

## PRESS RELEASE

### Intact Financial Corporation reports Q1-2016 Results

#### Highlights Q1-2016

- **Net operating income per share** up 7% to \$1.46 on solid underwriting results
- **Combined ratio** of 92.5%, led by property lines and improving personal auto results
- **Strong premium growth** of 7%, primarily driven by organic growth
- **Operating ROE** of 16.7%, with \$904 million of total excess capital and MCT of 215%

#### Charles Brindamour, Chief Executive Officer, said:

*"Our business continues to deliver strong results, driven by our actions and a milder winter. The ongoing investments we have made in branding, distribution and digital leadership, supported by favourable market conditions, resulted in sustained organic growth in both home and personal auto. We ended the quarter in a very strong financial position, and remain poised to pursue disciplined growth."*

Consolidated Highlights			
(in millions of dollars except as otherwise noted)	Q1-2016	Q1-2015	Change
Direct Premiums Written <sup>1</sup>	1,681	1,575	7%
Underwriting income <sup>1</sup>	145	118	27
Combined ratio	92.5%	93.4%	(0.9) pts
Net investment income	104	105	(1)
Net operating income <sup>1</sup>	197	186	6%
Net income	152	178	(15)%
Earnings per share (in dollars)	1.11	1.32	(16)%
Net operating income per share (in dollars) <sup>1</sup>	1.46	1.37	7%
Operating ROE for the last 12 months <sup>1</sup>	16.7%	17.2%	(0.5) pts
Book value per share (in dollars)	40.06	38.95	3%
Total excess capital	904	763	141
MCT	215%	213%	2.0 pts
Debt-to-capital ratio	19.5%	16.9%	2.6 pts

(1) This is a non-IFRS financial measure, which does not have a standardized meaning prescribed by IFRS and may not be comparable to similar measures used by other companies in our industry. Please refer to Section 14 – *Non-IFRS financial measures* in the Management's Discussion and Analysis for further details.

#### Industry Outlook

- The Company expects that industry premiums will grow at a low single-digit rate. In **personal auto**, the company expects current cost pressures will lead to moderate rate increases in all markets. In **personal property**, the Company expects the current hard market conditions to continue, as companies adjust to changing weather patterns. In **commercial lines**, the Company believes continued low interest rates and elevated loss ratio of the past years support firmer conditions.
- Overall, the **industry's ROE** is expected to remain around its long-term average of 10%.

#### Dividend

- The Board of Directors approved the quarterly dividend of \$0.58 per share on the Company's outstanding common shares. The Board also approved a quarterly dividend of 26.25 cents per share on the Company's Class A Series 1 and Class A Series 3 preferred shares. The dividends are payable on June 30, 2016 to shareholders of record on June 15, 2016.

#### Normal Course Issuer Bid

- During Q1-2016 the Company repurchased and cancelled 227,300 shares for approximately \$20 million under its normal course issuer bid ("NCIB"). The NCIB allows for the purchase, for cancellation, of up to 6,577,156 common shares until February 11, 2017, which represents approximately 5% of the Company's issued and outstanding common shares as at February 1, 2016.

<b>Underwriting</b>	<ul style="list-style-type: none"> <li>• <b>Strong premium growth</b> of 7% as growth initiatives and the Canadian Direct Insurance Inc. acquisition continued to pay off. Growth was particularly strong in personal lines where it was mostly unit driven. In commercial lines, we continued to increase rates despite experiencing economic headwinds in Alberta.</li> <li>• <b>Underwriting income</b> grew 23% to \$145 million due to improving profitability in personal auto and higher net earned premiums.</li> <li>• Overall, the <b>combined ratio</b> of 92.5% for the quarter reflects a solid underwriting performance driven by continued strong property lines results and improving personal auto performance.</li> </ul>
<b>Line of Business</b>	<ul style="list-style-type: none"> <li>• <b>Personal auto</b> delivered underwriting income of \$32 million in the quarter compared to a loss of \$3 million a year ago. Direct premiums written grew 10%, mostly on an organic basis, driven by our growth initiatives resulting in a strong increase in units. The combined ratio of 96.4% was 3.9 points better than last year due in part to milder winter conditions and actions to improve profitability.</li> <li>• <b>Personal property</b> delivered underwriting income of \$78 million in the quarter compared to \$79 million a year ago. Direct premiums written grew 12%, mostly on an organic basis, as our growth initiatives continued to be supported by hard market conditions. The combined ratio was very strong at 82.9% as profitability measures continued to be effective.</li> <li>• <b>Commercial P&amp;C</b> delivered underwriting income of \$31 million in the quarter compared to \$36 million a year ago. Direct premiums written declined 2%, as we faced some headwinds from economic conditions in Alberta. The combined ratio of 92.4%, while healthy, was 1.5 points higher than last year, as our profitability actions were offset by less favourable prior year claims development compared to last year's unusually high level.</li> <li>• <b>Commercial auto</b> delivered underwriting income of \$4 million in the quarter compared to \$6 million last year. Direct premiums written grew 3%, influenced by profitability measures and headwinds from economic conditions in Alberta. Our combined ratio was slightly worse by 1.1 points to 97.5%, as the benefits of our ongoing corrective measures and milder winter conditions were offset by less favourable prior year claims development.</li> </ul>
<b>Investments</b>	<ul style="list-style-type: none"> <li>• <b>Net investment income</b> of \$104 million was largely unchanged. Net investment losses of \$20 million were driven by a \$22 million impairment loss on common shares.</li> </ul>
<b>Net Income</b>	<ul style="list-style-type: none"> <li>• <b>Net operating income</b> for the quarter of \$197 million, was up 6% compared to last year. On a per share basis, net operating income increased 7% to \$1.46.</li> <li>• <b>Earnings per share</b> of \$1.11 was lower by 16%, as higher net operating income was offset by investment losses related to challenging equity market conditions.</li> </ul>
<b>Balance Sheet</b>	<ul style="list-style-type: none"> <li>• The Company ended the quarter in a very strong financial position, with an <b>estimated MCT of 215% and \$904 million in total excess capital</b>. The Company's book value per share was \$40.06, an increase of 3% from a year ago.</li> <li>• Our <b>debt-to-capital ratio was 19.5%</b> at March 31, 2016, close to our target level of 20%, after issuing \$250 million of medium term notes in the quarter.</li> <li>• The <b>operating ROE</b> for the last 12 months was very healthy at 16.7%.</li> </ul>
<b>Analysts' Estimates</b>	<ul style="list-style-type: none"> <li>• The average estimate of <b>earnings per share</b> and <b>net operating income per share</b> for the quarter among the analysts who follow the Company was \$1.42 and \$1.53, respectively.</li> </ul>

## 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 Q1-2016 MD&A as well as the Q1-2016 Consolidated Financial Statements, which are available on our website at [www.intactfc.com](http://www.intactfc.com) and later today on SEDAR at [www.sedar.com](http://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 "Investor Relations" section of our web site at [www.intactfc.com](http://www.intactfc.com)

## Conference Call

Intact Financial Corporation will host a conference call to review its earnings results later today at 10:00 a.m. ET. To listen to the call via live audio webcast and to view the Company's Financial Statements, MD&A, presentation slides, the Supplementary financial information and other information not included in this press release, visit our website at [www.intactfc.com](http://www.intactfc.com) and link to "Investor Relations".

The conference call is also available by dialing (647) 427-7450 or 1 (888) 231-8191 (toll-free in North America). Please call 10 minutes before the start of the call. A replay of the call will be available later today at 1:00 p.m. ET until midnight on May 11. To listen to the replay, call 1 (855) 859-2056, passcode 92249332. A transcript of the call will also be available on Intact Financial Corporation's website.

## About Intact Financial Corporation

Intact Financial Corporation (TSX: IFC) is the largest provider of property and casualty insurance in Canada with close to \$8.0 billion in premiums. Supported by over 12,000 employees, the Company insures more than five million individuals and businesses through its insurance subsidiaries and is the largest private sector provider of P&C insurance in British Columbia, Alberta, Ontario, Québec, Nova Scotia and Newfoundland & Labrador.. The Company 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](#).

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## 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 Company's business outlook and the Company's growth prospects. 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 and annual MD&A. 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 MD&A.