



Intact Financial Corporation (TSX: IFC)

Investor Presentation
February 2012



Canada's leader in auto, home and business insurance

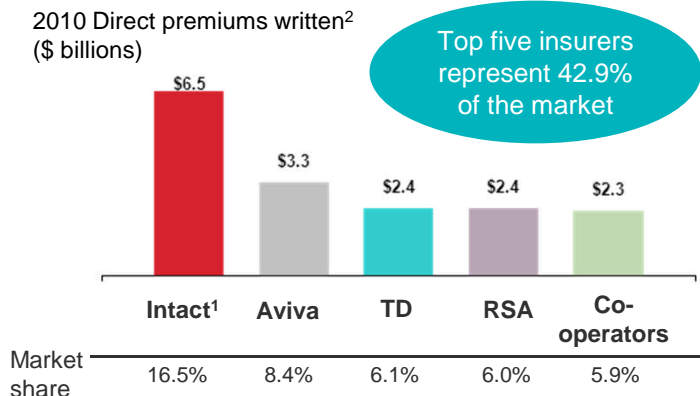
Who we are¹

- Largest P&C insurer in Canada
- \$6.5 billion in direct premiums written
- #1 in BC, Alberta, Ontario, Quebec, Nova Scotia
- \$11.8 billion cash and invested assets
- Proven industry consolidator

Distinct brands



Scale advantage



Industry outperformer

10-year performance – IFC vs. P&C industry ²	IFC outperformance
Premium growth	1.8 pts
Combined ratio ³	3.8 pts
Return on equity ⁴	7.7 pts

¹ Pro forma AXA Canada

² Industry data source: MSA Research excluding Lloyd's, ICBC, SGI, SAF, MPI and Genworth. All data as at the end of 2010.

³ Combined ratio includes the market yield adjustment (MYA)

⁴ ROE is for Intact's P&C insurance subsidiaries

Consistent industry outperformance



Significant scale advantage



Sophisticated pricing and underwriting



In-house claims expertise



Broker relationships

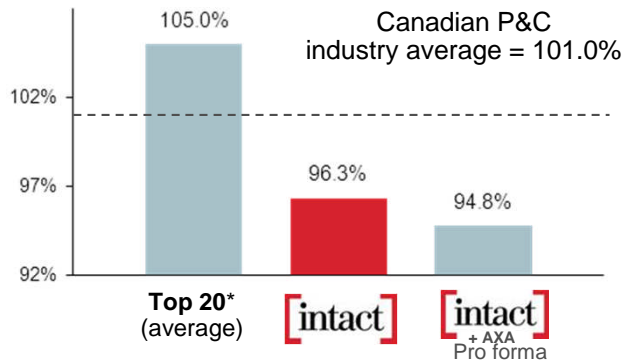


Multi-channel distribution

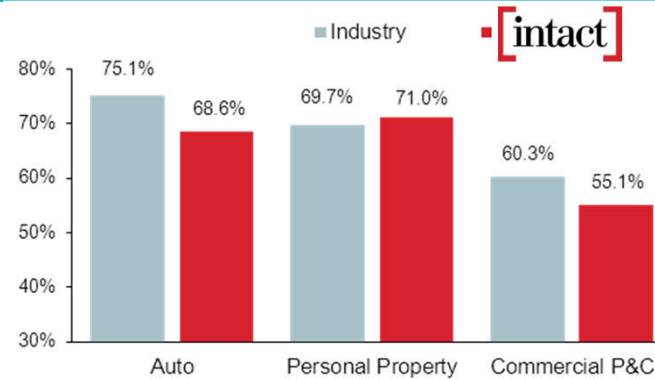


Proven acquisition strategy

2010 combined ratios



Five-year average loss ratios



Industry data source: MSA Research excluding Lloyd's, ICBC, SGI, SAF, MPI and Genworth
 Data in both charts is for the year ended December 31, 2010
 Includes market yield adjustment (MYA)
 * Top 20 excludes Lloyd's, Genworth, AXA and IFC



A strong base from which to build

Enhanced Business Mix

Line of Business	2010	Q4-2011
Personal Auto	50%	42%
Personal Property	24%	23%
Commercial	26%	35%
Geography	2010	Q4-2011
Ontario	35%	32%
Quebec	19%	25%
Alberta	25%	25%
Rest of Canada	21%	18%

Note: Change in business mix reflects the acquisition of AXA Canada

Strong Capacity To Outperform

Combined Ratio	2010	YTD 2011
IFC*	94.8%	95.8%
Top 20 Industry*	105.0%	101.6%
Outperformance	10.2 pts	5.8 pts
Return on Equity	2010	YTD 2011
IFC*	14.9%	20.4%
Top 20 Industry*	3.2%	6.8%
Outperformance	11.7 pts	13.6 pts

* AXA Canada included in IFC and excluded from Top 20; year to date as at September 30, 2011



Solid financial position and excess capital

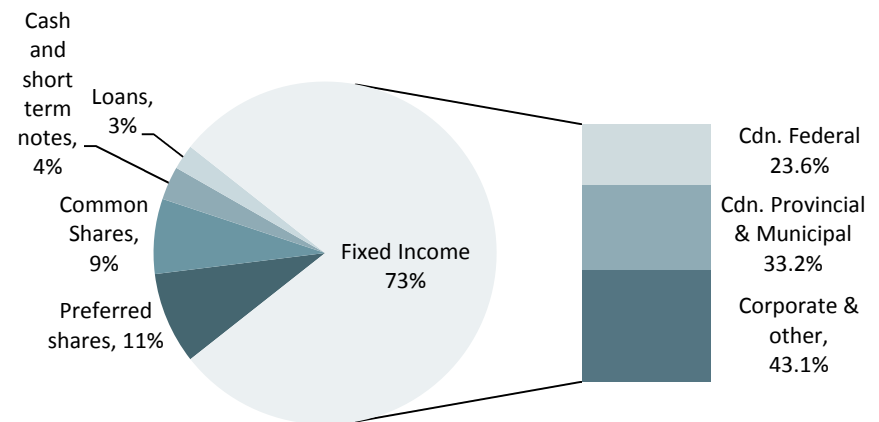
Solid balance sheet

- Solid financial position :
 - \$435 million in excess capital
 - Regulatory capital (MCT) well over target at 197%
 - Debt to total capital ratio of approximately 19% pro forma the proceeds from sale of lifeco
- Book value per share increased 12% from a year earlier to \$29.73
- Credit ratings - DBRS: A low, Moody's: Baa1
- Operating return on equity of 15.3% in 2011

High-quality investment portfolio

- Approx. 98.2% of bonds are rated A or better
- 84.5% of preferred shares are rated P1 or P2
- Minimal U.S. or European exposure
- Market-based yield of 4.0% in 2011, down 20 basis points from 2010

\$11.8 billion in cash and invested assets



Note: Invested asset mix is net of hedging positions

All figures as of December 31, 2011 unless otherwise noted



Strategic capital management

- Strong capital base has allowed us to pursue our growth objectives while returning capital to shareholders

Capital priorities

- Dividends
- Acquisitions
- Share buybacks

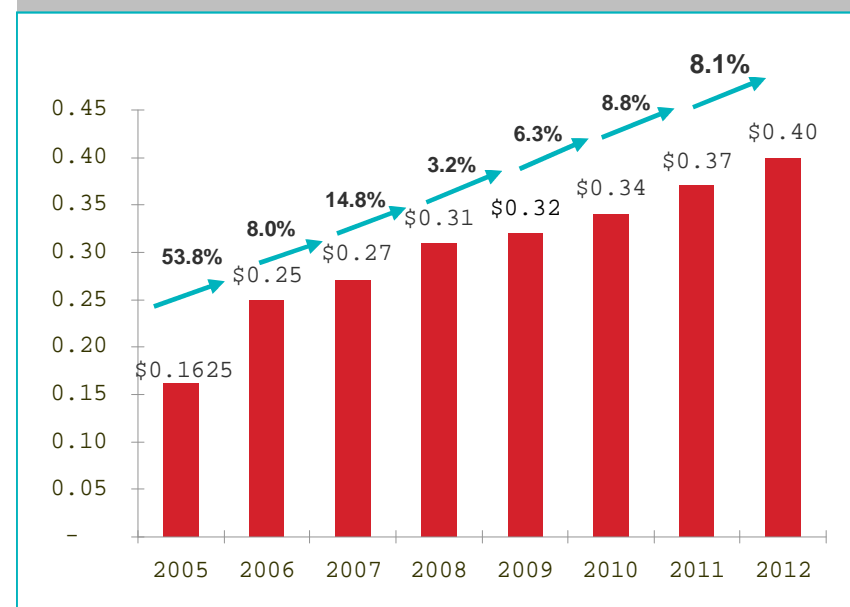
Share buyback history

- 2011⁽¹⁾ – Repurchased 0.8 million shares for a total of \$37 million.
- 2010⁽²⁾ – Repurchased 9.7 million shares for a total of \$433 million
- 2008 – Repurchased 4.6 million shares for a total of \$176 million
- 2007 – Completed a \$500 million Substantial Issuer Bid

⁽¹⁾ Feb 22, 2011 – May 31, 2011 announcement of AXA Canada acquisition

⁽²⁾ Feb. 22, 2010 – Feb. 21, 2011

Quarterly dividend



Industry outlook for 2012

We remain well-positioned to continue outperforming the Canadian P&C insurance industry in the current environment

Premium growth

- Industry premiums are likely to increase at a similar rate as in 2011:
 - Mid single digit growth in personal auto (driven by Ontario)
 - Upper single digit growth in personal property (reflecting the impact of weather-related losses)
 - Low single digit growth in commercial lines
- Overall, low yields and reinsurance market conditions should support our outlook and will likely lead to firmer conditions over time

Underwriting

- After nine months, the industry is tracking to a 102% combined ratio
- We anticipate some improvement in personal lines, resulting from auto reforms in Ontario and continued premium increases
- Commercial lines will likely remain relatively steady
- Overall, we expect an industry combined ratio of ~100% in 2012

Return on equity

- We do not expect material improvement in industry ROEs in the near term (~7% after three quarters):
 - Low yields could offset potential combined ratio improvement
- We strongly believe we are likely to outperform the industry's ROE by at least 500 basis points in 2012.

Four distinct avenues for growth

Firming market conditions (0-24 months)	Develop existing platforms (0-3 years)
<p>Personal lines</p> <ul style="list-style-type: none"> • Industry premiums remain inadequate in ON auto • Home insurance premiums also on the rise <p>Commercial lines</p> <ul style="list-style-type: none"> • Evidence of price firming in the past 12-18 months • Leverage acquired expertise to expand product offer and gain share in the mid-market 	<div data-bbox="1189 459 1435 560"> </div> <ul style="list-style-type: none"> • Continue to expand support to our broker partners <div data-bbox="1189 587 1435 628"> <p>belairdirect.</p> </div> <div data-bbox="1189 651 1435 746"> </div> <ul style="list-style-type: none"> • Expand and grow belairdirect and GP Car and Home <div data-bbox="1189 772 1435 858"> </div> <ul style="list-style-type: none"> • Build a broker offer better able to compete with direct writers
Consolidate Canadian market (0-5 years)	Expand beyond existing markets (5+ years)
<p>Capital</p> <ul style="list-style-type: none"> • Solid financial position <p>Strategy</p> <ul style="list-style-type: none"> • Grow areas where IFC has a competitive advantage <p>Opportunities</p> <ul style="list-style-type: none"> • Global capital requirements becoming more stringent • Industry underwriting results remain challenged • Continued difficulties in global capital markets 	<p>Principles</p> <ul style="list-style-type: none"> • Financial guideposts: long-term customer growth, IRR>20% • Stepped approach with limited near-term capital outlay • Build growth pipeline with meaningful impact in 5+ years <p>Strategy</p> <ul style="list-style-type: none"> • Enter new market in auto insurance by leveraging strengths: 1) pricing, 2) claims and 3) online expertise <p>Opportunities</p> <ul style="list-style-type: none"> • Emerging markets or unsophisticated targets in mature markets

Conclusion

Disciplined pricing, underwriting, investment and capital management have positioned us well for the future

- Largest P&C insurance company in Canada
- Consistent track record of industry outperformance
- Solid financial position
- Excellent long-term earnings power
- Organic growth platforms easily expandable
- Successful progress with AXA Canada integration





Appendices

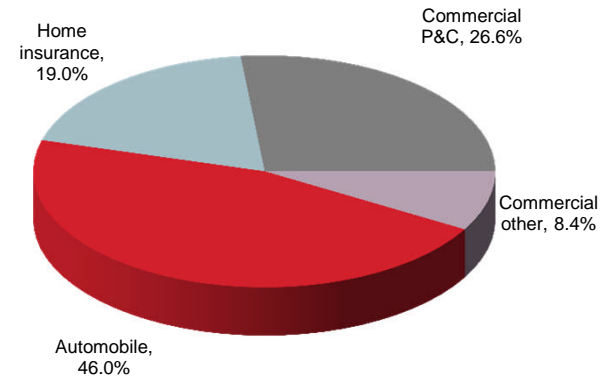


P&C insurance is a \$40 billion market in Canada

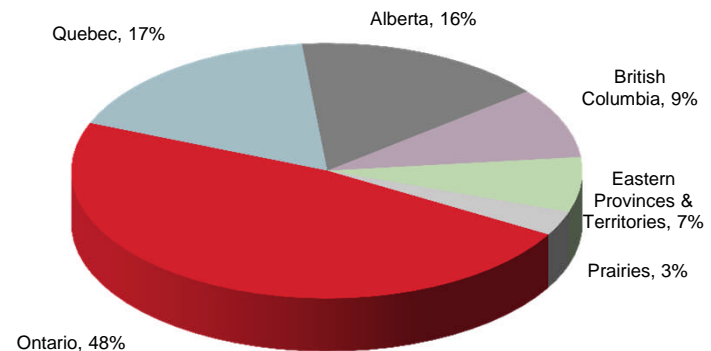
3% of GDP in Canada

- Fragmented market¹:
 - Top five represent 43%, versus bank/lifeco markets which are closer to 65-75%
 - IFC is largest player with 16.5% 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 67% and direct 33%)
- 30-year return on equity for the industry is approximately 10%

Industry DPW by line of business



Industry – premiums by province



¹ Pro forma IFC's acquisition of AXA Canada

Industry data source: MSA Research excluding Lloyd's, ICBC, SAF, SGI, MPI and Genworth.

OSFI = Office of the Superintendent of Financial Institutions Canada

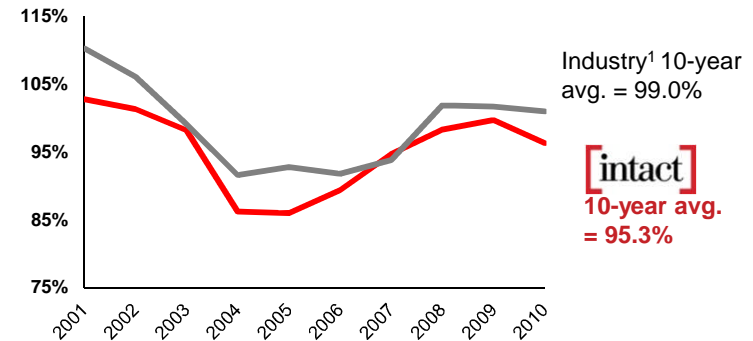
Data as at the end of 2010.

P&C industry 10-year performance versus IFC

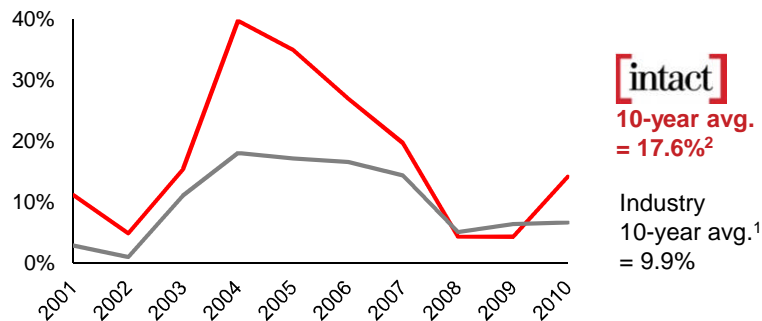
IFC's competitive advantages

- Significant scale advantage
- Sophisticated pricing and underwriting discipline
- In-house claims expertise
- Broker relationships
- Solid investment returns
- Strong organic growth potential

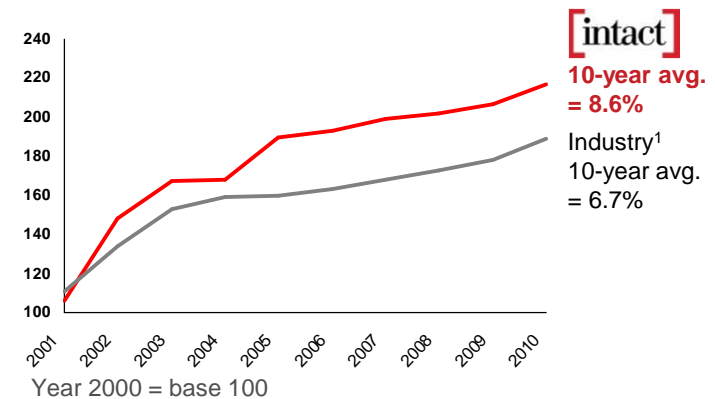
Combined ratio



Return on equity



Direct premiums written growth

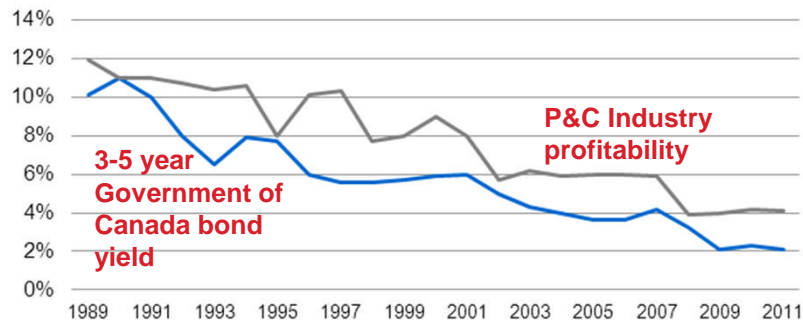


¹Industry data source: MSA Research. excluded Lloyd's, ICBC, SGI, SAF, MPI and Genworth. All data up to the end of 2010.

²ROE is for Intact's P&C insurance subsidiaries

Near-term themes to monitor

Impact on Industry from Low Yields

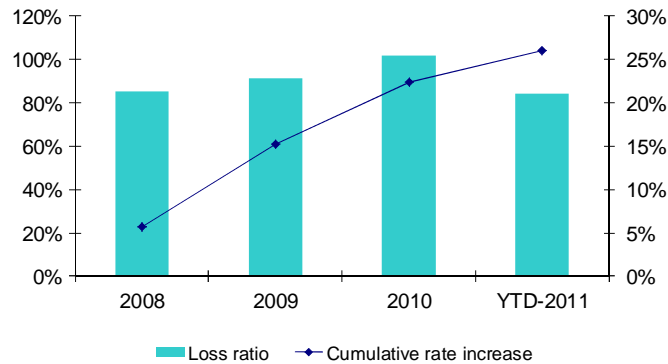


Source: Insurance Bureau of Canada

Reinsurance

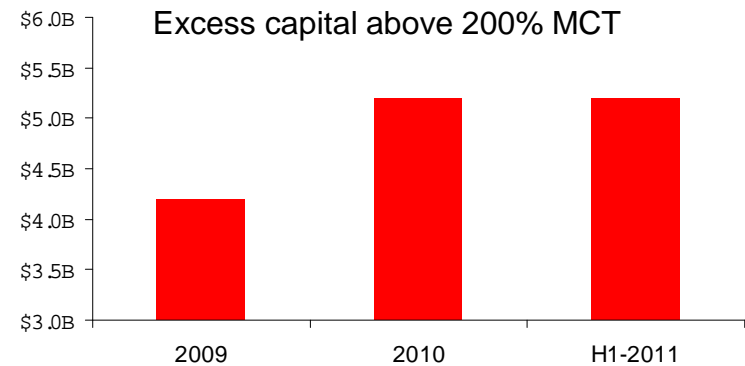
- Major catastrophes in the world in 2011 have impacted reinsurer's capital levels
- The Canadian industry one of the most conservative markets in the world in terms of earthquake coverage required by regulators
- IFC's B.C. earthquake exposure increased due to the acquisition of AXA Canada

Ontario Auto Industry Results



Note: 2011 results are year to date September 30

Industry Capital Levels



Further industry consolidation ahead

Our acquisition strategy

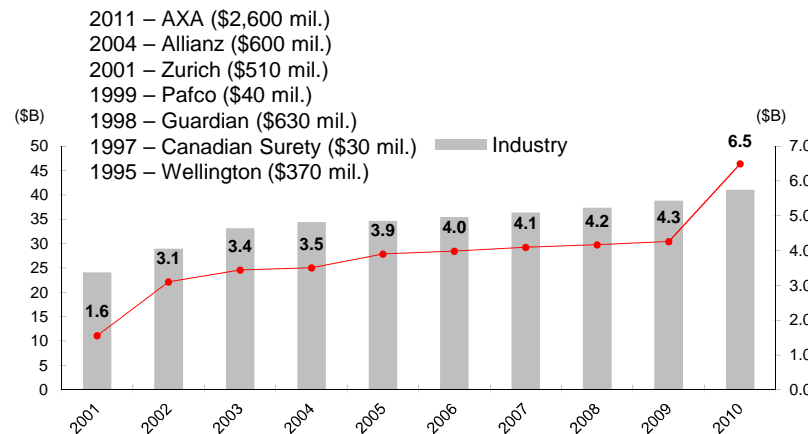
- Targeting large-scale acquisitions of \$500 million or more in direct premiums written
- Pursuing acquisitions in lines of business where we have expertise
- Acquisition target IRR of 15%
- Targets:
 - Bring loss ratio of acquired book of business to our average loss ratio within 18 to 24 months
 - Bring expense ratio to 2 pts below IFC ratio

Canadian M&A environment

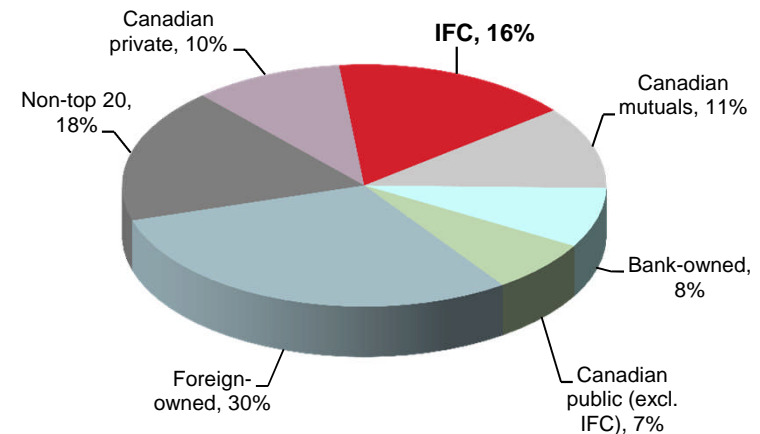
Environment more conducive to acquisitions now than in recent years:

- Industry ROEs, although slightly improved from trough levels of mid-2009, are well below prior peak
- Foreign parent companies are generally in less favourable capital position
- Demutualization likely for P&C insurance industry

Our track record of acquisitions



Top 20 P&C insurers = 82% of market



Historical financials

	IFRS		Canadian GAAP		
	2011	2010	2009	2008	2007
(in \$ millions, except as otherwise noted)					
Income statement highlights					
Direct written premiums	\$5,099	\$4,498	\$4,275	\$4,146	\$4,109
Underwriting income	273	193	54	117	189
Net operating income	460	402	282	361	457
Net operating income per share (in dollars)	3.91	3.49	2.35	2.96	3.61
Balance sheet highlights					
Total investments	\$11,828	\$8,653	\$8,057	\$6,605	\$7,231
Debt	1,293	496	398	-	-
Total shareholders' equity (excl. AOCI)	4,135	2,654	3,047	3,079	3,290
Performance metrics					
Loss ratio	63.9%	65.4%	70.0%	68.2%	66.2%
Expense ratio	30.5%	30.0%	28.7%	28.9%	29.0%
Combined ratio	94.4%	95.4%	98.7%	97.1%	95.2%
Net operating ROE (excl. AOCI)	15.3%	15.1%	9.2%	11.3%	13.6%
Debt / Capital	22.9%	14.3%	11.8%	-	-
Combined ratios by line of business					
Personal auto	90.9%	98.1%	94.9%	95.9%	94.5%
Personal property	103.5%	96.5%	109.0%	113.6%	102.2%
Commercial auto	86.5%	86.0%	79.8%	87.2%	93.7%
Commercial P&C	95.6%	90.7%	104.1%	85.3%	90.1%



Cash and invested assets

Asset class

Fixed income

Corporate	33.5%
Federal government and agency	23.6%
Cdn. Provincial and municipal	33.2%
Supranational and foreign	6.6%
ABS/MBS	3.0%
Private placements	0.0%
TOTAL	100%
Canadian	88%
United States	3%
Int'l (excl. U.S.)	9%
TOTAL	100%

Quality: 98.2% of bonds rated A or better

Preferred shares

Perpetual and callable floating and reset	62.0%
Fixed perpetual	25.3%
Fixed callable	12.5%
TOTAL	100%

Quality: 100% Canadian
Approx. 84.5% rated P1 or P2

Common shares

High-quality, dividend paying Canadian companies. Objective is to capture non-taxable dividend income

100% Canadian

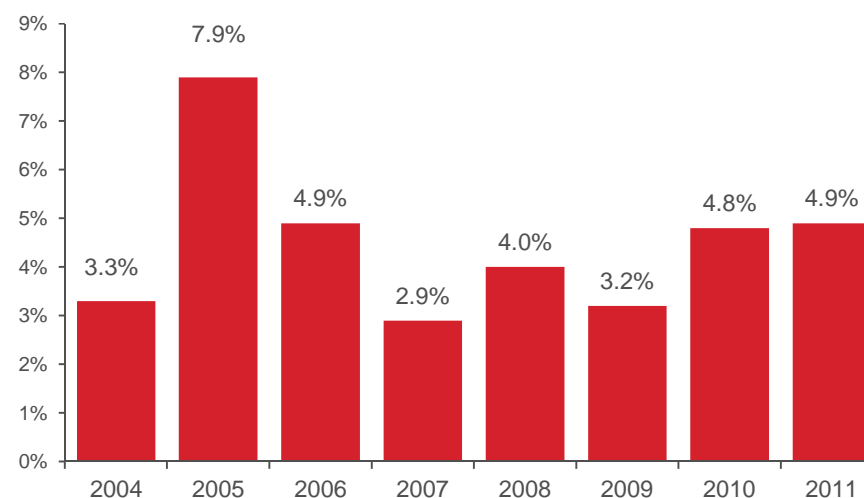
As of December 31, 2011



Long-term track record of prudent reserving practices

- Quarterly and annual fluctuations in reserve development are normal
- 2005/2006 reserve development was unusually high due to the favourable effects of certain auto insurance reforms introduced during that time period
- This reflects our preference to take a conservative approach to managing claims reserves

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



Historical long-term average
has been 3% to 4% per year





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Forward-looking statements and disclaimer

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. 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. 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: 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; unfavourable capital market developments or other factors which may affect the Company's investments and funding obligations under its pension plans; the cyclical nature of the P&C insurance industry; management's ability to accurately predict future claims frequency; government regulations designed to protect policyholders and creditors rather than investors; litigation and regulatory actions; periodic negative publicity regarding the insurance industry; intense competition; the Company's reliance on brokers and third parties to sell its products to clients; the Company's ability to successfully pursue its acquisition strategy; the Company's ability to execute its business strategy; synergies arising from, and the Company's integration plans relating to the AXA Canada acquisition; management's estimates and expectations in relation to resulting accretion, internal rate of return and debt to capital ratio after closing of the AXA Canada acquisition; various other actions to be taken or requirements to be met in connection with the AXA Canada acquisition and integrating the Company and AXA Canada as well as the sale of AXA Canada's life insurance business to SSQ, Life Insurance Company Inc.; the Company's participation in the Facility Association (a mandatory pooling arrangement among all industry participants) and similar mandated risk-sharing pools; terrorist attacks and ensuing events; the occurrence of catastrophic events; the Company's ability to maintain its financial strength and issuer credit ratings; 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 reliance on information technology and telecommunications systems; the Company's dependence on key employees; general economic, financial and political conditions; the Company's dependence on the results of operations of its subsidiaries; the volatility of the stock market and other factors affecting the Company's share price; and future sales of a substantial number of its common shares. All of the forward-looking statements included in this presentation are qualified by these cautionary statements and those made in the "Risk Management" section of our MD&A for the year ended December 31, 2011. 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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Important Notes:

- All references to DPW in this document exclude industry pools, unless otherwise noted.
- All references to “excess capital” in this MD&A include excess capital in the P&C subsidiaries at 170% minimum capital test plus liquid assets in the holding company, unless otherwise noted.
- Catastrophe claims are any one claim, or group of claims, equal to or greater than \$5 million, related to a single event
- Except if noted otherwise, all underwriting results and related ratios exclude the MYA but include our share of the results of our jointly held insurance operation.

Disclaimer

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 Intact Financial Corporation 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.net in the “Investor Relations” section. Additional information about Intact Financial Corporation, including the Annual Information Form, may be found online on SEDAR at www.sedar.com.

