

Intact Financial Corporation Announces Conversion Right of Series 3 Preferred Shares and Series 4 Preferred Shares, and Dividend Rates on Series 3 and Series 4 Preferred Shares

TORONTO, Aug. 31, 2021 /CNW/ - Intact Financial Corporation ("IFC") (TSX: IFC) announced today that it does not intend to exercise its right to redeem all or any part of the currently outstanding Non-cumulative Rate Reset Class A Shares Series 3 of IFC (the "Series 3 Preferred Shares") (TSX: IFC.PR.C) or the Non-cumulative Floating Rate Class A Shares Series 4 of IFC (the "Series 4 Preferred Shares") (TSX: IFC.PR.D) on September 30, 2021.

As a result, subject to certain conditions set out in the prospectus supplement dated August 11, 2011 relating to the issuance of the Series 3 Preferred Shares (the "Prospectus"), the holders of the Series 3 Preferred Shares will have the right, at their option, to elect to convert all or any of their Series 3 Preferred Shares into Series 4 Preferred Shares on a one-for-one basis on September 30, 2021. Holders who do not exercise their right to convert their Series 3 Preferred Shares into Series 4 Preferred Shares on such date will retain their Series 3 Preferred Shares, unless automatically converted in accordance with the conditions below.

Also, subject to certain conditions set out in the Prospectus, the holders of the Series 4 Preferred Shares will have the right, at their option, to elect to convert all or any of their Series 4 Preferred Shares into Series 3 Preferred Shares on a one-for-one basis on September 30, 2021. Holders who do not exercise their right to convert their Series 4 Preferred Shares into Series 3 Preferred Shares on such date will retain their Series 4 Preferred Shares, unless automatically converted in accordance with the conditions below.

With respect to any Series 3 Preferred Shares that may remain outstanding after September 30, 2021, commencing as of such date, holders thereof will be entitled to receive fixed non-cumulative preferential cash dividends on a quarterly basis, as and when declared by the Board of Directors of IFC. The annual dividend rate for the Series 3 Preferred Shares for the five-year period from and including September 30, 2021 to but excluding September 30, 2026 will be 3.457%, as determined in accordance with the terms of the Series 3 Preferred Shares.

With respect to any Series 4 Preferred Shares that may remain outstanding after September 30, 2021, holders thereof will be entitled to receive floating rate non-cumulative preferential cash dividends on a quarterly basis, as and when declared by the Board of Directors of IFC. The dividend rate for the Series 4 Preferred Shares for the 3-month floating rate period from and including September 30, 2021 to but excluding December 31, 2021 will be 0.7176% (2.847% on an annualized basis), as determined in accordance with the terms of the Series 4 Preferred Shares (the "Floating Quarterly Dividend Rate"). The Floating Quarterly Dividend Rate will be reset every quarter.

The foregoing conversion right for the Series 3 Preferred Shares is subject to the conditions that: (i) if IFC determines that there would be less than 1,000,000 Series 3 Preferred Shares outstanding on September 30, 2021, then all remaining Series 3 Preferred Shares will automatically be converted into an equal number of Series 4 Preferred Shares on September 30, 2021, and (ii) alternatively, if IFC determines that there would be less than 1,000,000 Series 4 Preferred Shares outstanding on September 30, 2021, then no Series 3 Preferred Shares will be converted into Series 4 Preferred Shares. In either case, IFC will give written notice to that effect to any registered holders of Series 3 Preferred Shares on or before September 23, 2021.

The foregoing conversion right for the Series 4 Preferred Shares is subject to the conditions that: (i) if IFC determines that there would be less than 1,000,000 Series 4 Preferred Shares outstanding on September 30, 2021, then all remaining Series 4 Preferred Shares will automatically be converted into an equal number of Series 3 Preferred Shares on September 30, 2021, and (ii) alternatively, if IFC determines that there would be less than 1,000,000 Series 3 Preferred Shares outstanding on September 30, 2021, then no Series 4 Preferred Shares will be converted into Series 3 Preferred Shares. In either case, IFC will give written notice to that effect to any registered holders of Series 4 Preferred Shares on or before September 23, 2021.

The Series 3 Preferred Shares and the Series 4 Preferred Shares are issued in "book entry only" form and must be purchased or transferred through a participant in the CDS depository service ("CDS Participant"). All rights of holders of Series 3 Preferred Shares and all rights of holders of Series 4 Preferred Shares must be exercised through CDS or the CDS Participant through which the Series 3 Preferred Shares and the Series 4 Preferred Shares are held. The deadline for (1) the registered shareholder of any Series 3 Preferred Shares to provide notice of exercise of the right to convert Series 3 Preferred Shares into Series 4 Preferred Shares, and (2) the registered shareholders of any Series 4 Preferred Shares to provide notice of exercise of the right to convert Series 4 Preferred Shares into Series 3 Preferred Shares is 5:00 p.m. (ET) on September 15, 2021. Any notices received after this deadline will not be valid. As such, holders of Series 3 Preferred Shares and/or Series 4 Preferred Shares who wish to exercise their right to convert their shares should contact their broker or other intermediary for more information and it is recommended that this be done well in advance of the deadline in order to provide the broker or other intermediary with time to complete the necessary steps.

Holders of the Series 3 Preferred Shares and the Series 4 Preferred Shares will have the opportunity to convert their shares again on September 30, 2026, and every five years thereafter as long as the shares remain outstanding. Subject to certain conditions described in the Prospectus, IFC may redeem the Series 3 Preferred Shares, in whole or in part, on September 30,

2026 and on September 30 every five years thereafter and may redeem the Series 4 Preferred Shares, in whole or in part, on any date after September 30, 2016.

For more information on the terms of, and risks associated with an investment in, the Series 3 Preferred Shares and the Series 4 Preferred Shares, please see IFC's prospectus supplement dated August 11, 2011 which is available on www.sedar.com.

Neither the Series 3 Preferred Shares nor the Series 4 Preferred Shares have been or will be registered in the United States under the United States Securities Act of 1933, as amended (the "Securities Act"), or the securities laws of any state of the United States and may not be offered, sold or delivered, directly or indirectly, in the United States, its territories, its possessions and other areas subject to its jurisdiction or to, or for the account or benefit of, a U.S. person (as defined in Regulation S under the Securities Act), except in certain transactions exempt from, or not subject to, the registration requirements of the Securities Act and applicable state securities laws. This press release does not constitute an offer to sell or a solicitation to buy securities in the United States and any public offering of the securities in the United States must be made by means of a prospectus.

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. Intact also provides affinity insurance solutions through the Johnson Affinity Groups.

In the U.S., 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, Europe and the Middle East through the RSA brands.

Forward Looking Statements

Certain statements made in this news release are 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. These statements include, without limitation, statements relating to future conversions, redemptions, quantum and payment of dividends with respect to the Series 3 Preferred Shares and the Series 4 Preferred Shares. All such forward-looking statements are made pursuant to the 'safe harbour' provisions of applicable Canadian securities laws. Unless otherwise indicated, all forward-looking statements in this press release are made as of August 31, 2021 and are subject to change after that date.

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 IFC's most recently filed Annual Information Form dated March 31, 2021 and those made in our Q2-2021 Management's Discussion and Analysis (including in its "Risk Management" in sections 19-20), our 2020 Annual Management's Discussion and Analysis (sections 28-33), in Notes 10 and 13 of our Consolidated Financial Statements for the year ended December 31, 2020 and the additional risk factors of the Company related to the proposed RSA acquisition as described at pages 24-28 of the Company's Presentation entitled "Building a Leading P&C Insurer - Acquisition of RSA's Canada and UK&I operations," dated November 18, 2020 and the risk factors included in the Company's Business Acquisition Report dated June 16, 2021 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 of IFC's Q2-2021 Management's Discussion and Analysis.

SOURCE Intact Financial Corporation

<https://newsroom.intactfc.com/2021-08-31-Intact-Financial-Corporation-Announces-Conversion-Right-of-Series-3-Preferred-Shares-and-Series-4-Preferred-Shares,-and-Dividend-Rates-on-Series-3-and-Series-4-Preferred-Shares>