Intact Financial Corporation (TSX: IFC)

Q4-2021 Review of Performance

Wednesday, February 9, 2022

intact

Forward-looking statements

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. Unless otherwise indicated, all forward-looking statements in this presentation are made as at December 31, 2021, and are subject to change after that date. This presentation contains forward-looking statements with respect to the acquisition (the "RSA Acquisition") and integration of RSA Insurance Group PLC ("RSA") and the sale (the "Sale") of Codan Forsikring A/S's Danish business ("Codan DK") to Alm. Brand A/S group ("Alm.Brand"), the separation and transfer of the businesses in Sweden and Norway from Codan DK (the "Separation"), the receipt of all requisite approvals or clearances of the Separation and the Sale in a timely manner and on terms acceptable to the Company, the realization of the expected strategic, financial and other benefits of the Sale and with respect to the impact of COVID-19 and related economic conditions on the Company's operations and financial performance.
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. In addition to other estimates and assumptions which may be identified herein, estimates and assumptions have been made regarding, among other things, the realization of the expected strategic, financial and other benefits of the RSA Acquisition, the Separation and the Sale, and economic and political environments and industry conditions. However, the completion of the Sale is subject to customary closing conditions, termination rights and other risks and uncertainties, including, without limitation, the Separation, regulatory approvals and clearances, and there can be no assurance that the Sale will be completed in a timely manner, or at all. There can also be no assurance that the strategic and financial benefits expected to result from the RSA Acquisition, the Separation or the Sale, will be realized. 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:

- expected regulatory processes and outcomes in connection with its business;
- government regulations designed to protect policyholders and creditors rather than investors;
- the occurrence and frequency of catastrophe events, including a major earthquake;
- catastrophe losses caused by severe weather and other weather-related losses, as well as the impact of climate change;
- intense competition and disruption;
- unfavourable capital market developments or other factors, including the impact of the COVID-19 pandemic and related economic conditions, which may affect the Company's investments, floating rate securities and funding obligations under its pension plans;
- 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;
- the Company's ability to otherwise complete the integration of the business acquired within anticipated time periods and at expected cost levels, as well as its ability to operate in new jurisdictions relating to the RSA Acquisition;
- the Company's ability to achieve synergies arising from successful integration plans relating to acquisitions;
- the Company's reliance on information technology and telecommunications systems and potential failure of or disruption to those systems, including in the context of the impact on the ability of our workforce to perform necessary business functions remotely, as well as in the context of evolving cybersecurity risk;
- the impact of developments in technology and use of data on the Company's products and distribution;
- the Company's ability to contain fraud and/or abuse;
- periodic negative publicity regarding the insurance industry;
- the Company's reliance on brokers and third parties to sell its products to clients and provide services to the Company and the impact of COVID-19 and related economic conditions on such brokers and third parties;
- the occurrence of and response to public health crises including epidemics, pandemics or outbreaks of new infectious diseases, including, most recently, the COVID-19 pandemic and ensuing events;
- the volatility of the stock market and other factors affecting the trading prices of the Company's securities, including in the context of the COVID-19 crisis;
- litigation and regulatory actions, including with respect to the COVID-19 pandemic;
- changes in laws or regulations, including those adopted in response to COVID-19 that would, for example, require insurers to cover business interruption claims irrespective of terms after policies have been issued, and could result in an unexpected increase in the number of claims and have a material adverse impact on the Company's results;
- COVID-19 related coverage issues and claims, including certain class actions and related defence costs, could negatively impact our claims reserves;
- terrorist attacks and ensuing events;
- the Company's ability to maintain its financial strength and issuer credit ratings;
- the Company's access to debt and equity financing;
- 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 dependence on and ability to retain key employees;
- the cyclical nature of the P&C insurance industry;
- management's ability to accurately predict future claims frequency and severity,
- the Company's ability to successfully pursue its acquisition strategy;
- the Company's ability to execute its business strategy;
- management's estimates and expectations in relation to future economic and business conditions and other factors in relation to the Separation, the Sale and resulting impact on growth and accretion in various financial metrics;
- unfavourable capital markets developments or other factors that may adversely affect Alm.Brand's ability to finance the Sale;
- the Company's ability to improve its combined ratio, retain existing and attract new business, attract and retain key employees with the in-depth knowledge and necessary skills, maintain market position arising from successful integration plans relating to the RSA Acquisition, as well as management's estimates and expectations in relation to future economic and business conditions and other factors in relation to the RSA Acquisition and resulting impact on growth and accretion in various financial metrics;
- the Company's participation in the Facility Association (a mandatory pooling arrangement among all industry participants) and similar mandated risk-sharing pools;
- general economic, financial and political conditions;
- the Company's dependence on the results of operations of its subsidiaries and the ability of the Company's subsidiaries to pay dividends;
- the Company's ability to hedge exposures to fluctuations in foreign exchange rates;
- future sales of a substantial number of its common shares; and
- the Company's ability to meet its net zero carbon emission targets; and
- changes in applicable tax laws, tax treaties or tax regulations or the interpretation or enforcement thereof.

All of the forward-looking statements included in this presentation, the MD&A and the quarterly earnings press release dated February 8, 2022 are qualified by these cautionary statements and those made in the section entitled Risk management (Sections 30-35) of our MD&A for the year ended December 31, 2021. 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. 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.

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The information contained in this presentation concerning the Company does not purport to be all-inclusive or to contain all the information that a prospective purchaser or investor may desire to have in evaluating whether or not to make an investment in the Company. The information is qualified entirely by reference to the Company's publicly disclosed information.

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Non-GAAP and Other Financial Measures

We use both GAAP measures ("reported") as well as non-GAAP financial measures and ratios to assess our performance. Non-GAAP financial measures and Non-GAAP ratios (which are calculated using non-GAAP financial measures) do not have standardized meanings prescribed by IFRS and may not be comparable to similar measures used by other companies in our industry.

The Non-GAAP financial measures included in this presentation and other financial reports are: operating DPW, operating NPW, operating NEP, operating net claims, operating net underwriting expenses, underwriting income, distribution income, total finance costs, other operating income (expense), operating and total income tax expense (benefit), PTOI, NOI, NOI attributable to common shareholders, pre-tax income, non-operating results, adjusted net income, adjusted average common shareholder's equity, adjusted average common shareholder's equity (excluding AOCI), debt outstanding (excluding hybrid debt), debt outstanding and preferred shares (including NCI) and adjusted total capital.

The Non-GAAP ratios included in the presentation and other financial reports (other than Consolidated financial statements) are:

- operating growth and operating growth in constant currency (for both operating DPW and NPW);
- operating NEP growth and operating NEP growth in constant currency;
- operating combined ratio, claims ratio (including underlying current year loss ratio, CAT loss ratio and PYD ratio) and expense ratio (including commissions ratio, general expenses ratio and premium taxes ratio);
- operating and total effective income tax rates;
- NOIPS and AEPS, as well as ROE, OROE and AROE;
- book value per share (BVPS) excluding AOCI and
- adjusted debt-to-total capital ratio and total leverage ratio.

We believe that similar measures and ratios are widely used in the industry and provide investors, financial analysts, rating agencies and other stakeholders with a better understanding of our business activity and financial results over time, in line with how management analyse performance. Non-GAAP and other financial measures used by Management are fully defined and reconciled to the corresponding GAAP measures. We also use other financial measures to assess our performance, including supplementary financial measures and segment measures, which are further presented in our Q4-2021 MD&A. Please see to *Section 38 – Non-GAAP and other financial measures* of the Q4-2021 MD&A for the definition and reconciliation to the most comparable GAAP measures (or "reported measures).

Important notes:

- Abbreviations and definitions of selected key terms used in this presentation are defined in Section 42 – *Glossary and definitions* of our Q4-2021 MD&A
- Other insurance-related terms are defined in *Section 42 – Glossary and definitions* of our Q4-2021 MD&A, as well as in the glossary available in the "Investors" section of our web site at www.intactfc.com.
- Certain totals, subtotals and percentages may not agree due to rounding. Not meaningful (nm) is used to indicate that the current and prior year figures are not comparable, not meaningful, or if the percentage change exceeds 1,000%.

Charles Brindamour

Chief Executive Officer

Key points & highlights

$3.78
NOIPS[1]
increased 19%, driven by robust underwriting income, and the addition of RSA

$3.85
EPS
mainly driven by strong operating results and net investment gains

87.8%
Operating Combined Ratio[1]
with strength across all segments, despite 3.8 points of CAT losses

+75% ***constant currency***
Operating DPW Growth[1]
bolstered by the RSA Acquisition

+82%
DPW Growth
as reported under IFRS

+40%
BVPS Growth[1]
to $82.34, driven by strong earnings and the RSA financing

17.8%
OROE[1]

17.0%
ROE[1]

Above our historical mid-teens average

$2.9B
Total Capital Margin[2]
with an adjusted debt-to-capital[1] ratio of 23.0%

[1] This is a non-GAAP measure. See section 38 – *Non-GAAP and other financial measures* of the Q4-2021 MD&A, available on www.sedar.com.
[2] See section 28.2 - *Maintaining a strong capital position* of the Q4-2021 MD&A, available on www.sedar.com

Q4-2021 Canadian Results

Personal Auto

$1,234M **+25%**

Operating DPW growth was driven by the RSA acquisition. We continue to operate in a muted rate environment, with strong retention levels and modest unit growth.

87.5%

Operating combined ratio reflected strong underlying performance and favourable PYD, with driving activity remaining below pre-pandemic levels.

Personal Property

$831M **+33%**

Excluding the impact of the RSA acquisition, **operating DPW growth** was 5%, mainly driven by firm market conditions, with strong retention levels.

79.5%

Operating combined ratio was very strong, driven by our profitability actions over time and benign weather, and despite 6.8 points of CAT losses.

Canadian Commercial

$1,218M **+41%**

Excluding RSA, **operating DPW growth** was 11%, reflecting hard market conditions, our focus on profitable growth, and the impact of customer relief provided in the prior year.

84.3%

Operating combined ratio improved 11 points, driven by solid underlying performance and higher PYD, and an estimated 6-point impact from 2020 customer relief measures.

Q4-2021 UK&I and US Results

UK&I Personal

$517M

Operating DPW growth declined by 3% for Q4-2021 as we remained disciplined in a competitive market. UK pet and home insurance performed well, with retention levels above expectations.

96.1%

Operating combined ratio was driven by solid underlying performance and strong PYD.

UK&I Commercial

$757M

Operating DPW growth grew by 7% for Q4-2021, reflecting continued hard market conditions and strong retention levels.

90.4%

Operating combined ratio was strong, driven by strong underlying performance and favourable PYD, tempered by elevated CAT losses.

US Commercial

$460M **+19% constant currency**

Operating DPW growth was strong, mainly driven by new business growth, new products, as well as hard market conditions.

92.5%

Operating combined ratio was solid, essentially in line with last year, despite 2.3 points of CAT losses.

RSA Acquisition Update

Integration and transition are progressing very well across all geographies

VALUE CREATION

- ✓ **RSA contributed close to 16% accretion to Q4-2021 NOIPS, bringing accretion to 12% since closing on June 1st**
  - ✓ Increased confidence in achieving our target of upper-teens NOIPS accretion within 36 months
- ✓ We remain on track to realize **at least $250 million of synergies,** with approximately 75% expected to be generated in Canada
  - ✓ As at December 31, 2021 we have delivered **$85 million in run-rate synergies**.
- ✓ We expect to **generate additional value** by applying our core competencies in **pricing and risk selection**, **digital**, as well as **data and AI.**
- ✓ The announced **sale of our 50% stake in Codan Denmark** for ~$1.26B is on track to close in the first half of 2022
- ✓ Expected **internal rate of return (IRR) for the RSA Acquisition** is in **excess of our 15% threshold**

INTEGRATION PROGRESS

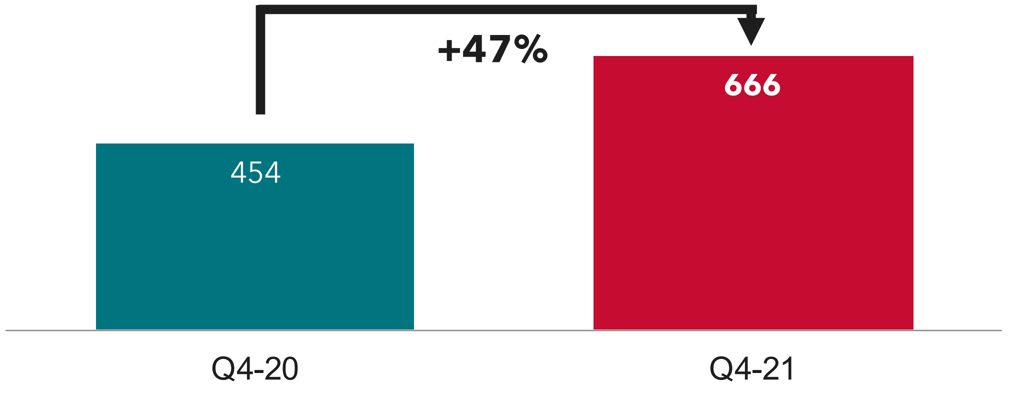
- ✓ In **Canada**, policy conversion in the broker channel is well underway. Over 40% of **Personal Lines** broker policies and nearly 40% of **Commercial Lines small business** policies have converted to Intact systems so far.
  - ✓ Retention levels are largely aligned with RSA's historical experience.
- ✓ In **UK&I**, Ken Norgrove was appointed to the role of CEO, pending regulatory approval. He was formerly CEO of RSA Scandinavia and led successful turnaround of the Irish business as CEO of RSA Ireland from 2014 to 2019.
- ✓ In **direct distribution**, the Johnson integration is targeted to begin in early 2022, with focus on the customer journey and digital capabilities. Engagement with Affinity partners remains strong.
- ✓ In **claims**, there is continued work on internalizing and integrating back-office and after-hours operations, leveraging OnSide, and refining the conversion roadmap.

Louis Marcotte

Executive Vice President & Chief Financial Officer

Operating income

Net operating income attributable to common shareholders[1]

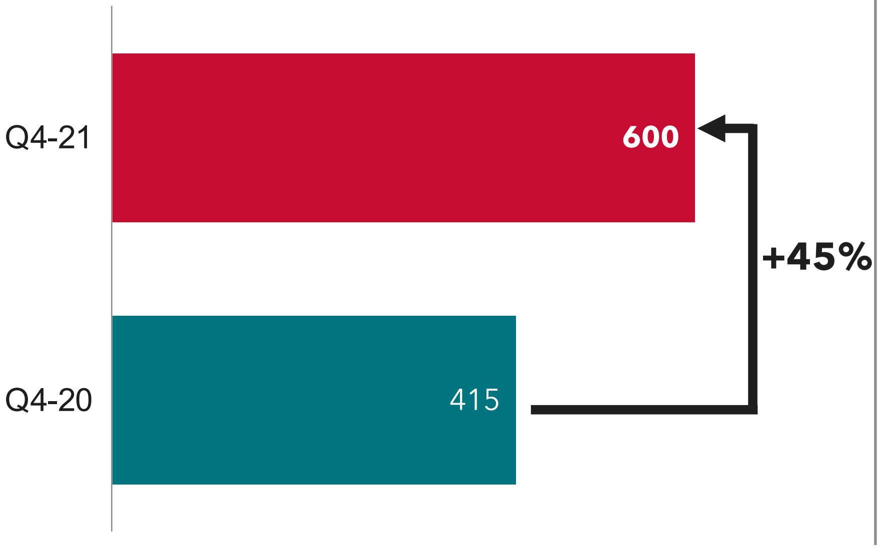


Net operating income attributable to common shareholders up 47% to $666 million, reflecting the contribution of RSA, as well as strong growth in underwriting and investment income.

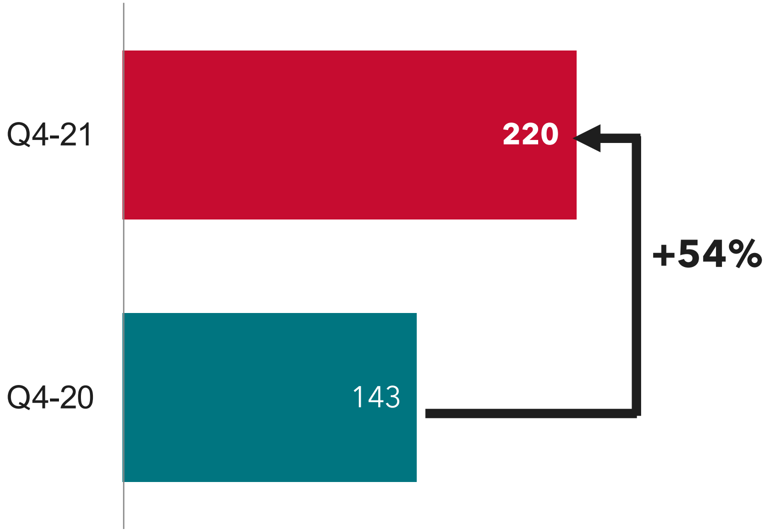
Net investment income increased 54% to $220 million, driven by the addition of the RSA portfolio, and included a special dividend of $23 million from one of our investments.

Distribution income grew by 7%, compared to a strong Q4-2020, driven by the impact of accretive acquisitions.

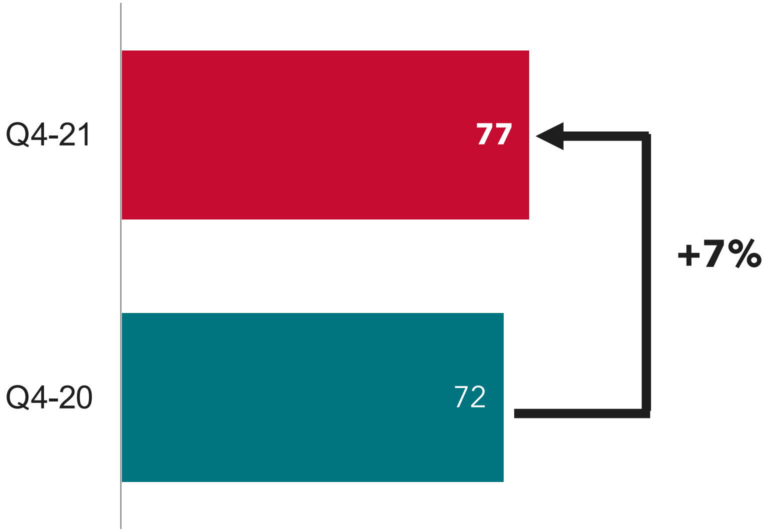
Underwriting income[1]



Net investment income



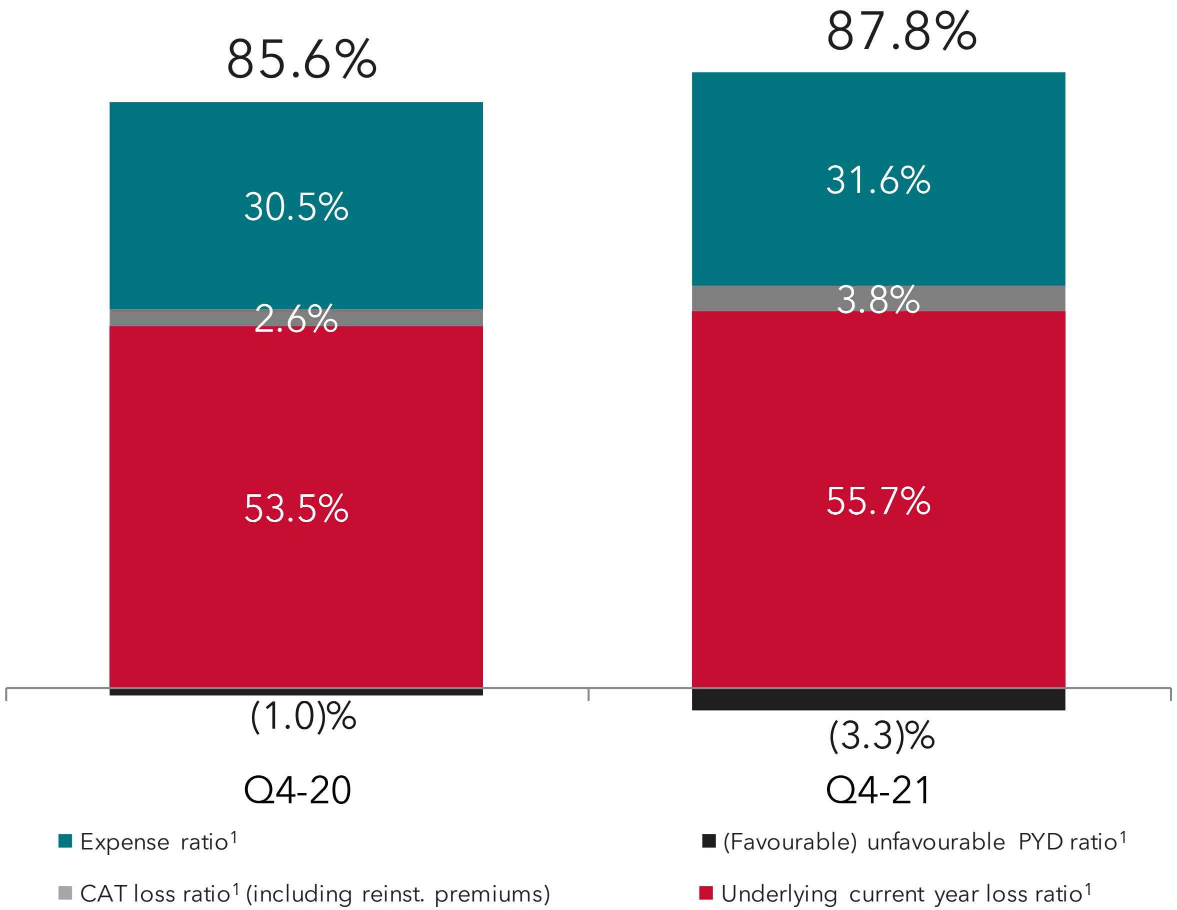
Distribution income[1]



[1]This is a non-GAAP measure. See to section 38 – *Non-GAAP and other financial measures* of the Q4-2021 MD&A, available on www.sedar.com.

Underwriting Review

Operating combined ratio[1] of 87.8%, with strength across all segments



In Canada, **the operating combined ratio of 84.4%** reflected continued strength across all lines.

In the UK&I, the operating combined ratio was solid at 93.0%, supported by solid underlying performance and healthy PYD.

In the U.S., the operating combined ratio was solid at 95.2%, essentially in line with last year, despite absorbing 2.3 points of CAT losses.

[1]This is a non-GAAP measure. See to section 38 – *Non-GAAP and other financial measures* of the Q4-2021 MD&A, available on www.sedar.com.

[intact]

Proven and Consistent Capital Management Strategy

CAPITAL DEPLOYMENT

23.0%

Adjusted debt-to-total capital ratio

We expect the adjusted debt-to-total-capital ratio to return to 20% with the proceeds from the sale of our 50% stake in Codan Denmark *(expected to close in H1-2022)*

CAPITAL INVESTED IN GROWTH SINCE 2009

$12.7B

MANAGE VOLATILITY

MAINTAIN LEVERAGE RATIO

INCREASE DIVIDENDS

INVEST IN GROWTH OPPORTUNITIES

SHARE BUYBACKS

LOW BOOK VALUE PER SHARE SENSITIVITY TO CAPITAL MARKETS VOLATILITY[1]

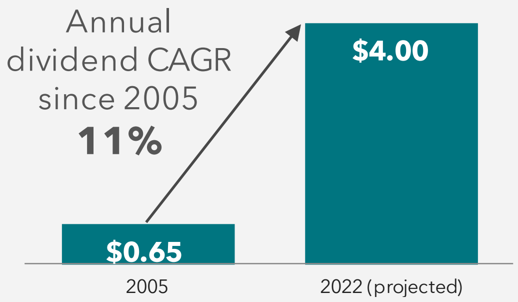
($2.38) per 10% decrease in common share prices[2]

($0.39) per 5% decrease in preferred share prices[3]

($1.66) per 100 bps increase in interest rates

($3.97) Strengthening of the CAD by 10% vs USD & GBP

ANNUAL DIVIDEND INCREASE



10% dividend increase to **$1.00** per share this quarter, our **17th consecutive annual dividend increase**

BUYBACKS SINCE 2009 **$627M**

Reinitiating our share buyback program (NCIB) in 2022

[2]See to Section 35 – *Sensitivity analyses* of the Q4-2021 MD&A for additional commentary and break outs. Data as of December 31, 2021.
[2]Including the impact of common shares (net of any equity hedges, including the impact of any impairment) or investment property related to the defined benefit pension plan.
[3]Includes the impact on related embedded derivatives.

P&C Insurance Industry Outlook[1]

Industry premiums grew by low-single digits in the first three quarters of 2021. We estimate that growth was flat, if adjusted for COVID-19 premium relief on prior year figures

We expect industry premium growth to remain muted in the near term, returning to low-to-mid single-digit growth as driving patterns return to pre-pandemic norms.

Firm market conditions are expected to continue in this line of business, as it is subject to challenging weather and inflation over time

We expect premium growth at a mid single-digit level over the next 12 months.

In the first three quarters of 2021, the industry reported low teens growth, clear evidence of hard market conditions. Rate actions are continuing, driven by low industry profitability for several years and tight capacity.

We expect upper single-digit premium growth for the industry over the next 12 months.

Personal Lines premium growth in the UK and Ireland has been muted as insurers passed on benefits from COVID-19 related frequency declines, and position for regulator-led pricing reforms in the UK

In the UK, we expect property claims inflation and challenging weather to drive rate increases over time. In Ireland, property rates are experiencing low single-digit increases

In Commercial Lines, market conditions remain hard with rate increases driven by CAT losses, tightening capacity and inflationary pressures

We expect UK commercial industry premiums to grow at an upper single-digit level over the next 12 months.

The U.S. commercial P&C industry continues to experience hard market conditions across lines

We expect favourable market conditions to persist in the near term and industry premium growth at an upper single-digit level over the next 12 months.

We expect our industry benchmark ROE[2] to be in the high single digit range over the next 12 months.

[1] For more details, please see Section 12 – *P&C insurance industry outlook* of the Q4-2021 MD&A, available on www.sedar.com

[2] Our P&C industry benchmark ROE reflects a weighting based on the approximate amount of capital deployed by IFC in the markets in which we operate.

Strong Q4-2021 performance as we continue to deliver shareholder value

NOIPS up 19% to $3.78, OROE of 17.8% and BVPS up 40% year-over-year

Financial position remains strong

with a total capital margin of $2.9 billion and an adjusted debt-to-capital ratio of 23.0%

RSA integration and transition on track

Increased confidence in delivery of the deal's financial objectives

Strong momentum across the business

with favourable outlook for capital generation

Increasing quarterly dividend by 10% to $1.00, our 17th consecutive annual increase

Reinitiating our share buyback program

Q&A

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