Intact Financial Corporation Completes $150 million Preferred Share Offering

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TORONTO, Aug. 18, 2017 /CNW/ - Intact Financial Corporation (TSX: IFC) ("IFC" or the "Company") announced today that it has closed its previously announced bought deal offering of 6,000,000 Class A Series 6 Preferred Shares (the "Series 6 Shares") (the "Offering") underwritten by a syndicate of underwriters (the "Underwriters") led by CIBC Capital Markets together with BMO Capital Markets, National Bank Financial and TD Securities Inc., resulting in gross proceeds to IFC of $150 million.

The net proceeds from the Offering are intended to be used by IFC to fund a portion of the purchase price for its previously announced acquisition (the "Acquisition") of all of the issued and outstanding shares of OneBeacon Insurance Group, Ltd. ("OneBeacon"). The closing of the Acquisition is expected to occur in the third quarter or early fourth quarter of 2017 and is subject to receipt of required regulatory approvals. If the Acquisition is not completed, the net proceeds of this Offering will be used for general corporate purposes.

Each Series 6 Share entitles the holder thereof to receive quarterly non-cumulative preferential cash dividends, if, as and when declared by the Board of Directors, on the last day of March, June, September and December in each year at a rate equal to $0.33125 per share. The initial dividend, if declared, will be paid onDecember 29, 2017 and will be $0.49007 per share.

The Series 6 Shares will commence trading today on theToronto Stock Exchange under the symbol IFC.PR.F.

The Series 6 Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements. This news release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Series 6 Shares in any State in which such offer, solicitation or sale would be unlawful.

About Intact Financial Corporation

Intact Financial Corporation (TSX: IFC) is the largest provider of property and casualty (P&C) insurance inCanada with over $8.0 billion in annual 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.

Forward Looking Statements

This press release contains forward-looking statements. When used in this press release, 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. This press release contains forward-looking statements with respect to, among other things, the financing structure for the Acquisition and the completion of and timing for completion of the Acquisition.

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 timing and completion of the Acquisition; expected competition and regulatory processes and outcomes in connection with the Acquisition; 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, floating rate securities and funding obligations under its pension plans; the cyclical nature of the property and casualty insurance industry; management's ability to accurately predict future claims frequency and severity, including in the Ontario personal auto line of business, as well as the evaluation of losses relating to the Fort McMurray wildfires, catastrophe losses caused by severe weather and other weather-related losses; 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 and provide services to the Company; the Company's ability to successfully pursue its acquisition strategy; the Company's ability to execute its business strategy; the Company's ability to achieve synergies arising from successful integration plans relating to acquisitions; the terms and conditions of the Acquisition; management's expectations in relation to synergies, future economic and business conditions and other factors and resulting effect on the metrics used by management in relation to the Acquisition; the Company's financing plans for the Acquisition, including the availability of equity and debt financing in the future; various other actions to be taken or requirements to be met in connection with the Acquisition

and integrating the Company and OneBeacon after completion of the Acquisition; 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 catastrophe events, including a major earthquake; the Company's ability to maintain its financial strength and issuer credit ratings; access to debt financing and 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 ability to contain fraud and/or abuse; the Company's reliance on information technology and telecommunications systems and potential failure of or disruption to those systems, including cyber-attack risk; the Company's dependence on key employees; changes in laws or regulations; 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 volatility of the stock market and other factors affecting the trading prices of the Company's securities (including the Series 6 Shares); the Company's ability to hedge exposures to fluctuations in foreign exchange rates; future sales of a substantial number of its common shares; changes in applicable tax laws, tax treaties or tax regulations or the interpretation or enforcement thereof; and the timing of the distribution of Common Shares upon closing of the Acquisition.

Certain material factors or assumptions are applied in making these forward-looking statements, including that the additional financing of the Acquisition is completed; that the Acquisition will be completed in the third quarter or early fourth quarter of 2017; that the anticipated benefits of the Acquisition to IFC will be realized, including the impact on growth and accretion in various financial metrics; that reserves will be strengthened following closing of the Acquisition; that the protection we have purchased against adverse reserve developments will be sufficient; the accuracy of certain cost assumptions, including with respect to employee retention matters; and the amounts that will be recovered from certain obligations and litigation matters.

All of the forward-looking statements included or incorporated by reference in this press release are qualified by these cautionary statements, those made in the "Risk Management" sections of management's discussion and analysis of operating and financial results for the year ended December 31, 2016 and the three and six months endedJune 30, 2017 and those made in the prospectus supplement dated August 11, 2017 filed in respect of the Offering. 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 in this press release. The Company has no intention and undertakes 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.

SOURCE Intact Financial Corporation

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