

PRESS RELEASE
Intact Financial Corporation reports Q1-2022 results

Highlights

- **Net operating income per share increased 13% to \$2.70**, driven by accretion from RSA and growth in distribution income
- **Operating DPW¹ grew 86% in the quarter** driven by the RSA acquisition and 8% organic growth, led by commercial lines
- **Operating combined ratio was a solid 91.7%**, but 2.4 points higher than last year due to elevated catastrophe losses
- **EPS of \$2.53 in the quarter** reflected solid operating results but declined from the prior-year period, which included a large investment gain
- **OROE of 16.6% and ROE of 14.9%**, with BVPS growth of 32% and \$2.6 billion total capital margin
- **RSA integration progressing well** and delivered 12% accretion to NOIPS in the quarter

Charles Brindamour, Chief Executive Officer, said:

"We continued to deliver solid results in Q1-2022 and made significant headway in integrating RSA. Our people are collaborating well together, sharing expertise and working to ensure a seamless transition for customers. We have also taken actions to optimize our UK&I footprint and focus our efforts to drive outperformance. Subsequent to quarter end, we announced the sale of RSA's Middle East business and closed the sale of Codan Denmark. Our robust balance sheet, strong book of business and industry leading talent put us on strong footing to support our customers through this volatile time and capture opportunities as they arise."

Consolidated Highlights¹

(in millions of Canadian dollars except as otherwise noted)

	Q1-2022	Q1-2021	Change
Operating direct premiums written ¹	4,678	2,522	86%
Direct premiums written	5,093	2,543	100%
Operating combined ratio ¹	91.7%	89.3%	2.4 pts
Underwriting income ¹	396	297	33%
Operating net investment income ¹	205	141	45%
Distribution income ¹	92	62	48%
Net operating income attributable to common shareholders ¹	475	344	38%
Net income	447	514	(13)%
Per share measures (in dollars)			
Net operating income per share (NOIPS) ¹	\$2.70	\$2.40	13%
Earnings per share (EPS)	\$2.53	\$3.51	(28)%
Return on equity for the last 12 months			
Operating ROE ¹	16.6%	19.0%	(2.4) pts
ROE	14.9%	17.6%	(2.7) pts
Book value per share (in dollars) ¹	82.20	62.19	32%
Total capital margin	2,567	3,008	(441)
Adjusted debt-to-total-capital ratio ¹	23.9%	22.5%	1.4 pts

Common Share Dividend

- The Board of Directors approved the quarterly dividend to \$1.00 per share on the Company's outstanding common shares. The dividends are payable on June 30, 2022, to shareholders of record on June 15, 2022.

Normal Course Issuer Bid

- As at March 31, 2022, the Company had repurchased and cancelled 91,400 common shares for approximately \$16.7 million under its normal course issuer bid ("NCIB"). The NCIB allows for the purchase, for cancellation, of up to 5,282,458 common shares until February 15, 2023, representing approximately 3% of the Company's issued and outstanding common shares as at February 8, 2022.

¹ This press release contains non-GAAP financial measures. Refer to Section 23 – *Non-GAAP and other financial measures* in the Q1-2021 Management's Discussion and Analysis for further details. DPW change (growth) is presented in constant currency.

12-Month Industry Outlook

- Canadian industry profitability was strong in 2021, helped in part by largely hard market conditions and favourable prior year claims development. Over the next twelve months, we expect firm-to-hard insurance market conditions to continue, supported by high pre-pandemic combined ratios, inflation, climate change and the still relatively low interest rate environment.
- In Canada personal lines, we expect firm market conditions to continue in property and expect auto to return to low-to-mid single-digit growth as driving patterns return to pre-pandemic norms.
- In commercial lines in both US and Canada, hard market conditions are expected to continue.
- In the UK&I, hard market conditions are expected to continue across commercial lines. In personal lines, near term industry growth remains uncertain as companies navigate the recently introduced pricing reforms.

Segment Results

(in millions of Canadian dollars except as otherwise noted)	Q1-2022	Q1-2021	Change
Operating direct premiums written			
Canada	2,909	2,125	37%
UK&I	1,299	n/a	n/a
US	470	397	19%
Total	4,678	2,522	86%
Operating combined ratio			
Canada	90.1%	88.2%	1.9 pts
UK&I	98.9%	n/a	n/a
US	86.8%	96.3%	(9.5) pts
Total	91.7%	89.3%	2.4 pts
Underwriting income			
Canada	321	282	39
UK&I	12	n/a	n/a
US	55	14	41
Corporate and Other	8	1	7
Total	396	297	99

Q1-2022 Insurance Business Performance

- Operating DPW growth of 86% in constant currency** mainly reflected the RSA acquisition. Organic growth was strong at 8%, led by 15% growth in commercial lines.
- Operating combined ratio of 91.7%** was solid and included \$182 million (3.8 points) of catastrophe losses, which exceeded expectations. The operating combined ratio in Canada was a strong 90.1%, reflecting solid underlying performance and favourable prior year claims development. In the UK&I, the operating combined ratio was 98.9% and included 10.4 points of catastrophe losses. In the US, the operating combined ratio improved to a very strong 86.8%.

Lines of Business

P&C Canada

- Personal auto** premiums grew by 37%, driven mainly by RSA. The operating combined ratio was a healthy 93.0% as the impact of winter weather conditions was offset by higher favourable prior year claims development and lower expenses. Driving activity was up from the prior year but remained below pre-pandemic levels.
- Personal property** premiums grew by 38%, mainly driven by RSA and 5 points of organic growth due to firm market conditions. The operating combined ratio remained strong at 87.6%, but was 10.2 points higher than last year, reflecting 6.1 points of higher catastrophe losses.
- Commercial lines** premium growth of 36% was mainly driven by RSA. Organic growth was strong at 13%, reflecting hard market conditions. The operating combined ratio improved by 1.6 points to 88.5%, reflecting solid underlying performance and elevated favourable prior year claims development.
- Distribution income** grew by 48% compared to a strong prior-year quarter, driven by higher variable commissions and accretive acquisitions over the past 12 months.

P&C UK&I

- Personal lines** operating DPW was \$479 million. We remained disciplined in competitive market conditions, with recent pricing reforms impacting UK home and motor. UK pet continues to perform well, driven by new business. The operating combined ratio of 110.4% included 13.8 points of catastrophe losses.
- Commercial lines** operating DPW was \$820 million in hard market conditions. The operating combined ratio was a strong 90.0%, driven by solid underlying performance and strong favourable prior year claims development, partially offset by 7.8 points of catastrophe losses.

P&C US

- **US Commercial** premium growth was strong at 19% on a constant currency basis, driven by new business, increasing exposures, and rate increases in favourable market conditions. The operating combined ratio of 86.8% improved by 9.5 points from the prior year, reflecting strong underlying performance and our exit from Public Entities during the quarter.

Investments

- **Operating net investment income of \$205 million** for the quarter increased 45% year-over-year, mainly driven by the RSA acquisition. During the quarter, we also increased the turnover pace of the portfolio to capture rising yields.
- **Net gains excluding FVTPL bonds** of \$116 million primarily reflected realized gains on equity securities and fair value gains on investment properties.

Net Operating Income, EPS and ROE

- **Net operating income attributable to common shareholders** of \$475 million is up 38% from a year ago, reflecting the contribution of RSA, as well as strong growth in distribution income.
- **Earnings per share** of \$2.53 in Q1-2022 were driven by solid operating results, partially offset by integration expenses. This result is lower than EPS of \$3.51 in Q1-2021, which included a large gain on a venture investment.
- **Operating ROE** of 16.6% and **ROE** of 14.9% for the 12 months to March 31, 2022 reflected strong performance across the business.

Balance Sheet

- The Company ended the quarter in a strong financial position, with a **total capital margin of \$2.6 billion**. This represents a \$0.3 billion reduction from Q4-2021, driven by the redemption of Restricted Tier 1 notes in the UK and market movements.
- IFC's **book value per share (BVPS)** of \$82.20 as at March 31, 2022 increased 32% from a year ago, driven by strong earnings and the RSA financing.
- **The adjusted debt-to-total capital ratio increased to 23.9%** as at March 31, 2022, driven by the redemption of Restricted Tier 1 notes in the quarter. Proceeds from the sale of Codan Denmark are being used to pay down debt subsequent to quarter-end and bring the adjusted debt-to-total-capital ratio in line with our 20% target.

RSA Acquisition

- **RSA contributed approximately 12% to NOIPS** for the ten-month period since closing. Given the overall strength of Intact's results, double-digit accretion is evidence of the quality of the acquired businesses.
- We remain on track to realize at least **\$250 million of pre-tax annual run-rate synergies in 2024**. As at March 31, 2022 we have delivered \$125 million in run-rate synergies.
- Integration activities are progressing as planned. In Canada, policy conversion in the broker channel is well underway. Over 50% of Personal Lines broker policies and Commercial Lines small business and fleet policies have converted to Intact systems to date.
- On May 2, 2022, we completed the sale of our 50% stake in Codan Forsikring A/S's P&C business to Alm. brand A/S Group for total proceeds of DKK 6.3 billion (~\$1.15 billion).
- On April 4, 2022, we announced the sale of our 50% stake in RSA Middle East to National Life & General Insurance Company (NLGIC), majority owned by Oman International Development and Investment Co. (OMINVEST).

Preferred Share Dividends

- The Board of Directors also approved a quarterly dividend of 21.225 cents per share on the Company's Class A Series 1 preferred shares, 21.60625 cents per share on the Class A Series 3 preferred shares, 32.5 cents per share on the Class A Series 5 preferred shares, 33.125 cents per share on the Class A Series 6 preferred shares, 30.625 cents per share on the Class A Series 7 preferred shares, 33.75 cents per share on the Class A Series 9 preferred shares, and 38.48 cents per share on the Class A Series 11 preferred shares. The dividends are payable on June 30, 2022, to shareholders of record on June 15, 2022.

Analysts' Estimates

- The average estimate of **earnings per share** and **net operating income per share** for the quarter among the analysts who follow the Company was \$2.00 and \$2.38, respectively.
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Management's Discussion and Analysis (MD&A) and Consolidated Financial Statements

This Press Release, which was approved by the Company's Board of Directors on the Audit Committee's recommendation, should be read in conjunction with the Q1-2022 MD&A as well as the Q1-2022 Consolidated Financial Statements, which are available on the Company's website at www.intactfc.com and later today on SEDAR at www.sedar.com.

For the definitions of measures and other insurance-related terms used in this Press Release, please refer to the MD&A and to the glossary available in the "Investors" section of the Company's website at www.intactfc.com.

Conference Call Details

Intact Financial Corporation will host a conference call to review its earnings results tomorrow at 11:00 a.m. ET. To listen to the call via live audio webcast and to view the Company's Financial Statements, MD&A, presentation slides, Supplementary financial information and other information not included in this press release, visit the Company's website at www.intactfc.com and link to "Investors". The conference call is also available by dialing 416-764-8659 or 1-888-664-6392 (toll-free in North America). Please call 10 minutes before the start of the call. A replay of the call will be available on May 11, 2022 at 2:00 p.m. ET until midnight on May 18, 2022. To listen to the replay, call 416-764-8677 or 1-888-390-0541 (toll-free in North America), entry code 026467 . A transcript of the call will also be made available on Intact Financial Corporation's website.

About Intact Financial Corporation

Intact Financial Corporation (TSX: IFC) is the largest provider of property and casualty (P&C) insurance in Canada, a leading provider of global specialty insurance, and, with RSA, a leader in the U.K. and Ireland. Our business has grown organically and through acquisitions to over \$20 billion of total annual premiums.

In Canada, Intact distributes insurance under the Intact Insurance brand through a wide network of brokers, including its wholly-owned subsidiary BrokerLink, and directly to consumers through [belairdirect](http://belairdirect.com). Intact also provides affinity insurance solutions through the Johnson Affinity Groups.

In the US, Intact Insurance Specialty Solutions provides a range of specialty insurance products and services through independent agencies, regional and national brokers, and wholesalers and managing general agencies.

Outside of North America, the Company provides personal, commercial and specialty insurance solutions across the U.K., Ireland, and Europe through the RSA brands.

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Non-GAAP and other financial measures

Non-GAAP financial measures and Non-GAAP ratios (which are calculated using non-GAAP financial measures) do not have standardized meanings prescribed by IFRS (or GAAP) and may not be comparable to similar measures used by other companies in our industry. Non-GAAP and other financial measures are used by management and financial analysts to assess our performance. Further, they provide users with an enhanced understanding of our financial results and related trends, and increase transparency and clarity into the core results of the business.

Non-GAAP financial measures and Non-GAAP ratios used in this Press Release and other Company's financial reports include measures related to our consolidated performance, our underwriting performance and our financial strength.

For more information about these supplementary financial measures, non-GAAP financial measures, and non-GAAP ratios, including definitions and explanations of how these measures provide useful information, refer to Section 23 – Non-GAAP and other financial measures in the Q1-2022 MD&A dated May 10, 2022, which is available on our website at www.intactfc.com and on SEDAR at www.sedar.com.

Table 1 Reconciliation of NOI, NOIPS and OROE to Net income attributable to shareholders, as reported under IFRS

	Q1-2022	Q1-2021
Net income attributable to shareholders, as reported under IFRS	459	514
Remove: Pre-tax non-operating losses (gains)	-	(172)
Remove: Non-operating tax expense (benefit)	47	15
Remove: Non-operating component of NCI	(18)	-
NOI	488	357
Remove: preferred share dividends	(13)	(13)
NOI attributable to common shareholders	475	344
Divided by weighted-average number of common shares (in millions)	176.1	143.0
NOIPS, basic and diluted (in dollars)	2.70	2.40
NOI to common shareholders for the last 12 months	2,148	1,532
Adjusted average common shareholders' equity, excluding AOCI	12,966	8,058
OROE for the last 12 months	16.6%	19.0%

Table 2 Reconciliation of Operating DPW to DPW

	Q1-2022	Q1-2021
DPW, as reported under IFRS	5,093	2,543
Remove: impact of industry pools and fronting	(285)	(19)
Remove: DPW from exited lines	(141)	(2)
Add: impact of the normalization for multi-year policies	11	-
Operating DPW, as reported in the MD&A	4,678	2,522
Operating DPW growth	86%	-%
Operating DPW growth (in constant currency)	86%	1%

Table 3 Reconciliation of Underwriting income to Underwriting income as reported under IFRS

	Q1-2022	Q1-2021
Net earned premiums, as reported under IFRS	4,891	2,777
Other underwriting revenues, as reported under IFRS	73	35
Net claims incurred, as reported under IFRS	(2,547)	(1,431)
Underwriting expenses, as reported under IFRS	(1,597)	(956)
Underwriting income (loss), as calculated under IFRS	820	425
Remove: impact of MYA on underwriting results	(466)	(146)
Remove: non-operating pension expense	13	16
Remove: underwriting loss (income) from exited lines	29	2
Underwriting income (loss), as reported in the MD&A	396	297
Operating NEP	4,742	2,759
Operating combined ratio	91.7%	89.3%

Table 4 Reconciliation of Operating net claims to Net claims incurred, as reported under IFRS

	Q1-2022	Q1-2021
Net claims incurred, as reported under IFRS	2,547	1,431
Remove: positive (negative) impact of MYA on underwriting results	466	146
Remove: adjustment for non-operating pension expense	(5)	(6)
Remove: net claims from exited lines	(115)	(14)
Net with: other underwriting revenues	(10)	-
Operating net claims, as reported in the MD&A	2,883	1,557
Remove: net current year CAT losses	(182)	(52)
Remove: favourable (unfavourable) PYD	223	150
Operating net claims excluding current year CAT losses and PYD	2,924	1,655
Operating NEP	4,742	2,759
Remove: reinstatement premiums ceded (recovered)	-	-
Operating NEP before reinstatement premiums	4,742	2,759
Underlying current year loss ratio ¹	61.7%	60.0%
CAT loss ratio (including reinstatement premiums) ¹	3.8%	1.9%
(Favourable) unfavourable PYD ratio ²	(4.7)%	(5.4)%
Claims ratio²	60.8%	56.5%

¹ Calculated using Operating NEP before reinstatement premiums.

² Calculated using Operating NEP.

Table 5 Reconciliation of Operating net underwriting expenses to Underwriting expenses as reported under IFRS

	Q1-2022	Q1-2021
Underwriting expenses, as reported under IFRS	1,597	956
Net with: other underwriting revenues	(63)	(35)
Remove: adjustment for non-operating pension expense	(8)	(10)
Remove: underwriting expenses from exited lines	(63)	(6)
Operating net underwriting expenses, as reported in the MD&A	1,463	905
Commissions	741	482
General expenses	589	325
Premium taxes	133	98
Operating NEP	4,742	2,759
Commissions ratio	15.7%	17.5%
General expenses ratio	12.4%	11.8%
Premium taxes ratio	2.8%	3.5%
Expense ratio	30.9%	32.8%

Table 6 Reconciliation of ROE to Net income attributable to shareholders, as reported under IFRS

	Q1-2022	Q1-2021
Net income attributable to shareholders	459	514
Remove: preferred share dividends	(13)	(13)
Net income attributable to common shareholders	446	501
Divided by weighted-average number of common shares (in millions)	176.1	143.0
EPS, basic and diluted (in dollars)	2.53	3.51
Net income attributable to common shareholders for the last 12 months	1,959	1,436
Adjusted average common shareholders' equity	13,115	8,145
ROE for the last 12 months	14.9%	17.6%

Table 7 Reconciliation of Distribution income, Total finance costs, Other operating income (expense), Total income taxes and Underwriting income with the Consolidated financial statements

As presented in the Financial statements	MD&A captions					Pre-tax		
	Distribution income	Total finance costs	Other operating income (expense) ¹	Operating investment income	Total income taxes	Non-operating losses	Underwriting income	Total F/S caption
For the quarter ended March 31, 2022								
Underwriting income ¹	-	-	-	-	-	424	396	820
Investment income	-	-	-	213	-	2	-	215
Other revenues	131	-	3	-	-	-	-	134
Net gains (losses)	-	-	-	-	-	(296)	-	(296)
Share of profits from invest. in ass. & JV	38	(1)	-	-	(8)	(4)	-	25
Finance costs	-	(41)	-	-	-	-	-	(41)
Acquisition, integration and restructuring costs	-	-	-	-	-	(64)	-	(64)
Other expenses	(77)	-	(34)	-	-	(62)	-	(173)
Income tax benefit (expense)	-	-	-	-	(165)	-	-	(165)
Total, as reported in MD&A	92	(42)	(31)	213	(173)	-	396	
For the quarter ended March 31, 2021								
Underwriting income ¹	-	-	-	-	-	128	297	425
Other revenues	89	-	3	-	-	-	-	92
Net gains (losses)	-	-	-	-	-	118	-	118
Share of profits from invest. in ass. & JV	23	(4)	-	-	(4)	(4)	-	11
Finance costs	-	(28)	-	-	-	-	-	(28)
Acquisition, integration and restructuring costs	-	-	-	-	-	(43)	-	(43)
Other expenses	(50)	-	(9)	-	-	(27)	-	(86)
Income tax benefit (expense)	-	-	-	-	(116)	-	-	(116)
Total, as reported in MD&A	62	(32)	(6)	-	(120)	172	297	

¹ Comprised of the following captions in the Consolidated statements of income: Net earned premiums, Other underwriting revenues, Net claims incurred and Underwriting expenses.

Table 8 Calculation of BVPS and BVPS (excluding AOCI)

As at March 31,	2022	2021
Equity attributable to shareholders, as reported under IFRS	15,787	10,069
Remove: Preferred shares, as reported under IFRS	(1,322)	(1,175)
Common shareholders' equity	14,465	8,894
Remove: AOCI, as reported under IFRS	69	(365)
Common shareholders' equity (excluding AOCI)	14,534	8,529
Number of common shares outstanding at the same date (in millions)	175.991	143.018
BVPS	82.20	62.19
BVPS (excluding AOCI)	82.58	59.64

Table 9 Adjusted average common shareholders' equity and Adjusted average common shareholders' equity (excluding AOCI)

As at March 31,	2022	2021
Ending common shareholders' equity	14,465	8,894
Remove: common shares issued during the period	(4,311)	-
Ending common shareholders' equity, excluding common shares issued during the period	10,154	8,894
Beginning common shareholders' equity	8,894	7,396
Average common shareholders' equity, excluding common shares issued during the period	9,524	8,145
Weighted impact of June 1, 2021 common shares issuance	3,591	-
Adjusted average common shareholders' equity	13,115	8,145
Ending common shareholders' equity (excluding AOCI)	14,534	8,529
Remove: common shares issued during the period	(4,311)	-
Ending common shareholders' equity, excluding AOCI and common shares issued during the period	10,223	8,529
Beginning common shareholders' equity, excluding AOCI	8,529	7,586
Average common shareholders' equity, excluding AOCI and common shares issued during the period	9,375	8,058
Weighted impact of June 1, 2021 common shares issuance	3,591	-
Adjusted average common shareholders' equity, excluding AOCI	12,966	8,058

Table 10 Reconciliation of Debt outstanding (excluding hybrid debt) and Adjusted total capital to Debt outstanding, Equity attributable to shareholders and Equity attributable to NCI, as reported under IFRS

As at	March 31 2022	Dec. 31 2021
Debt outstanding, as reported under IFRS	5,370	5,229
Remove: hybrid subordinated notes	(247)	(247)
Debt outstanding (excluding hybrid debt)	5,123	4,982
Debt outstanding, as reported under IFRS	5,370	5,229
Equity attributable to shareholders, as reported under IFRS	15,787	15,674
Equity attributable to NCI, as reported under IFRS		
Include: RSA Insurance Group plc, as reported under IFRS		
Tier 1 notes	-	510
Preferred shares	285	285
Adjusted total capital	21,442	21,698
Debt outstanding (excluding hybrid debt)	5,123	4,982
Adjusted total capital	21,442	21,698
Adjusted debt-to-total capital ratio	23.9%	23.0%
Debt outstanding, as reported under IFRS	5,370	5,229
Preferred shares, as reported under IFRS	1,322	1,175
Equity attributable to NCI: RSA Insurance Group plc, as reported under IFRS		
Tier 1 notes	-	510
Preferred shares	285	285
Debt outstanding and preferred shares (including NCI)	6,977	7,199
Adjusted total capital (<i>see above</i>)	21,442	21,698
Total leverage ratio	32.5%	33.2%
Adjusted debt-to-total capital ratio	23.9%	23.0%
Preferred shares and hybrids	8.6%	10.2%

Forward Looking Statements

Certain statements made in this news release are forward-looking statements. These statements include, without limitation, statements relating to the outlook for the property and casualty insurance industry in Canada, the US and the UK, the Company's business outlook, the Company's growth prospects, the impact on the Company of the occurrence of and response to the coronavirus (COVID-19) pandemic and ensuing events, the acquisition and integration of RSA, the sale of the Company's 50% stake in RSA Middle East B.S.C. (c) to National Life & General Insurance Company (NLGIC), the receipt of all requisite approvals or clearances of the Sale of Middle East in a timely manner and on terms acceptable to the Company, the realization of the expected strategic, financial and other benefits of the Sale of Middle East, and the sale of Codan Forsikring A/S's Danish business (the "Sale"). All such forward-looking statements are made pursuant to the 'safe harbour' provisions of applicable Canadian securities laws.

Forward-looking statements, by their very nature, are subject to inherent risks and uncertainties and are based on several assumptions, both general and specific, which give rise to the possibility that actual results or events could differ materially from our expectations expressed in or implied by such forward-looking statements as a result of various factors, including those discussed in the Company's most recently filed Annual Information Form dated February 8, 2022 and available on SEDAR at www.sedar.com. As a result, we cannot guarantee that any forward-looking statement will materialize and we caution you against relying on any of these forward-looking statements. Except as may be required by Canadian securities laws, we do not undertake any obligation to update or revise any forward-looking statements contained in this news release, whether as a result of new information, future events or otherwise. Please read the cautionary note at the beginning of the Q1-2022 MD&A.