

Q3-2011

Review of performance



Charles Brindamour

Chief Executive Officer



Q3-2011 Key points

Third quarter highlights

- Net operating income to common shareholders per share of \$0.97 (up 23% YoY), driven by very strong underwriting results from our auto businesses
- Q3 combined ratio of 94.2%, 2.4 points better than last year, despite \$53 million in catastrophe losses
- Premium growth of 2% driven by commercial lines
- Operating ROE of 14.0% with a 13% increase in book value per share in the last 12 months
- On an adjusted basis, EPS of \$1.11 (up 13% YoY) and an ROE of 17.8%

Important notes:

- AXA Canada's underwriting results for the week ended September 30 have been reflected in Other income, net, (excluded from the Company's underwriting results, i.e. DPW and CR).
- Adjusted earnings to common shareholders per share and adjusted return on common shareholders equity exclude the impact of integration and restructuring costs, as well as the amortization of intangible assets recognized in business combinations.
- In Q3-2011, for the purposes of ROE, adjusted ROE and OROE, the average equity calculation has been adjusted on a pro rata basis to account for the \$921 million of common shares issued as at September 23, 2011.
- All references to direct premiums written in this presentation exclude industry pools, unless otherwise noted and all underwriting results and related ratios exclude the market yield adjustment ("MYA"), except if noted otherwise.
- Catastrophe claims are any one claim, or group of claims, equal to or greater than \$5 million, related to a single event.



Industry overview

We remain well-positioned to continue outperforming the Canadian P&C insurance industry in the current environment

Premium growth

- Industry premiums are likely to increase at a similar rate as in 2010, with mid single digit growth in personal auto (driven by Ontario), upper single digit growth in personal property (reflecting the impact of water related losses and more frequent and/or severe storms) and low single digit growth in commercial lines.

Ontario auto

- Reforms encouraging, while our actions to combat fraud and abuse are also gaining traction.
- We maintain our expectation for a combined improvement of 12 points within 18 months post-reforms.
- IFC profitability gap with industry remains strong, which affords us the flexibility to consider actions to improve growth.

Personal property

- Catastrophe losses were elevated for a second consecutive quarter.
- We continue to monitor and adapt to an increasing level of severe weather occurrences in order to create a sustainable competitive advantage.

Commercial lines

- While pricing conditions in commercial lines remain soft, we were able to grow units 4% in conjunction with putting through 2% higher rates.





AXA integration update

- People-related decisions have been made:
 - Senior management team announced in late September;
 - Overall team of more than 10,000 employees essentially in place.
- Announced sale of AXA Canada's life insurance business:
 - Allows us to focus on the parts of the business to which we add value;
 - Improves already-strong acquisition metrics;
 - Improves our leverage position once it closes in early 2012.
- We intend to maintain the full suite of AXA capabilities, thereby expanding our reach and offering the potential for revenue enhancements.
- On target to complete the conversion within 15 months and achieve \$100 million in after-tax synergies and 15% earnings accretion post integration.





Conclusion

- The resilience of our company was illustrated during the quarter:
 - Combined ratio of 94.2%, despite \$53 million in catastrophe losses
 - Net operating income to common shareholder per share of \$0.97
 - Ontario auto results much improved
 - Successful progress with AXA Canada integration

Given the quality of our operational platforms, the flexibility provided by our strong financial position, and the synergistic combination with AXA Canada, we believe we will continue to outperform the industry and strengthen our leadership position.



Mark Tullis

Chief Financial Officer



Financial highlights

	Q3-2011	Q3-2010	Change	YTD 2011	YTD 2010	Change
Direct premiums written	1,226	1,206	2%	3,523	3,438	2%
Net underwriting income	65	37	76%	155	172	(10)%
Combined ratio	94.2%	96.6%	(2.4) pts	95.2%	94.5%	0.7 pts
Net operating income to common shareholders per share	\$0.97	\$0.79	23%	\$2.75	\$2.78	(1)%
Earnings to common shareholders per share	\$0.87	\$0.96	(9)%	\$3.41	\$3.37	1%
Adjusted earnings to common shareholders per share - basic and diluted	\$1.11	\$0.98	13%	\$3.69	\$3.42	8%
Operating return on common shareholders equity for the last 12 months	14.0%	n/a	n/a			

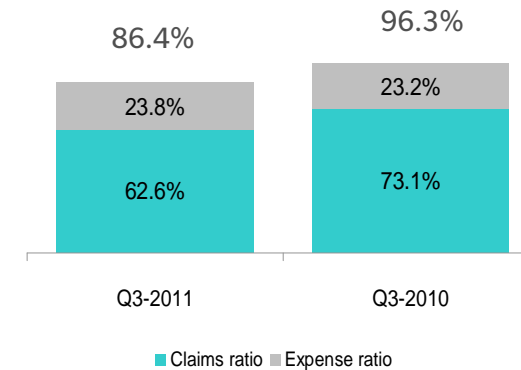
- Underwriting performance was solid with a combined ratio of 94.2%, 2.4 points improved versus Q3 2010, due to significant improvements in personal auto
- Operating ROE of 14.0% (adjusted ROE of 17.8%) with a 13% increase in book value per share to \$28.97
- Growth in direct premiums written at 2% year-over-year

Significantly improved results in personal auto

(in \$ millions, except as otherwise noted)

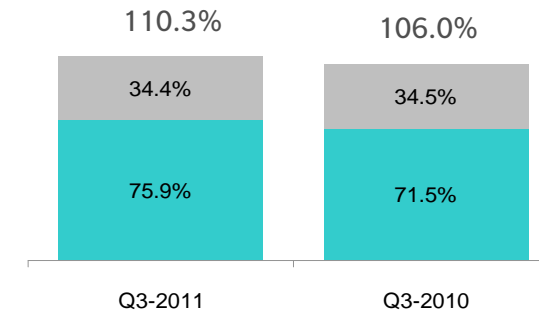
Personal Auto	Q3-2011	Q3-2010	Change
Direct premiums written	622	626	(1)%
Underwriting income	76	20	280%
Combined ratio	86.4%	96.3%	(9.9) pts

Combined ratios



- Significant improvement in combined ratio reflects impact of ON auto reforms, prior rate increases and our own internal actions
- DPW growth impacted by slower growth in direct businesses, notably from our approach to growth in Ontario

Personal Property	Q3-2011	Q3-2010	Change
Direct premiums written	312	302	3%
Underwriting income (loss)	(27)	(15)	n/a
Combined ratio	110.3%	106.0%	4.3 pts



- DPW growth of 3%, as change in mix and reduction of units offset increases in rates and amounts insured
- Higher combined ratio reflects elevated losses related to catastrophes for a second consecutive quarter

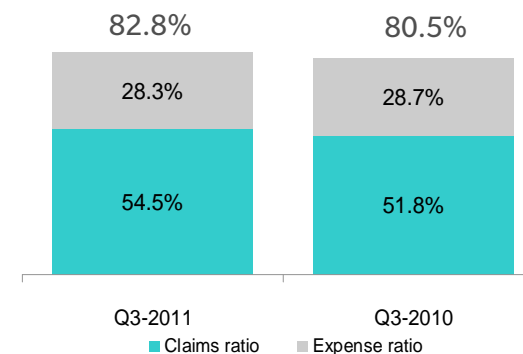


Commercial lines growth solid

(in \$ millions, except as otherwise noted)

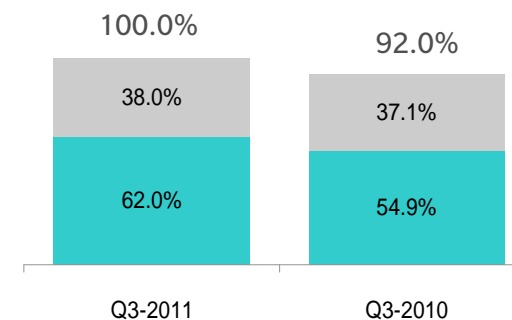
Commercial auto	Q3-2011	Q3-2010	Change
Direct premiums written	83	79	5%
Underwriting income	15	16	(6)%
Combined ratio	82.8%	80.5%	2.3 pts

Combined ratios



- Growth in direct premiums written remained strong at 5%; underwriting results steady year-over-year

Commercial P&C	Q3-2011	Q3-2010	Change
Direct premiums written	209	199	5%
Underwriting income	-	15	n/a
Combined ratio	100.0%	92.0%	8.0 pts



- Combined ratio up on higher catastrophe losses and lower favourable prior year claims development



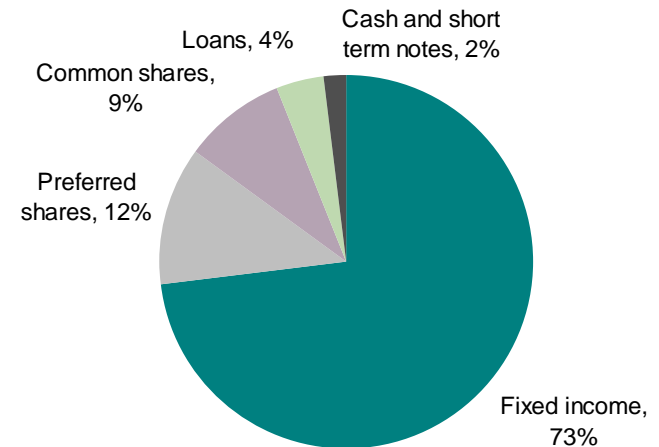
High quality investment portfolio

Net investment gains (losses)

(in \$ millions, except as otherwise noted)

	Q3 -11	Q3 -10	Change
Debt Securities			
Gains (losses) on fixed income securities & related derivatives	(1)	15	(16)
Equity securities			
Gains on equity securities, net of stand alone derivatives	4	31	(27)
Gains (losses) on embedded derivatives	16	(13)	29
Gains on equity securities & related derivatives	20	18	2
Total gains excl. FVTPL debt securities	19	33	(14)
Gains on FVTPL debt securities	59	33	26
Total net gains, before income taxes	78	66	12

\$11.8 billion in investments



Note: Investment mix is net of hedging positions.

Healthy investment portfolio

- Approx. 95.6% of bonds are rated A or better
- 84.2% of preferred shares are rated P1 or P2
- \$74 million in net investment income includes \$2 million from AXA Canada
- Market-based yield of 3.8%, down 30 basis points from Q3-2010



Financial position remains strong

- Our financial position remains strong with \$534 million in excess capital; despite allocating ~\$400 million toward the AXA acquisition. We ended the quarter with an MCT of 202%.
- We believe our capital levels are appropriate given likely headwinds, particularly from low interest rates.
- Debt to total capital ratio above our target level:
 - We intend to allocate a portion of the \$300 million proceeds from life sale to reduce the term loan facility used to partially finance the acquisition
 - Ratio back in line with our target of 20% once the transaction closes in early 2012.
- Operating return on equity of 14.0%, while book value per share increased 13% from a year earlier to \$28.97.



Realizing the benefits of the acquisition

- AXA Canada policies are now being written on IFC systems – important precursor to realizing benefits of the deal.
- We expect \$100 million in annual after-tax synergies comprised of:
 - System related costs savings;
 - External loss adjustment expense reductions;
 - Shared services savings;
 - Operational and claims efficiencies.
- Increased reinsurance costs should be more than offset by short-term supply chain benefits.
- We expect to reach our \$100 million run-rate within 18-24 months of the close.
- Ultimate price-to-book multiple of 1.6 times – very attractive given the profitability of the book.

(in millions)

AXA Canada Book Value September 23, 2011	\$1,490
Life write up to sale price less sale costs	\$145
Total	\$1,635
Purchase price	\$2,621
Multiple paid	1.6x



Strategic, operational and financial strength



- Largest P&C insurance company in Canada
- Strong financial position
- Excellent long-term earnings power
- Organic growth platforms easily expandable

Disciplined pricing, underwriting, investment and capital management
have positioned us well for the future





Forward-looking statement disclaimer

Certain of the statements included in this presentation 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. 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 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 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; 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; the Company's ability to successfully pursue its acquisition strategy; the Company's ability to execute its business strategy; the terms and conditions of, and regulatory approvals relating to, the sale of AXA Canada's life insurance business to SSQ, Life Insurance Company Inc. (the "Sale"); timing for completion of the Sale; various other actions to be taken or requirements to be met in connection with the Sale and its completion; synergies arising from, and the Company's integration plans relating to the AXA Canada acquisition; management's estimates and expectations in relation to resulting accretion, internal rate of return and debt to capital position after closing of the AXA Canada acquisition; various other actions to be taken or requirements to be met in connection with the AXA Canada acquisition and integrating the Company and AXA Canada; 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 catastrophic events; the Company's ability to maintain its financial strength ratings; 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 reliance on information technology and telecommunications systems; the Company's dependence on key employees; general economic, financial and political conditions; the Company's dependence on the results of operations of its subsidiaries; the volatility of the stock market and other factors affecting the Company's share price; and future sales of a substantial number of its common shares. All of the forward-looking statements included in this MD&A are qualified by these cautionary statements and those made in the "Risk Management" section of our MD&A for the year ended December 31, 2010. 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.



IFC Investor Day

Tuesday November 15, 2011

Q4-2011 Earnings conference call

Wednesday February 8, 2012

