BMO Capital Markets
Fixed Income Insurance Conference

Kenneth Anderson, Vice-President Finance and Treasurer

June 16th, 2016
Canada’s P&C insurance leader

Leader in a fragmented industry

<table>
<thead>
<tr>
<th></th>
<th>IFC</th>
<th>#2</th>
<th>#3</th>
<th>#4</th>
<th>#5</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>17.0%</td>
<td>10.4%</td>
<td>8.7%</td>
<td>6.5%</td>
<td>6.1%</td>
</tr>
</tbody>
</table>

Strong brands

- Intact Insurance
- belairdirect.
- BrokerLink

10-year outperformance versus the industry

<table>
<thead>
<tr>
<th></th>
<th>Premium growth</th>
<th>Combined ratio</th>
<th>Return on equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>IFC</td>
<td>3.9 pts</td>
<td>3.1 pts</td>
<td>5.8 pts</td>
</tr>
</tbody>
</table>

2015 outperformance
(for the period ended December 31, 2015)

<table>
<thead>
<tr>
<th></th>
<th>Industry</th>
<th>IFC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Combined ratio</td>
<td>96.6%</td>
<td>92.8%</td>
</tr>
<tr>
<td>ROE</td>
<td>9.2%</td>
<td>14.3%</td>
</tr>
</tbody>
</table>

Five-year average loss ratio outperformance gap
(for the period ended December 31, 2015)

<table>
<thead>
<tr>
<th></th>
<th>Personal Auto</th>
<th>Personal Property</th>
<th>Commercial P&amp;C</th>
<th>Commercial Auto</th>
</tr>
</thead>
<tbody>
<tr>
<td>IFC</td>
<td>6.2 pts</td>
<td>4.3 pts</td>
<td>2.7 pts</td>
<td>6.4 pts</td>
</tr>
</tbody>
</table>

Industry data: IFC estimates based on MSA Research excluding Lloyd’s, ICBC, SGI, SAF, MPI, Genworth and IFC (Aviva is pro forma including RBC General Insurance Company). All data as at December 31, 2015.

1 Combined ratio includes the market yield adjustment (MYA).
2 ROEs reflect IFRS beginning in 2010. Since 2011, IFC’s ROE is adjusted return on common shareholders’ equity (AROE).
P&C insurance in Canada

A $47 billion market representing approximately 3% of GDP

- Highly fragmented
- Historical growth of 6% CAGR
- Long term trend of ~ 10% ROE
What we are aiming to achieve

Our customers are our advocates

One million advocates

Our employees are engaged

One of Canada's best employers

Our company is one of the most respected in Canada

Beat industry ROE by 5 pts each year
Grow NOIPS 10% per year over time
GOAL: Customers as advocates

Meeting changing needs and delivering an experience second to none

Our ongoing commitment to excellent customer service that exceeds expectations has resulted in Intact Insurance scoring “highest in customer satisfaction with the auto insurance claims experience” in a 2015 J.D. Power study.

We launched our Intact Service Centre in Calgary, the first to be rolled out in urban areas across Canada. Intact Insurance and belairdirect customers can now enjoy a new simpler, faster and more convenient auto claims experience.

Intact recently entered into an exciting partnership with Turo – an online peer-to-peer car rental marketplace. This, along with our partnerships with Metromile and Uber, is another exciting move to stay ahead of disruption by being involved with emerging adjacencies that can accelerate our core competencies.
GOAL: Being a best employer

We will continue to invest in people and create a strong and diverse workplace

We believe that engaged employees provide the best customer service, and we are proud that our employees ranked us as one of Canada’s Best Employers in the 2015 Aon Hewitt Employee Engagement Survey.

Recognized as one of Canada’s Top 100 Employers by MediaCorp Canada Inc. for 2016. We scored highly on the project’s eight criteria: which include health benefits; vacation, employee communications; performance management; and community involvement.

Intact respects and celebrates diversity. This was confirmed at a Catalyst event in 2015, where our CEO was recognized for his inclusive leadership and support for the professional advancement of women.
GOAL: Being one of the most respected companies

Consistent outperformance

- Size advantage
- Sophisticated pricing and underwriting
- In-house claims expertise
- Broker relationships
- Multi-channel distribution
- Proven acquisition strategy
- Tailored investment management

NOIPS growth of **10%** per year over time

- Organic Growth 3-5%
- Capital Mgmt & Deployment 3-5%
- Margin Improvement 0-3%

Beat industry ROE by **5 points** every year

- Claims management 3 points
- Investments & Capital Mgmt 2 points
- Pricing & Segmentation 2 points
**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  *Stable outlook*
  - Fitch | A-  *Stable outlook*

**Current debt issues**

<table>
<thead>
<tr>
<th>Maturity</th>
<th>Term</th>
<th>Coupon</th>
<th>2019</th>
<th>2021</th>
<th>2026</th>
<th>2039</th>
<th>2042</th>
<th>2061</th>
</tr>
</thead>
<tbody>
<tr>
<td>250M</td>
<td>10-yr</td>
<td>5.41%</td>
<td>250M</td>
<td>10-yr</td>
<td>3.77%</td>
<td>250M</td>
<td>30-yr</td>
<td>6.40%</td>
</tr>
<tr>
<td>300M</td>
<td>10-yr</td>
<td>4.70%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| Total debt outstanding | 1,392 | 19.5% |
| Preferred shares outstanding | 489 | 6.8% |
| Shareholder's equity & Retained earnings | 5,261 | 73.7% |
| Total Capital | 7,142 | 100% |
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

<table>
<thead>
<tr>
<th></th>
<th>Q1-2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investments</td>
<td>13,630</td>
<td>13,504</td>
</tr>
<tr>
<td>Total assets</td>
<td>21,112</td>
<td>21,236</td>
</tr>
<tr>
<td>Medium Term Notes</td>
<td>1,392</td>
<td>1,143</td>
</tr>
<tr>
<td>Credit Facility</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>15,362</td>
<td>15,508</td>
</tr>
<tr>
<td>Shareholder’s equity</td>
<td>5,750</td>
<td>5,728</td>
</tr>
<tr>
<td><strong>Total capitalization</strong></td>
<td><strong>7,142</strong></td>
<td><strong>6,871</strong></td>
</tr>
<tr>
<td>Debt-to-capitalization</td>
<td>19.5%</td>
<td>16.6%</td>
</tr>
<tr>
<td>MCT</td>
<td>215%</td>
<td>203%</td>
</tr>
<tr>
<td>Total Excess Capital 170%*</td>
<td>904</td>
<td>625</td>
</tr>
</tbody>
</table>

* Total Excess capital at 170% includes net liquid assets of the non regulated entities
High quality investment portfolio

$13.6 billion - strategically managed

### Investment portfolio asset mix *

- **Cash:** 4%
- **Loans:** 3%
- **Preferred shares:** 9%
- **Common equity:** 14%
- **Fixed income:** 70%

### Bond credit ratings

- **AAA:** 53%
- **AA:** 29%
- **A:** 17%
- **BBB:** 1%

*Net of hedging positions and financial liabilities related to investments, as of March 31, 2016*
Insurance liabilities

Track record of prudent reserving practices

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

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

- 3.3% 2004
- 4.9% 2005
- 2.9% 2006
- 4.0% 2007
- 3.2% 2008
- 4.8% 2009
- 4.9% 2010
- 5.7% 2011
- 5.1% 2012
- 4.9% 2013
- 6.2% 2015
We maintained very strong levels of capital over time

**Total Excess capital at 170%**

<table>
<thead>
<tr>
<th>Year</th>
<th>Excess Capital (C$ Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>$428M</td>
</tr>
<tr>
<td>2009</td>
<td>$859M</td>
</tr>
<tr>
<td>2010</td>
<td>$809M</td>
</tr>
<tr>
<td>2011</td>
<td>$435M</td>
</tr>
<tr>
<td>2012</td>
<td>$599M</td>
</tr>
<tr>
<td>2013</td>
<td>$550M</td>
</tr>
<tr>
<td>2014</td>
<td>$681M</td>
</tr>
<tr>
<td>2015</td>
<td>$625M</td>
</tr>
<tr>
<td>Q1-2016</td>
<td>$904M</td>
</tr>
</tbody>
</table>

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

**Minimum Capital Test (%)**

- **OSFI Minimum**: 150%

- **Low sensitivity to capital markets volatility:**
  - 1% increase in rates: -3 pts of MCT
  - 10% decline in Common shares: -1 pts of MCT
  - 5% decline in Preferred shares: -2 pts of MCT

*Total Excess capital at 170% includes net liquid assets of the non regulated entities*
Catastrophe risk management

We have reduced our earthquake exposure

- $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

Performance
- Track record of consistent industry outperformance

Financial Strength
- Strong balance sheet capitalization

Risk Management
- Embedded risk management culture
5-year performance

### Return on equity \(^1\)

<table>
<thead>
<tr>
<th>Year</th>
<th>Return on Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>17.4%</td>
</tr>
<tr>
<td>2012</td>
<td>16.1%</td>
</tr>
<tr>
<td>2013</td>
<td>10.3%</td>
</tr>
<tr>
<td>2014</td>
<td>16.8%</td>
</tr>
<tr>
<td>2015</td>
<td>14.3%</td>
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</table>

5-year average = 15.0%

### Direct premiums written growth (Full term)

<table>
<thead>
<tr>
<th>Year</th>
<th>Premium Growth</th>
</tr>
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<tbody>
<tr>
<td>2011</td>
<td>100</td>
</tr>
<tr>
<td>2012</td>
<td>150</td>
</tr>
<tr>
<td>2013</td>
<td>200</td>
</tr>
<tr>
<td>2014</td>
<td>200</td>
</tr>
<tr>
<td>2015</td>
<td>200</td>
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5-year average = 12.5%

### Combined ratio

<table>
<thead>
<tr>
<th>Year</th>
<th>Combined Ratio</th>
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<tbody>
<tr>
<td>2011</td>
<td>94.4%</td>
</tr>
<tr>
<td>2012</td>
<td>93.1%</td>
</tr>
<tr>
<td>2013</td>
<td>98.0%</td>
</tr>
<tr>
<td>2014</td>
<td>92.8%</td>
</tr>
<tr>
<td>2015</td>
<td>91.7%</td>
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</tbody>
</table>

5-year average = 94.0%

\(^1\) IFC’s ROE is adjusted return on common shareholders’ equity (AROE).
Leverage below target

Strong capital generation and well managed leverage levels

- **Debt-to-total Capitalization**
- **IFC target 20%**
- **Acquisition**

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<tr>
<td>AXA</td>
<td>14.3%</td>
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<tr>
<td>Jevco</td>
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<td>18.9%</td>
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<tr>
<td></td>
<td></td>
<td>18.7%</td>
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<td></td>
<td>16.6%</td>
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<td></td>
<td>19.5%</td>
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</table>

- **Earnings coverage ratio (EBIT divided by interest)**

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<th></th>
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</thead>
<tbody>
<tr>
<td></td>
<td>18.7x</td>
<td>12.9x</td>
<td>12.7x</td>
<td>8.3x</td>
<td>16.0x</td>
<td>14.7x</td>
<td>12.4x</td>
</tr>
</tbody>
</table>
**Capital management framework**

- Maintain leverage ratio (target 20% debt-to-total capital)
- Maintain existing dividends
- Increase dividends
- Invest in growth initiatives
- Share buybacks

**Integrated decision making process**

- Target Leverage & Cap Structure
- Capital Allocation Decision
- MCT% & Excess Capital level

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**Strategic capital management**
Embedded risk management culture

Managing risk is our business

Enterprise Risk Management

Strategic Risk
- Competition & Disruption / Distribution
- Government & Regulatory / Reputation

Insurance Risk
- Catastrophes
- Reserving risk
- Underwriting risk
- Reinsurance

Financial Risk
- Market risk
- Liquidity risk
- Credit risk
- Basis risk

Operational Risk
- Processes
- People
- IT systems and infrastructure
- External events

Risk Management Culture
### Superior credit ratings

<table>
<thead>
<tr>
<th>Financial strength</th>
<th>Long-term issuer rating</th>
<th>Outlook</th>
</tr>
</thead>
<tbody>
<tr>
<td>A+ (superior)</td>
<td>a-</td>
<td>Stable</td>
</tr>
<tr>
<td>A1</td>
<td>Baa1</td>
<td>Positive</td>
</tr>
<tr>
<td>AA-</td>
<td>A</td>
<td>Stable</td>
</tr>
<tr>
<td>AA (low)</td>
<td>A</td>
<td>Stable</td>
</tr>
</tbody>
</table>

“[...] strong risk-adjusted capitalization, leading market position, [...] expertise and efficient claims management”.

“[...] based on Intact’s formidable market position, [...] risk management discipline [...], and strong reserve adequacy with consistently favorable prior-year development.”

“Intact’s ratings reflect its large market share and scale, very strong reserve position, and solid capitalization”.

“[...] Intact’s excellent franchise strength and risk profile, its consistently strong earnings and liquidity as well as its very good capitalization”.

Superior credit ratings

A+ (superior)

A1

AA-
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