Intact Financial Corporation
(TSX: IFC)

Building a world-class P&C insurer

Investor Presentation
August 2012

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 BC, Alberta, Ontario, Quebec, Nova Scotia
- $11.7 billion cash and invested assets
- Proven industry consolidator

Distinct brands

intact INSURANCE

belairdirect.

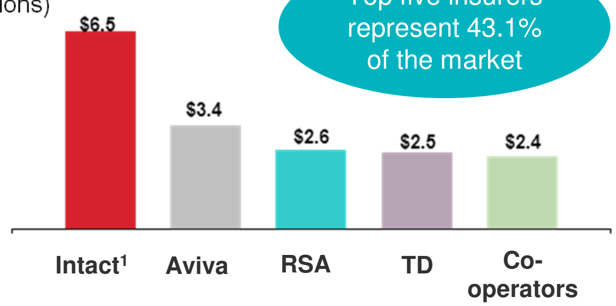
GREY POWER

BrokerLink Auto/Home/Business Insurance

Scale advantage

2011 Direct premiums written[2]
($ billions)

Top five insurers represent 43.1% of the market



	Intact[1]	Aviva	RSA	TD	Co-operators
Market share	16.5%	8.3%	6.3%	6.2%	5.9%

Industry outperformer

10-year performance – IFC vs. P&C industry[2]	IFC outperformance
Premium growth	3.3 pts
Combined ratio[3]	3.4 pts
Return on equity[4]	8.2 pts

[1] Pro forma AXA Canada for a full year
[2] Industry data source: MSA Research excluding Lloyd's, ICBC, SGI, SAF, MPI, Genworth, IFC and AXA Canada (in 2011).
[3] Combined ratio includes the market yield adjustment (MYA)
[4] ROEs reflect IFRS beginning in 2010. IFC's 2011 ROE is adjusted return on common shareholders' equity (AROE)

Consistent industry outperformance

Significant scale advantage

Sophisticated pricing and underwriting

In-house claims expertise

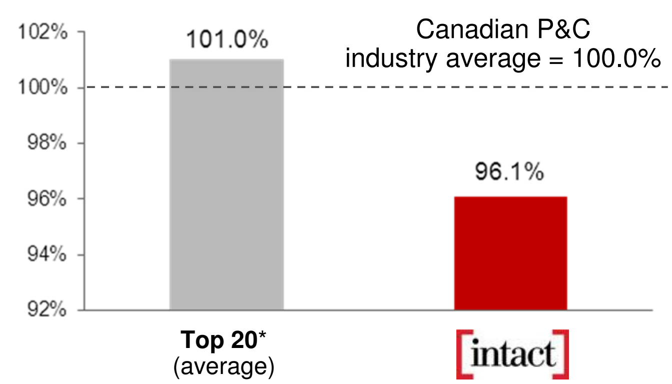
Broker relationships

Multi-channel distribution

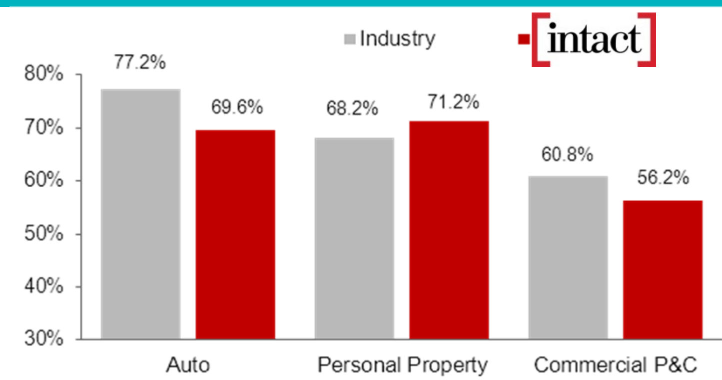
Proven acquisition strategy

Solid investment returns

2011 combined ratios



Five-year average loss ratios



Industry data source: MSA Research excluding Lloyd's, ICBC, SGI, SAF, MPI, Genworth, IFC and AXA Canada (in 2011)
Data in both charts is for the year ended December 31, 2011
Includes market yield adjustment (MYA)
* Top 20 excludes Lloyd's, IFC and AXA Canada

A strong base from which to build

Enhanced Business Mix

Line of Business	H1-2011	H1-2012
Personal Auto	49%	46%
Personal Property	23%	22%
Commercial	28%	32%

Geography	H1-2011	H1-2012
Ontario	47%	41%
Quebec	24%	30%
Alberta	19%	17%
Rest of Canada	10%	12%

Note: Change in business mix reflects the acquisition of AXA Canada

Strong Capacity To Outperform

Combined Ratio[1]	Q1/2012
IFC	90.7%
Top 20 Industry[2]	94.8%
Outperformance	**4.1 pts**

Return on Equity[3]	Q1/2012
IFC[4]	21.1%
Top 20 Industry[2]	11.5%
Outperformance	**9.6 pts**

[1] Includes MYA
[2] Industry data source: MSA Research excluding Lloyd's, Genworth, and IFC
[3] Numbers reflect Q1-2012 annualized
[4] IFC's ROE corresponds to the adjusted return on equity (AROE)

Solid financial position and excess capital

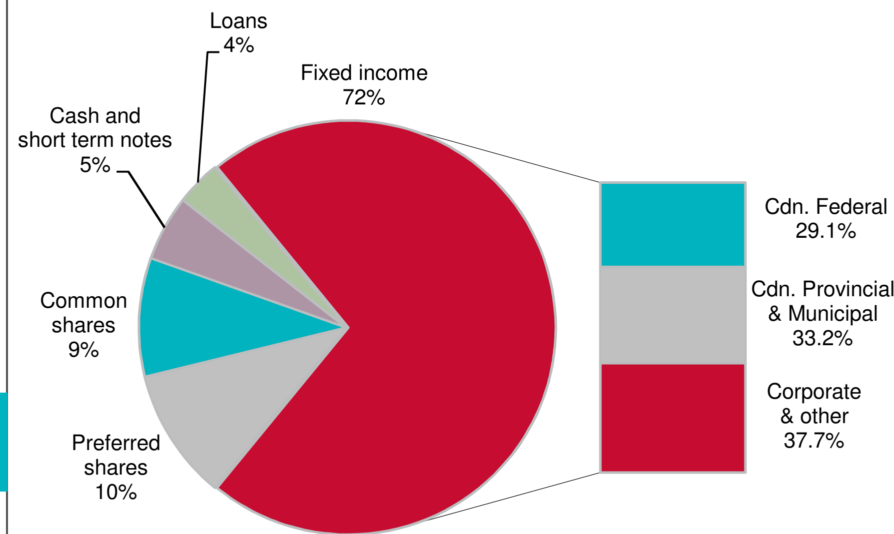
Solid balance sheet

- Solid financial position at Q2-2012:
  - $649 million in excess capital
  - Estimated MCT of 205%
  - Debt-to-total-capital ratio of 19.8% *
  - Book value per share increased 13% from a year earlier to $30.30
- Credit ratings - DBRS: A (low), Moody's: Baa1
- Low sensitivity to capital markets volatility:
  - 1% increase in rates ~ 4 pts of MCT
  - 10% decline in equity markets ~ 3 pts of MCT

High-quality investment portfolio

- 98.5% of bonds are rated 'A' or better
- 87.3% of preferred shares are rated 'P1' or 'P2'
- Minimal U.S. or European exposure
- Market-based yield of 3.7% in Q2-2012, down 50 basis points from Q2-2011

$11.7 billion in cash and invested assets



Note: Investment mix (net of hedging positions and financial liabilities related to investments)

All figures as of June 30, 2012 unless otherwise noted

* Pro forma the impact of additional equity issued to fund our acquisition of JEVCO, our debt-to-capital ratio would decline to 19.0%,

Strategic capital management

- Strong capital base has allowed us to pursue our growth objectives while returning capital to shareholders

Capital priorities

- Dividends
- Acquisitions
- Share buybacks

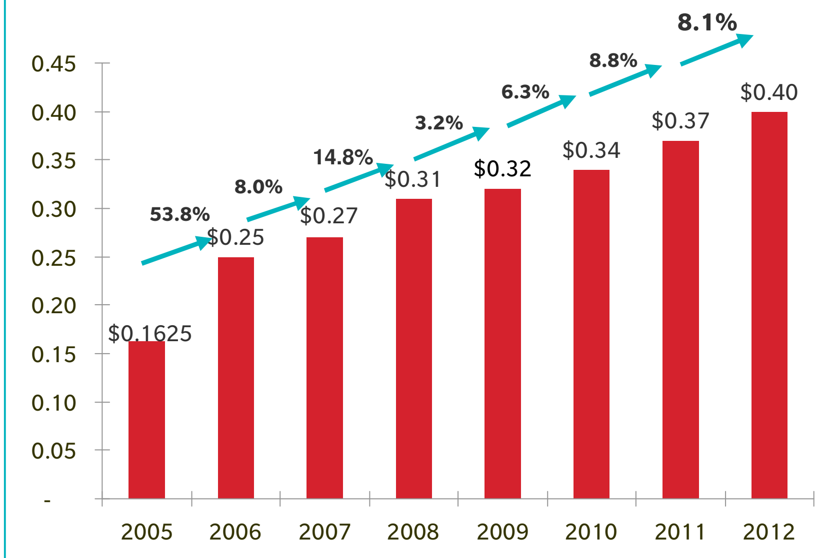
Share buyback history

- 2011[1] – Repurchased 0.8 million shares for a total of $37 million.
- 2010[2] – Repurchased 9.7 million shares for a total of $433 million
- 2008 – Repurchased 4.6 million shares for a total of $176 million
- 2007 – Completed a $500 million Substantial Issuer Bid

[1] Feb 22, 2011 – May 31, 2011 announcement of AXA Canada acquisition

[2] Feb. 22, 2010 – Feb. 21, 2011

Quarterly dividend



Industry outlook for 2012

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

Premium growth

- Industry premiums are likely to grow at the same rate in H2-2012
  - Mid single digit growth in personal auto
  - Upper single digit growth in personal property
  - Low single digit growth in commercial lines
- Low interest rate environment and reinsurance market conditions will likely lead to firmer conditions over time

Underwriting

- Industry combined ratio was 100% in 2011. In 2012, we foresee:
  - Some improvement from personal auto (prior rate increases and Ontario reforms, though significant industry mediation backlog leaves some uncertainty)
  - Improvement in personal property (mild weather in Q1-2012 and continued premium increases)
- We expect an improved industry combined ratio to be partially offset by lower investment income

Return on equity

- Industry ROE was 6% in 2011; we expect 2012 to be in the upper single digit range, bolstered by a strong Q1 at 10.9%
- We strongly believe we are likely to outperform the industry's ROE by at least 500 basis points in 2012

Four distinct avenues for growth

Firming market conditions (0-2 years)

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 12-18 months
- Leverage acquired expertise to expand product offer and gain share in the mid-market

Develop existing platforms (0-3 years)

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- Continue to expand support to our broker partners

belairdirect.
GREY POWER
- Expand and grow belairdirect and Grey Power

BrokerLink Auto/Home/Business Insurance
- Build a broker offer better able to compete with direct writers

Consolidate Canadian market (0-5 years)

Capital
- Solid 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 (5+ years)

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 our world-class strengths: 1) pricing and segmentation, 2) claims management and 3) online expertise

Opportunities
- Emerging or unsophisticated mature markets

AXA integration on track

- Integration is on track
  - Approximately three-quarters of policies have been converted
- Retention has been strong, and is expected to continue
  - Customer attrition and broker cancellations, in total, have been what we would expect in a ‘normal’ year
- We continue to target $100 million in annual after-tax synergies
  - $37 million run-rate at June 30, 2012
  - Targeting $50 million run-rate by the end of 2012
- We are on plan with $43 million of restructuring and integration expenses recorded year to date

Summary

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

- Largest P&C insurance provider in Canada
- Consistent track record of industry outperformance
- Solid financial position
- Excellent long-term earnings power
- Organic growth platforms easily expandable
- Successful progress with AXA Canada integration
- JEVCO acquisition expected to close in the fall

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IFC’s acquisition of JEVCO:
Continuing our journey towards building a world-class P&C insurer

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IFC's acquisition of JEVCO:
Continuing our journey towards building a world-class P&C insurer

Strategic Fit

- Strengthens offer for brokers and customers
- Expands existing product offering:
    - Recreational vehicles
    - Non-standard auto
- Strengthens commercial and specialty lines capabilities

Financially Compelling

- IRR[1] estimated above 20%
- Book value per share accretion estimated at 2.6%
- Accretive to NOIPS[2] beginning in 2013
- Purchase price reflects a P/B multiple of 1.3x[3]

Opportunities

- Improve performance by implementing IFC's risk selection and claims management expertise
- Offer new products across IFC distribution
- Strengthen growth profile of existing products

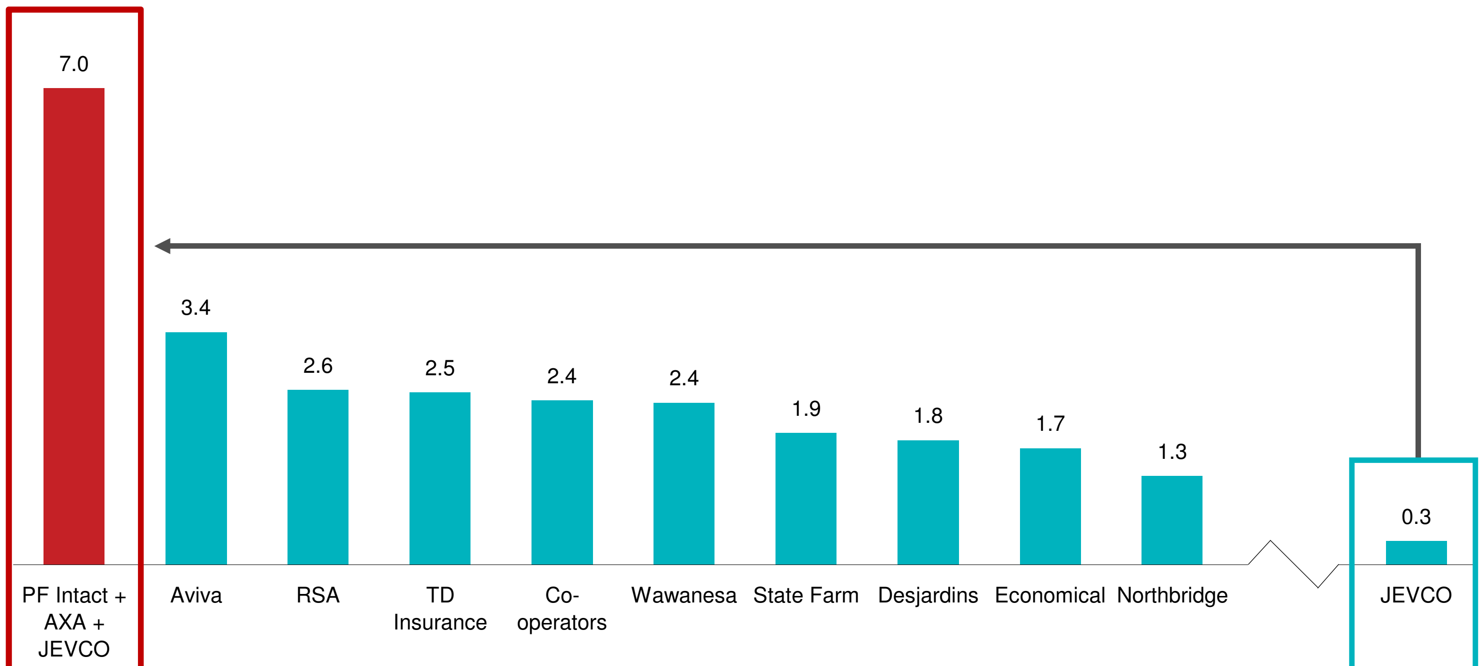
Financial Position

- Attractive deployment of our excess capital
- Estimated MCT above 200% in the near term
- Debt-to-total-capital ratio estimated to remain below our target of 20%

[1] Internal Rate of Return, based on equity returns.
[2] NOIPS = net operating income per share. A non-IFRS measure.
[3] Based on JEVCO's book value per share as at December 31, 2011.

Leading position in Canadian P&C insurance

Top 10 Canadian P&C Insurance Companies by 2011 Direct Premiums Written *($ billions)*



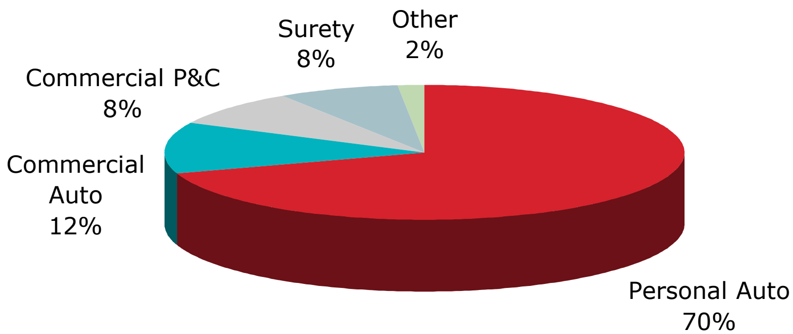
	PF Intact + AXA + JEVCO	Aviva	RSA	TD Insurance	Co-operators	Wawanesa	State Farm	Desjardins	Economical	Northbridge	JEVCO
Rank	1	2	3	4	5	6	7	8	9	10	23
Share	17.0%	8.3%	6.2%	6.1%	5.9%	5.8%	4.7%	4.4%	4.2%	3.2%	0.8%

Source: MSA Research for the 12 months ended December 31, 2011. Each insurers' market share listed above includes all subsidiary entities consolidated under the parent company. Data excludes Lloyd's, ICBC, SGI, SAF, and Genworth.

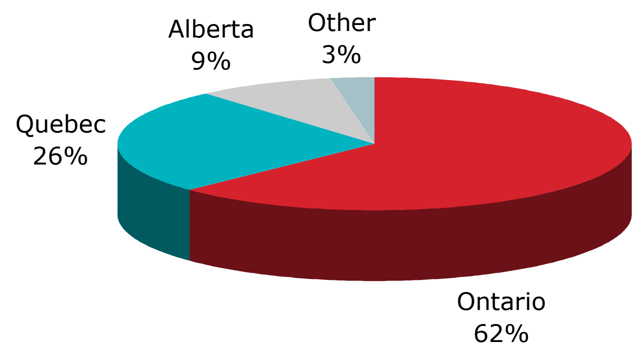
Broadening our offer to brokers and customers

- JEVCO Insurance Company is a leading provider of specialty and niche insurance products for individuals and businesses across Canada
- Insurance products are distributed through a network of independent insurance brokers; JEVCO had approximately $350 million in direct premiums written in 2011
- JEVCO's business lines consist of non-standard auto, recreational vehicles (motorcycles, snowmobiles, ATVs) and commercial specialty lines

2011 JEVCO DPW by Line of Business



2011 JEVCO DPW by Geography



Source: Westaim public disclosure and other industry data for the 12 months ended December 31, 2011.

A financially compelling transaction

Purchase Price	$530 million cash consideration[1]
Key Components	Specialty lines | Recreational vehicles | Non-standard auto
Purchase Metrics	P/BV[2] = 1.3x | P/E[3] = 13.2x
Transaction Economics	Estimated IRR above 20%[4] | Accretive to BVPS by 2.6%
Financing	Excess capital + Debt $205M | Equity proceeds $225M | JEVCO excess capital $100M[5]
Regulatory Capital Impact	Estimated MCT above 200% in the near term
Approvals	Westaim shareholders | Customary regulatory approvals
Expected Closing Date	Fall of 2012

[1] Excludes transaction costs.
[2] Price to book value. Based on book value as at December 31, 2011.
[3] Based on JEVCO's 2011 net income.
[4] Internal rate of return. Based on equity returns.
[5] Represents a portion of JEVCO's capital in excess of 200% MCT as at December 31, 2011. Source: Westaim public disclosure.

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Strong financial position maintained

Ultimate Sources of Funding*

IFC excess capital + debt	$205 million
Equity proceeds	$225 million
JEVCO excess capital	$100 million
	$530 million

* Represents funding structure following the close of the acquisition.

Debt-to-total-capital ratio estimated to remain below 20% upon closing of the acquisition

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Conclusion

Strong strategic fit

- Strengthens offer for brokers and customers
- Expands existing product offering into complementary lines
- Strengthens commercial and specialty lines capabilities

Opportunity to acquire a leading specialty and niche insurer in a financially compelling manner

- Estimated internal rate of return above 20%
- Book value per share accretion estimated at 2.6%

Strong financial position maintained

- Attractive deployment of our excess capital
- Estimated MCT above 200% in the near term
- Debt-to-total-capital ratio estimated to remain below our target of 20%

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Appendices

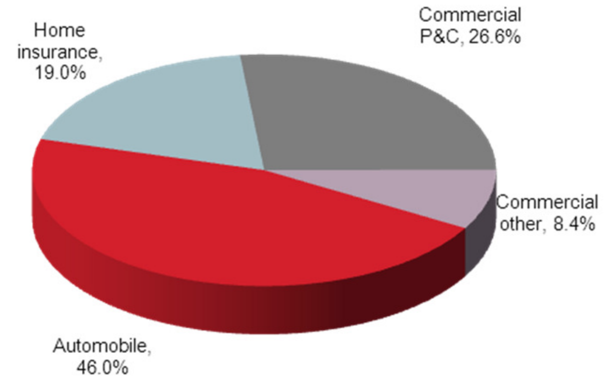

EXCELLENCE
SOCIALLY RESPONSIBLE
INTEGRITY
RESPECT
CUSTOMER DRIVEN

P&C insurance is a $40 billion market in Canada

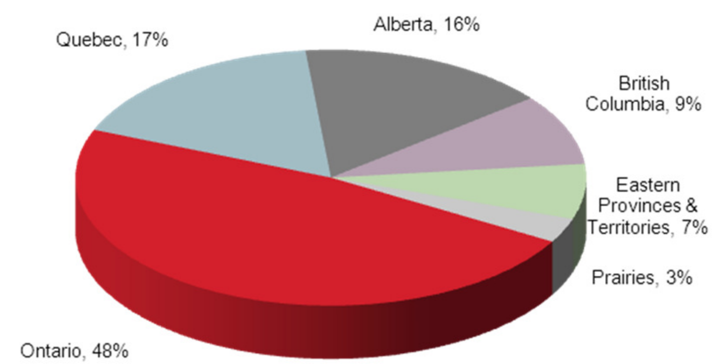
3% of GDP in Canada

- Fragmented market[1]:
  - –Top five represent 43%, versus bank/lifeco markets which are closer to 65-75%
  - –IFC is largest player with 16.5% market share, versus largest bank/lifeco with 22-25% market share
  - –P&C insurance shares the same regulator as the banks and lifecos
- Barriers to entry: scale, regulation, manufacturing capability, market knowledge
- Home and commercial insurance rates unregulated; personal auto rates regulated in some provinces
- Capital is regulated nationally by OSFI
- Brokers continue to own commercial lines and a large share of personal lines in Canada; direct-to-consumer channel is growing (distribution = brokers 67% and direct 33%)
- 30-year return on equity for the industry is approximately 10%

Industry DPW by line of business



Industry – premiums by province



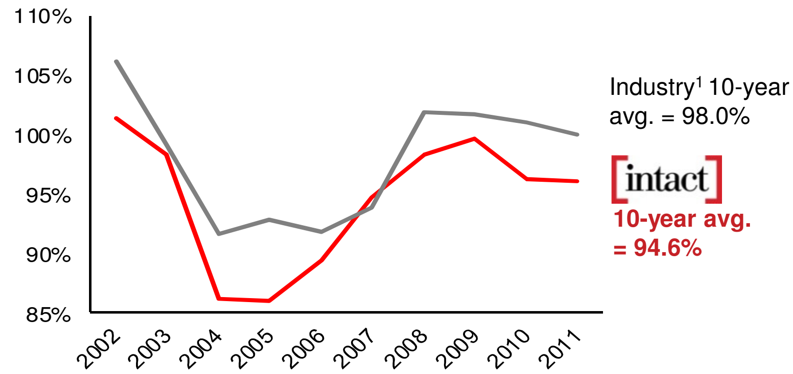
[1] Pro forma IFC's acquisition of AXA Canada
Industry data source: MSA Research excluding Lloyd's, ICBC, SAF, SGI, MPI and Genworth.
OSFI = Office of the Superintendent of Financial Institutions Canada
Data as at the end of 2010.

P&C industry 10-year performance versus IFC

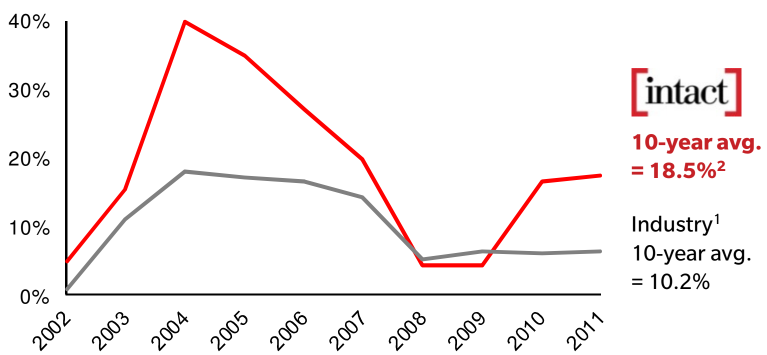
IFC's competitive advantages

- Significant scale advantage
- Sophisticated pricing and underwriting discipline
- In-house claims expertise
- Broker relationships
- Solid investment returns
- Strong organic growth potential

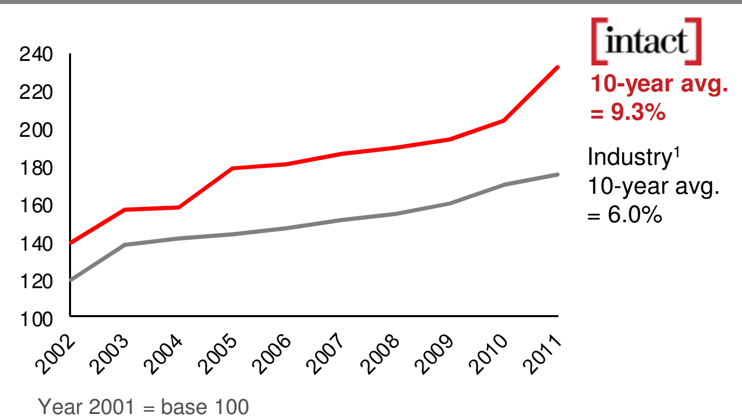
Combined ratio



Return on equity



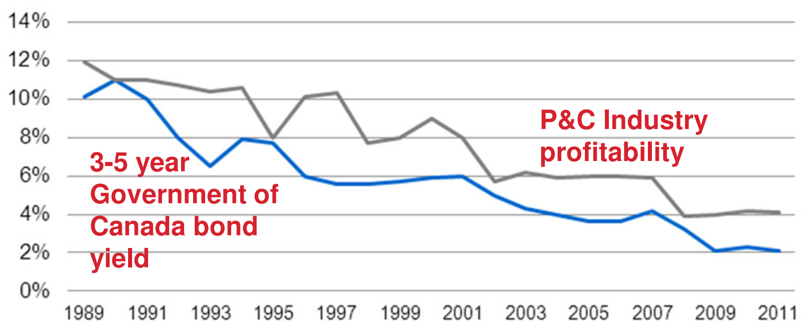
Direct premiums written growth



[1]Industry data source: MSA Research. excluded Lloyd's, ICBC, SGI, SAF, MPI, Genworth, IFC and AXA Canada (in 2011)
[2]ROEs reflect IFRS beginning in 2010. IFC's 2011 ROE is adjusted return on common shareholders' equity (AROE)

Near-term themes to monitor

Impact on Industry from Low Yields

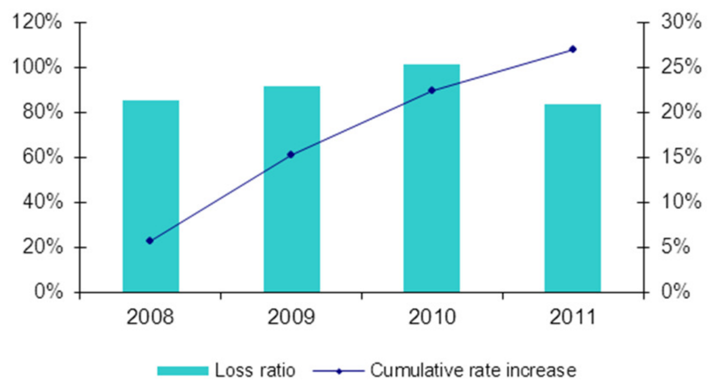


Source: Insurance Bureau of Canada

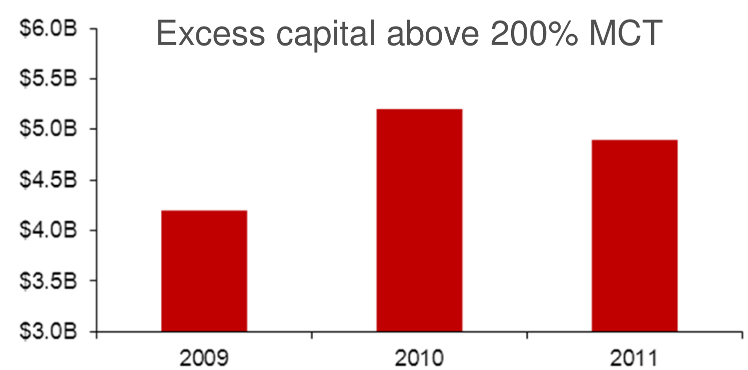
Reinsurance

- Major catastrophes in the world in 2011 have impacted reinsurer's capital levels
- The Canadian industry one of the most conservative markets in the world in terms of earthquake coverage required by regulators
- IFC's B.C. earthquake exposure increased due to the acquisition of AXA Canada

Ontario Auto Industry Results



Industry Capital Levels



Further industry consolidation ahead

Our acquisition strategy

- Targeting large-scale acquisitions of $500 million or more in direct premiums written
- Pursuing acquisitions in lines of business where we have expertise
- Acquisition target IRR of 15%
- Targets:
  - Bring loss ratio of acquired book of business to our average loss ratio within 18 to 24 months
  - Bring expense ratio to 2 pts below IFC ratio

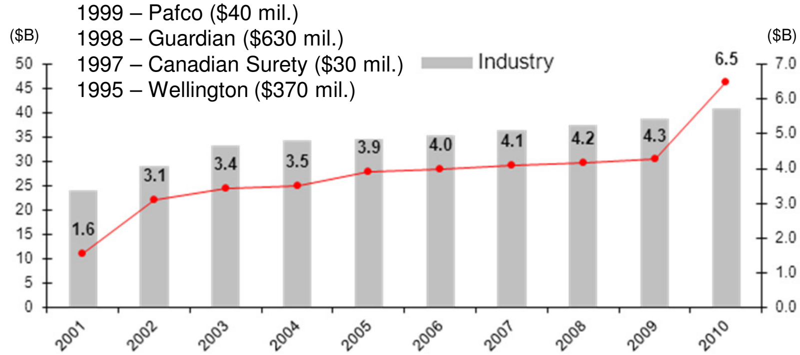
Canadian M&A environment

Environment more conducive to acquisitions now than in recent years:

- Industry ROEs, although slightly improved from trough levels of mid-2009, are well below prior peak
- Foreign parent companies are generally in less favourable capital position
- Demutualization likely for P&C insurance industry

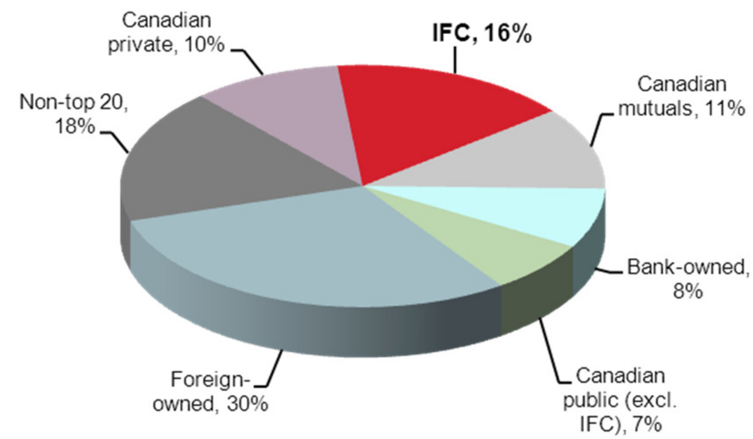
Our track record of acquisitions

2011 – AXA ($2,600 mil.)
2004 – Allianz ($600 mil.)
2001 – Zurich ($510 mil.)
1999 – Pafco ($40 mil.)
1998 – Guardian ($630 mil.)
1997 – Canadian Surety ($30 mil.)
1995 – Wellington ($370 mil.)



Source: MSA Research; excluding Lloyd's and Genworth (based on 2010 DPW); IFC's 2010 DPW includes AXA Canada

Top 20 P&C insurers = 82% of market



Source: MSA Research; excluding Lloyd's and Genworth (based on 2011 DPW)

Historical financials

(in $ millions, except as otherwise noted)	IFRS		Canadian GAAP		
	2011	2010	2009	2008	2007
Income statement highlights					
Direct written premiums	$5,099	$4,498	$4,275	$4,146	$4,109
Underwriting income	273	193	54	117	189
Net operating income	460	402	282	361	457
Net operating income per share (in dollars)	3.91	3.49	2.35	2.96	3.61
Balance sheet highlights					
Total investments	$11,828	$8,653	$8,057	$6,605	$7,231
Debt	1,293	496	398	-	-
Total shareholders' equity (excl. AOCI)	4,135	2,654	3,047	3,079	3,290
Performance metrics					
Loss ratio	63.9%	65.4%	70.0%	68.2%	66.2%
Expense ratio	30.5%	30.0%	28.7%	28.9%	29.0%
Combined ratio	94.4%	95.4%	98.7%	97.1%	95.2%
Net operating ROE (excl. AOCI)	15.3%	15.1%	9.2%	11.3%	13.6%
Debt / Capital	22.9%	14.3%	11.8%	-	-
Combined ratios by line of business					
Personal auto	90.9%	98.1%	94.9%	95.9%	94.5%
Personal property	103.5%	96.5%	109.0%	113.6%	102.2%
Commercial auto	86.5%	86.0%	79.8%	87.2%	93.7%
Commercial P&C	95.6%	90.7%	104.1%	85.3%	90.1%

[intact]

Cash and invested assets

Asset class

Fixed income

Corporate	30%
Federal government and agency	29%
Cdn. Provincial and municipal	33%
Supranational and foreign	5%
ABS/MBS	3%
Private placements	0%
TOTAL	100%

Canadian	93%
United States	1%
Int'l (excl. U.S.)	6%
TOTAL	100%

Quality: 98.5% of bonds rated 'A' or better

Preferred shares

Perpetual and callable floating and reset	64.4%
Fixed-rate perpetual	24.5%
Retractable	11.1%
TOTAL	100%

Quality:
Approx. 87.3% rated 'P1' or 'P2'

100% Canadian

Common shares

High-quality, dividend paying Canadian companies. Objective is to capture non-taxable dividend income.

100% Canadian

* As of June 30, 2012

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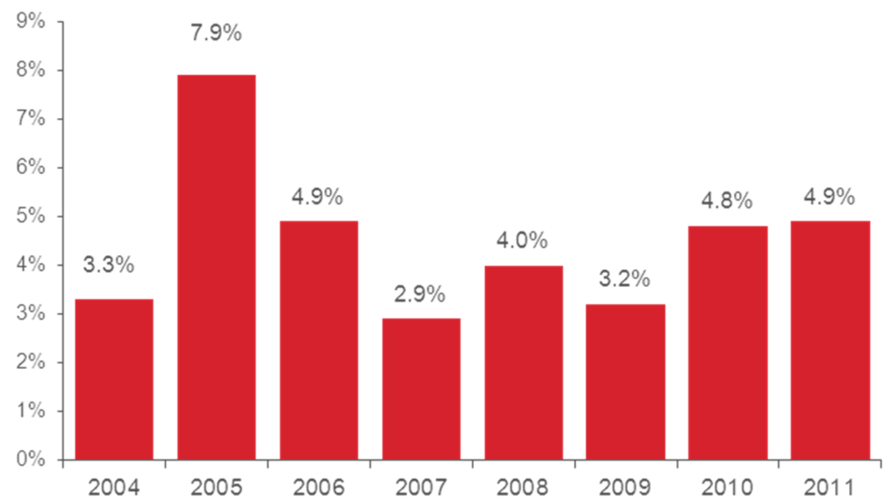
Track record of prudent reserving practices

- Quarterly and annual fluctuations in reserve development are normal
- 2005/2006 reserve development was unusually high due to the favourable effects of certain auto insurance reforms introduced during that time period
- This reflects our preference to take a conservative approach to managing claims reserves

Rate of claims reserve development

(favourable prior year development as a % of opening reserves)



Historical long-term average has been 3% to 4% per year

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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 JEVCO Insurance Company ("JEVCO"); timing for completion of the acquisition of JEVCO; management's financing plans for the acquisition of JEVCO; various other actions to be taken or requirements to be met in connection with the acquisition of JEVCO and the integration of the Company and JEVCO following completion of the JEVCO acquisition; synergies arising from, and the Company's integration plans relating to the AXA Canada acquisition; management's estimates and expectations in relation to resulting accretion, internal rate of return and debt-to-capital ratio after closing of the AXA Canada acquisition; various other actions to be taken or requirements to be met in connection with the AXA Canada acquisition and integrating the Company and AXA Canada, as well as the sale of AXA Canada's life insurance business to SSQ, Life Insurance Company Inc.; 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 and issuer credit ratings; access to debt financing and 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 reliance on information technology and telecommunications systems; the Company's dependence on key employees; changes in laws or regulations; 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. 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, 2011. 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. Such forward-looking statements are made as of August 1, 2012. 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.

Forward looking statements and disclaimer

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