

As we celebrate Canada's 150 years of success and prosperity, we at Intact Financial Corporation are also preparing for the future. We will continue to build on our solid foundation and lead our industry as we tackle the challenges ahead.

## OUR RESULTS

We delivered solid results in 2016. Direct premiums written grew by a robust 5% to reach \$8.3 billion. Overall, we delivered a healthy operating return on equity of 12%. We ended the year strong, with \$970 million in total excess capital, despite record-breaking industry catastrophe losses. Our book value per share was up 7% over last year and we increased our quarterly dividend by 10%.

## THE INTACT JOURNEY

In the past 10 years, we have leveraged our scale and far-reaching distribution networks across Canada to offer Canadians our services in the ways they prefer – online, on the phone or face-to-face through a broker. But the world is changing fast and consumers are demanding more and more of their providers.

To be the best that we can be at helping Canadians, we will accelerate our efforts to:

- be even more customer driven and raise the bar on what we offer Canadians
- excel at risk selection and claims management
- build a strong distribution platform from coast to coast
- and invest in our people to continue to have the best team in Canada

## BUILDING A STRONG FOUNDATION FOR THE FUTURE

Today, seven out of 10 Canadians have smartphones. This trend is one of many changing how people live their lives and how we need to adapt in delivering our services to Canadians. We have made meaningful strides again in 2016.

On the digital front, with quick quote, we have made it simpler for Intact Insurance and belairdirect customers to get a price in minutes. We further made it possible for customers to open and track their claims online. And, finally, we are working with Intact Insurance brokers from coast to coast to play an increasingly important role in digital distribution.

We are also working hard to expand the options for Canadians to access our services. Our plan on that front includes the expansion of BrokerLink's footprint in Ontario, Alberta as well as in the Maritimes. From a direct distribution standpoint, our CDI acquisition has come full circle. belairdirect is now a visible brand from coast to coast. And with our most recent InnovAssur acquisition, we are closer to our growth objective of \$2 billion in premiums for direct distribution.

As we capitalize on opportunities across our distribution channels, we are reaching more Canadians now than ever.

We also live in a data-driven world with new data sources emerging daily. The availability of data continues to explode. To put it in perspective, 90% of all the data that exists today was created in the last two years alone. In response, we launched the Intact Data Lab to build on our strength in data analytics and explore new sources of data. We'll look at ways to leverage data to differentiate ourselves and build new capabilities to better serve customers.

We are accelerating our progress by investing in software engineering to strengthen our core systems.

We also established Intact Ventures to invest in and partner with companies that are redefining the P&C insurance landscape with innovative business models and new technology.

### CLOSING

At Intact, we believe insurance is not about things. Insurance is about people.

Building engaged teams that put customers first is key to maintaining our leadership position. And, I am very proud of how our employees rallied to help customers get back on track after the severe wildfires in Fort McMurray and weather events across Canada this summer.

And this is why one in five Canadians trust us to protect what matters most to them.

As we head into 2017, we must continue to build on our strengths, and work on achieving our goals – that is, turn customers into advocates, be a best employer, and be one of the most respected companies in Canada.

A big thank you to customers, employees, brokers and shareholders.

We have strong strategies in place, and with your continued support, I am confident we will have another rewarding year.

– Charles Brindamour