

BMO Capital Markets Fixed Income Insurance Conference

Intact Financial Corporation (TSX:IFC)

Louis Marcotte

Senior Vice-President & Chief Financial Officer

June 18, 2015





Forward-looking statements

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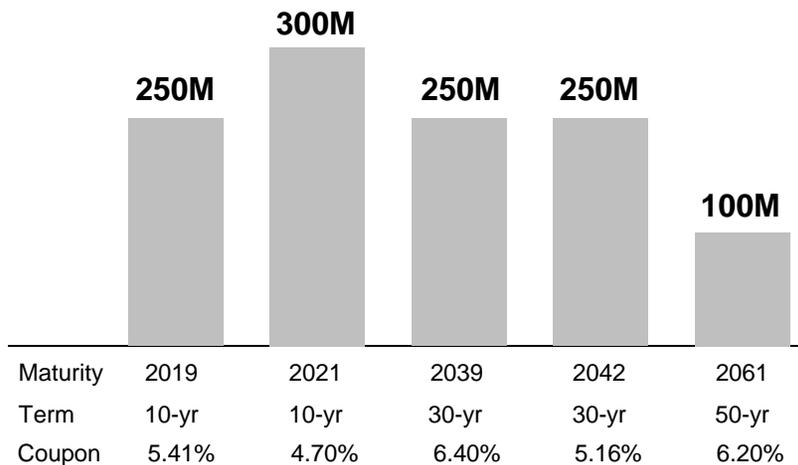
The Company uses both International Financial Reporting Standards ("IFRS") and certain non-IFRS measures to assess performance. Non-IFRS measures do not have any standardized meaning prescribed by IFRS and are unlikely to be comparable to any similar measures presented by other companies. Management of the Company 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.com in the "Investor Relations" section. Additional information about the Company, including the Annual Information Form, may be found online on SEDAR at www.sedar.com.

IFC's debt profile

Characteristic of IFC's debt financing

- Strong credit ratings
 - Moody's | Baa1
 - DBRS | A (low)
- Balance sheet optimization (20% debt-to-cap.)
- Acquisition financing
- Longer tenures preferred

Current debt issues



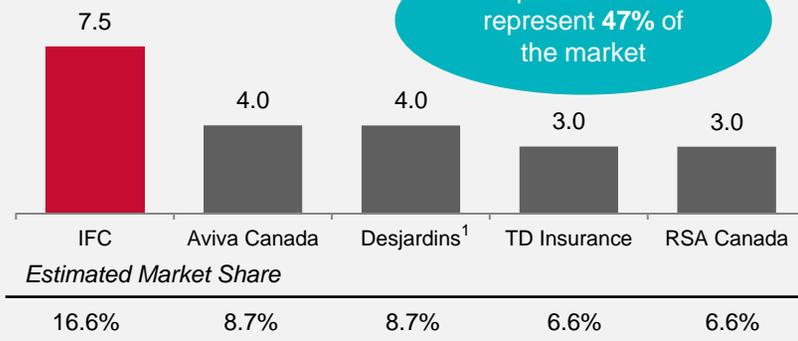
Total debt outstanding	1,143	17%
Preferred shares outstanding	489	7%
Shareholder's equity and Retained earnings	5,124	76%
Total Capital	6,756	100%

Canada's P&C insurance leader

Leader in a fragmented industry

- Largest P&C insurer in Canada
- Over \$7 billion in direct premiums written
- #1 in British Columbia, Alberta, Ontario, Quebec and Nova Scotia
- \$13.4 billion investment portfolio
- Proven industry consolidator

2014 Direct premiums written (\$ billions)



Distinct brands



belairdirect.



10-year outperformance
IFC vs. P&C industry²

Premium growth

5.1 pts

Combined ratio³

3.4 pts

Return on equity⁴

7.1 pts

¹ Desjardins direct premiums written in 2014 is pro forma including State Farm.

² Industry data: IFC estimates based on MSA Research excluding Lloyd's, ICBC, SGI, SAF, MPI, Genworth and IFC. All data as at December 31, 2014.

³ Combined ratio includes the market yield adjustment (MYA).

⁴ ROEs reflect IFRS beginning in 2010. Since 2011, IFC's ROE is adjusted return on common shareholders' equity (AROE).

Consistent outperformance

Significant scale advantage



Sophisticated pricing and underwriting



In-house claims expertise



Broker relationships



Multi-channel distribution



Proven acquisition strategy

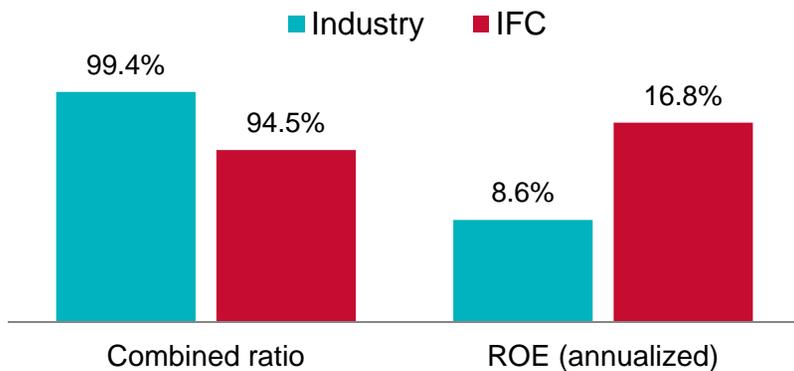


Solid investment returns



FY2014 outperformance

(for the period ended December 31, 2014)



Five-year average loss ratios

(for the period ended December 31, 2014)



Industry data: IFC estimates based on MSA Research excluding Lloyd's, ICBC, SGI, SAF, MPI, Genworth and IFC.
 Combined ratio includes market yield adjustment (MYA)
 IFC's ROE corresponds to the AROE

Strong balance sheet

Management has a track record of maintaining a strong balance sheet and disciplined financial management

(in millions of Canadian dollars, except as otherwise noted)	2013	2014	Q1-2015
Investments	12,261	13,440	13,443
Total assets	19,774	20,580	20,560
Medium Term Notes	1,143	1,143	1,143
Credit Facility	-	-	-
Total Debt Outstanding	1,143	1,143	1,143
Total Liabilities	14,820	15,125	14,947
Common shares	2,090	2,090	2,090
Preferred shares	489	489	489
Retained earnings and other	2,375	2,876	3,034
Total Shareholders' equity	4,954	5,455	5,613
Total Capitalization	6,097	6,598	6,756
Debt-to-total Capitalization	18.7%	17.3%	16.9%
MCT (%)	203%	209%	213%
Excess Capital (170%)	607	740	821

Management is committed to:

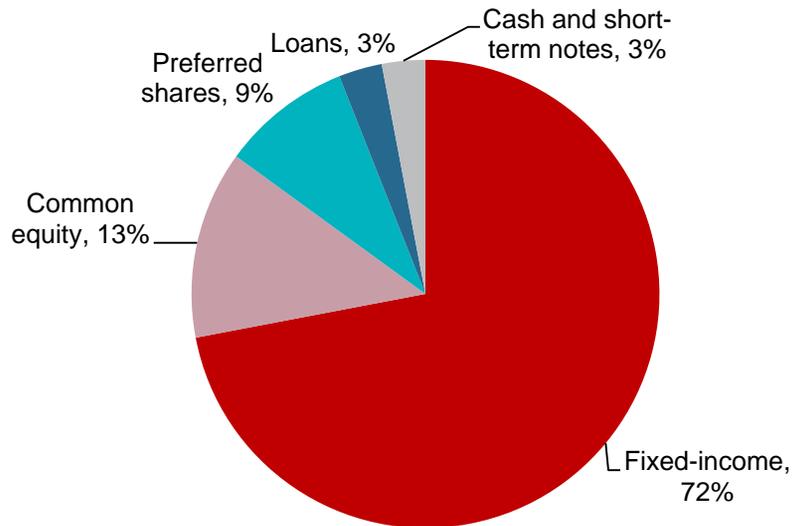
- Target of 20% debt-to-capital
- High quality, conservatively managed investments
- Conservative reserving practices
- Sufficient level of excess capital to maintain our MCT above the 170% internal target

High quality investment portfolio

\$13.4 billion of high quality investments - strategically managed

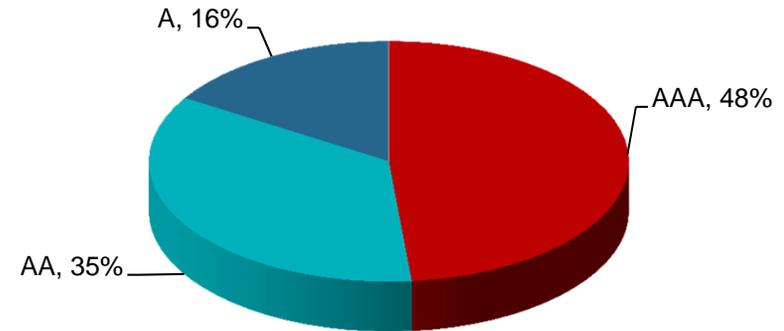
Investment portfolio

Net of hedging positions and financial liabilities related to investments.
All figures as of March 31st, 2015.

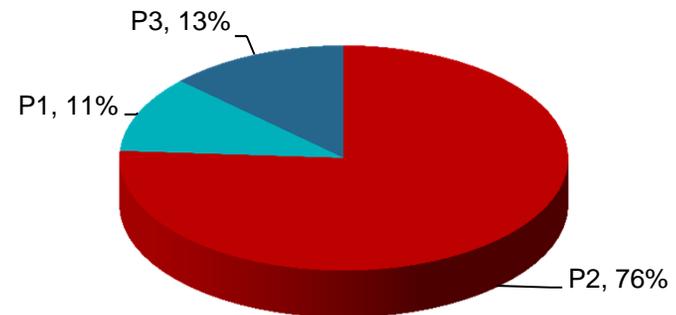


- Approximately 100% of fixed-income securities are rated 'A' or better
- 87% of preferred shares are rated at least 'P2L'
- 86% Canadian investments, 11% U.S. investments, 3% international investments
- Our common share holdings consist of high-quality, dividend paying Canadian and U.S. companies
- No leveraged investments

Bonds – Credit Rating

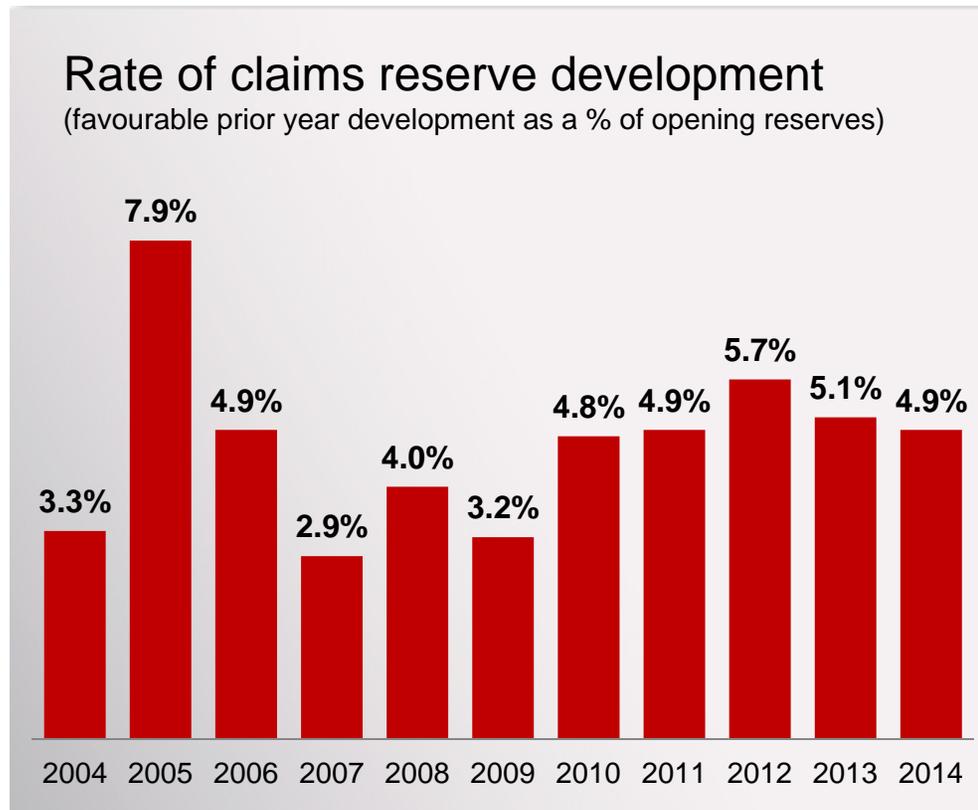


Preferred Shares – Credit Rating



Insurance liabilities

Track record of prudent reserving practices

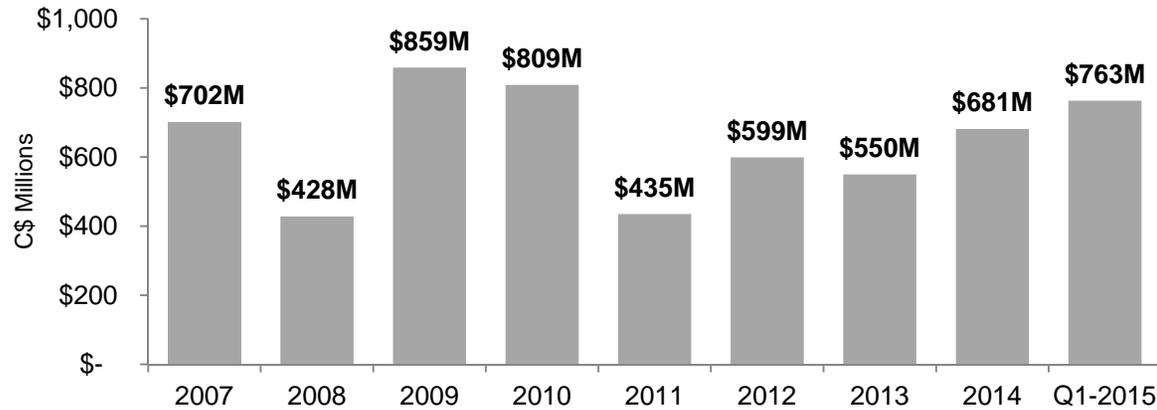


- Quarterly and annual fluctuations in reserve development are normal
- 2005 reserve development was unusually high due to the favourable effects of certain auto insurance reforms
- Our consistent track record of **positive reserve development** reflects our preference to take a **conservative approach** to establishing and managing claims reserves

Strong capital base

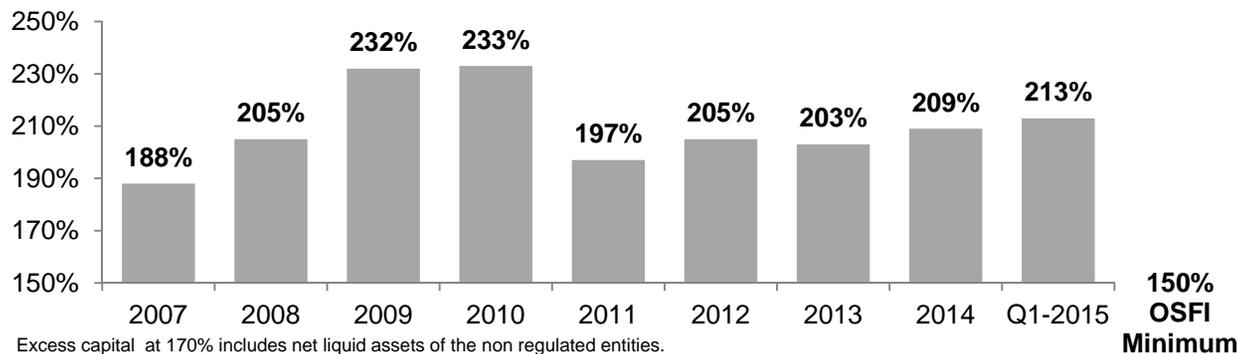
Strong excess capital position and forecast continued capital generation

Excess capital at 170%



Excess capital levels are maintained to ensure a very low probability of breaching 170% MCT

Minimum Capital Test (%)



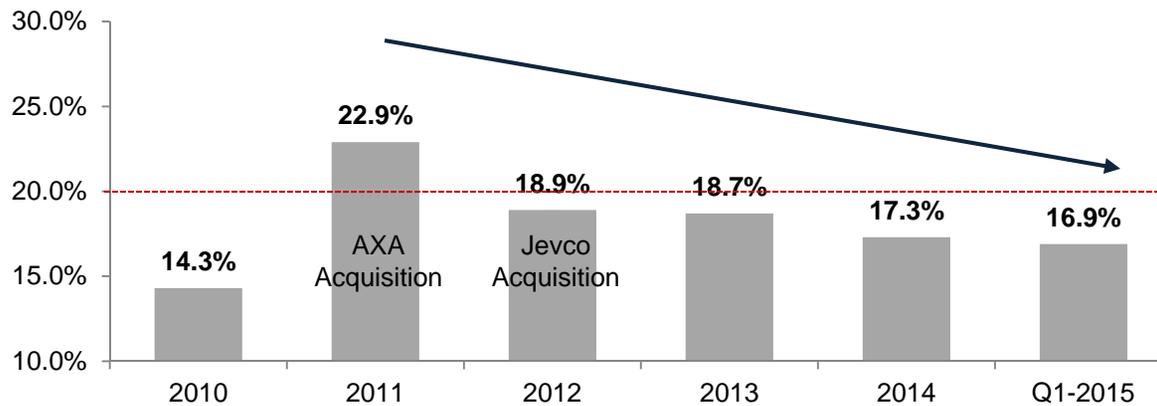
Low sensitivity to capital markets volatility:

- 1% increase in rates ~ 3 pts of MCT
- 10% decline in equity markets ~ 3 pts of MCT

Leverage below target

Strong capital generation resulting in reduced leverage

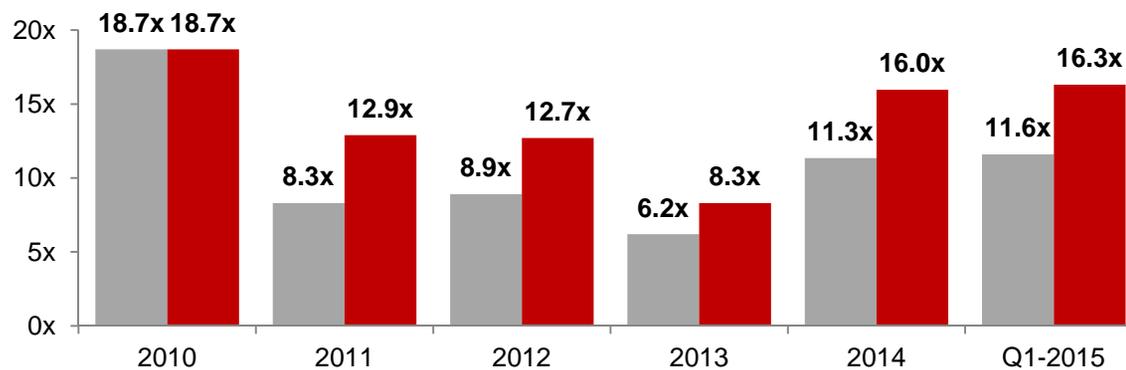
Debt-to-total Capitalization Ratio



Continued debt-to-capital reduction since AXA acquisition

IFC target 20%

Earnings Coverage Ratio

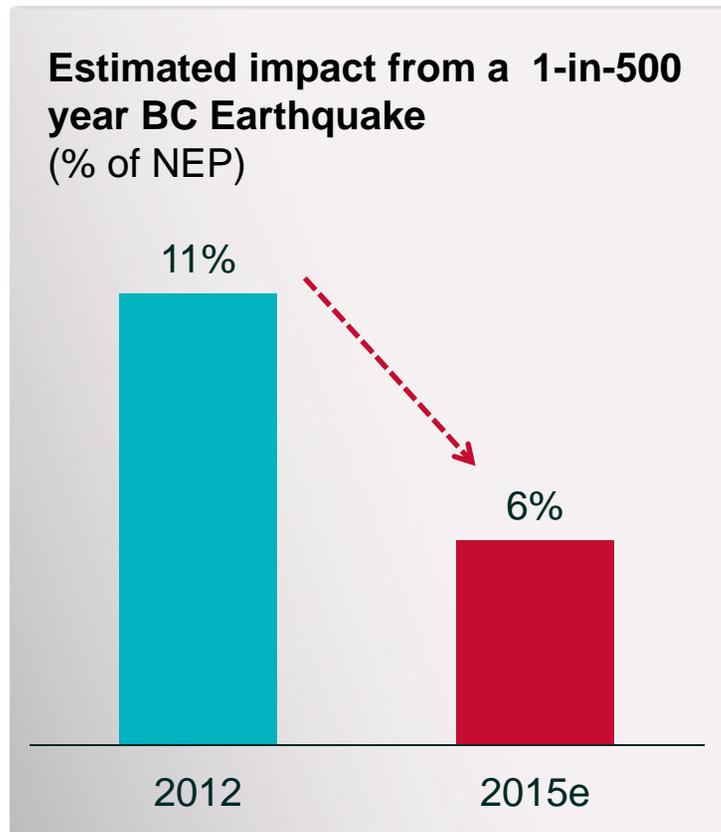


Strong earnings coverage ratio supported by higher underwriting income and stable investment income

■ EBIT / Interests + preferred dividends
■ EBIT / Interests

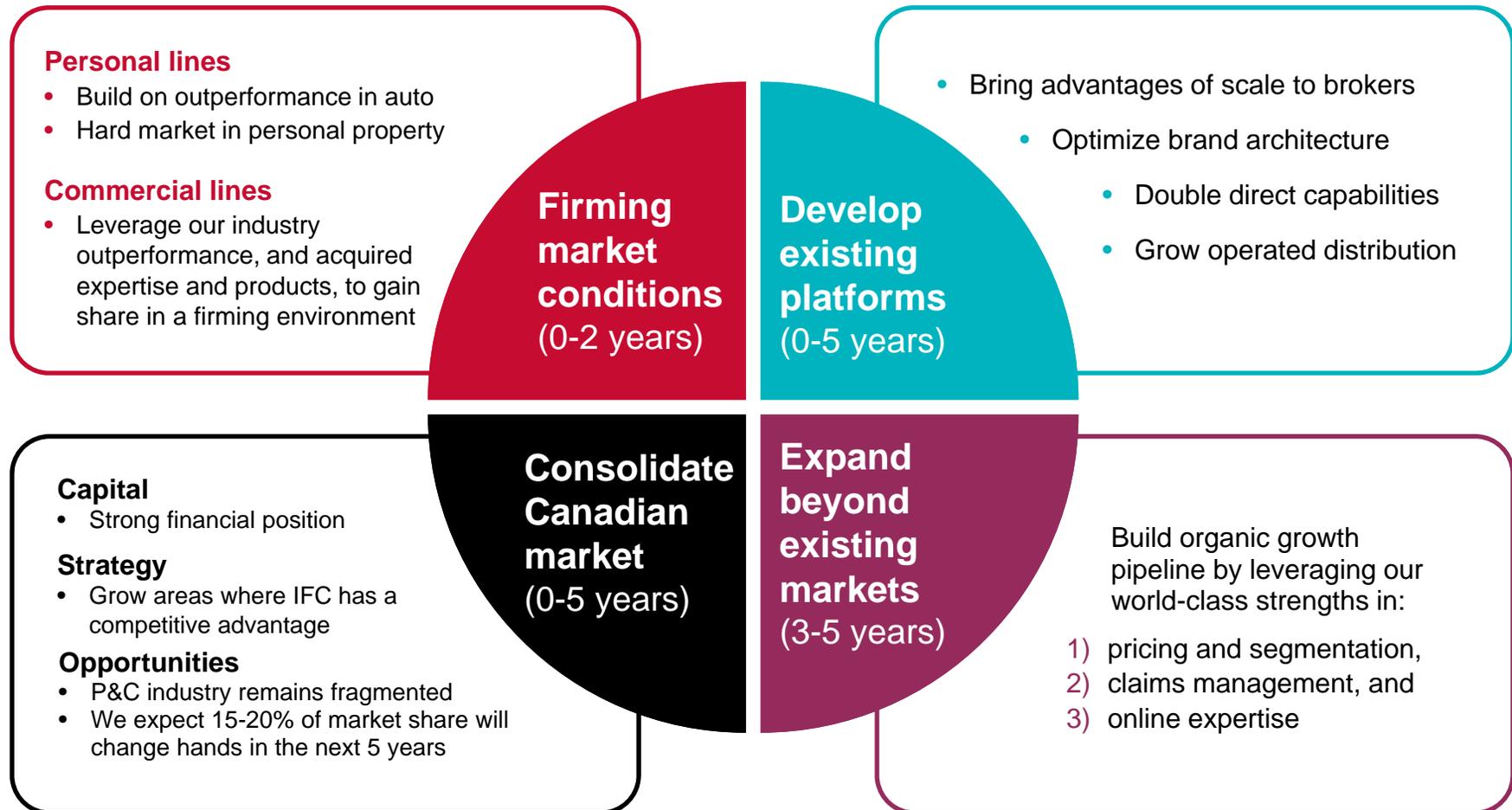
Catastrophe risk management

Reducing our earthquake exposure



- Since 2012 we have reduced our Earthquake PML in Western Canada by reducing our exposure.
- Reinsurance protection of approximately \$2.8 billion.
- Retention of \$100 million on Multi-risk events and catastrophes. We retain on average 6% on reinsurance layers between the retention and coverage limits (Retention of \$2 to \$10 million for single risk events).
- In addition, purchase of an aggregate cover to protect for frequency of multi-risk events and catastrophes of \$30 million or more.

Four avenues of growth



Well positioned for the future

Our strong financial position and disciplined approach to the business provide a strong foundation from which to build

Risk Profile

- Focus on short duration products
- Commercial lines are small and medium sized
- Underwriting cycles less affected by economic environment
- Disciplined player

Financial Strength

- Strong balance sheet and capitalization
- Efficient deployment of our excess capital
- High quality, conservatively managed asset portfolio
- Strong enterprise risk management

Focus on Performance

- Largest P&C insurance company in Canada
- Consistent track record of industry outperformance
- Superior long-term earnings power

Disciplined Growth

- Strong financial position enables us to take advantage of growth opportunities
- Pursuing acquisitions that provide strong strategic fit for which we have proven expertise

APPENDIX

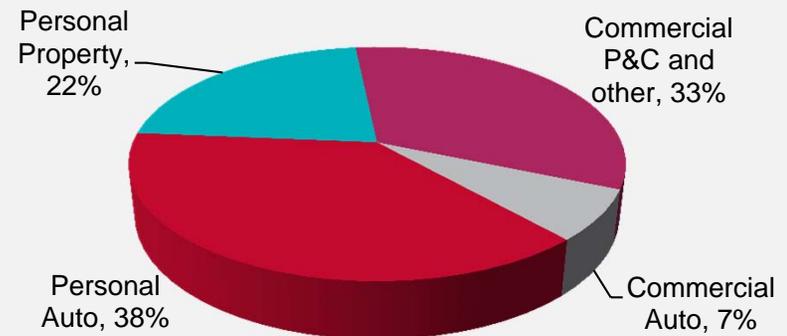
P&C insurance in Canada

A \$45 billion market representing approximately 3% of GDP

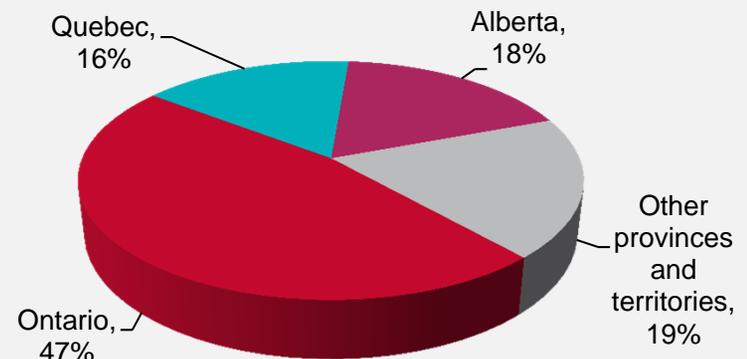
- Fragmented market:
 - Top five represent 47%, versus bank/lifeco markets which are closer to 65-75%
 - IFC is largest player with approx. 17% market share, versus largest bank/lifeco with 22-25% market share
 - P&C insurance shares the same regulator as the banks and lifecos
- Barriers to entry: scale, 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 60.6% and direct/agency 39.4%)
- 30-year return on equity for the industry is approximately 10%

Industry data: IFC estimates based on MSA Research excluding Lloyd's, ICBC, SAF, SGI, MPI and Genworth. Data as at the end of 2014.
OSFI = Office of the Superintendent of Financial Institutions Canada

Industry DPW by line of business



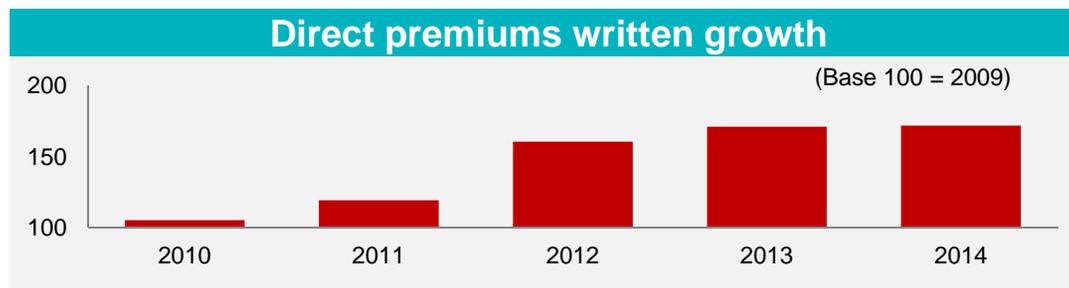
Industry – premiums by province



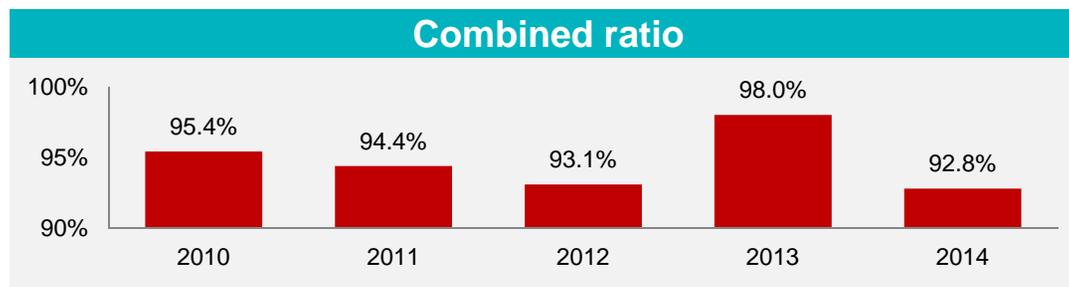
IFC: 5-year performance



5-year average = 15.5% ¹



5-year average = 11.4%



5-year average = 94.7%

¹ROEs reflect IFRS beginning in 2010. Since 2011, IFC's ROE is adjusted return on common shareholders' equity (AROE).

Strategic capital management

Capital management framework

- Strong capital base has allowed us to pursue our growth objectives while returning capital to shareholders
- **\$601 million** in total excess capital *

Maintain leverage ratio
(target 20% debt-to-total capital)

Maintain existing dividends

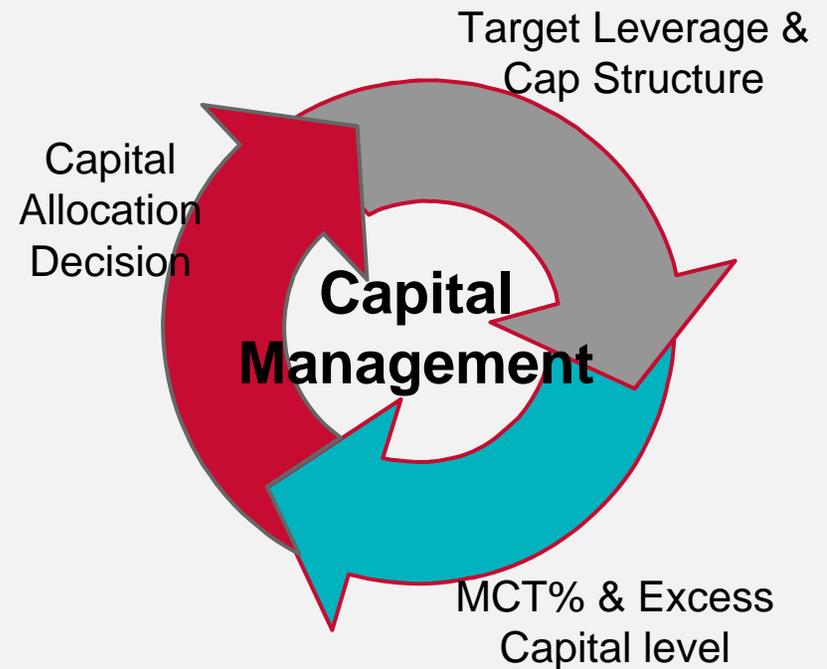
Increase dividends

Invest in growth initiatives

Share buybacks

Excess capital

Integrated decision making process



* as of March 31st, 2015; pro forma including our recently closed acquisition of CDI

Contact investor relations

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To access our inaugural online annual report, including interactive graphs, CEO’s message and other customer and broker testimonials, please scan the QR code or visit reports.intactfc.com.