

Intact Financial Corporation Completes \$1 billion Medium Term Note Private Placements and Announces Redemption of its Series 4 Medium Term Notes

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TORONTO, May 18, 2021 /CNW/ - Intact Financial Corporation (TSX: IFC) ("Intact" or the "Company") announced today that it (a) has completed its previously announced private placements of Series 11 unsecured medium term notes (the "Series 11 Notes"), Series 12 unsecured medium term notes (the "Series 12 Notes") and Series 13 unsecured medium term notes (the "Series 13 Notes") (collectively, the "Notes") and (b) will redeem all of its outstanding \$300 million Series 4 unsecured medium term notes due August 18, 2021 (the "Series 4 Notes").

Closing of the Private Placement

The Notes were offered on a best efforts basis through a syndicate co-led by CIBC World Markets Inc., TD Securities Inc., and BMO Nesbitt Burns Inc. The Notes are direct unsecured obligations of Intact and rank equally with all other unsecured and unsubordinated indebtedness of Intact. The Series 11 Notes were issued with a principal amount of \$375 million and bear interest at a fixed annual rate of 1.207% until maturity on May 21, 2024. The Series 12 Notes were issued with a principal amount of \$375 million and bear interest at a fixed annual rate of 2.179% until maturity on May 18, 2028. The Series 13 Notes were issued with a principal amount of \$250 million and bear interest at a fixed annual rate of 3.765% until maturity on May 20, 2053. The Notes were offered by way of private placement to accredited investors in Canada (the "Private Placement").

Intact intends to use the net proceeds from the Private Placement to fund the early redemption of the Series 4 Notes and to fund the intended early redemption of the £350 million Senior 1.625 per cent notes due August 28, 2024 (the "RSA Senior Notes") issued by RSA Insurance Group plc ("RSA") after closing of Intact's previously announced proposed acquisition of the entire issued and to be issued share capital of RSA (the "Acquisition"), a transaction to be carried out by the Company together with Tryg A/S. Any excess net proceeds from the Private Placement will be used by Intact for general corporate purposes.

This announcement does not constitute a notice of redemption. Notice of redemption with respect to the Series 4 Notes will be delivered today to CDS Clearing and Depository Services Inc. ("CDS"), the sole registered holder of the Series 4 Notes. If a decision is made to redeem the RSA Senior Notes, formal notice will be provided in accordance with the terms and conditions of the RSA Senior Notes.

Following closing of the Acquisition, the redemption of the Series 4 Notes and the anticipated redemption of the RSA Senior Notes, the Company expects its debt-to-total-capital ratio to be below 26% as at June 30, 2021.

The Series 11 Notes, the Series 12 Notes and the Series 13 Notes have each been given a rating of A with a Stable trend by DBRS Limited, a rating of Baa1 with a Stable outlook by Moody's Investors Service, Inc. and a rating of A- with a Stable trend by Fitch Ratings, Inc.

The closing of the Acquisition is expected to become effective on June 1, 2021, subject to the satisfaction or (where capable) waiver of the remaining conditions, including the High Court of Justice in England and Wales sanctioning the schedule of arrangement at the scheme court hearing scheduled to occur on May 25, 2021. Additional information on the Acquisition is available at Intact's website at <https://www.intactfc.com/English/investors/>.

If (i) closing of the Acquisition has not occurred prior to 11:59 p.m. (London UK local time) on December 31, 2021, or (ii) in certain circumstances where: (a) the scheme of arrangement for the Acquisition lapses or is withdrawn, or (b) if the Acquisition is implemented by way of a takeover offer, such takeover offer lapses, terminates or is withdrawn, then Intact will be required to redeem the Notes at a redemption price equal to 100% of the aggregate principal amount of the Notes, plus accrued and unpaid interest, if any, up to, but excluding, the date of redemption.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended ("U.S. Securities Act"), and may not be offered or sold in the United States or to or for the account or benefit of U.S. persons absent registration or an applicable exemption from the registration requirements of the U.S. Securities Act. This press release shall not constitute an offer to sell or the solicitation of an offer to buy such securities in the United States or in any other jurisdiction where such offer is unlawful.

Redemption of Series 4 Notes

The Company also announced today that it will redeem, on June 17, 2021, prior to maturity, all of its outstanding Series 4 Notes. The redemption price for the Series 4 Notes will be made available through a press release to be issued by Intact on or about June 14, 2021 and will be determined in accordance with the trust indenture governing the Series 4 Notes. The redemption amount paid will include accrued and unpaid interest on the Series 4 Notes up to, but excluding, the date of redemption.

Notice of redemption will be delivered today to CDS, the sole registered holder of the Series 4 Notes. Non-registered holders who maintain their interests in the Series 4 Notes through CDS should contact their CDS customer service representative with any questions about the redemption. Alternatively, beneficial holders with any questions about the redemption should contact their representative brokerage firm or financial institution, which holds interests in the Series 4 Notes on their behalf.

About Intact Financial Corporation

Intact Financial Corporation is the largest provider of property and casualty (P&C) insurance in Canada and a leading provider of specialty insurance in North America, with over \$12 billion in total annual premiums. The Company has over 16,000 employees who serve more than five million personal, business and public sector clients through offices in Canada and the U.S.

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. Intact Public Entities, a Canadian Managing General Agent (MGA), distributes public entity insurance programs including risk and claims management services in Canada.

In the U.S., Intact Insurance Specialty Solutions provides a range of specialty insurance products and services through independent agencies, regional and national brokers, wholesalers and managing general agencies. Products are underwritten by the insurance company subsidiaries of Intact Insurance Group USA, LLC.

Cautionary note regarding forward-looking statements and Non-IFRS Measures

Certain of the statements included in this press release about the expected use of the net proceeds of the Private Placement, the Acquisition, including the closing thereof, the redemption of the Series 4 Notes, including the timing thereof, the anticipated redemption of the RSA Senior Notes or any other future events or developments including the Company's expectations regarding its debt-to-total-capital ratio, 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. Unless otherwise indicated, all forward-looking statements in this press release are made as of May 18, 2021 and are subject to change after that date.

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. In addition to other estimates and assumptions which may be identified herein, estimates and assumptions have been made regarding, among other things, the expected use of the net proceeds of the Private Placement and the receipt of the approval of the High Court of Justice in England and Wales of the Acquisition. However, the completion of the Acquisition is subject to customary closing conditions, termination rights and other risks and uncertainties, and there can be no assurance that the Acquisition will be completed within anticipated timeframes or at all.

Certain of the forward-looking statements included in this press release may be considered "financial outlook" for purposes of applicable Canadian provincial and territorial securities laws. The purpose of including information relating to the expected future debt-to-total-capital ratio in this press release is to provide the reader with an indication of management's objectives and expectations, as of the date of this press release, regarding the Company's future performance. Readers are cautioned that this information may not be appropriate for other purposes.

All of the forward-looking statements included in this press release are qualified by these cautionary statements and those made in the section entitled Risk Management (Sections 28-33) of our MD&A for the year ended December 31, 2020, the section entitled Risk Management (section 19) of our MD&A for the quarter ended March 31, 2021 and the section entitled Risk Factors - Risks Related to the Acquisition of our presentation entitled "Building a Leading P&C Insurer" dated November 18, 2020 and available on our website. 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. Investors should not rely on forward-looking statements to make decisions, and investors should ensure the preceding information is carefully considered when reviewing forward-looking statements contained 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.

The Company uses both International Financial Reporting Standards (IFRS) and certain non-IFRS measures to assess performance. Non-IFRS measures, including debt-to-capital ratio, do not have any standardized meaning prescribed by IFRS and are unlikely to be comparable to any similar measures presented by other companies. The Company calculates debt-to-capital ratio by dividing total debt outstanding by the sum of total shareholders' equity and total debt outstanding, at the same date. Hybrid debt is excluded from debt outstanding and is instead included in the total financial leverage with preferred shares. Refer to Section 21 – Non-IFRS financial measures in the Company's management's discussion and analysis for the three months ended March 31, 2021 for further details.

Disclaimer

This press release does not constitute or form part of any offer for sale or solicitation of any offer to buy or subscribe for any securities nor shall it or any part of it form the basis of or be relied on in connection with, or act as any inducement to enter into, any contract or commitment whatsoever.

The information contained in this press release concerning the Company does not purport to be all-inclusive or to contain all the information that an investor may desire to have in evaluating whether or not to make an investment in the Company. The information is qualified entirely by reference to the Company's publicly disclosed information and the cautionary note regarding forward-looking statements included in this press release.

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SOURCE Intact Financial Corporation

<https://newsroom.intactfc.com/2021-05-18-Intact-Financial-Corporation-Completes-1-billion-Medium-Term-Note-Private-Placements-and-Announces-Redemption-of-its-Series-4-Medium-Term-Notes>