

Intact Financial Corporation (TSX: IFC)

Acquisition of Canadian Direct Insurance (CDI)



February 10, 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.

Expanding our direct offer

Addition of CDI extends direct operations from coast to coast

Strong strategic fit

- Broadens direct presence for IFC
- Facilitates objective to double direct capabilities
- Track record of strong underwriting results

Financially compelling

- IRR estimated above 15%¹
- Immediately accretive to NOIPS²

Financial position remains strong

- Acquisition to be financed through excess capital
- Estimated MCT on closing above 200%

¹ Internal rate of return. Based on IFC's target capital structure of 20% debt/80% equity.

² Net operating income per share. Excluding non-recurring restructuring costs.

Strong financials; diversifying mix

Acquisition of CDI adds meaningful presence in Western Canada

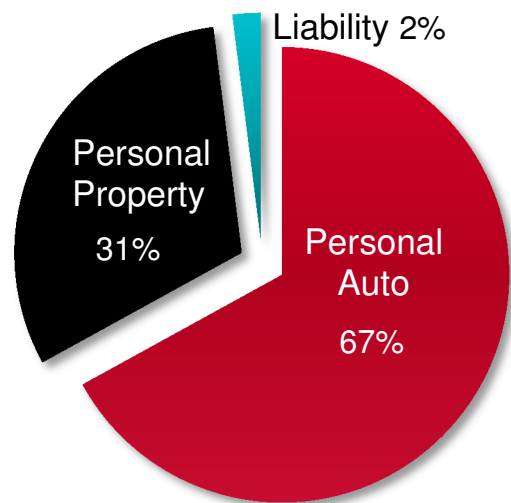
Track record of strong financial performance

	2014*	5-yr CAGR
Direct premiums written	\$143M	4.2%
	2014*	5-yr avg
Combined ratio	94.7%	94.4%
Return on equity	13.0%	14.4%

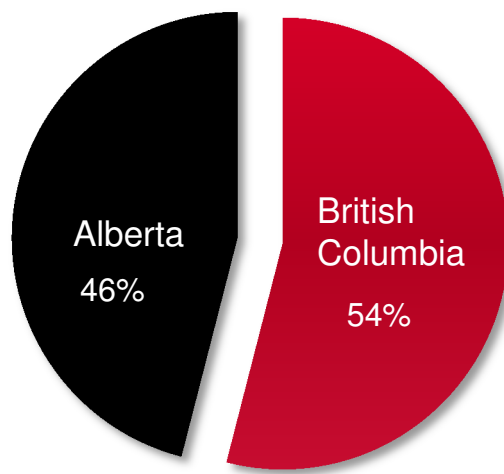
* For the 12 months ended October 31, 2014

2014 CDI Direct Premiums Written

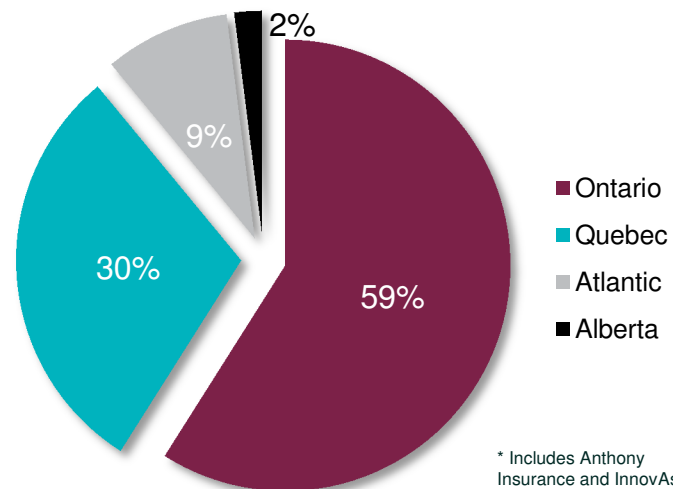
By Line of Business



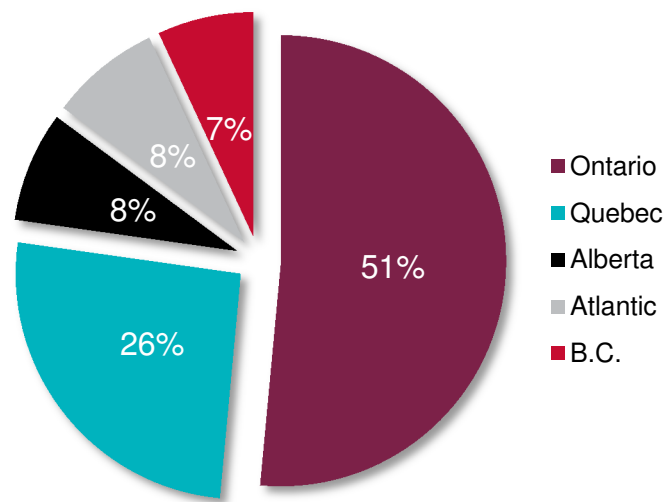
By Geography



2014 IFC Direct Channel: \$975M DPW*



Pro forma CDI: \$1.1B DPW*



Acquisition metrics

Capital position expected to remain strong following acquisition

Purchase Price	\$197 million cash consideration¹
Key Components	Personal Auto and Home Alberta and B.C.
Purchase Metrics	$P/BV^2 = 2.5x$ $P/E^3 = 19x$ $P/E^4 = 10x$ (including synergies)
Transaction Economics	Estimated IRR above 15%⁵ Accretive to NOIPS by 2% in the near term⁶
Financing	IFC Excess Capital \$170M CDI Excess Capital \$27M⁷
Regulatory Capital Impact	Estimated MCT on closing above 200%
Expected Closing Date	Mid-2015
Approvals	Customary regulatory approvals

¹ Excludes transaction costs.

² Price to book value. Based on October 31, 2014 book value.

³ Price to 2014 earnings (12 months ended October 31, 2014).

⁴ Reflects expected annual after-tax synergies of \$10 million.

⁵ Internal rate of return. Based on IFC's target capital structure of 20% debt/80% equity.

⁶ Excluding non-recurring restructuring costs.

⁷ Represents a portion of CDI's capital in excess of 200% MCT as at October 31, 2014.

Streamlining our brands

Adding CDI, while rebranding Grey Power to belairdirect

Broker Channel

- ❑ Growth and innovation will be accelerated in 2015:
 - Increase investments in advertising, technology and product development
 - Launch a new 50+ product for brokers and their customers

Direct Channel

- ❑ Grey Power will be rebranded as belairdirect and the two operations will be united
- ❑ Customers of Grey Power and belairdirect will begin to benefit from new product and service offerings as a result of sharing between the two companies
- ❑ CDI brand well-regarded in Western Canada



intact
INSURANCE

DPW = \$6.4 billion



belairdirect.

DPW = \$662M



GREY POWER

DPW = \$185M



CDI
DPW = \$143M

Conclusion

✓ Strong strategic fit

- Extends our direct presence from coast to coast
- Experienced local team with strong track record of performance
- Facilitates objective to double our direct capabilities

✓ Financially compelling

- Estimated internal rate of return above 15%
- Immediately accretive to NOIPS, and by 2% in the near term

✓ Strong financial position maintained

- Attractive deployment of our excess capital
- Estimated MCT on closing above 200%

✓ Streamlining our brands

- Expanding and simplifying our direct operations, while improving our ability to respond to evolving customer expectations

Contact Us

Investor Relations

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