



# **FIXED INCOME INVESTOR PRESENTATION**



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**Senior Vice-President & Chief Financial Officer**  
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# IFC's debt profile

## Characteristic of IFC's debt financing

- Balance sheet optimization (20% debt-to-cap.)
- Acquisition financing
- Longer tenures preferred

## Financial strength

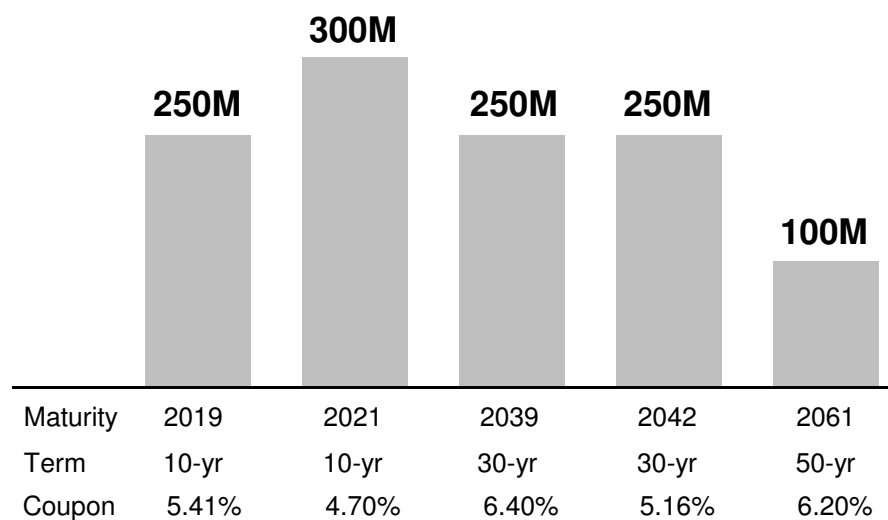
- Strong credit ratings

Moody's | Baa1 *Positive outlook*

DBRS | A (low) *Stable outlook*

Fitch | A- *Stable outlook*

## Current debt issues



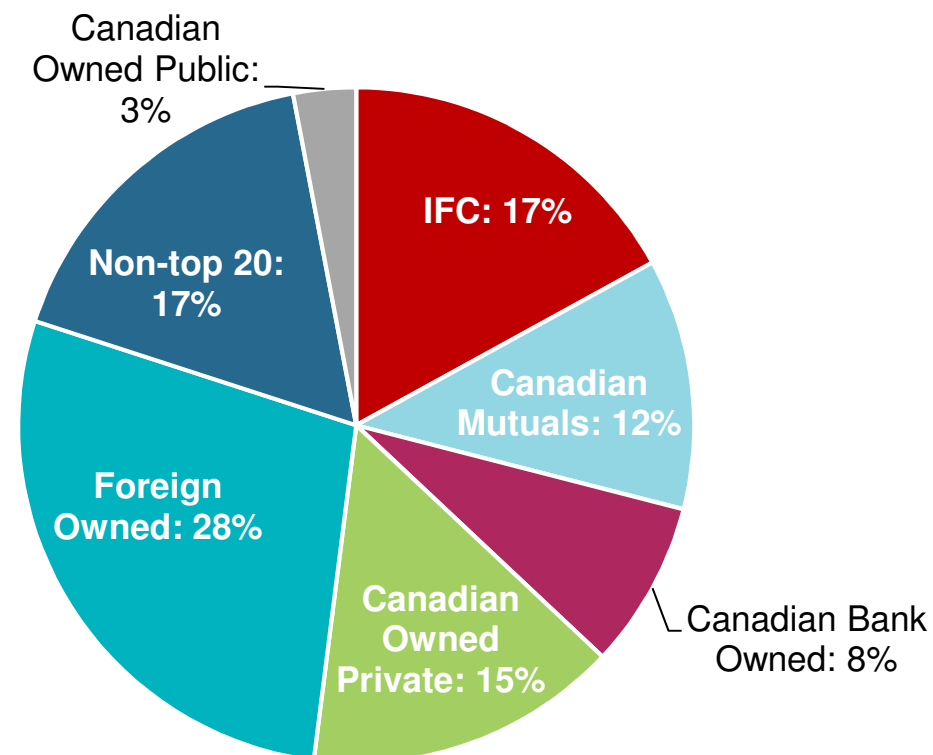
<i>Total debt outstanding</i>	1,143	17.3%
<i>Preferred shares outstanding</i>	489	7.4%
<i>Shareholder's equity &amp; Retained earnings</i>	4,978	75.3%
<b>Total Capital</b>	<b>6,610</b>	<b>100%</b>

# P&C insurance in Canada

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

Top 5 P&C insurers = 47% of market

- **Highly fragmented**
- **Historical growth of 6% CAGR**
- **Long term trend of ~ 10% ROE**



# P&C industry 12-month outlook

Well-positioned to continue outperforming

## Premium growth

Low single-digit growth rate expected

## Underwriting

Hard market conditions (personal property)

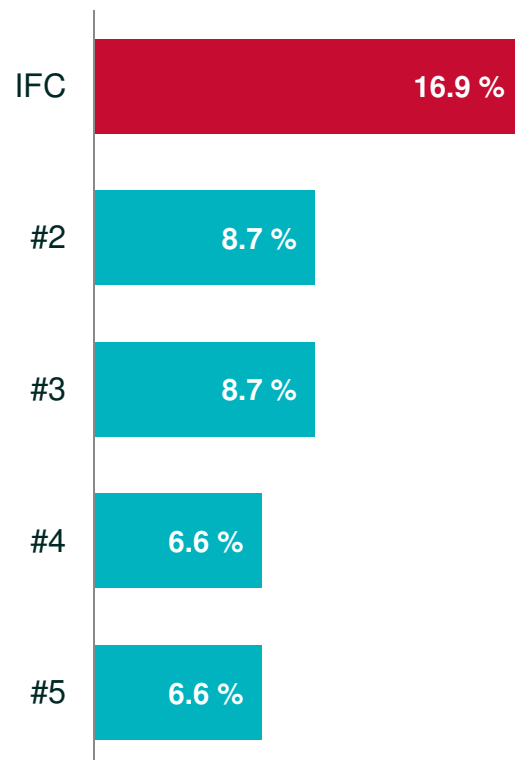
Firmer conditions (commercial lines)

## Return on equity

ROE expected to trend towards its 10% long-term average

# Canada's P&C insurance leader

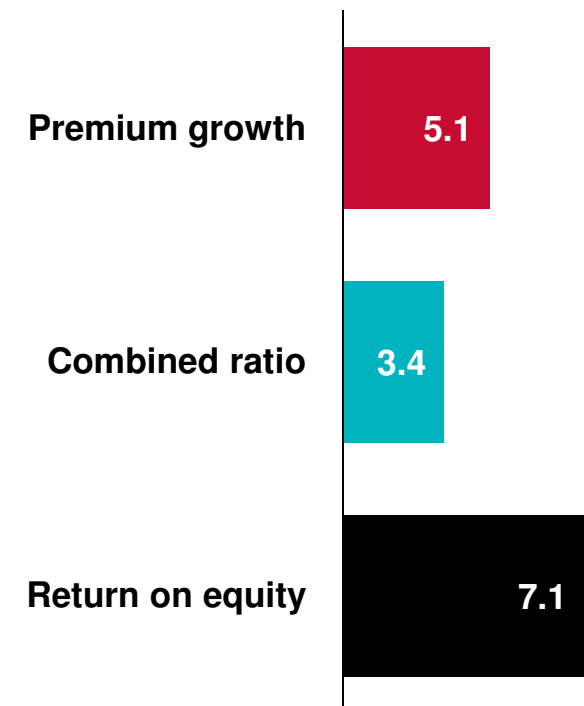
## Estimated market share 2014



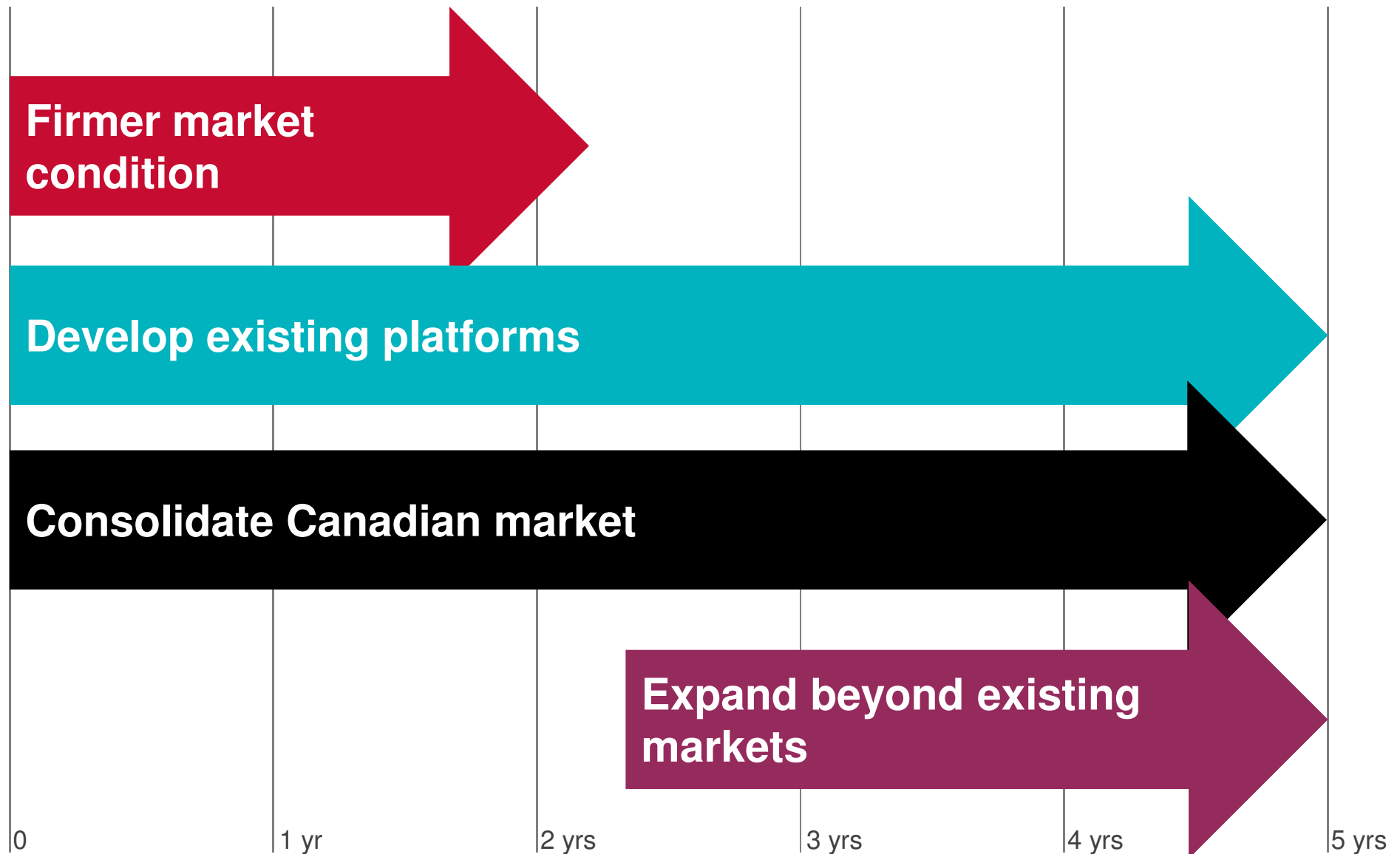
## Distinct brands



## 10-year outperformance IFC vs. P&C Industry



# Four avenues of growth



# Strong balance sheet

## Disciplined financial management

### Management commitment

- Target of 20% debt-to-capital
- High quality, strategically managed investments
- Conservative reserving practices
- MCT above 170%

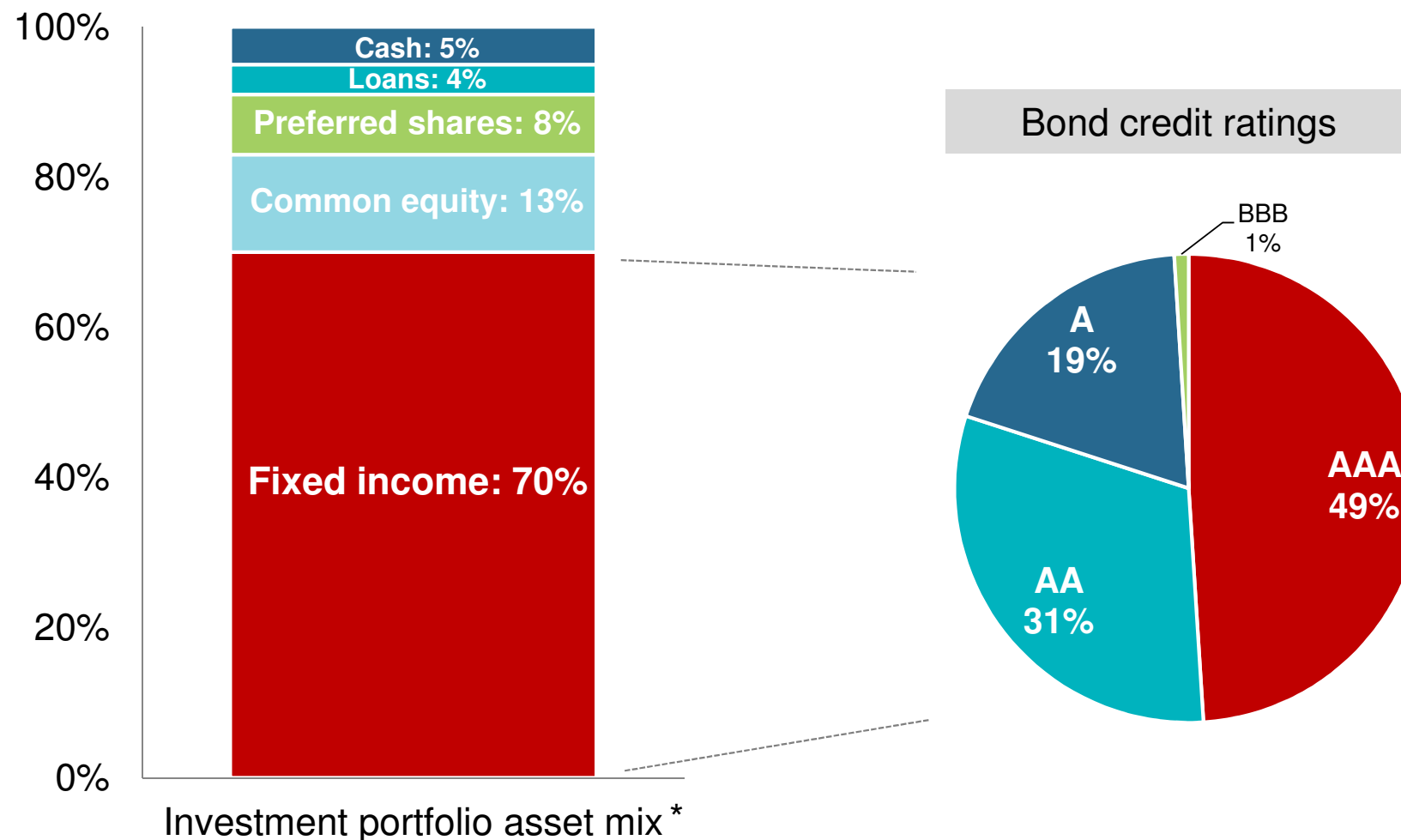
### Our balance sheet

	Q3-2015	2014
Investments	13,339	13,440
<b>Total assets</b>	<b>21,177</b>	<b>20,580</b>
Medium Term Notes	1,143	1,143
Credit Facility	-	-
<b>Total liabilities</b>	<b>15,710</b>	<b>15,125</b>
Shareholder's equity	5,467	5,455
<b>Total capitalization</b>	<b>6,610</b>	<b>6,598</b>
<b>Debt-to-capitalization</b>	<b>17.3%</b>	<b>17.3%</b>
<b>MCT</b>	<b>195%</b>	<b>209%</b>
<b>Excess Capital (170%)*</b>	<b>389</b>	<b>681</b>

\* Excess capital at 170% includes net liquid assets of the non regulated entities

# High quality investment portfolio

\$13.3 billion - strategically managed



\* Net of hedging positions and financial liabilities related to investments, as of September 30, 2015

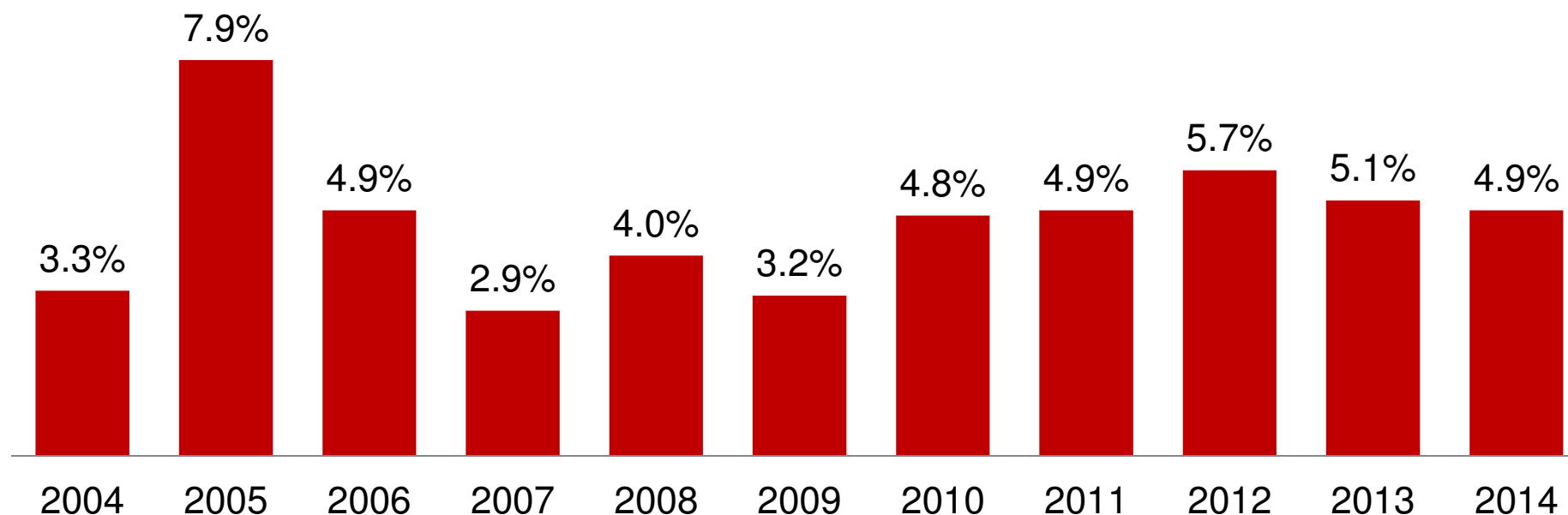


# Insurance liabilities

## Track record of prudent reserving practices

### Rate of claims reserve development

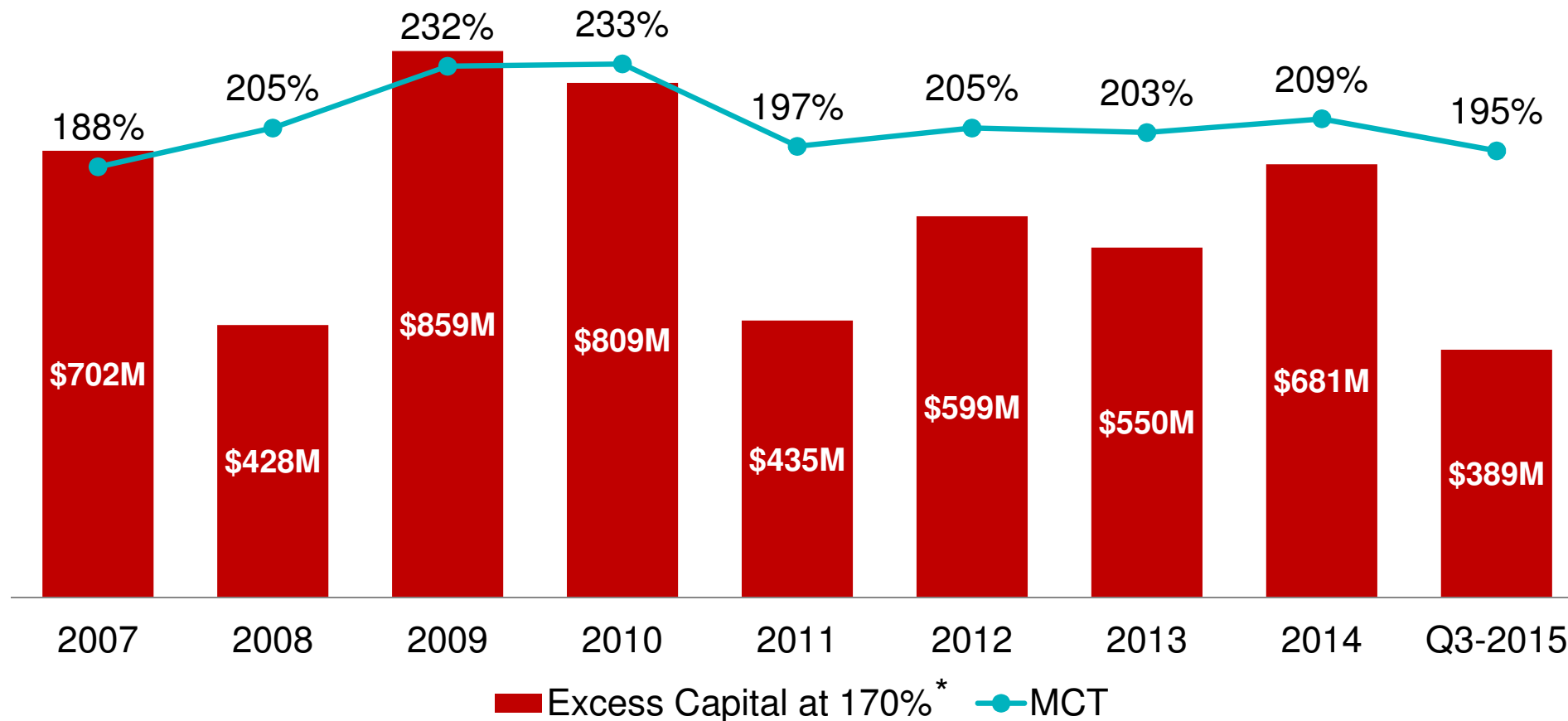
(favourable prior year development as a % of opening reserves)



**Our conservative approach** to reserving has led to consistent and positive reserve development

# Strong capital base

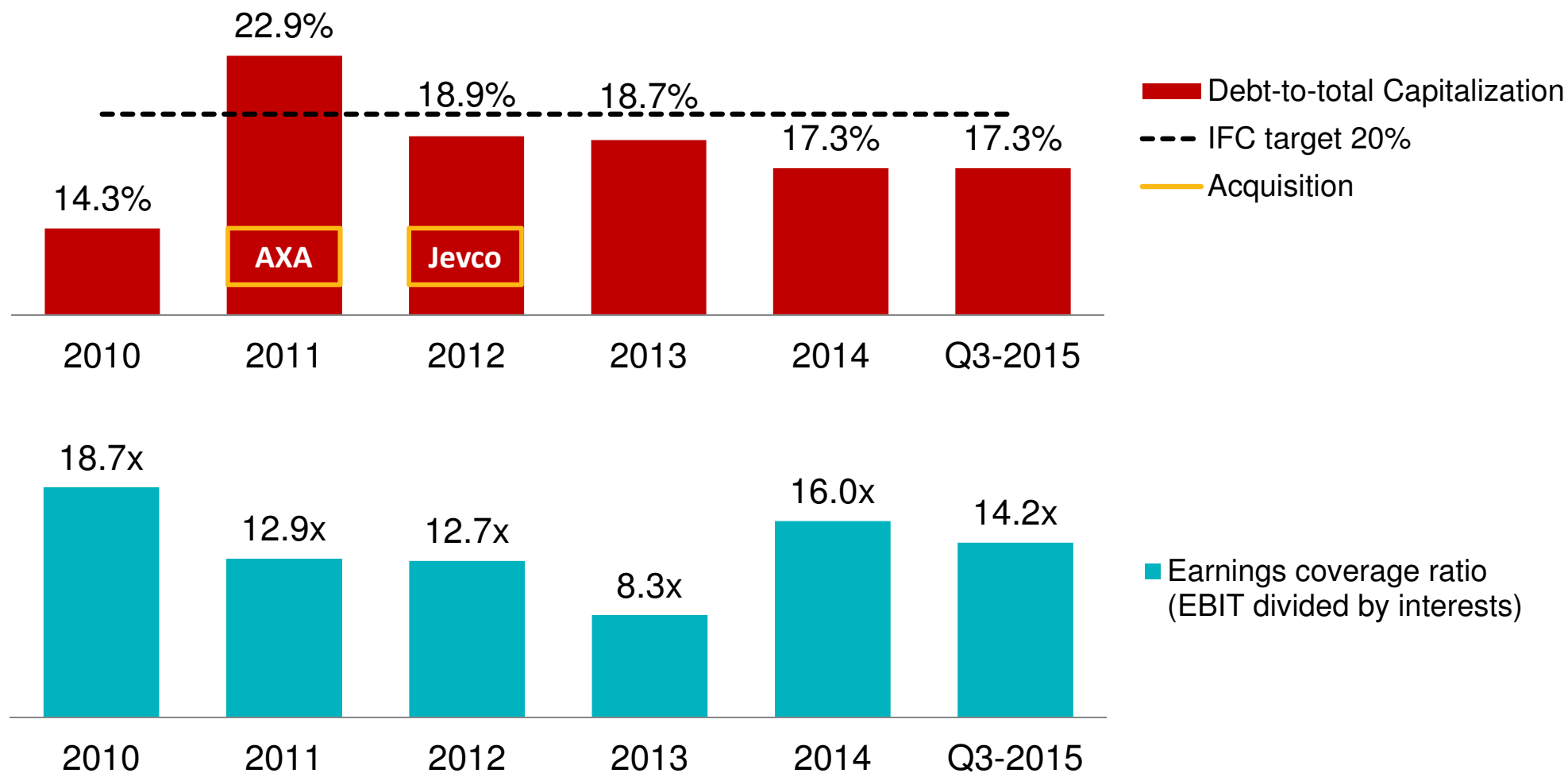
We maintained very strong levels of capital over time



\* Excess capital at 170% includes net liquid assets of the non regulated entities

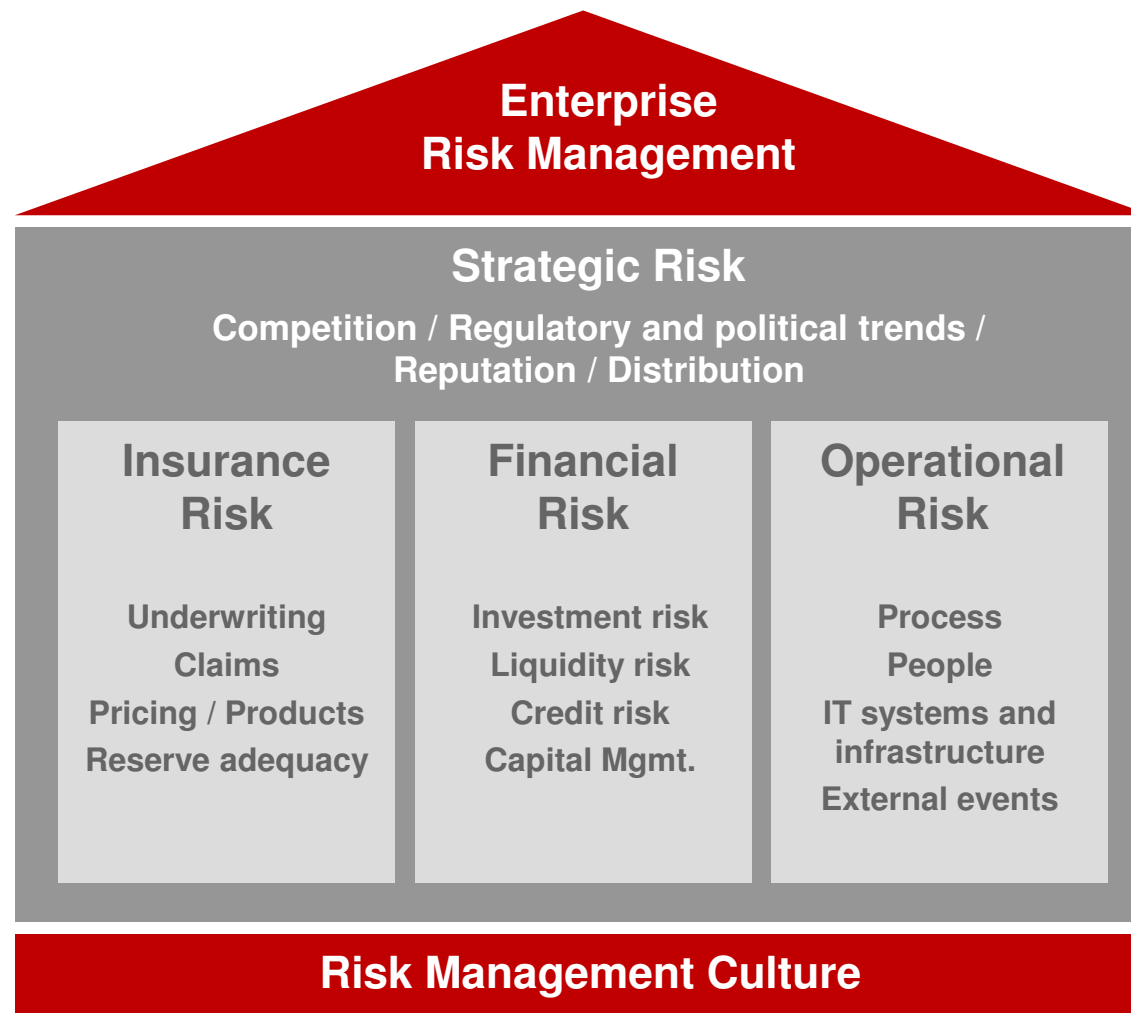
# Leverage below target

Strong capital generation resulting in reduced leverage



# Embedded risk management culture

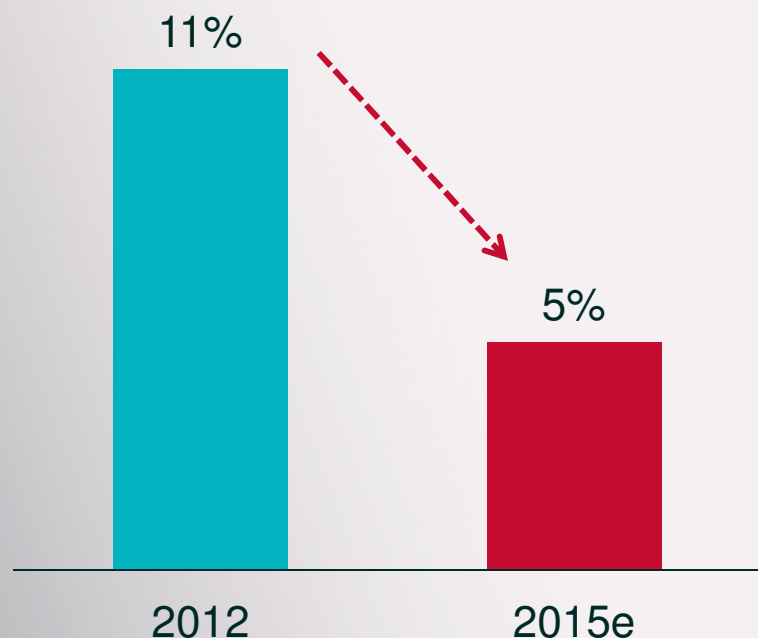
Managing risk is our business



# Catastrophe risk management

We have reduced our earthquake exposure

Estimated impact from a 1-in-500 year BC Earthquake  
(% of NEP)



- ~**\$3.5 billion** of reinsurance protection
- **\$100 million retention** on Multi-risk events and catastrophes
- **Aggregate cover** to protect for frequency of multi-risk events and catastrophes > \$30 million

# Well positioned for the future

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## Performance

**Track record of consistent industry  
outperformance**

## Financial Strength

**Strong balance sheet capitalization**

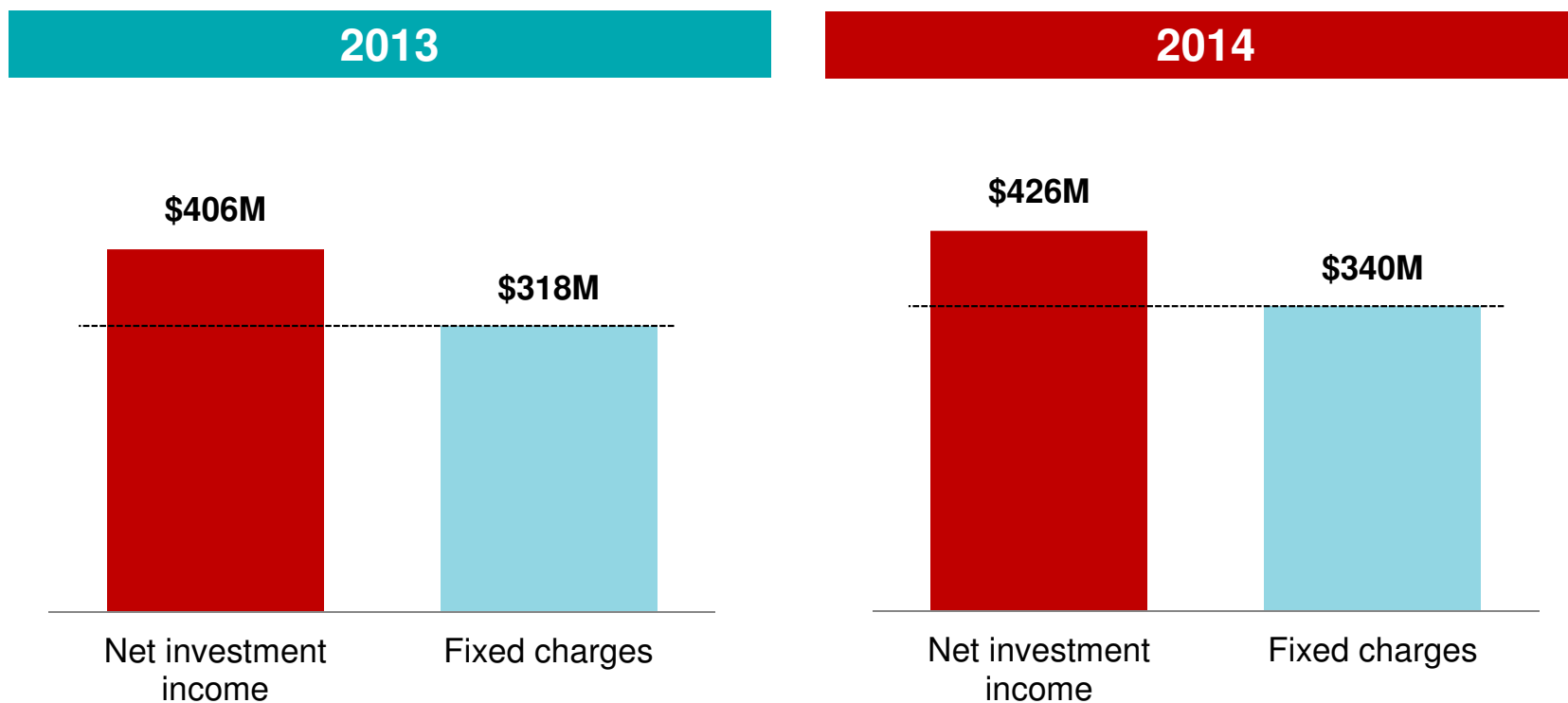
## Risk management

**Embedded risk management culture**

## Complementary Information







# Strong liquidity position



Investment income is stable and provides solid cash flows, even in a low yield environment, to cover fixed charges

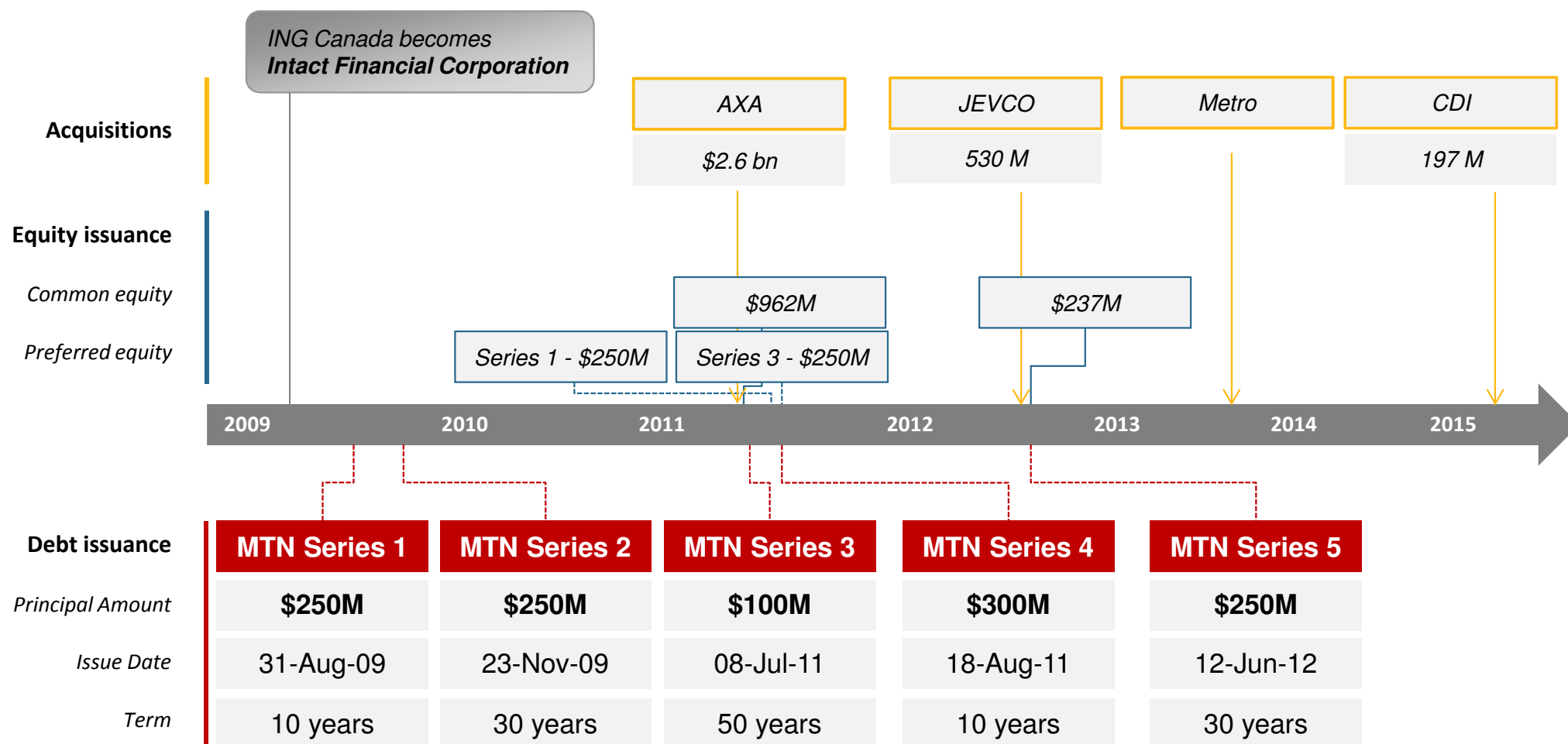


# Superior credit ratings

	<i>Financial strength</i>	<i>Long-term issuer rating</i>	<i>Outlook</i>	
	<b>A+ (superior)</b>	<b>a-</b>	<b>Stable</b>	<i>"[...] <b>strong risk-adjusted capitalization</b>, leading market position, [...] expertise and efficient claims management".</i>
	<b>A1</b>	<b>Baa1</b>	<b>Positive</b>	<i>"[...] <b>based on Intact's formidable market position</b>, [...] risk management discipline [...], and strong reserve adequacy with consistently favorable prior-year development."</i>
	<b>AA-</b>	<b>A-</b>	<b>Stable</b>	<i>"Intact's ratings reflect its large market share and scale, <b>very strong reserve position</b>, and solid capitalization".</i>
	<b>-</b>	<b>A (low)</b>	<b>Stable</b>	<i>"[...] <b>Among the strongest performers</b> in the Canadian P&amp;C insurance industry in terms of both historical underwriting results and profitability".</i>

# History of financing transactions

IFC has historically benefited from strong access to capital markets



# Historical financials

## Track record of stable financial performance

(in \$ millions, except as otherwise noted)

	2014	2013	2012	2011	2010
<b>Income statement highlights</b>					
Direct written premiums	\$7,349	\$7,319	\$6,868	\$5,099	\$4,498
Underwriting income	519	142	451	273	194
Net investment income	427	406	389	326	294
Net operating income (NOI)	767	500	675	460	402
NOIPS to common shareholders (in dollars)	5.67	3.62	5.00	3.91	3.49
<b>Balance sheet highlights</b>					
Total investments	\$13,440	\$12,261	\$12,959	\$11,828	\$8,653
Debt outstanding	1,143	1,143	1,143	1,293	496
Total shareholders' equity (excl. AOCI)	5,310	4,842	4,710	4,135	2,654
<b>Performance metrics</b>					
Claims ratio	62.6%	66.9%	61.6%	63.9%	65.4%
Expense ratio	30.2%	31.1%	31.5%	30.5%	30.0%
Combined ratio	92.8%	98.0%	93.1%	94.4%	95.4%
Operating ROE (excl. AOCI)	16.3%	11.2%	16.8%	15.3%	15.1%
Debt / Capital	17.3%	18.7%	18.9%	22.9%	14.3%
<b>Combined ratios by line of business</b>					
Personal auto	94.5%	93.2%	95.7%	90.9%	98.1%
Personal property	89.0%	104.4%	93.5%	103.5%	96.5%
Commercial auto	89.6%	93.3%	81.5%	86.5%	86.0%
Commercial P&C	94.2%	103.9%	91.6%	95.6%	90.7%

# Contact Investor Relations

## General Contact Info

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To access our 2014 online annual report featuring interactive photos, videos, dynamic charts, and additional media, please scan the QR code or visit [reports.intactfc.com/2014](http://reports.intactfc.com/2014).

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