

First Quarter

2017

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Management's Discussion and Analysis
For the quarter ended March 31, 2017

Intact Financial Corporation

Management’s Discussion and Analysis for the first quarter of 2017

(in millions of dollars, except as otherwise noted)

The following MD&A is the responsibility of management and has been reviewed and approved by the Board of Directors for the quarter ended March 31, 2017. This MD&A is intended to enable the reader to assess our results of operations and financial condition for the three-month period ended March 31, 2017, compared to the corresponding period in 2016. It should be read in conjunction with our interim Consolidated financial statements, as well as the MD&A and the Consolidated financial statements included in our 2016 Annual Report. All amounts herein are expressed in Canadian dollars. This MD&A is dated May 2, 2017.

“Intact”, the “Company”, “IFC”, “we” and “our” are terms used throughout the document to refer to Intact Financial Corporation and its subsidiaries. Further information about Intact Financial Corporation, including the Annual Information Form, may be found online on SEDAR at www.sedar.com.

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Non-IFRS financial measures

We use both IFRS and non-IFRS financial measures to assess our performance. Non-IFRS financial measures do not have any standardized meaning prescribed by IFRS and are unlikely to be comparable to any similar measures presented by other companies. See Section 15 – *Non-IFRS financial measures* for the definition and reconciliation to the most comparable IFRS measures. Management analyzes performance based on underwriting ratios such as combined, expense, loss and claims ratios, MCT, and debt-to-capital, as well as other non-IFRS financial measures, namely DPW, Underlying current year loss ratio, Underwriting income, NOI, NOIPS, OROE, ROE, AROE, Non-operating results, AEPS, Cash flow available for investment activities, and Market-based yield. These measures and other insurance-related terms used in this MD&A are defined in the glossary available in the "Investor Relations" section of our web site at www.intactfc.com, and in our Annual Report for the year ended December 31, 2016.

Cautionary note regarding forward-looking statements

Certain of the statements included in this MD&A about the Company's current and future plans, expectations and intentions, results, levels of activity, performance, goals or achievements or any other future events or developments 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. This MD&A contains forward-looking statements with respect to the financing structure for the acquisition (the "Acquisition") of OneBeacon Insurance Group Ltd. ("OneBeacon") 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 use of the net proceeds from the bought deal public offering (the "Offering") of subscription receipts of the Company (the "Subscription Receipts") and the sale of Subscription Receipts to private placement subscribers pursuant to concurrent private placements with the Offering (the "Concurrent Private Placements"); the timing and completion of the Offering, Concurrent Private Placements and 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 P&C 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, as well as management's estimates and expectations in relation to MCT and debt-to-capital ratio; the terms and conditions of the Acquisition; the Company's financing plans for the Acquisition, including the availability of equity and debt financing in the future 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 evolving cyber-attack risk; the Company's dependence on key employees; changes in laws or regulations; the exercise of the over-allotment option in connection with the Offering; 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 Subscription Receipts once issued); 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 the Subscription Receipts pursuant to the Offering, including the expected closing date of the Offering and the distribution of common shares of the Company upon closing of the Acquisition.

All of the forward-looking statements included in this MD&A are qualified by these cautionary statements and those made in the section entitled *Risk management* (Sections 17-21) of our MD&A for the year ended December 31, 2016. 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 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.

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Glossary of abbreviations

Abbreviation	Description	Abbreviation	Description
AEPS	Adjusted EPS	LoB	Line of business
AFS	Available for sale	LTIP	Long-term incentive plan
AMF	Autorité des marchés financiers	MCT	Minimum capital test
AOCI	Accumulated OCI	MD&A	Management's Discussion and Analysis
AROE	Adjusted ROE	Moody's	Moody's Investor Service Inc.
BVPS	Book value per share	MYA	Market yield adjustment
CAD	Canadian Dollar	NCIB	Normal course issuer bid
CAGR	Compound annual growth rate	NEP	Net earned premiums
CAT	Catastrophe	NOI	Net operating income
CSR	Corporate Social Responsibility	NOIPS	NOI per share
DBRS	Dominion Bond Rating Services	OCI	Other comprehensive income
DPW	Direct premiums written	OROE	Operating ROE
EBITA	Earnings before interest, taxes, amortization and integration costs	OSFI	Office of the Superintendent of Financial Institutions
EPS	Earnings per share to common shareholders	PYD	Prior year claims development
Fitch	Fitch Ratings Inc.	ROE	Return on equity
FVTPL	Fair value through profit and loss	S&P	Standard & Poor's

Important notes

- Unless otherwise noted, DPW refers to DPW normalized for the effect of multi-year policies, excluding industry pools (referred to as "DPW" in this MD&A). This normalized measure is not significantly different from the comparable IFRS-based measure given that the impact of multi-year policies is no longer material to our results. See Table 26 for the reconciliation.
- All underwriting results and related ratios exclude the MYA, unless otherwise noted.
- The expense and general expense ratios are presented herein net of other underwriting revenues.
- Catastrophe claims are any one claim, or group of claims, equal to or greater than \$7.5 million, related to a single event.
- A large loss is defined as a single claim larger than \$0.25 million but smaller than the CAT threshold of \$7.5 million.
- A non-catastrophe weather event ("non-CAT weather event") is a group of claims which is considered significant but that is smaller than the CAT threshold of \$7.5 million, related to a single weather event.
- All references to "total excess capital" in this MD&A include excess capital in the P&C insurance subsidiaries at 170% MCT plus excess capital outside of the P&C insurance subsidiaries, unless otherwise noted.
- Unless otherwise noted, market share and market related data are based on the latest available data (Q4-2016) from MSA Research Inc. ("MSA") and excludes Lloyd's Underwriters Canada, Insurance Corporation of British Columbia, Saskatchewan Government Insurance, Saskatchewan Auto Fund, Genworth Financial Mortgage Insurance Company Canada and Canada Guaranty Mortgage Insurance Company. MSA data excludes certain Quebec regulated entities. Market share and market positioning reflect the impact of announced or completed acquisitions and are therefore presented on a pro forma basis.
- In an effort to maximize disclosure effectiveness, we aim to reduce duplication in our disclosures. As such, we have made a cross reference to the Consolidated financial statements in our MD&A in situations where the information that would have been provided as part of the MD&A would have been substantially the same.
- Certain totals, subtotals and percentages may not agree due to rounding. Not meaningful (nm) is used to indicate that the current and prior year figures are not comparable, not meaningful, or if the percentage change exceeds 1,000%.

OVERVIEW

Section 1 – About Intact Financial Corporation

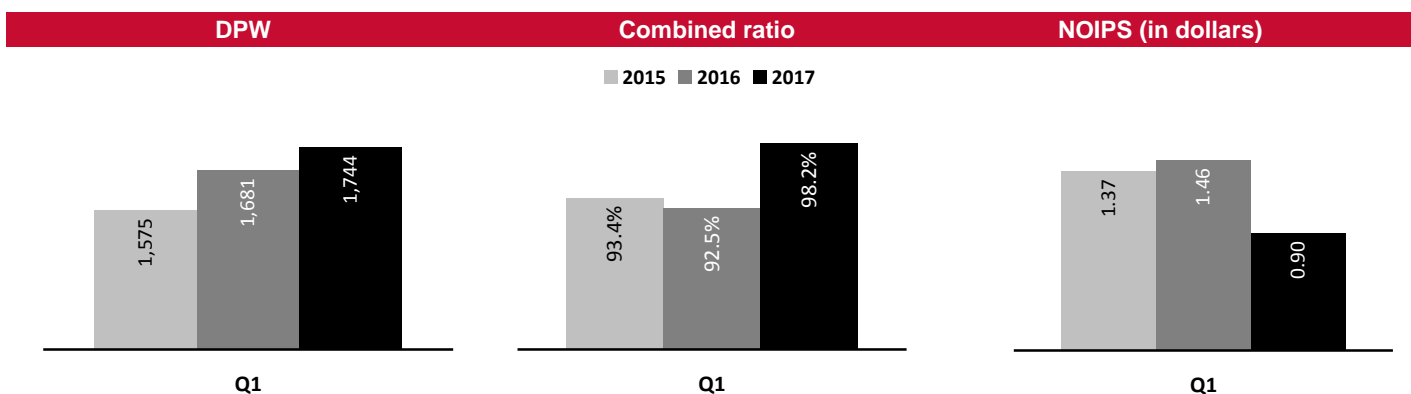


Who we are:

- Largest provider of P&C insurance in Canada with over \$8 billion in annual DPW and an approximate market share of 17%.
- We distribute insurance under the Intact Insurance brand through a wide network of brokers, including our wholly-owned subsidiary BrokerLink, and directly to consumers through belairdirect.
- Trusted by more than five million individuals and businesses who are insured through our multi-channel distribution strategy.
- Proven industry consolidator with a track record of 15 successful acquisitions since 1988.
- Largest private sector provider of P&C insurance in British Columbia, Alberta, Ontario, Québec, Nova Scotia and Newfoundland & Labrador.
- Canada’s largest provider of commercial insurance, with an approximate market share of 14% and a leading provider of specialized coverages such as Surety, Long Haul Trucking, Farm and sharing economy solutions.
- More than 12,000 employees from coast to coast.

Section 2 – Q1-2017 Highlights

- Net operating income per share of \$0.90 reflects lower underwriting income and strong growth in distribution income
- Combined ratio of 98.2%, as higher weather related claims and lower favourable prior year claims development offset solid underlying performance
- Premiums grew 4% driven by personal and specialty lines
- Strong financial position with over \$1 billion of total excess capital and 8% growth in book value per share



Management's Discussion and Analysis for the first quarter of 2017

(in millions of dollars, except as otherwise noted)

PERFORMANCE

Section 3 – Consolidated performance

3.1 Consolidated performance

Table 1 – Consolidated performance¹

	Q1-2017	Q1-2016	Change
DPW	1,744	1,681	4%
Personal auto	803	777	3%
Personal property	414	383	8%
Commercial P&C	370	377	(2)%
Commercial auto	157	144	9%
NEP	1,997	1,930	3%
Operating income			
Underwriting income	35	145	(110)
Net investment income	105	104	1
Distribution income, net	24	14	10
Other income (expense) ²	5	6	(1)
Finance costs	(19)	(17)	(2)
Pre-tax operating income	150	252	(102)
NOI	123	197	(38)%
Non-operating gains (losses)	31	(58)	89
Effective income tax rate	19.3%	21.6%	(2.3) pts
Net income	146	152	(4)%
Combined ratio	98.2%	92.5%	5.7 pts
Per share measures, basic and diluted (in dollars)			
NOIPS	0.90	1.46	(38)%
EPS	1.08	1.11	(3)%
Return on equity for the last 12 months			
OROE	10.6%	16.7%	(6.1) pts
ROE	9.5%	12.7%	(3.2) pts
BVPS (in dollars)	43.14	40.06	8%
Total excess capital	1,034	904	130
MCT	223%	215%	8.0 pts
Debt-to-capital ratio	18.5%	19.5%	(1.0) pts

¹ Refer to Section 15 – Non-IFRS financial measures.

² Tend to fluctuate from quarter to quarter.

Table 2 – Combined ratio by line of business

	Q1-2017	Q1-2016	Change
Personal lines	99.2%	91.9%	7.3 pts
Personal auto	102.6%	96.4%	6.2 pts
Personal property	92.8%	82.9%	9.9 pts
Commercial lines	95.9%	93.9%	2.0 pts
Commercial P&C	95.8%	92.4%	3.4 pts
Commercial auto	96.2%	97.5%	(1.3) pts

Management's Discussion and Analysis for the first quarter of 2017

(in millions of dollars, except as otherwise noted)

Q1-2017 vs Q1-2016

DPW growth	<ul style="list-style-type: none"> • Premiums grew 4% driven by personal and specialty lines. Rate increases and growth initiatives led to growth in personal lines. In commercial lines, our efforts to grow specialty lines mitigated the impact of difficult economic conditions in Western Canada and competitive market conditions.
Underwriting performance	<ul style="list-style-type: none"> • We delivered a combined ratio of 98.2%, 5.7 points worse than the same period last year due to an increase in weather-related claims (including 3.3 points of additional CAT losses) and lower favourable PYD. This year's winter conditions led to higher than usual CAT activity and a spike in claims frequency when compared to the mild winter in Q1 2016. • Personal auto's combined ratio of 102.6% was impacted by higher weather-related claims and lower favourable PYD. Profitability initiatives involving rate, underwriting and claims actions to address cost inflation are well underway, with the majority of the benefits expected in the latter half of 2017. • Personal property delivered a combined ratio of 92.8%, as very strong underlying performance was offset by 11.5 points of CAT losses primarily from severe wind events. • Commercial P&C's combined ratio was solid at 95.8%, as it included 7.1 points of CAT losses due to fires and severe wind events. • Commercial auto's combined ratio improved by 1.3 points to 96.2% on higher favourable PYD and lower commissions.
Investment performance	<ul style="list-style-type: none"> • Net investment income of \$105 million was largely unchanged. • Net investment gains of \$75 million were driven by stronger equity market conditions. In Q1-2016, net investment losses of \$20 million were mainly from impairment losses in the energy sector.
Distribution performance	<ul style="list-style-type: none"> • Net distribution income of \$24 million was up \$10 million from last year as we grew our broker network and improved its profitability.
NOIPS	<ul style="list-style-type: none"> • NOIPS of \$0.90 was down 38% essentially due to lower underwriting income despite a strong performance of our distribution activities.
Net income	<ul style="list-style-type: none"> • Net income of \$146 million decreased by only 4%, as lower NOI was offset in part by realized gains on our equity securities.

OROE was 10.6%, after absorbing elevated CAT losses including the Fort McMurray wildfires and other severe non-CAT weather events. **BVPS increased 8%** from a year ago to \$43.14. **Debt-to-capital ratio at March 31, 2017 was 18.5%. MCT was at 223% with over \$1 billion of total excess capital.**

Management's Discussion and Analysis for the first quarter of 2017

(in millions of dollars, except as otherwise noted)

Section 4 – Underwriting performance

Table 3 – Consolidated underwriting results¹

	Q1-2017	Q1-2016	Change
NEP	1,997	1,930	3%
Net claims:			
Current year claims (excluding CAT claims)	1,375	1,338	37
Current year CAT claims	88	21	67
Favourable PYD	(82)	(163)	81
Total net claims	1,381	1,196	185
Commissions, premium taxes and general expenses	581	589	(8)
Underwriting income	35	145	(110)
Underwriting ratios			
Underlying current year loss ratio	68.8%	69.2%	(0.4) pts
CAT loss ratio ²	4.5%	1.2%	3.3 pts
Favourable PYD ratio	(4.1)%	(8.4)%	4.3 pts
Claims ratio	69.2%	62.0%	7.2 pts
Expense ratio	29.0%	30.5%	(1.5) pts
Combined ratio	98.2%	92.5%	5.7 pts

¹ Refer to Section 15 – *Non-IFRS financial measures*. Underlying current year loss ratio is calculated using NEP before reinstatement premiums.

² CAT loss ratio includes current year CAT claims and the impact of reinstatement premiums.

Table 4 – Components of expense ratio

	Q1-2017	Q1-2016	Change
Commissions	15.4%	16.5%	(1.1) pts
General expenses	9.9%	10.5%	(0.6) pts
Premium taxes	3.7%	3.5%	0.2 pts
Expense ratio	29.0%	30.5%	(1.5) pts

Q1-2017 vs Q1-2016

- **Underlying current year loss ratio improved slightly to 68.8%** as the effectiveness of our profitability actions, including rate increases in all lines of business, outweighed a substantial increase in weather-related claims as compared to the mild winter in Q1-2016.
- **CAT losses of \$88 million** were significantly higher than the historical average for a first quarter. There were four severe wind events in Central and Atlantic Canada, mainly impacting personal lines, and two commercial fires.
- **PYD ratio of 4.1%** was favourable in all lines of business, though lower than last year.
- **Expense ratio improved by 1.5 points** on lower commissions, variable compensation and cost saving initiatives introduced in Q4-2016.
- **Combined ratio of 98.2% deteriorated by 5.7 points** mainly due to an increase in weather-related claims (including 3.3 points of additional CAT losses) and lower favourable PYD.

Management’s Discussion and Analysis for the first quarter of 2017

(in millions of dollars, except as otherwise noted)

4.1 Personal auto

Table 5 – Underwriting results for personal auto

	Q1-2017	Q1-2016	Change
DPW	803	777	3%
Written insured risks (in thousands)	903	893	1%
NEP	919	900	2%
Underwriting income (loss)	(24)	32	nm
Underlying current year loss ratio	79.9%	79.0%	0.9 pts
CAT loss ratio (including reinst. premiums)	0.3%	-	0.3 pts
Favourable PYD ratio	(1.0)%	(7.5)%	6.5 pts
Claims ratio	79.2%	71.5%	7.7 pts
Expense ratio	23.4%	24.9%	(1.5) pts
Combined ratio	102.6%	96.4%	6.2 pts

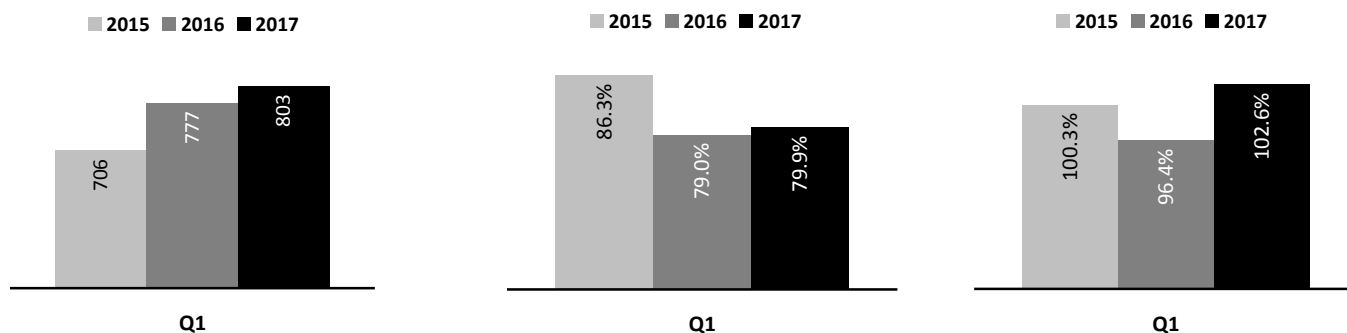
Q1-2017 vs Q1-2016

- **DPW grew 3%** due to growth initiatives and rate increases, offsetting the impact of slower unit growth from profitability actions.
- **Underlying current year loss ratio of 79.9%** was 0.9 points higher than last year, reflecting higher claims frequency largely due to weather. Excluding the increase in weather-related claims frequency, the underlying current year loss ratio would have improved by approximately 2 points. Earned rates increased by 1.8% on average in the quarter and will gain momentum as an average written rate increase of 4.8% in the quarter flows through the system.
- **Favourable PYD ratio of 1.0%** was lower than last year, partly due to short-tailed physical damage claims and the impact of late 2016 winter storms.
- **Expense ratio improved by 1.5 points to 23.4%** mainly due to lower variable commissions and general expenses.
- **Industry pools** positively impacted the combined ratio by 1.8 points compared to 0.3 points in Q1-2016.
- **The combined ratio deteriorated to 102.6%** compared to last year on higher weather-related claims frequency and lower favourable PYD. However, profitability initiatives involving rate, underwriting and claims actions to address cost inflation are well underway, and we still expect the majority of the benefits to materialize in the latter half of 2017.

DPW

Underlying current year loss ratio

Combined ratio



Management’s Discussion and Analysis for the first quarter of 2017

(in millions of dollars, except as otherwise noted)

4.2 Personal property

Table 6 – Underwriting results for personal property

	Q1-2017	Q1-2016	Change
DPW	414	383	8%
Written insured risks (in thousands)	476	461	3%
NEP	495	456	9%
Underwriting income	35	78	(55)%
Underlying current year loss ratio	52.2%	55.0%	(2.8) pts
CAT loss ratio (including reinst. premiums)	11.5%	2.1%	9.4 pts
Favourable PYD ratio	(3.4)%	(8.8)%	5.4 pts
Claims ratio	60.3%	48.3%	12.0 pts
Expense ratio	32.5%	34.6%	(2.1) pts
Combined ratio	92.8%	82.9%	9.9 pts

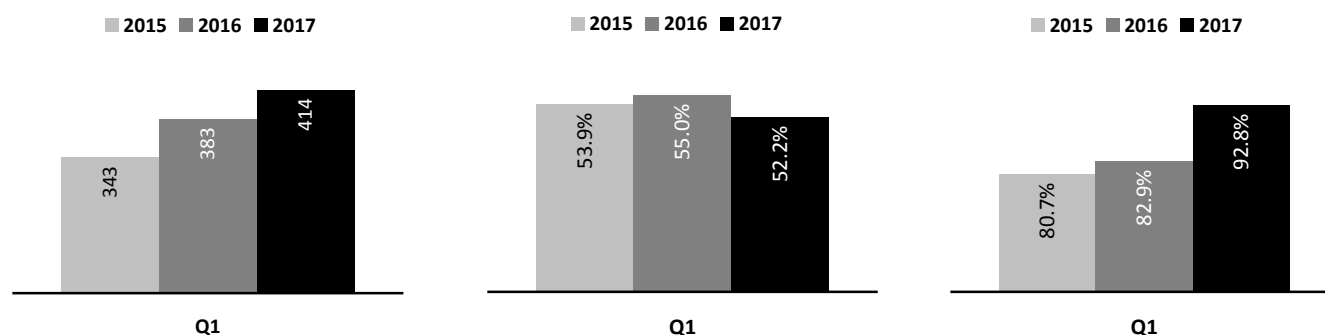
Q1-2017 vs Q1-2016

- **Strong DPW growth of 8%** due to rate increases and growth initiatives in favourable market conditions.
- **Underlying current year loss ratio was very strong at 52.2%**, an improvement of 2.8 points despite absorbing an increase in weather-related claims and large losses.
- **CAT loss ratio was elevated at 11.5%** as a result of severe wind events in Central and Atlantic Canada.
- **Favourable PYD ratio at 3.4%** remained healthy, but lower than last year due to higher large losses.
- **Expense ratio improved 2.1 points**, mainly on lower variable commissions and general expenses.
- **Personal property continued to perform well with a combined ratio of 92.8%** despite 11.5 points of CATs losses.

DPW

Underlying current year loss ratio

Combined ratio



Management's Discussion and Analysis for the first quarter of 2017

(in millions of dollars, except as otherwise noted)

4.3 Commercial P&C

Table 7 – Underwriting results for commercial P&C

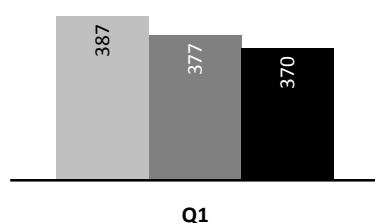
	Q1-2017	Q1-2016	Change
DPW	370	377	(2)%
NEP	401	409	(2)%
Underwriting income	17	31	(45)%
Underlying current year loss ratio	60.4%	63.0%	(2.6) pts
CAT loss ratio (including reinst. premiums)	7.1%	2.9%	4.2 pts
Favourable PYD ratio	(11.0)%	(12.8)%	1.8 pts
Claims ratio	56.5%	53.1%	3.4 pts
Expense ratio	39.3%	39.3%	- pts
Combined ratio	95.8%	92.4%	3.4 pts

Q1-2017 vs Q1-2016

- **DPW decreased 2%** as difficult economic conditions in Western Canada and continued competitive markets offset strong growth in specialty lines.
- **Underlying current year loss ratio was very strong at 60.4%** as profitability actions remained effective.
- **CAT loss ratio was elevated at 7.1%** and mainly driven by two large fires, as well as severe wind events in Central and Atlantic Canada.
- **PYD ratio of 11.0%** remained healthy and in line with a five-year historical average.
- **Combined ratio of 95.8%**, as the effectiveness of ongoing profitability initiatives was outweighed by elevated CAT losses in the quarter. We continue our actions, including better segmentation, rate increases and loss prevention programs, to ensure these results are sustainable over the long term.

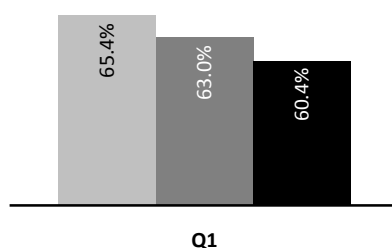
DPW

■ 2015 ■ 2016 ■ 2017



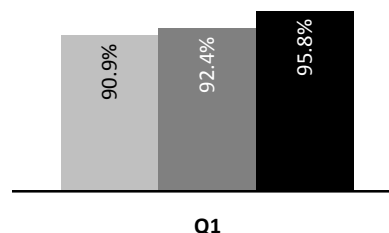
Underlying current year loss ratio

■ 2015 ■ 2016 ■ 2017



Combined ratio

■ 2015 ■ 2016 ■ 2017



Management’s Discussion and Analysis for the first quarter of 2017

(in millions of dollars, except as otherwise noted)

4.4 Commercial auto

Table 8 – Underwriting results for commercial auto

	Q1-2017	Q1-2016	Change
DPW	157	144	9%
NEP	182	165	10%
Underwriting income	7	4	75%
Underlying current year loss ratio	77.1%	71.0%	6.1 pts
CAT loss ratio (including reinst. premiums)	0.2%	-	0.2 pts
Unfavourable (favourable) PYD ratio	(6.6)%	(2.0)%	(4.6) pts
Claims ratio	70.7%	69.0%	1.7 pts
Expense ratio	25.5%	28.5%	(3.0) pts
Combined ratio	96.2%	97.5%	(1.3) pts

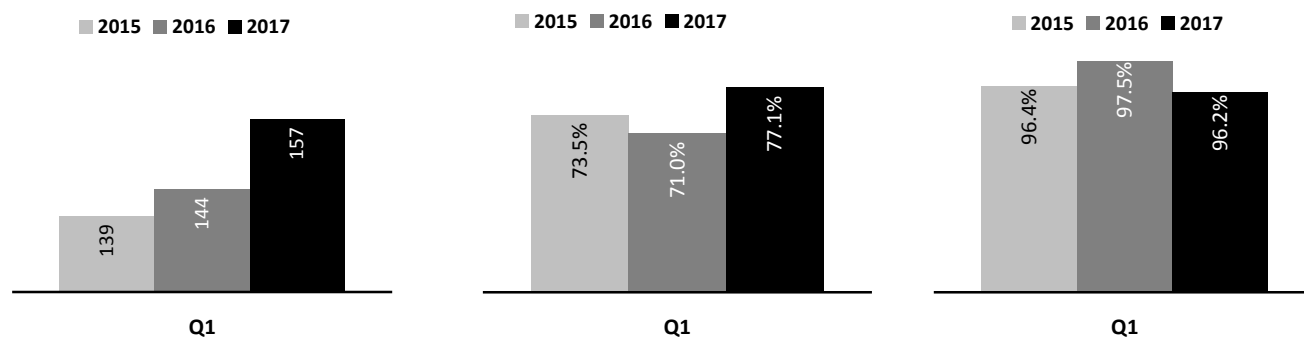
Q1-2017 vs Q1-2016

- **DPW grew 9%** on the back of strong growth initiatives in specialty lines including new products for the sharing economy. Profitability measures, including segmented rate increases, continued to be deployed in competitive markets.
- **Underlying current year loss ratio of 77.1% deteriorated by 6.1 points** mainly due to higher weather-related claims frequency, offset in part by our rate actions and other profitability measures.
- **Favourable PYD ratio improved 4.6 points** compared to last year’s unusually low level.
- **Expense ratio improved 3.0 points**, mainly on lower commissions and general expenses.
- **The combined ratio improved 1.3 points to 96.2%**. We remain committed to our profitability actions to drive a combined ratio sustainably in the low 90s.

DPW

Underlying current year loss ratio

Combined ratio



Management's Discussion and Analysis for the first quarter of 2017

(in millions of dollars, except as otherwise noted)

Section 5 – Distribution performance

The table below presents the reconciliation to Distribution EBITA.

Table 9 – Reconciliation of net distribution income to Distribution EBITA

	Q1-2017	Q1-2016	Change
Net distribution income, as currently reported	24	14	10
Adjustments to report broker associates on an EBITA basis			
Add: Income taxes	3	2	1
Add: Interest expense	2	2	-
Distribution EBITA	29	18	11

Q1-2017 vs Q1-2016

- The strong distribution performance during the quarter was mainly driven by previous acquisitions and continued investment in our broker network. This led to additional commission revenues, both organic and inorganic, and profitability improvement.
- As we continue investing in our network and improving profitability, we expect distribution income to grow in the future.

Section 6 – Investment performance

6.1 Investment policy

Our investment policy and long-term asset mix reflect our objectives to maximize after-tax returns and outperform the P&C industry investment returns over the long-term while ensuring policyholder protection and maintaining strong regulatory capital levels. We manage our investment portfolio and seek to achieve these objectives via appropriate asset allocation and active management of investment strategies. Our objective is to minimize the potential for large investment losses by maintaining diversification through limits on our investment exposures. Such limits are specified in our investment policy and are designed to be consistent with our overall risk tolerance. Management monitors and ensures compliance with our investment policy.

6.2 Net investment income

Table 10 – Net investment income

	Q1-2017	Q1-2016	Change
Interest income	64	67	(3)
Dividend income	50	45	5
Investment income, before expenses	114	112	2
Expenses	(9)	(8)	(1)
Net investment income	105	104	1
Average net investments¹	13,809	13,000	6%
Market-based yield²	3.32%	3.47%	

¹ Defined as the mid-month average fair value of net equity and fixed-income securities held during the reporting period.

² Refer to Section 15 – *Non-IFRS financial measures*.

Q1-2017 vs Q1-2016

- **Net investment income of \$105 million** was higher by \$1 million, as an increase in invested assets was partly offset by continued low yields.
- Average net investments of **\$13.8 billion increased by 6%**, reflecting higher market values for our equity securities.

Management’s Discussion and Analysis for the first quarter of 2017

(in millions of dollars, except as otherwise noted)

6.3 Net investment gains (losses)

Net investment gains (losses) are reported in non-operating results and include the following items.

Table 11 – Net investment gains (losses)

	Q1-2017	Q1-2016	Change
Fixed-income strategies			
Realized and unrealized gains	5	10	(5)
Equity strategies			
Realized and unrealized gains (losses) on: ¹			
Equity securities, net of derivatives	71	(23)	94
Embedded derivatives	(19)	5	(24)
Net foreign currency gains (losses)	14	13	1
Impairment losses on common shares	-	(22)	22
	66	(27)	93
Other gains (losses)²	4	(3)	7
Net investment gains (losses)	75	(20)	95

¹ Excluding foreign currency impact, which are reported in Net foreign currency gains (losses).

² Including net gains on investments in associates and joint ventures related to a change of control.

Refer to Note 16 – *Net investment gains (losses)* to the accompanying interim Consolidated financial statements for more details on the components of investment gains and losses. Realized and unrealized gains (losses) on fixed-income strategies include mark-to-market gains (losses) on our FVTPL bonds which are generally offset by gains (losses) arising from the changes in the discount rate for our claims liabilities (referred to as MYA). See further details in Section 16 - *Non-operating results*.

We own perpetual preferred shares with embedded call option derivatives which give the issuer the right to redeem the shares at a particular price. These embedded derivatives are marked-to-market through net income, while changes in value of our AFS preferred shares flow through OCI. When preferred share prices increase, the value of these written options also increases, generating a mark-to-market loss. Conversely, when preferred prices decline, the value of these derivatives also falls, resulting in a mark-to-market gain.

Our U.S. fixed-income portfolio is hedged using foreign-currency forward contracts, resulting in minimal currency gains or losses on the U.S. fixed-income portfolio.

The mark-to-market of investments is fully reflected in BVPS. As a result, impairment losses have no impact on BVPS. Unrealized gains and losses on AFS investments are recognized in OCI during the year and reported in AOCI until the securities are sold or impaired (see Table 19 – *Net pre-tax unrealized gain (loss) on AFS securities*).

Q1-2017 vs Q1-2016

- **Net investment gains of \$75 million in Q1-2017** resulted from gains realized from ordinary trading activities on our AFS common share portfolios, reflecting the stronger capital markets in the last year.
- **Net investment losses of \$20 million in Q1-2016** were mainly driven by impairment losses in the energy sector.

STRATEGY AND OUTLOOK

Section 7 – Recent developments

At a glance

Innovation	<ul style="list-style-type: none"> We launched our Data Lab to further enhance our leadership in data analytics by building on new techniques such as artificial intelligence ("AI") and machine learning. On April 3, 2017, we launched our Intact Service Centre in Montreal, our fourth Service Centre in Canada. We improved our telematics offering for Intact Insurance customers in Alberta by launching a mobile app, allowing good drivers to save on car insurance without having to install any hardware in their vehicles. The app is also available in Quebec and parts of Ontario, with additional rollouts expected this year. On March 30, 2017, Intact announced a \$2.5 million commitment to the Vector Institute, a new independent artificial intelligence research facility. Its aim is to produce, attract and retain the finest AI talent in the world with cutting-edge AI exploration, specializing in deep learning and machine learning.
Business developments	<ul style="list-style-type: none"> One of our strategy pillars is to have our customers be our advocates. With close to one million advocates, we are moving forward with a new objective of two million advocates by 2020. During Q1-2017, BrokerLink acquired brokers in the Guelph, Vaughan, and Windsor areas of Ontario, increasing its presence in personal, commercial, and farm insurance.
Liquidity and capital resources	<ul style="list-style-type: none"> On February 13, 2017, we renewed our NCIB program which permits us to purchase for cancellation up to 6,551,741 common shares until February 12, 2018, representing approximately 5% of our issued and outstanding common shares as at February 1, 2017. As at March 31, 2017, 49,100 common shares had been repurchased for cancellation under the NCIB at an average price of \$93.99 per share for a total consideration of approximately \$5 million. Please see further details regarding our NCIB in <i>Section 18.4 – NCIB</i>.

Subsequent to the quarter

On May 2, 2017, we announced that:

- We have entered into a definitive agreement and plan of merger pursuant to which we have agreed to acquire OneBeacon Insurance Group, Ltd. ("OneBeacon") (NYSE: OB), a leading U.S. specialty insurer. OneBeacon shareholders will receive US\$18.10 per common share in cash. This represents an aggregate cash consideration of approximately US\$1.7 billion (\$2.3 billion). In addition, OneBeacon debt of approximately US\$275 million will remain outstanding. The transaction has been unanimously approved by the Boards of Directors of both companies and is subject to approval by OneBeacon's shareholders. IFC's acquisition of OneBeacon is creating a North American leader in specialty insurance.

We intend to finance the acquisition and related transaction expenses using a combination of \$700 million of equity financing, and approximately \$700 million of excess capital and \$1.0 billion of financing comprised of bank term loans, medium term notes and preferred shares. The Company has hedged the purchase price against the exposure associated with USD/CAD exchange rate fluctuations. We will maintain our strong capital position with an estimated MCT above 200% on closing and expect our debt-to-total capital ratio to return below the target level of 20% within 24 months following the closing of the acquisition.

The transaction is expected to close in the fourth quarter of 2017, subject to satisfaction of customary closing conditions, including OneBeacon shareholder approval and receipt of regulatory approvals.

- We entered into an agreement with a group of underwriters for an issue of subscription receipts for gross proceeds of approximately \$360 million pursuant to a bought deal public offering in Canada and to qualified institutional buyers in accordance with Rule 144A of the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"). We also separately agreed with private placement subscribers to issue subscription receipts for gross proceeds of approximately \$340 million. Each subscription receipt will entitle the holder to receive one common share of IFC upon closing of the acquisition. The offerings are expected to close on May 11, 2017.

Management’s Discussion and Analysis for the first quarter of 2017

(in millions of dollars, except as otherwise noted)

Section 8 – Operating environment

8.1 Capital markets

While the correlation between the performance of capital markets and the performance of our investment portfolio is not perfect, the following market indicators may be useful in understanding the overall performance of our investments.

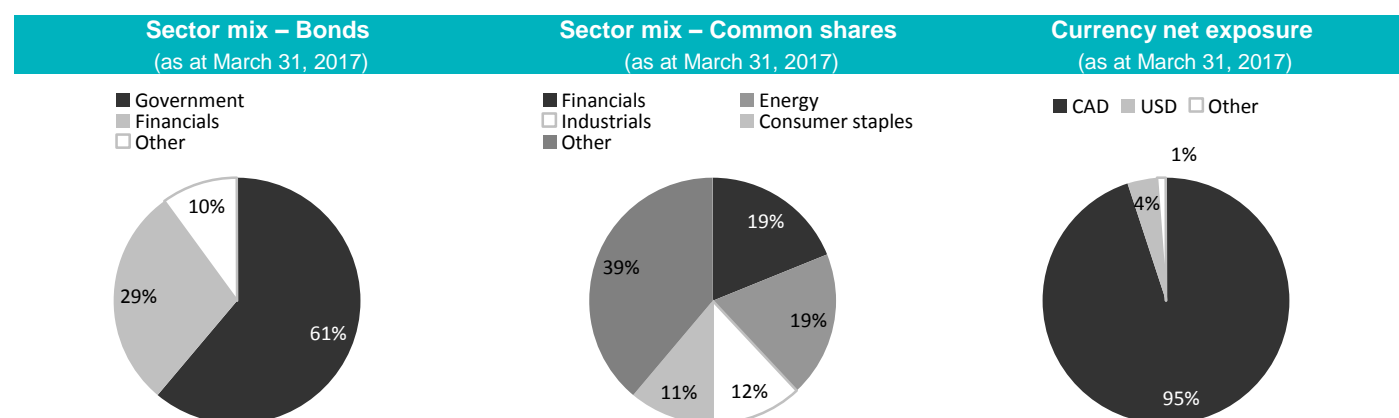
Table 12 – Selected economic indicators

Market Indicator	Q1-2017	Q1-2016
S&P/TSX Composite	2%	4%
S&P/TSX Financials	3%	3%
S&P/TSX Energy	(6)%	8%
S&P/TSX Preferred Share Index	6%	(7)%
5Y Canada Sovereign Index (estimated variance in bps)	(4) bps	(2) bps
5Y AA Corporate spread (estimated variance in bps)	(12) bps	(7) bps
Strengthening (weakening) of USD vs CAD	(1)%	(6)%

Comments on capital market performance

- The **S&P/TSX Composite Index** rose by 2% in Q1-2017, led by the financial sector. This translated into an increase in the fair value of our common shares, leading to higher realized and unrealized gains.
- The **S&P/TSX Preferred Share Index** increased by 6% in Q1-2017, leading to an increase in unrealized gains on our AFS preferred shares.
- **Five-year Canadian sovereign yields fell and corporate spreads** narrowed slightly during the quarter, leading to marginally higher bond valuations.

Our net exposure, after reflecting the impact of hedging strategies and financial liabilities related to investments, is outlined below.



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(in millions of dollars, except as otherwise noted)

8.2 Weather conditions

At a glance

Q1-2017	<ul style="list-style-type: none"> • During Q1-2017, temperatures were warmer in Eastern Canada and colder in the West due to a weak La Niña pattern. Though overall precipitation was slightly below average, cities in Western Canada were particularly impacted by several large-scale snow events that resulted in higher claims frequency in auto and personal property. • Four severe wind and water events in Central and Atlantic Canada contributed to catastrophe losses, which were well above our expectations for a first quarter.
Q1-2016	<ul style="list-style-type: none"> • The winter of 2016 was characterized by very warm temperatures compared to historical averages, with some variability across the country. Precipitation was slightly higher than average for most of the country. However, as fewer snowstorms occurred in the larger cities, thereby influencing automobile claim counts, frequency of claims across Canada was better than usual during the quarter. • Overall, the favourable weather had a positive impact on our insurance results in Q1-2016.

8.3 Ontario personal auto environment

On April 11, the Ontario Government released a report on auto insurance, by David Marshall, former Workplace Safety and Insurance Board (WSIB) President and CEO. Mr. Marshall was appointed by the Ontario Minister of Finance in 2016 as his advisor on auto insurance. The report contained 35 recommendations, including the following:

- Prohibit cash payouts in lieu of medical/rehab service to drive greater focus on health outcomes instead of cash.
- Make the injury compensation system more transparent, efficient and cost effective by clarifying or removing many of the processes that add cost or confusion to the process. This would include:
 - Establish an independent roster of hospital based medical assessors. This large, government managed network would be able to quickly provide appropriate diagnoses and evidence based treatment plans.
 - Introduce efficiency changes to the process framework for resolving bodily injury (BI) claims.
- Introduce evidence based programs of care to effectively treat common types of traffic injuries.
- Rely more on the competitive marketplace to set auto insurance rates, including the creation of a regulatory structure that allows quick response to current market conditions or to rapidly accommodate technology driven changes.

We are encouraged by these recommendations to streamline the insurance system in Ontario and direct more of the resources intended to support the needs of injury victims, to claimants themselves. It is too early to tell when, or how, these recommendations will be implemented, but we are confident that the Government understands the serious impact of the current inflationary trends and will continue to work quickly, with the support of Mr. Marshall, to consult, develop and implement material changes that will serve to benefit Ontario drivers.

Management’s Discussion and Analysis for the first quarter of 2017

(in millions of dollars, except as otherwise noted)

Section 9 – Canadian P&C insurance industry

The P&C insurance market in Canada is relatively mature and highly competitive. It is:

Large and highly fragmented	<ul style="list-style-type: none"> • A \$48 billion market representing approximately 3% of GDP, according to MSA Research Inc. data for 2016. • The top five insurers represent 49% of the market, and the top 20 have a combined market share of 85%. Intact is the largest player with approximately 17% market share.
Evolving and growing over time	<ul style="list-style-type: none"> • Over the last 30 years, the industry has grown at a 5.1% CAGR and delivered a ROE of approximately 10%. • Brokers continue to control commercial lines and a large share of personal lines in Canada. However, the direct-to-consumer channel is growing. Distribution in the industry is currently about 60% through brokers and 40% through the direct/agency channel. • There has been consolidation in recent years and we expect more to come.
Regulated	<ul style="list-style-type: none"> • Insurance companies are licensed under insurance legislation in each of the provinces and territories in which they conduct business. • Home and commercial insurance rates are unregulated, while personal auto rates are regulated in many provinces. • Capital for federal insurance companies is regulated by OSFI and by provincial authorities in the case of provincial insurance companies.

Table 13 – Most recent Canadian P&C insurance results (estimated)

	IFC	P&C industry	Out performance	Industry Benchmark ¹	Out performance
DPW growth (including industry pools)	3.8%	2.4%	1.4 pts	1.4%	2.4 pts
Combined ratio (including MYA)	95.2%	99.6%	4.4 pts	99.9%	4.7 pts
ROE (annualized) ²	11.0%	5.2%	5.8 pts	5.4%	5.6 pts

Industry data: IFC estimate based on MSA Research Inc. Please refer to Important Notes on page 3 of this MD&A for further information.

¹ Consists of the 20 largest comparable companies in the P&C industry based on industry data, as defined above.

² IFC's ROE corresponds to the AROE.

Full year 2016

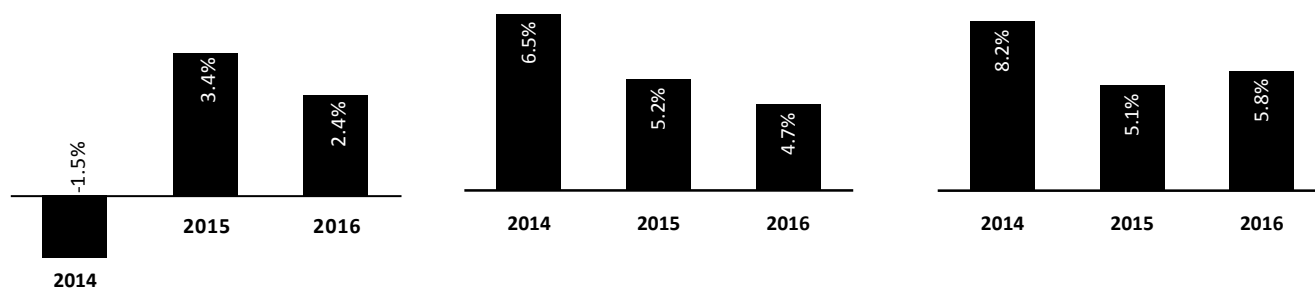
- **Our growth outperformance of 2.4 points versus our industry benchmark** was largely driven by our growth initiatives and the acquisition of CDI.
- **Our combined ratio outperformance of 4.7 points versus our industry benchmark** was mainly driven by strong results in property lines offset by weaker results in our auto lines of business.
- **Our ROE outperformance of 5.8 points versus the P&C insurance industry is above our objective of 5 points** mainly driven by our underwriting outperformance.

DPW Growth

Combined ratio (including MYA)

ROE ²

■ IFC's outperformance



Management’s Discussion and Analysis for the first quarter of 2017

(in millions of dollars, except as otherwise noted)

Section 10 – Outlook and strategy

We are well-positioned to continue outperforming the P&C insurance industry in the current environment due to our pricing and underwriting discipline, claims management capabilities, as well as our prudent investment and capital management practices.

		Canadian P&C insurance industry 12-month outlook	Our Strategy
Market environment	Personal auto	<ul style="list-style-type: none"> Industry profitability remains challenged with 2016 average loss ratios in the mid-to-upper 70%. In Ontario, we continue to expect benefits from the 2016 reforms. Overall, we continue to believe that claims cost inflation should lead to further rate increases in all markets. We expect growth to remain at a low to mid single-digit rate for the industry. 	<ul style="list-style-type: none"> We have robust pricing and claims action plans to tackle observed emerging trends, which should lead to meaningful improvements in 2017. We expect that our brand investments and further digital enhancements in this line of business will continue to help selectively grow our market position. We have been investing in telematics, big data, and artificial intelligence to maintain our advantage in data and segmentation.
	Personal property	<ul style="list-style-type: none"> As companies are adjusting to changing weather patterns, we expect the current firm market conditions to continue. As a result, the growth rate should remain at the mid-to-upper single-digit level. 	<ul style="list-style-type: none"> We are enhancing our home improvement plan to ensure the results are sustainable even in severe weather conditions. To support growth, we continue to focus on addressing customer needs (e.g. Quick Quote home, Lifestyle Advantage™ and an expanded Enhanced Water Damage Package).
	Commercial lines	<ul style="list-style-type: none"> These lines of business remain competitive, mainly in the larger risks. The economy in Western Canada continues to pressure industry growth. We therefore expect growth at a low single-digit rate. 	<ul style="list-style-type: none"> We continue to develop innovative products to address customer needs (e.g. cyber risk coverage and sharing economy). At the same time, our focus on training and service excellence remains. We are strengthening capabilities in specialty lines. We are taking corrective measures in Commercial auto.
Capital markets	Investments	<ul style="list-style-type: none"> In the current interest rate environment, we estimate that the industry’s pre-tax investment yield will continue to decline slightly, given its asset mix and duration. 	<ul style="list-style-type: none"> We expect a mild reduction in our net investment income over the next 12 months as the low yield environment continues to be challenging.
	Financial strength	<ul style="list-style-type: none"> Industry capital levels could be negatively impacted if volatility resulting from global events puts downward pressure on market values. Global capital requirements are continuing to influence the asset allocation decisions of many companies. 	<ul style="list-style-type: none"> We maintain a strong financial position to capture growth opportunities as they arise and withstand headwinds from volatile capital markets or natural disasters.
Overall	Overall	<ul style="list-style-type: none"> We expect growth at a low-to-mid single-digit rate. Overall, we expect the industry’s ROE to improve but remain slightly below its long-term average of 10% over the next 12 months. 	<ul style="list-style-type: none"> We continue to invest in brand, digital strategies, customer experience and distribution networks to generate premium growth. We expect that our pricing and underwriting discipline, as well as our claims management capabilities will continue to help us outperform the industry.

FINANCIAL CONDITION

Section 11 – Financial position

March 31, 2017 highlights

BVPS growth for the last 12 months	Debt-to-capital ratio	Total excess capital	MCT
8%	18.5%	over \$1 billion	223%

11.1 Balance sheets

Table 14 – Balance sheets

As at	March 31, 2017	December 31, 2016
Assets		
Investments		
Cash, cash equivalents and short-term notes	141	273
Fixed-income securities	8,699	8,696
Preferred shares	1,415	1,377
Common shares	3,577	3,635
Loans	395	405
Investments	14,227	14,386
Premium receivables	2,781	3,057
Reinsurance assets	477	482
Deferred acquisition costs	701	747
Other assets	1,639	1,489
Intangible assets and goodwill	2,720	2,705
Total assets	22,545	22,866
Liabilities		
Claims liabilities	8,599	8,536
Unearned premiums	4,261	4,573
Financial liabilities related to investments	491	529
Other liabilities	1,660	1,747
Debt outstanding	1,393	1,393
Total liabilities	16,404	16,778
Shareholders' equity		
Common shares	2,081	2,082
Preferred shares	489	489
Contributed surplus	125	129
Retained earnings	3,225	3,197
AOCI	221	191
Shareholders' equity	6,141	6,088
Book value per share (in dollars)	43.14	42.72

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(in millions of dollars, except as otherwise noted)

11.2 Investments

Our investment portfolio is mainly composed of Canadian securities and includes a mix of cash and short-term notes, fixed-income securities, preferred shares, common shares and loans. As a means to provide geographic and sector diversification to our investment portfolio, we invest in high quality U.S. corporate bonds and U.S. common shares, as well as in international common shares. We actively manage our Canadian common share portfolio to enhance dividend income throughout the year.

Our invested assets totalled \$14.2 billion as at March 31, 2017, down \$159 million from December 31, 2016, mainly due to the deconsolidation of third party units in an investment in a mutual fund.

High-quality investment portfolio

Our investment portfolio includes high quality government and corporate bonds, as well as equity securities of large, publicly-traded, dividend-paying companies.

- Nearly 97% of our fixed-income portfolio is rated 'A-' or better as at March 31, 2017.
- We have no exposure to leveraged securities.
- Our asset-backed securities, all rated 'AAA', totalled \$191 million as at March 31, 2017 (\$177 million as at December 31, 2016) and included Canadian credit card receivables (\$165 million as at March 31, 2017, \$152 million as at December 31, 2016) and mortgage-backed securities.
- Our preferred shares portfolio is mainly comprised of Canadian issuers with 81% of our portfolio invested in securities that are highly rated, with at least a 'P2L' credit rating.

Table 15 – Credit quality of the fixed-income securities and preferred shares

As at	March 31, 2017	December 31, 2016
Fixed-income securities¹		
AAA	44%	46%
AA	37%	36%
A	16%	16%
BBB	2%	2%
Not rated	1%	-
	100%	100%
Preferred shares¹		
P1	-	-
P2	81%	79%
P3	19%	21%
	100%	100%

¹ Source: S&P, DBRS and Moody's.

As at March 31, 2017, the weighted-average rating of our fixed-income portfolio was 'AA+', unchanged since December 31, 2016, and the average duration of our fixed-income portfolio was 3.99 years (4.08 years, net of interest rate derivatives), similar to the duration of 4.02 years as at December 31, 2016 (4.04 years, net of interest rate derivatives). The weighted-average rating of our preferred share portfolio was 'P2' as at March 31, 2017 and December 31, 2016.

Management's Discussion and Analysis for the first quarter of 2017

(in millions of dollars, except as otherwise noted)

Net exposure

As part of our investment strategies, from time to time we take long/short common share positions in order to maximize the value added from active common share portfolio management, or to mitigate overall common share market volatility. We also use strategies where market risk from long common share positions is reduced through the use of swap agreements or other hedging instruments.

The following tables show our economic exposure after reflecting the impact of hedging strategies and financial liabilities related to investments.

Table 16 – Investment mix by asset class (net exposure)

As at	March 31, 2017	December 31, 2016
Cash, cash equivalents, and short-term notes	2%	3%
Fixed-income strategies	70%	70%
Preferred shares	10%	10%
Common equity strategies	15%	14%
	97%	97%
Loans	3%	3%
	100%	100%

The investment mix as at March 31, 2017 was comparable to December 31, 2016. Approximately 11% of our fixed-income portfolio was comprised of U.S. securities as at March 31, 2017. We hedge our foreign currency exposure in USD denominated fixed-income securities using foreign-currency forward contracts. Our common share exposure is focused on dividend-paying Canadian common shares, and is complemented by U.S. common shares and international common shares. Our common share portfolio was comprised of approximately 15% of U.S. common shares and 4% of international common shares as at March 31, 2017.

Table 17 – Investment portfolio – currency (net exposure)

As at	March 31, 2017	December 31, 2016
CAD	95%	95%
USD	4%	5%
Other	1%	-
	100%	100%

Table 18 – Sector mix by asset class, excluding cash, short-term notes and loans (net exposure)

	Fixed-income securities	Preferred shares	Common shares		IFC Total As at	
			IFC	S&P/TSX Weighting	March 31, 2017	Dec 31, 2016
Government	61%	-	-	-	41%	41%
Financials	29%	76%	19%	37%	38%	37%
Energy	1%	13%	19%	21%	5%	5%
Industrials	2%	-	12%	9%	3%	3%
Consumer staples	2%	-	11%	4%	3%	3%
Telecommunication	-	-	6%	5%	1%	1%
Utilities	-	11%	7%	3%	2%	2%
Consumer discretionary	1%	-	9%	5%	2%	2%
Materials	-	-	5%	12%	1%	1%
Information technology	2%	-	8%	3%	2%	3%
Health care	2%	-	4%	1%	2%	2%
	100%	100%	100%	100%	100%	100%

Our fixed-income investment portfolio is mainly concentrated in the government and financial sectors in order to provide liquidity and stability to our balance sheet.

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(in millions of dollars, except as otherwise noted)

Net pre-tax unrealized gain (loss) on AFS securities

In determining the fair value of investments, we rely on quoted market prices. In cases where an active market does not exist, the estimated fair values are based on recent transactions or current market prices for similar securities.

Table 19 – Net pre-tax unrealized gain (loss) on AFS securities

As at	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016
Fixed-income securities	93	83	165	166	140
Preferred shares	26	(67)	(117)	(158)	(184)
Common shares	194	253	210	142	79
Net pre-tax unrealized gain (loss) position	313	269	258	150	35

March 31, 2017 vs December 31, 2016

- **Our pre-tax unrealized gain position stood at \$313 million** as at March 31 2017, up \$44 million for the quarter. This increase was driven by gains on preferred shares offset in part by gains realized on our AFS common share portfolio. See Section 8.1 - *Capital markets* for more details.

Gains and losses in the common share portfolio are generally realized on an ongoing basis under normal capital market conditions, reflecting our investment strategy which is focused primarily on dividend-paying Canadian common shares.

Impairment recognition

The table below presents the aging of unrealized losses on our AFS common shares.

Table 20 – Aging of unrealized losses on AFS common shares

As at	Mar 31, 2017	Dec 31, 2016	Sept 30, 2016	June 30, 2016	Mar 31, 2016
Less than 25% below book value	23	14	19	39	46
More than 25% below book value for less than 6 consecutive months	6	2	3	3	3
More than 25% below book value for 6 consecutive months or more, but less than 9 consecutive months	4	4	-	1	24
Unrealized losses on AFS common shares	33	20	22	43	73

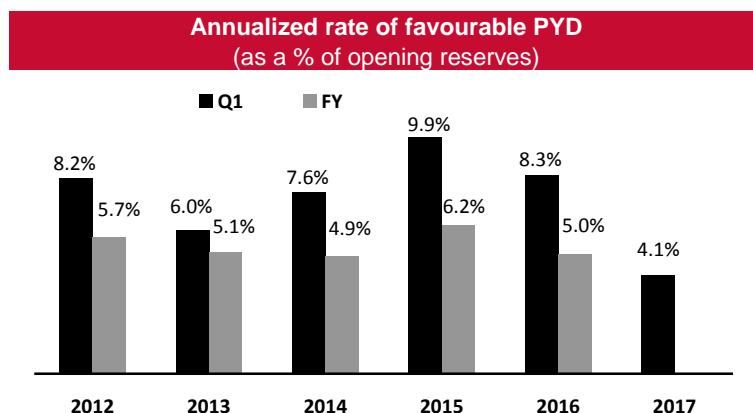
Based on our assessment, our impairment losses on AFS common shares amounted to less than \$1 million in Q1-2017, compared to \$22 million in Q1-2016. Refer to Table 11 – *Net investment gains (losses)* for additional details on our impairment losses. Also refer to *Note 2 – Summary of significant accounting policies* of the annual Consolidated financial statements for the year ended December 31, 2016 for additional details on our accounting policy regarding the impairment of financial assets.

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(in millions of dollars, except as otherwise noted)

11.3 Claims liabilities and PYD

- Reserve estimates are evaluated quarterly for redundancy or deficiency.
- The evaluation is based on actual payments in full or partial settlement of insurance contracts and current estimates of claims liabilities for claims still open or claims still unreported.
- PYD can fluctuate from quarter to quarter and year to year and, therefore, should be evaluated over longer periods of time.
- The historical rate of favourable PYD as a percentage of opening reserves has been approximately 3% to 5% per year over the long term.
- The level of PYD is typically higher in the first quarter compared to other quarters since any prior quarter claims development experienced in the first quarter is reported as PYD.



The following table shows the PYD by line of business and the annualized rate of favourable PYD (as a % of opening reserves).

Table 21 – Favourable PYD by line of business

	Q1-2017	Q1-2016	Change
By line of business			
Personal auto	(9)	(67)	58
Personal property	(17)	(40)	23
Commercial P&C	(44)	(53)	9
Commercial auto	(12)	(3)	(9)
Total unfavourable (favourable) development	(82)	(163)	81
Annualized rate of favourable PYD¹	(4.1)%	(8.3)%	4.2 pts

¹As a % of opening reserves.

Q1-2017 vs Q1-2016

- **Favourable PYD of \$82 million**, or 4.1% of opening reserves on an annualized basis, was favourable in all lines of business.

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(in millions of dollars, except as otherwise noted)

Section 12 – Liquidity and capital resources

12.1 Financing and capital structure

We generate liquidity by collecting and investing premiums in advance of paying claims. We use financing instruments, with a preference for long tenures, to optimize our balance sheet or to support growth initiatives.

We believe our optimal capital structure is one where the debt-to-capital ratio is up to 20% and we intend to operate at this level on an ongoing basis. We may exceed this level from time to time to capture market opportunities, but with a goal to return to our target within a reasonable time frame. We had a debt-to-capital ratio of 18.5% as at March 31, 2017 (18.6% as at December 31, 2016).

Base shelf prospectus and medium-term note supplement

As at March 31, 2017, the amounts available under the base shelf prospectus and medium-term note supplement filed in September 2015 were \$4.75 billion and \$950 million, respectively.

Credit facility

We have a \$300-million unsecured revolving term credit facility, which matures on December 5, 2020. This credit facility may be drawn as follows:

Type:	At a rate of:
Prime loans	Prime rate plus a margin
Base rate (Canada) advances	Base rate plus a margin
Bankers’ acceptances	Bankers’ acceptance rate plus a margin
Libor advances	Libor rate plus a margin

This facility was undrawn as at March 31, 2017 and December 31, 2016.

As part of the covenants under the credit facility, we are required to maintain certain financial ratios, which were fully met as at March 31, 2017 and December 31, 2016.

Sale and repurchase agreements

We may, from time to time, enter into sale and repurchase agreements consisting of the sale of securities together with an agreement to repurchase them in the short term, at a set price and date, up to a maximum of 1.5% of invested assets. We did not have any securities sold under sale and repurchase agreements as at March 31, 2017 and December 31, 2016.

12.2 Ratings

Independent third party rating agencies assess our insurance subsidiaries’ ability to meet their ongoing policyholder obligation (“financial strength rating”) and our ability to honour our financial obligations (“issuer credit rating”). Ratings are an important factor in establishing our competitive position in the insurance market, mainly in commercial insurance, and accessing capital markets at competitive pricing levels.

Table 22 – Ratings

	A. M. Best	DBRS	Moody’s	Fitch
Financial strength ratings of IFC’s principal P&C insurance subsidiaries	A+	AA(low)	A1	AA-
Long-term issuer credit ratings of IFC	a-	A	Baa1	A-

A.M. Best, DBRS, Moody’s and Fitch have maintained their ratings for long-term issuer and insurance financial strength.

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(in millions of dollars, except as otherwise noted)

12.3 Understanding our cash flows

Cash inflows from operating activities mainly consist of insurance premiums and investment income. Cash inflows in excess of required outflows are deployed in our investment portfolio to generate additional investment income in the future.

Table 23 – Cash flows

	Q1-2017	Q1-2016	Change
Cash flows used in operating activities	(17)	(20)	3
Cash flows deployed on:			
Equity investments in brokerages and other, net	(34)	(84)	50
Purchases of intangibles and P&E, net	(25)	(42)	17
Dividends	(89)	(81)	(8)
Share-based payments in shares	(10)	(5)	(5)
NCIB (<i>see Section 18.4</i>)	(5)	(20)	15
Cash flows generated from:			
Issuance of Series 6 medium term notes	-	248	(248)
Cash flow available for investment activities¹	(180)	(4)	(176)
Net investment sales (purchases)	100	84	16
Net increase (decrease) in cash and cash equivalents	(80)	80	(160)

¹ A non-IFRS financial measure which includes net cash flows from cash and cash equivalents and the investment portfolio.

We continued to invest in our broker network to develop broker relationships. Investing in brokers generates distribution income and supports our long-term growth objective.

We consider that we have sufficient capital resources, cash flows from operating activities and borrowing capacity to support our current and anticipated activities, scheduled principal and interest payments on our outstanding debt, the payment of dividends and other expected financial requirements in the near term.

Section 13 – Capital management

13.1 Capital management objectives

Our objectives when managing capital consist of:

- maintaining strong regulatory capital levels (see Regulatory capital section on following page), while ensuring policyholders are well protected; and
- maximizing long-term shareholder value by optimizing capital used to operate and grow the Company.

We seek to maintain adequate excess capital levels to ensure that the probability of breaching the regulatory minimum requirements is very low. Such levels may vary over time depending on our evaluation of risks and their potential impact on capital. We also keep higher levels of excess capital when we foresee growth or actionable opportunities in the near term. Furthermore, we intend to return excess capital to shareholders through annual dividend increases and, when excess capital levels permit, through share buybacks. Refer to Section 18 – *Shareholder information* for details on dividend declared on common shares and preferred shares, and on the NCIB.

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Regulatory capital

We manage regulatory capital on an aggregate basis, as well as individually for each regulated entity. Our federally chartered P&C insurance subsidiaries are subject to the regulatory capital requirements defined by OSFI and the *Insurance Companies Act*, while our Québec provincially chartered subsidiaries are subject to the requirements of the AMF and the *Act respecting insurance*.

Federal and Québec regulated P&C insurers are required, at a minimum, to maintain a MCT ratio of 100%. OSFI and the AMF have also established an industry-wide supervisory target capital ratio of 150%, which provides a cushion above the minimum requirement. To ensure that there is minimal risk of breaching the supervisory target, we have established a higher internal threshold in our principal insurance subsidiaries in excess of which, under normal circumstances, we will maintain our capital.

Total capital available and total capital required represent amounts applicable to our P&C insurance subsidiaries and are determined in accordance with prescribed OSFI and AMF rules.

- Total capital available mostly represents total shareholders’ equity less specific deductions for disallowed assets including goodwill and intangible assets, net of related deferred tax liabilities.
- Total capital required is calculated by classifying assets and liabilities into categories and applying prescribed risk factors to each category. It is further increased by an operational risk margin, based on the overall riskiness of a P&C insurer (its capital required) and its premium volume. Capital required is then reduced by a credit for diversification between investment risk and insurance risk.

MCT Guidelines

MCT guidelines change from time to time and may impact our capital levels. We carefully monitor all changes, actual or proposed. The most recent changes to the MCT guidelines came into effect on January 1, 2016 and the impact on our MCT ratios was positive, with the benefit phasing in over a two-year period.

13.2 Capital position

Table 24 – Estimated aggregated capital position of our P&C insurance subsidiaries

As at	March 31, 2017	December 31, 2016
Total capital available	4,350	4,300
Total capital required	1,952	1,972
MCT %	223%	218%
Excess capital at 100%	2,398	2,328
Excess capital at 150%	1,422	1,342
Excess capital at 170%	1,032	947

Our estimated aggregate MCT level as at March 31, 2017 was strong at 223%, up by 5 points from December 31, 2016. The improvement reflects our operating profit net of dividends, as well as the positive impact of the 2015 and 2016 MCT guidelines phase-in.

Total excess capital includes excess capital, over 170% MCT, in our P&C subsidiaries and excess capital outside of the P&C insurance subsidiaries. As at March 31, 2017, total excess capital stood at \$1,034 million, up by \$64 million from December 31, 2016, which is consistent with the MCT movement mentioned above.

As at March 31, 2017, our P&C insurance subsidiaries remained well capitalized on an individual basis and were in compliance with regulatory requirements, as well as above internal thresholds.

For details on MCT sensitivity, please refer to Section 14 – *Sensitivity Analyses*.

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RISK MANAGEMENT

Section 14 – Sensitivity analyses

Sensitivity analyses are one risk management technique that assist management in ensuring that risks assumed remain within our risk tolerance level. Sensitivity analyses involve varying a single factor to assess the impact that this would have on the Company's results and financial condition. No management action is considered.

Actual results can differ materially from these estimates for a variety of reasons and therefore, these sensitivities should be considered as directional estimates.

Table 25 - Sensitivity analysis

For the quarters ended	March 31, 2017			December 31, 2016		
	Net income	OCI	MCT ¹	Net income	OCI	MCT ¹
Equity price risk						
Common share prices (10% decrease) ²	7	(194)	(1) pts	9	(193)	(1) pts
Preferred share prices (5% decrease) ³	11	(61)	(2) pts	8	(57)	(2) pts
Interest rate risk⁴ (100 basis point increase)						
Investments (net asset position, when referring to MCT)	-	(70)	(3) pts	4	(75)	(3) pts
Currency risk (strengthening of Can. dollar by 10%) ⁵						
Investments (net asset position, when referring to MCT)	2	(40)	- pts	2	(47)	- pts
Underwriting profitability						
Combined ratio (3 points increase) ⁶			(10) pts			(10) pts

¹ MCT sensitivity is based on movements in the net asset position caused by the relevant risk.

² Net of any equity hedges, including the impact of any impairment.

³ Including the impact on related embedded derivatives.

⁴ The yield curve experiences an instantaneous parallel shift.

⁵ After giving effect to forward-exchange contracts.

⁶ Combined ratio deteriorates across all lines of business. All resulting claims are outstanding (no payments) and no reinsurance is triggered.

A decline in the price of AFS perpetual preferred shares is recorded in OCI and would normally lead to a lower valuation for associated embedded derivative liabilities which are recorded as gains in Net income. Conversely, an increase in the price of these preferred shares is also recorded in OCI and would normally lead to a higher valuation for associated embedded derivative liabilities which are recorded as losses in Net income.

Gains and losses resulting from changes in interest rates vary depending on our position on the interest rate risk.

The above analyses were prepared using the following assumptions:

- Shifts in the yield curve are parallel.
- Interest rates, equity prices and foreign currency move independently.
- Credit, liquidity and basis risks have not been considered.
- Impact on the Company's pension plans has been considered.
- Risk reduction measures perform as expected, with no material basis risk and no counterparty defaults.
- For FVTPL debt securities, the estimated impact on Net income is assumed to be offset by the market-yield adjustment.
- AFS debt or equity securities in an unrealized loss position, as reflected in AOCI may, at some point in the future, be realized through sale.

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ADDITIONAL INFORMATION

Section 15 – Non-IFRS financial measures

Non-IFRS financial measures do not have standardized meanings prescribed by IFRS and may not be comparable to similar measures used by other companies in our industry. These non-IFRS financial measures are used by management and financial analysts to assess our performance. Further, they provide users with an enhanced understanding of our results and related trends and increase transparency and clarity into the core results of the business.

- **DPW** represents the total amount of premiums for new and renewal policies billed (written) during the reporting period, excluding industry pools and normalized for the effect of multi-year policies. This measure matches DPW to the year in which coverage is provided, whereas under IFRS, the full value of multi-year policies is recognized in the year the policy is written.
- **Underlying current year loss ratio** represents our current year claims ratio excluding catastrophe losses, reinstatement premiums, and PYD. Catastrophe events are not predictable, and as such, excluding them provides clearer insight into our analysis of current year performance.
- **NOI, NOIPS and OROE** exclude the impact of net investment gains (losses), the positive (negative) effect of MYA on underwriting, the difference between expected return and discount rate on pension assets, the amortization of intangible assets recognized in business combinations, integration and restructuring costs, as well as other costs that we do not believe to be reflective of our operating performance. Investment gains and losses as well as the effect of MYA on underwriting arise mostly from changes in market conditions, which can be volatile to earnings. We also exclude the difference between expected return and discount rate on pension assets, as we believe the gap in these measures is not reflective of our internal investment management expertise and management of our pension investment asset portfolio.
- **ROE** excludes the dividends declared on preferred shares.
- **AEPS and AROE** exclude the impact of amortization of intangible assets recognized in business combinations, integration and restructuring costs, all on an after tax basis. We believe that these excluded items are not appropriate in assessing our underlying performance.
- **Cash flow available for investment activities** includes net cash flows from cash and cash equivalents and the investment portfolio. See Section 12.3 – *Understanding our cash flows* for a reconciliation of this non-IFRS financial measure.
- **Market-based yield** represents the annualized total pre-tax investment income (before expenses), divided by the mid-month average fair value of net equity and fixed-income securities held during the reporting period (average net investments). This calculation provides users with a consistent measure of our relative investment performance.

Table 26 – Reconciliation of DPW and DPW growth to DPW, as reported under IFRS

	Q1-2017	Q1-2016
DPW, as reported under IFRS	1,731	1,665
Exclude impact of industry pools	9	(12)
Add share of the results of jointly held insurance operations	-	22
DPW (full term)	1,740	1,675
Add impact of the normalization for multi-year policies	4	6
DPW	1,744	1,681
DPW growth	4%	7%

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Table 27 – Reconciliation of NEP before reinstatement premiums to NEP and of current year claims to net claims incurred, as reported under IFRS

	Q1-2017	Q1-2016
NEP, as reported under IFRS	1,997	1,918
Add share of the results of jointly held insurance operations	-	12
NEP	1,997	1,930
Add (deduct) reinstatement premiums ceded (recovered)	1	1
NEP, before reinstatement premiums	1,998	1,931
Net claims incurred, as reported under IFRS	1,399	1,207
Less positive (negative) impact of MYA on underwriting results	(13)	(18)
Less difference between expected return and discount rate on pension assets allocated to net claims incurred	(45)	(2)
Add share of the results of jointly held insurance operations	-	9
Total net claims	1,381	1,196
Less current year CAT claims	(88)	(21)
Less favourable (unfavorable) PYD	82	163
Current year claims	1,375	1,338
NEP, before reinstatement premiums	1,998	1,931
Underlying current year loss ratio	68.8%	69.2%

Table 28 – Reconciliation of NOIPS and OROE to net income

	Q1-2017	Q1-2016
Net income	146	152
Add income tax expense	35	42
Add net investment losses (gains)	(75)	20
Add negative (positive) impact of MYA on underwriting	13	18
Add difference between expected return and discount rate on pension assets	11	7
Add amortization of intangible assets recognized in business combinations	12	13
Add integration and restructuring costs	4	-
Add loss (gain) from other non-operating items	4	-
Pre-tax operating income	150	252
Tax impact	(27)	(55)
NOI	123	197
Less preferred share dividends	(5)	(5)
NOI to common shareholders	118	192
Divided by weighted-average number of common shares outstanding (in millions)	131.0	131.5
NOIPS, basic and diluted (in dollars)	0.90	1.46
NOI to common shareholders – last 12 months	566	850
Average common shareholders' equity, excluding AOCI	5,342	5,087
OROE for the last 12 months	10.6%	16.7%

Table 29 – Reconciliation of ROE to net income

	Q1-2017	Q1-2016
Net income	146	152
Less preferred share dividends	(5)	(5)
Net income attributable to common shareholders	141	147
Net income attributable to common shareholders – last 12 months	516	657
Average common shareholders' equity	5,457	5,193
ROE for the last 12 months	9.5%	12.7%

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Table 30 – Reconciliation of AEPS and AROE to net income

	Q1-2017	Q1-2016
Net income	146	152
Add amortization of intangible assets recognized in business combinations, net of tax ¹	10	10
Add integration and restructuring costs, net of tax	4	-
Adjusted net income	160	162
Less preferred share dividends	(5)	(5)
Adjusted net income attributable to common shareholders	155	157
Divided by weighted-average number of common shares outstanding (in millions)	131.0	131.5
AEPS, basic and diluted (in dollars)	1.18	1.19
Adjusted net income attributable to common shareholders – LTM	591	704
Average common shareholders' equity	5,457	5,193
ROE for the last 12 months	10.8%	13.6%

¹ Write-off of intangibles recognized in business combinations are recorded in net investment gains (losses).

Table 31 – Reconciliation of underwriting income to underwriting income, as reported under IFRS

	Q1-2017	Q1-2016
Underwriting income, as reported under IFRS	11	122
Add profit (loss) from jointly held insurance operations	-	(2)
Add difference between expected return and discount rate on pension assets	11	7
Add impact of MYA on underwriting results	13	18
Underwriting income	35	145

Section 16 – Non-operating results

Non-operating results, a non-IFRS financial measure, include elements that are not representative of our operating performance because they relate to special items, bear significant volatility from one period to another, or because they are not part of our normal activities. As a result, these elements are excluded from the calculation of NOI and related non-IFRS financial measures.

Table 32 – Non-operating results

	Q1-2017	Q1-2016	Change
Net investment gains (losses)	75	(20)	95
Positive (negative) impact of MYA on underwriting	(13)	(18)	5
Difference between expected return and discount rate on pension assets	(11)	(7)	(4)
Integration and restructuring costs	(4)	-	(4)
Amortization of intangible assets recognized in business combinations	(12)	(13)	1
Other	(4)	-	(4)
Non-operating gains (losses)	31	(58)	89

Impact of MYA on underwriting

Claims liabilities are discounted at the estimated market yield of the assets backing these liabilities. The impact of changes in the discount rate used to discount claims liabilities based on the change in the market-based yield of the underlying assets is referred to as MYA. The MYA to claims liabilities is generally offset by gains and losses on FVTPL fixed-income securities, which are included in net investment gains (losses) in the table above, with the objective that these items offset each other with a minimal overall impact to net income.

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(in millions of dollars, except as otherwise noted)

Difference between expected return and discount rate on pension assets

We continue to manage our pension asset investment portfolio with a target asset return based on a target asset allocation. We measure NOI using a pension expense based on the expected return on plan assets to better reflect our operating performance. Any difference between the expected return on pension assets and the return based on the discount rate determined at the beginning of the year is treated as a non-operating item.

Section 17 – Accounting and disclosure matters

17.1 Disclosure controls and procedures

We are committed to providing timely, accurate and balanced disclosure of all material information about the Company and to providing fair and equal access to such information. Management is responsible for establishing and maintaining our disclosure controls and procedures to ensure that information used internally and disclosed externally is complete and reliable. Due to the inherent limitations in all control systems, an evaluation of controls can provide only reasonable, not absolute assurance, that all control issues and instances of fraud or error, if any, within the Company have been detected. We continue to evolve and enhance our system of controls and procedures.

Management, at the direction and under the supervision of the Chief Executive Officer and the Chief Financial Officer of the Company, has evaluated the effectiveness of our disclosure controls and procedures. The evaluation was conducted in accordance with the requirements of National Instrument 52-109 – *Certification of Disclosure in Issuer's Annual and Interim Filings* ("NI 52-109") of the Canadian Securities Administrators. This evaluation confirmed, subject to the inherent limitations noted above, the effectiveness of the design and operation of disclosure controls and procedures as at March 31, 2017. Management can therefore provide reasonable assurance that material information relating to the Company and its subsidiaries is reported to it on a timely basis so that it may provide investors with complete and reliable information.

17.2 Internal controls over financial reporting

Management has designed and is responsible for maintaining adequate internal control over financial reporting ("ICFR") to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

Management has evaluated the design and operating effectiveness of its ICFR as defined in NI 52-109. The evaluation was based on the criteria established in the "Internal Control-Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). This evaluation was performed by the Chief Executive Officer and the Chief Financial Officer of the Company with the assistance of other Company Management and staff to the extent deemed necessary. Based on this evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the ICFR were appropriately designed and operating effectively, as at March 31, 2017.

In spite of its evaluation, Management does recognize that any controls and procedures no matter how well designed and operated, can only provide reasonable assurance and not absolute assurance of achieving the desired control objectives.

No significant changes were made to our ongoing ICFR during the first quarter of 2017 that have materially affected, or are reasonably likely to materially affect the Company's ICFR.

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(in millions of dollars, except as otherwise noted)

Section 18 – Shareholder information**18.1 Authorized share capital**

Our authorized share capital consists of an unlimited number of common shares and Class A shares.

18.2 Outstanding share data

The following table presents the outstanding share data.

Table 33 – Outstanding share data (number of shares)

As at April 28, 2017	
Common shares	130,986,034
Class A	
Series 1 Preferred Shares	10,000,000
Series 3 Preferred Shares	8,405,004
Series 4 Preferred Shares	1,594,996

Refer to our Annual Information Form for the year ended December 31, 2016, for more detailed information on the rights of shareholders.

18.3 Dividends declared on common shares and preferred shares

On May 2, 2017, we declared a quarterly dividend of 64 cents per common share on our outstanding common shares. We also declared a quarterly dividend of 26.25 cents per share on our Class A Series 1, a quarterly dividend of 20.825 cents per share on our Class A Series 3 preferred shares and a quarterly dividend of 19.57125 cents per share on our Class A Series 4 preferred shares.

Table 34 – Dividends declared per share (in dollars)

Common shares	0.64
Class A	
Series 1 Preferred Shares	0.2625
Series 3 Preferred Shares	0.20825
Series 4 Preferred Shares ¹	0.1957125

¹Series 4 Preferred Shares were issued on September 30, 2016.

18.4 NCIB

On February 13, 2017, we renewed our NCIB program which permits us to purchase for cancellation during the next 12 months up to 6,551,741 common shares, representing approximately 5% of our issued and outstanding common shares as at February 1, 2017. From January 1 to February 10, 2017, 20,400 common shares had been repurchased for cancellation under the 2016 NCIB program at an average price of \$93.70 for total consideration of \$1.9 million. From February 13 to March 31, 2017, 28,700 common shares had been repurchased for cancellation under the 2017 NCIB program at an average price of \$94.19 per share for a total consideration of \$2.7 million. This 2017 NCIB program will expire on February 12, 2018.

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Section 19 – Selected quarterly information

19.1 Selected quarterly information

Table 35 – Selected quarterly information

	2017				2016			2015
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
DPW	1,744	1,961	2,193	2,458	1,681	1,908	2,095	2,344
Total revenues ¹	2,216	2,085	2,197	2,117	2,041	2,027	2,003	1,975
NEP ²	1,997	2,043	2,036	1,937	1,930	1,948	1,930	1,865
Current year CAT losses	88	34	166	164	21	2	81	22
Favourable PYD	(82)	(62)	(71)	(93)	(163)	(75)	(107)	(106)
Underwriting income ²	35	153	61	16	145	221	131	158
Combined ratio	98.2%	92.5%	97.0%	99.2%	92.5%	88.6%	93.2%	91.6%
Net investment income	105	104	102	104	104	110	105	104
NOI ²	123	212	137	114	197	265	199	210
Net income	146	171	125	93	152	198	131	199
Per share measures, basic and diluted (in dollars)								
NOIPS ²	0.90	1.58	1.01	0.83	1.46	1.97	1.47	1.56
EPS	1.08	1.27	0.91	0.67	1.11	1.46	0.95	1.47

¹ Total revenues exclude other underwriting revenues.

² Refer to Section 15 – Non-IFRS financial measures.

19.2 Seasonality of the P&C insurance business

The P&C insurance business is seasonal in nature. While NEP are generally stable from quarter to quarter, underwriting results are mainly driven by weather conditions which may vary significantly between quarters. The underlying seasonality in our combined ratio is best illustrated by excluding the impact of CAT losses (see Table 37).

For instance, in 2016 our second and third quarters saw a higher combined ratio including CAT losses than the first and fourth quarters, meaning that underwriting results were relatively less profitable in Q2-2016 and Q3-2016. When CAT losses are excluded, the first and fourth quarters of 2016 saw a slightly higher combined ratio than the other quarters in 2016, meaning that the underwriting results were relatively less profitable in Q1-2016 and Q4-2016 than the rest of the year.

Table 36 – Seasonal indicator, including CAT losses

	2016	2015	2014	2013	2012	2011	2010	2009	Eight-year average
Q1	0.97	1.02	1.05	0.97	0.99	1.00	0.98	1.00	1.00
Q2	1.04	1.00	1.00	1.00	0.99	1.03	0.98	0.97	1.00
Q3	1.02	1.02	1.00	1.05	1.03	0.99	1.01	1.07	1.02
Q4	0.97	0.96	0.95	0.98	0.99	0.98	1.03	0.96	0.98

Table 37 – Seasonal indicator, excluding CAT losses

	2016	2015	2014	2013	2012	2011	2010	2009	Eight-year average
Q1	1.01	1.03	1.04	1.04	1.02	1.04	1.00	1.02	1.03
Q2	0.99	1.01	1.02	0.97	0.98	0.96	0.99	0.99	0.99
Q3	0.99	0.98	0.96	0.97	0.97	0.99	0.98	1.00	0.98
Q4	1.01	0.98	0.98	1.02	1.03	1.01	1.03	0.99	1.01