXA Canada: acquisition on-track

- Integration planning process initiated immediately following the announcement
- Numerous task forces established, comprised of employees from both IFC and AXA, charged with:
  - Reviewing activities, processes and systems of both companies
  - Identifying potential synergies
  - Developing appropriate action plans
- Acquisition expected to close in the fall, once all regulatory approvals are received
- Targeting to begin the integration of AXA business on our platform before year-end

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# AXA Canada: acquisition financing in place

## Original structure

| | |
|---|---|
| Funding from excess capital | $500 million |
| Proceeds from subscription receipts | $800 million |
| Acquisition credit facilities | $1,300 million |
| | $2,600 million |

## After over allotment

| | |
|---|---|
| Funding from excess capital | $377 million |
| Proceeds from subscription receipts [1] | $923 million |
| Acquisition credit facilities | $1,300 million |
| | $2,600 million |

## $1,300 million financing

| | |
|---|---|
| Term loan | $300 million |
| Preferred shares | $500 million |
| 10-yr medium-term notes | $300 million |
| 50-yr notes private placement | $100 million |
| Completed | $1,200 million |

## Remaining

| | |
|---|---|
| Medium-term notes | up to $100 million |

(1) Net of underwriters commission

# Conclusion: Intact Financial

**Disciplined pricing, underwriting, investment and capital management have positioned us well for the future**

- Largest P&C insurance company in Canada
- Consistent track record of industry outperformance
- Strong financial position
- Excellent long-term earnings power
- Organic growth platforms easily expandable
- AXA Canada acquisition on-track to close in the fall