

*No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.*

*This prospectus supplement (the “Prospectus Supplement”), together with the short form base shelf prospectus dated November 15, 2017 to which it relates, as amended or supplemented (the “Shelf Prospectus”), and each document incorporated by reference into this Prospectus Supplement and into the Shelf Prospectus, constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities.*

*Information has been incorporated by reference in this Prospectus Supplement and the Shelf Prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Secretary’s Office of Intact Financial Corporation, 700 University Avenue, Suite 1500-A (Legal), Toronto, Ontario, M5G 0A1, (416) 341-1464, ext. 45149 or 2020 Robert-Bourassa Boulevard, 6th Floor, Montréal, Québec, H3A 2A5, (514) 985-7111 ext. 66365 and are also available electronically at [www.sedar.com](http://www.sedar.com).*

*The securities to be issued hereunder have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”), or any state securities laws and, except as described under “Plan of Distribution”, may not be offered, sold or delivered, directly or indirectly, in the United States.*

**PROSPECTUS SUPPLEMENT  
(to short form base shelf prospectus dated November 15, 2017)**

**New Issue**

**May 22, 2018**



**INTACT FINANCIAL CORPORATION**

**\$250,000,000**

**10,000,000 Non-cumulative Rate Reset Class A Shares, Series 7**

Intact Financial Corporation (“IFC”) is hereby qualifying for distribution (the “Offering”) 10,000,000 Non-cumulative Rate Reset Class A Shares, Series 7 (the “Series 7 Preferred Shares”) at a price of \$25.00 per Series 7 Preferred Share. The Series 7 Preferred Shares are being offered pursuant to an underwriting agreement dated May 22, 2018 (the “Underwriting Agreement”) between IFC and TD Securities Inc., BMO Nesbitt Burns Inc., CIBC World Markets Inc., National Bank Financial Inc., RBC Dominion Securities Inc., Scotia Capital Inc., Raymond James Ltd., Desjardins Securities Inc., GMP Securities L.P. and Cormark Securities Inc. (collectively, the “Underwriters”). The terms of the Offering have been determined by negotiation between IFC and the Underwriters. See “Details of the Offering” and “Plan of Distribution”.

The holders of Series 7 Preferred Shares will be entitled to receive fixed non-cumulative preferential cash dividends, if, as and when declared by the board of directors of IFC (the “Board of Directors”) for the initial period from and including the closing date of this Offering to but excluding June 30, 2023 (the “Initial Fixed Rate Period”), payable quarterly on the last day of March, June, September and December in each year, at an annual rate equal to \$1.225 per Series 7 Preferred Share. The initial dividend covering the period from issuance to September 30, 2018, if declared, will be paid on September 28, 2018 and will be \$0.4162 per Series 7 Preferred Share, based on an anticipated closing date of May 29, 2018. See “Details of the Offering”.

For each five-year period after the Initial Fixed Rate Period (each, a “Subsequent Fixed Rate Period”), the holders of Series 7 Preferred Shares will be entitled to receive fixed non-cumulative preferential cash dividends, as and when declared by the Board of Directors, payable quarterly on the last day of March, June, September and December in each year, in an annual amount per Series 7 Preferred Share determined by multiplying the Annual Fixed Dividend Rate (as defined herein) applicable to such Subsequent Fixed Rate Period by \$25.00. The Annual Fixed Dividend Rate for the ensuing Subsequent Fixed Rate Period will be determined by IFC on the 30th day prior

to the first day of such Subsequent Fixed Rate Period and will be equal to the sum of the Government of Canada Yield (as defined herein) on the date on which the Annual Fixed Dividend Rate is determined plus 2.55%. See “Details of the Offering”.

**Option to Convert into Series 8 Preferred Shares**

Subject to IFC’s right to redeem all the Series 7 Preferred Shares, the holders of Series 7 Preferred Shares will have the right, at their option, to convert their Series 7 Preferred Shares into Non-cumulative Floating Rate Class A Shares, Series 8 (the “Series 8 Preferred Shares”), subject to certain conditions, on June 30, 2023 and on June 30 every five years thereafter. The holders of Series 8 Preferred Shares will be entitled to receive floating rate non-cumulative preferential cash dividends, as and when declared by the Board of Directors, payable quarterly on the last day of March, June, September and December in each year (the initial quarterly dividend period and each subsequent dividend period is referred to as a “Quarterly Floating Rate Period”), in a quarterly amount per Series 8 Preferred Share determined by multiplying the applicable Floating Quarterly Dividend Rate (as defined herein) by \$25.00. The Floating Quarterly Dividend Rate will be equal to the sum of the T-Bill Rate (as defined herein) plus 2.55% (calculated on the basis of the actual number of days elapsed in the applicable Quarterly Floating Rate Period divided by 365 or 366, depending upon the actual number of days in the applicable year) determined on the 30th day prior to the first day of the applicable Quarterly Floating Rate Period. See “Details of the Offering”.

On June 30, 2023 and on June 30 every five years thereafter, IFC may, at its option, redeem all or any part of the then outstanding Series 7 Preferred Shares by the payment of an amount in cash for each Series 7 Preferred Share redeemed of \$25.00 plus all declared and unpaid dividends up to but excluding the date fixed for redemption. See “Details of the Offering”.

On June 30, 2028 and on June 30 every five years thereafter, IFC may, at its option, redeem all or any part of the then outstanding Series 8 Preferred Shares by the payment of an amount in cash for each Series 8 Preferred Share redeemed of \$25.00 plus all declared and unpaid dividends up to but excluding the date fixed for redemption. On any other date after June 30, 2023 that is not a Series 8 Conversion Date (as defined herein), IFC may, at its option, redeem all or any part of the then outstanding Series 8 Preferred Shares by the payment of an amount in cash for each Series 8 Preferred Share of \$25.50 plus all declared and unpaid dividends up to but excluding the date fixed for redemption. See “Details of the Offering”.

The Series 7 Preferred Shares and the Series 8 Preferred Shares do not have a fixed maturity date and are not redeemable at the option of the holders thereof. See “Risk Factors”.

**Price: \$25.00 per Series 7 Preferred Share to yield initially 4.90% per annum**

	<u>Price to the Public</u>	<u>Underwriters’ Fee<sup>(1)</sup></u>	<u>Net Proceeds to IFC<sup>(2)</sup></u>
Per Series 7 Preferred Share .....	\$25.00	\$0.75	\$24.25
Total <sup>(3)</sup> .....	\$250,000,000	\$7,500,000	\$242,500,000

(1) The Underwriters’ fee is \$0.25 for each Series 7 Preferred Share sold to certain institutions and \$0.75 per Series 7 Preferred Share for all other Series 7 Preferred Shares that are sold. The totals set forth in the table above represent the Underwriters’ fee and net proceeds assuming all Series 7 Preferred Shares are sold with an Underwriters’ fee of \$0.75 per Series 7 Preferred Share.

(2) Before deducting the expenses of the Offering, estimated at \$250,000, which will be paid from the proceeds of this Offering.

(3) The Underwriters originally agreed to purchase 8,000,000 Series 7 Preferred Shares and, in addition, IFC granted the Underwriters an option (the “Underwriters’ Option”), exercisable, in whole or in part, at any time and from time to time, until 8:30 a.m. on the date that is two business days prior to the closing of the Offering, to purchase up to an aggregate of 2,000,000 additional Series 7 Preferred Shares on the same terms. Prior to the filing of this Prospectus Supplement, the Underwriters exercised the Underwriters’ Option in full. A purchaser who acquires Series 7 Preferred Shares issued pursuant to the exercise of the Underwriters’ Option acquires those Series 7 Preferred Shares under this Prospectus Supplement. See “Plan of Distribution”.

**The Toronto Stock Exchange (the “TSX”) has conditionally approved the listing of the Series 7 Preferred Shares and the Series 8 Preferred Shares. Listing of the Series 7 Preferred Shares offered under this Prospectus Supplement is subject to IFC fulfilling all the listing requirements of the TSX on or before August 15, 2018. Listing of the Series 8 Preferred Shares issuable on conversion of the Series 7 Preferred Shares is subject to IFC fulfilling all the listing requirements of the TSX, including public distribution**

**requirements for the Series 8 Preferred Shares, at the applicable time. There is currently no market through which the Series 7 Preferred Shares or the Series 8 Preferred Shares may be sold and purchasers may not be able to resell the Series 7 Preferred Shares purchased under this Prospectus Supplement or Series 8 Preferred Shares issued upon the conversion of Series 7 Preferred Shares. This may affect the pricing of the Series 7 Preferred Shares and the Series 8 Preferred Shares in the secondary market, the transparency and availability of trading prices, the liquidity of the Series 7 Preferred Shares and the Series 8 Preferred Shares and the extent of issuer regulation. There can be no assurance that the Series 7 Preferred Shares or the Series 8 Preferred Shares will be accepted for listing on the TSX. See “Risk Factors”.**

The Underwriters, as principals, conditionally offer the Series 7 Preferred Shares, subject to prior sale, if, as and when issued and delivered by IFC to, and accepted by, the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under “Plan of Distribution”, and subject to the approval of certain legal matters relating to Canadian law on behalf of IFC by Blake, Cassels & Graydon LLP and on behalf of the Underwriters by McCarthy Tétrault LLP.

Subscriptions will be received subject to rejection or allotment in whole or in part and the Underwriters reserve the right to close the subscription books at any time without notice. It is expected that the closing of the Offering will occur on May 29, 2018, or on such later date as may be agreed, but in any event not later than June 5, 2018. Book-entry only certificates representing the Series 7 Preferred Shares will be issued in registered form to CDS Clearing and Depository Services Inc. (“CDS”) or its nominee and will be deposited with CDS on the closing date of the Offering. A purchaser of Series 7 Preferred Shares will receive only a customer confirmation from a registered dealer which is a CDS participant and from or through which the Series 7 Preferred Shares are purchased.

The outstanding Class A Shares (as defined herein) of IFC, Series 1, Series 3, Series 4, Series 5 and Series 6 are traded on the TSX under the stock symbols “IFC.PR.A”, “IFC.PR.C”, “IFC.PR.D”, “IFC.PR.E” and “IFC.PR.F” respectively.

Subject to applicable laws, the Underwriters may, in connection with the Offering, over-allot or effect transactions which stabilize or maintain the market price of the Series 7 Preferred Shares at levels other than those which might otherwise prevail on the open market. **In certain circumstances, the Underwriters may offer the Series 7 Preferred Shares at a price lower than the offering price specified in this Prospectus Supplement. See “Plan of Distribution”.**

**Investing in the Series 7 Preferred Shares involves certain risks. See “Risk Factors” and “Forward-Looking Statements”.**

**TD Securities Inc., BMO Nesbitt Burns Inc., CIBC World Markets Inc., National Bank Financial Inc., RBC Dominion Securities Inc. and Scotia Capital Inc. are wholly-owned subsidiaries of Canadian banks that are currently lenders to IFC under its existing credit facility described under “Consolidated Capitalization”. Accordingly, IFC may be considered a “connected issuer” of these Underwriters within the meaning of applicable securities legislation. See “Use of Proceeds”, “Consolidated Capitalization” and “Plan of Distribution”.**

DBRS Limited (“DBRS”) has assigned a rating of Pfd-2 with a Stable trend for the Series 7 Preferred Shares. See “Ratings”.

The registered and head office of IFC is located at 700 University Avenue, Suite 1500-A (Legal), Toronto, Ontario, Canada, M5G 0A1.

In this Prospectus Supplement, references to “IFC”, “we”, “us” and “our” refer to IFC and its operating subsidiaries unless the subject matter or context is inconsistent therewith and all references to currency amounts are to Canadian dollars unless otherwise specified and references to “US\$” are to U.S. dollars. The rounding of certain figures contained in this Prospectus Supplement may cause a non-material discrepancy in totals, subtotals and percentages.

## TABLE OF CONTENTS

	<b>Page</b>
DOCUMENTS INCORPORATED BY REFERENCE .....	5
MARKETING MATERIALS .....	6
FORWARD-LOOKING STATEMENTS .....	6
EXCHANGE RATE DATA.....	8
PRESENTATION OF FINANCIAL INFORMATION .....	8
ELIGIBILITY FOR INVESTMENT.....	9
USE OF PROCEEDS .....	10
CONSOLIDATED CAPITALIZATION .....	10
EARNINGS COVERAGE RATIOS .....	11
DESCRIPTION OF SHARE CAPITAL .....	12
PRICE RANGE AND TRADING VOLUME.....	12
DETAILS OF THE OFFERING .....	15
RATINGS.....	24
PLAN OF DISTRIBUTION.....	24
CANADIAN FEDERAL INCOME TAX CONSIDERATIONS.....	27
RISK FACTORS .....	29
LEGAL MATTERS .....	32
AUDITORS, TRANSFER AGENT AND REGISTRAR.....	32
STATUTORY RIGHTS .....	32
CERTIFICATE OF THE UNDERWRITERS.....	C-1

## DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus Supplement is deemed to be incorporated by reference in the Shelf Prospectus for the purpose of this Offering. The following documents of IFC filed with the various securities commissions or similar authorities in Canada are incorporated by reference into the Shelf Prospectus and this Prospectus Supplement:

- (a) the annual information form of IFC for the year ended December 31, 2017 dated March 29, 2018 (the “Annual Information Form”);
- (b) the audited consolidated financial statements of IFC, together with the notes thereto and the auditors’ report thereon, as at and for the year ended December 31, 2017 (the “Annual Financial Statements”);
- (c) management’s discussion and analysis of operating and financial results of IFC for the year ended December 31, 2017 (the “Annual MD&A”);
- (d) the management proxy circular of IFC dated March 31, 2017 in respect of IFC’s annual and special meeting of shareholders held on May 3, 2017;
- (e) the management proxy circular of IFC dated March 29, 2018 in respect of IFC’s annual meeting of shareholders held on May 9, 2018;
- (f) the unaudited interim consolidated financial statements of IFC, together with the notes thereto, as at and for the three-month period ended March 31, 2018;
- (g) management’s discussion and analysis of operating and financial results of IFC for the three-month period ended March 31, 2018 (the “Interim MD&A”);
- (h) the “template version” (as such term is defined in National Instrument 44-101 – *Short Form Prospectus Distributions* (“NI 44-101”)) of the term sheet for the Offering dated and filed May 17, 2018 (the “Term Sheet”); and
- (i) the business acquisition report (“Business Acquisition Report”) dated October 5, 2017 with respect to the indirect acquisition of OneBeacon Insurance Group, Ltd. (“OneBeacon”) by IFC (the “Acquisition”).

Any documents of the type described in section 11.1 of Form 44-101F1 – *Short Form Prospectus* filed by IFC with the securities commissions or similar authorities in Canada after the date of this Prospectus Supplement and prior to the termination of the Offering, will be deemed to be incorporated by reference in this Prospectus Supplement.

Any statement contained in this Prospectus Supplement, the Shelf Prospectus or in a document incorporated or deemed to be incorporated by reference herein or therein will be deemed to be modified or superseded, for purposes of this Prospectus Supplement or the Shelf Prospectus, as the case may be, to the extent that a statement contained herein or therein, or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein or therein, modifies or supersedes such prior statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement will not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus Supplement or the Shelf Prospectus, as the case may be.

## MARKETING MATERIALS

The Term Sheet does not form part of this Prospectus Supplement to the extent that the contents thereof have been modified or superseded by a statement contained in this Prospectus Supplement. Statements included in the Term Sheet relating to the size of the Offering, including the number of Series 7 Preferred Shares being distributed pursuant to the Offering and IFC granting an option to the Underwriters to purchase additional Series 7 Preferred Shares, have been modified in view of disclosure contained in this Prospectus Supplement to reflect the increase in the number of Series 7 Preferred Shares being distributed pursuant to the Offering from what was disclosed in the Term Sheet and the elimination of the Underwriters' Option as a result of its exercise in full. See disclosure on the cover page of this Prospectus Supplement and under "Plan of Distribution".

Any "template version" of "marketing materials" (as those terms are defined in National Instrument 41-101 — *General Prospectus Requirements*) filed by IFC under NI 44-101 in connection with the Offering after the date of this Prospectus Supplement and before termination of the Offering, will be deemed to be incorporated by reference into this Prospectus Supplement and Shelf Prospectus.

## FORWARD-LOOKING STATEMENTS

Certain of the statements included or incorporated by reference in this Prospectus Supplement and the Shelf Prospectus about IFC'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 include, but are not limited to, expectations in connection with the closing date of the Offering, anticipated TSX listing approval, the anticipated use of the net proceeds of the Offering and intentions for future funding of debt and equity.

Forward-looking statements are based on estimates and assumptions made by IFC in light of IFC's experience and perception of historical trends, current conditions and expected future developments, as well as other factors that IFC believes are appropriate in the circumstances. Many factors could cause IFC'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 Offering; the timing and completion of the Offering; IFC's ability to implement its strategy or operate its business as IFC currently expects; IFC's ability to accurately assess the risks associated with the insurance policies that IFC writes; unfavourable capital market developments or other factors which may affect its investments, IFC's floating rate securities and its funding obligations under its pension plans; the cyclical nature of the property and casualty insurance industry; IFC'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; IFC's reliance on brokers and third parties to sell its products to their clients; IFC's ability to successfully pursue its acquisition strategy; IFC's ability to execute its business strategy; IFC's ability to achieve synergies arising from successful integration plans relating to acquisitions; IFC'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; IFC's ability to maintain its financial strength and issuer credit ratings; IFC's access to debt financing and its ability to compete for large commercial business; IFC's ability to alleviate risk through reinsurance; IFC's ability to successfully manage credit risk (including credit risk related to the financial health of reinsurers); IFC's ability to contain fraud and/or abuse; IFC's reliance on information technology and telecommunications systems and potential failure of or disruption to those systems, including cyber-attack risk; IFC's dependence on key employees; changes in laws or regulations; general economic, financial and political conditions; IFC's dependence on the results of operations of its subsidiaries and the ability of its subsidiaries to pay dividends; the volatility of the stock market and other factors affecting the trading prices of IFC's securities (including the Series 7 Preferred Shares and the Series 8 Preferred Shares, once issued); IFC's ability to hedge exposures to fluctuations in foreign exchange rates; future sales of a substantial number of Common Shares

(as defined herein); changes in applicable tax laws, tax treaties or tax regulations or the interpretation or enforcement thereof; and the timing of the distribution of the Series 7 Preferred Shares pursuant to this Offering.

Certain material factors or assumptions are applied in making these forward-looking statements, including completion of the Offering as outlined in this Prospectus Supplement; that the protection IFC has purchased against adverse reserve developments will be sufficient; the accuracy of certain cost assumptions, including with respect to employee retention matters; and the amounts that will be recovered from certain obligations and litigation matters.

All of the forward-looking statements included or incorporated by reference in this Prospectus Supplement and the Shelf Prospectus are qualified by these cautionary statements, those made in the “Risk Factors” section of this Prospectus Supplement, those made in the “Risk Management” sections of the Annual MD&A and Interim MD&A and IFC’s other filings with the securities commissions or similar authorities in Canada that are incorporated or deemed to be incorporated by reference in this Prospectus Supplement and the Shelf Prospectus. These factors are not intended to represent a complete list of the factors that could affect IFC. These factors should, however, be considered carefully. Although the forward-looking statements are based upon what management believes to be reasonable assumptions, IFC cannot assure investors that actual results will be consistent with these forward-looking statements. When relying on forward-looking statements to make decisions, investors should ensure the preceding information is carefully considered. Undue reliance should not be placed on forward-looking statements made in this Prospectus Supplement and the Shelf Prospectus or in the documents incorporated by reference herein or therein. IFC has no intention and undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

## EXCHANGE RATE DATA

The following table sets forth, for the periods indicated, the high, low, average and period-end closing rates of exchange of one U.S. dollar, expressed in Canadian dollars, published by the Bank of Canada.<sup>1</sup>

	<b>Three months ended March 31</b>	<b>Year ended December 31</b>		
	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Highest rate during the period	1.3088	1.3743	1.4559	1.3965
Lowest rate during the period	1.2288	1.2128	1.2536	1.1749
Average rate for the period	1.2647	1.2986	1.3245	1.2785
Rate at the end of the period	1.2894	1.2545	1.3427	1.3840

On May 18, 2018, the daily average exchange rate posted by the Bank of Canada for conversion of U.S. dollars into Canadian dollars was US\$1.00 equals \$1.2880. No representation is made that Canadian dollars could be converted into U.S. dollars at that rate or any other rate.

## PRESENTATION OF FINANCIAL INFORMATION

The financial statements of IFC incorporated by reference in this Prospectus Supplement are reported in Canadian dollars and have been prepared in accordance with the International Financial Reporting Standards (“IFRS”). All financial information of OneBeacon incorporated by reference in this Prospectus Supplement is reported in U.S. dollars and has been derived from the historical financial statements of OneBeacon that were prepared in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”). The assets and liabilities of OneBeacon shown in the unaudited *pro forma* condensed consolidated balance sheet of IFC as at June 30, 2017 included in the Business Acquisition Report (as defined herein) incorporated by reference in this Prospectus Supplement have been reconciled from U.S. GAAP to IFRS and are translated from U.S. dollars to Canadian dollars using the daily average rate as published by the Bank of Canada for June 30, 2017. The revenues and expenses of OneBeacon shown in the unaudited *pro forma* condensed consolidated statements of income of IFC for the year ended December 31, 2016 and for the six months ended June 30, 2017 included in the Business Acquisition Report incorporated by reference in this Prospectus Supplement have been reconciled from U.S. GAAP to IFRS and are translated from U.S. dollars to Canadian dollars using the average closing exchange rate as published by the Bank of Canada for the twelve-month period ended December 31, 2016, and the average rate for the six-month period ended June 30, 2017, as published by the Bank of Canada, respectively. Certain tables containing financial information in this Prospectus Supplement may not add due to rounding.

<sup>1</sup> As of May 1, 2017, the Bank of Canada only publishes a single daily average rate and ceased to publish a noon or closing exchange rate as of April 28, 2017. Rates prior to May 1, 2017 were calculated using closing exchange rates. Rates on and after May 1, 2017 were calculated using the daily average rate.



## ELIGIBILITY FOR INVESTMENT

In the opinion of Blake, Cassels & Graydon LLP, counsel to IFC, and McCarthy Tétrault LLP, counsel to the Underwriters, based on the provisions of the *Income Tax Act* (Canada) and the regulations thereunder (together, the “Tax Act”) in force on the date hereof and all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the “Proposals”), the Series 7 Preferred Shares to be issued under this Prospectus Supplement and Series 8 Preferred Shares to be issued upon the conversion of such Series 7 Preferred Shares, if issued on the date hereof, would, on such date, be qualified investments under the Tax Act for trusts governed by registered retirement savings plans (“RRSPs”), registered retirement income funds (“RRIFs”), deferred profit sharing plans, registered education savings plans (“RESPs”), registered disability savings plans (“RDSPs”) and tax-free savings accounts (“TFSAs”), each as defined in the Tax Act, provided the Series 7 Preferred Shares or Series 8 Preferred Shares, as applicable, are listed on a designated stock exchange (which currently includes the TSX) or provided IFC is a “public corporation” for the purposes of the Tax Act.

Notwithstanding the foregoing, if a Series 7 Preferred Share or a Series 8 Preferred Share is a “prohibited investment” for a RRSP, RRIF, RDSP, RESP or TFSA, the annuitant under the RRSP or RRIF, the holder of the RDSP or TFSA, or the subscriber of an RESP (as applicable) may be subject to a penalty tax under the Tax Act. Provided that the holder of a TFSA or RDSP, the annuitant under an RRSP or RRIF or the subscriber of an RESP does not hold a significant interest (as defined in subsection 207.01(4) of the Tax Act) in IFC, and provided that such holder, annuitant or subscriber deals at arm’s length with IFC for the purposes of the Tax Act, the Series 7 Preferred Shares and Series 8 Preferred Shares will not be prohibited investments for a trust governed by such TFSA, RDSP, RRSP, RRIF or RESP. The Series 7 Preferred Shares and Series 8 Preferred Shares will also not be prohibited investments for a trust governed by a TFSA, RDSP, RRSP, RRIF or RESP provided that the Series 7 Preferred Shares or Series 8 Preferred Shares, as applicable, are “excluded property” as defined in subsection 207.01(1) of the Tax Act for such trusts.

Holders of a TFSA or RDSP, annuitants under an RRSP or RRIF and subscribers of an RESP should consult their own tax advisors regarding whether the Series 7 Preferred Shares and Series 8 Preferred Shares will be prohibited investments in their particular circumstances.

## USE OF PROCEEDS

The net proceeds to IFC from the Offering, after deducting the Underwriters' fee (assuming no Series 7 Preferred Shares are sold to certain institutions) and the estimated expenses of the Offering, are expected to be \$242,250,000. We intend to use the net proceeds of this Offering for general corporate purposes.

## CONSOLIDATED CAPITALIZATION

The following table sets forth our consolidated capitalization as at March 31, 2018 both on an actual basis and as adjusted to give effect to the Offering. The table below should be read together with the detailed information and financial statements appearing in the documents incorporated by reference.

	<b>March 31, 2018</b>	
	<b>Actual</b>	<b>As adjusted to give effect to the Offering</b>
	(in millions of Canadian dollars)	
Indebtedness		
Existing Credit Facility <sup>(1)</sup>	58	58
Series 1 Notes <sup>(2)</sup>	250	250
Series 2 Notes <sup>(2)</sup>	250	250
Series 3 Notes <sup>(2)</sup>	100	100
Series 4 Notes <sup>(2)</sup>	300	300
Series 5 Notes <sup>(2)</sup>	250	250
Series 6 Notes <sup>(2)</sup>	250	250
Series 7 Notes <sup>(2)</sup>	425	425
Senior Unsecured Notes <sup>(3)</sup>	355	355
Total indebtedness	2,238	2,238
Shareholders' equity		
Series 1 Preferred Shares <sup>(4)</sup>	244	244
Series 3 Preferred Shares <sup>(4)</sup>	206	206
Series 4 Preferred Shares <sup>(4)</sup>	39	39
Series 5 Preferred Shares <sup>(4)</sup>	147	147
Series 6 Preferred Shares <sup>(4)</sup>	147	147
Series 7 Preferred Shares	0	244
Common Shares <sup>(4)</sup>	2,816	2,816
Contributed Surplus	131	131
Retained Earnings	3,516	3,516
Accumulated other comprehensive income	124	124
Total shareholders' equity	7,370	7,614
<b>Total capitalization</b>	<b>9,608</b>	<b>9,852</b>

### Notes:

- (1) IFC has an existing unsecured revolving term credit facility (the "Credit Facility") with a syndicate of lenders, which matures on August 28, 2022. The amount drawn under the Credit Facility totalled \$58 million as at March 31, 2018.
- (2) As at March 31, 2018, IFC had outstanding in aggregate \$1.825 billion principal amount of unsecured medium term notes of which the Series 1 \$250 million principal amount of notes bear interest at a fixed annual rate of 5.41% and mature on September 3, 2019, the Series 2 \$250 million principal amount of notes bear interest at a fixed annual rate of 6.40% and mature on November 23, 2039, the Series 3 \$100 million principal amount of notes bear interest at a fixed annual rate of 6.20% and mature on July 8, 2061, the Series 4 \$300 million principal amount of notes bear interest at a fixed annual rate of 4.70% and mature on August 18, 2021, the Series 5 \$250 million principal amount of notes bear interest at a fixed annual rate of 5.16% and mature on June 16, 2042, the Series 6 \$250 million principal amount of notes bear interest at a fixed annual rate of 3.77% and mature on March 2, 2026 and the Series 7 \$425 million principal amount of notes (the "Series 7 Notes") bear interest at a fixed annual rate of 2.85% and mature on June 7, 2027.
- (3) As at March 31, 2018, IFC had outstanding US\$275 million (\$355 million based on the daily average rate as published by the Bank of Canada for March 29, 2018, which was \$1.2894 for US\$1.00) principal amount senior unsecured notes which

bear interest at a fixed annual rate of 4.60% and mature on November 9, 2022. The senior unsecured notes were issued in November 2012 by an intermediate holding company of OneBeacon, OneBeacon U.S. Holdings, Inc.

- (4) IFC's authorized share capital consists of an unlimited number of Common Shares and an unlimited number of Class A Shares (issuable in series). As at March 31, 2018, 139,188,634 Common Shares, 10,000,000 Non-cumulative Rate Reset Class A Shares, Series 1 (the "Series 1 Preferred Shares"), 8,405,004 Non-cumulative Rate Reset Class A Shares, Series 3 (the "Series 3 Preferred Shares"), 1,594,996 Non-cumulative Floating Rate Class A Shares Series 4 (the "Series 4 Preferred Shares"), 6,000,000 Non-cumulative Class A Shares, Series 5 (the "Series 5 Preferred Shares") and 6,000,000 Non-cumulative Class A Shares, Series 6 (the "Series 6 Preferred Shares") were issued and outstanding. As at May 18, 2018, 139,188,634 Common Shares, 10,000,000 Series 1 Preferred Shares, 8,405,004 Series 3 Preferred Shares, 1,594,996 Series 4 Preferred Shares, 6,000,000 Series 5 Preferred Shares and 6,000,000 Series 6 Preferred Shares were issued and outstanding.

### EARNINGS COVERAGE RATIOS

The following earnings coverage ratios are based on IFC's financial statements and calculated for the 12-month periods ended December 31, 2017 and March 31, 2018, which give effect to the issuance of 10,000,000 Series 7 Preferred Shares, including dividend payments. The earnings coverage ratios set out below do not purport to be indicative of an earnings coverage ratio for any future periods.

	<u>December 31, 2017</u>	<u>March 31, 2018</u>
Earnings Coverage.....	8.1 times	7.1 times

IFC's dividend requirements on its outstanding Class A Shares, after giving effect to the Offering and adjusted to a before-tax equivalent, amounted to \$46 million for the twelve months ended December 31, 2017 (using an effective income tax rate of 16%) and \$50 million for the twelve months ended March 31, 2018 (using an effective income tax rate of 15%). IFC's borrowing cost requirements for the twelve months ended December 31, 2017 and the twelve months ended March 31, 2018, were \$81 million and \$87 million, respectively. IFC's earnings before borrowing costs and income tax for the twelve months ended December 31, 2017 and the twelve months ended March 31, 2018 were \$1,024 million and \$969 million, respectively, representing 8.1 times and 7.1 times, respectively, IFC's aggregate dividend and borrowing cost requirements for these periods.

The following *pro forma* earnings coverage ratios are based on the *pro forma* financial statements of IFC included in the Business Acquisition Report incorporated by reference in this Prospectus Supplement and calculated for the 12 month periods ended December 31, 2016 and June 30, 2017, which give effect to the Acquisition, including the financing thereof (including the issuance of the Series 5 Preferred Shares, the Series 6 Preferred Shares and the Series 7 Notes). The *pro forma* earnings coverage ratios for the 12-month periods ended December 31, 2016 and June 30, 2017 also give effect to the Offering, including dividend payments. The *pro forma* earnings coverage ratios set out below do not purport to be indicative of an earnings coverage ratio for any future periods.

	<u>December 31, 2016</u>	<u>June 30, 2017</u>
<i>Pro Forma</i> Earnings Coverage.....	5.5 times	6.3 times

IFC's dividend requirements on its outstanding Class A Shares, after giving effect to the Acquisition, including the financing thereof, and the Offering and adjusted to a before-tax equivalent, amounted to \$53 million for the twelve months ended December 31, 2016 (using an effective income tax rate of 15%) and \$54 million for the twelve months ended June 30, 2017 (using an effective income tax rate of 18%). IFC's borrowing cost requirements for the twelve months ended December 31, 2016 and the twelve months ended June 30, 2017, after giving effect to the offering of the Series 7 Notes, were \$107 million and \$107 million, respectively. IFC's earnings before borrowing costs and income tax for the twelve months ended December 31, 2016 and the twelve months ended June 30, 2017 were \$886 million and \$1,012 million, respectively, representing 5.5 times and 6.3 times, respectively, IFC's aggregate dividend and borrowing cost requirements for these periods.

## DESCRIPTION OF SHARE CAPITAL

Our authorized share capital currently consists of an unlimited number of Common Shares and an unlimited number of Class A Shares (issuable in series) (“Class A Shares”).

As at May 18, 2018, 139,188,634 Common Shares, 10,000,000 Series 1 Preferred Shares, 8,405,004 Series 3 Preferred Shares, 1,594,996 Series 4 Preferred Shares, 6,000,000 Series 5 Preferred Shares and 6,000,000 Series 6 Preferred Shares were issued and outstanding.

### Common Shares

Holders of Common Shares are entitled to receive dividends, if, as and when declared by our Board of Directors and, unless otherwise provided by legislation, are entitled to one vote per Common Share on all matters to be voted on at all meetings of shareholders. Upon our voluntary or involuntary liquidation, dissolution or winding-up, the holders of Common Shares are entitled to share rateably in the remaining assets available for distribution, after payment of liabilities. The Common Shares are listed on the TSX.

### Class A Shares

The Class A Shares are issuable from time to time in one or more series. Our Board of Directors is authorized to fix before issue the number of, the consideration per share of, the designation of, and the provisions attaching to, the Class A Shares of each series, which may include voting rights. The Class A Shares of each series rank equally with the Class A Shares of every other series and rank in priority to the Common Shares with respect to dividends and return of capital in the event of our liquidation, dissolution or winding-up. The Series 1 Preferred Shares, the Series 3 Preferred Shares, the Series 4 Preferred Shares, the Series 5 Preferred Shares and the Series 6 Preferred Shares are each listed on the TSX.

The terms of the Common Shares and the Class A Shares (as a class) and the terms of the Series 1 Preferred Shares, the Series 3 Preferred Shares, the Series 4 Preferred Shares, the Series 5 Preferred Shares and the Series 6 Preferred Shares are available on our SEDAR profile at [www.sedar.com](http://www.sedar.com).

### Shareholder Rights Plan

On February 9, 2011, IFC announced the adoption of a shareholder rights plan (the “Shareholder Rights Plan”) by our Board of Directors, which was accepted by the TSX. The Shareholder Rights Plan was approved by our shareholders at a meeting held on May 4, 2011 and reconfirmed at the annual and special meeting of shareholders held on May 7, 2014. On February 7, 2017, the Board of Directors adopted the Shareholder Rights Plan in an amended and restated form, which was further amended by the Board of Directors on April 19, 2017 (the “Amended and Restated Rights Plan”). The Amended and Restated Rights Plan was approved at the annual and special meeting of shareholders held on May 3, 2017. A summary of the Amended and Restated Rights Plan (excluding the April 19, 2017 amendments) can be found in our Management Proxy Circular filed on SEDAR on March 31, 2017 at pages 102 to 104, which are incorporated by reference into, and expressly made a part of, this Prospectus Supplement. On April 19, 2017, additional amendments were made to amend the definition of “controlled” and “Permitted Lock-up Agreement”, and to remove the reference to National Instrument 62-104 *Take-Over Bids and Issuers Bids* from Section 1.5 - Acting Jointly or in Concert for greater clarity. A complete copy of the Amended and Restated Rights Plan was also filed on SEDAR and is available on our SEDAR profile at [www.sedar.com](http://www.sedar.com).

## PRICE RANGE AND TRADING VOLUME

The outstanding Common Shares are traded on the TSX under the trading symbol “IFC”. The following table sets forth the reported high and low trading prices and trading volumes of the Common Shares as reported by the TSX from May 2017.

<u>Period</u>	<u>High</u> (\$)	<u>Low</u> (\$)	<u>Volume</u>
2018			

May (1-18)	97.39	95.15	3,308,036
April	98.85	94.8	3,553,492
March	101.45	94.57	4,760,727
February	104.81	96.04	5,158,135
January	105.00	100.87	4,229,839
<b>2017</b>			
December	108.58	103.48	4,737,602
November	109.33	100.76	5,563,625
October	106.40	99.35	5,058,207
September	104.33	98.95	4,812,452
August	103.02	96.58	4,986,705
July	98.26	95.14	3,326,382
June	98.29	92.28	4,630,037
May	94.51	91.41	6,213,248

On May 18, 2018, the closing price of the Common Shares was \$96.84.

The outstanding Series 1 Preferred Shares are traded on the TSX under the trading symbol “IFC.PR.A”. The following table sets forth the reported high and low trading prices and trading volumes of the Series 1 Preferred Shares as reported by the TSX from May 2017.

<b><u>Period</u></b>	<b><u>High</u></b> <b>(\$)</b>	<b><u>Low</u></b> <b>(\$)</b>	<b><u>Volume</u></b>
<b>2018</b>			
May (1-18)	20.15	19.73	354,978
April	20.48	19.60	67,769
March	20.76	20.35	45,682
February	20.99	20.25	152,799
January	20.99	20.14	92,328
<b>2017</b>			
December	20.20	19.20	116,197
November	20.30	19.96	78,578
October	20.64	19.54	211,270
September	20.11	19.46	339,676
August	20.32	19.49	139,373
July	20.60	19.10	60,042
June	19.11	16.55	89,009
May	18.97	17.84	114,901

On May 18, 2018, the closing price of the Series 1 Preferred Shares was \$19.97.

The outstanding Series 3 Preferred Shares are traded on the TSX under the trading symbol “IFC.PR.C”. The following table sets forth the reported high and low trading prices and trading volumes of the Series 3 Preferred Shares as reported by the TSX from May 2017.

<b><u>Period</u></b>	<b><u>High</u></b> <b>(\$)</b>	<b><u>Low</u></b> <b>(\$)</b>	<b><u>Volume</u></b>
<b>2018</b>			
May (1-18)	23.38	22.75	40,866
April	23.35	22.60	78,014
March	24.09	23.12	197,808
February	24.34	23.62	78,869
January	25.00	23.33	143,359

<b>2017</b>			
December	23.74	22.38	79,033
November	23.88	23.06	69,332
October	23.49	22.55	125,649
September	22.59	22.11	125,766
August	22.79	21.87	69,466
July	22.91	22.20	77,200
June	22.38	20.60	82,032
May	21.98	21.07	83,088

On May 18, 2018, the closing price of the Series 3 Preferred Shares was \$23.29.

The outstanding Series 4 Preferred Shares are traded on the TSX under the trading symbol “IFC.PR.D”. The following table sets forth the reported high and low trading prices and trading volumes of the Series 4 Preferred Shares as reported by the TSX from May 2017.

<b><u>Period</u></b>	<b><u>High</u></b> <b>(\$)</b>	<b><u>Low</u></b> <b>(\$)</b>	<b><u>Volume</u></b>
<b>2018</b>			
May (1-18)	23.49	22.91	11,498
April	23.94	23.00	18,588
March	23.79	23.44	18,703
February	23.99	23.50	20,980
January	24.01	23.24	10,886
<b>2017</b>			
December	23.30	22.81	16,945
November	23.45	22.65	25,540
October	23.12	22.45	25,371
September	22.90	22.20	10,001
August	22.73	22.10	17,221
July	22.85	22.25	9,650
June	22.10	20.50	13,763
May	21.86	21.50	6,992

On May 18, 2018, the closing price of the Series 4 Preferred Shares was \$23.30.

The outstanding Series 5 Preferred Shares are traded on the TSX under the trading symbol “IFC.PR.E”. The following table sets forth the reported high and low trading prices and trading volumes of the Series 5 Preferred Shares as reported by the TSX from May 24, 2017 (the date the Series 5 Preferred Shares were issued).

<b><u>Period</u></b>	<b><u>High</u></b> <b>(\$)</b>	<b><u>Low</u></b> <b>(\$)</b>	<b><u>Volume</u></b>
<b>2018</b>			
May (1-18)	24.90	24.50	224,495
April	24.69	24.21	93,027
March	24.79	24.44	34,771
February	25.00	24.50	211,676
January	25.30	24.61	262,447
<b>2017</b>			
December	25.38	24.77	61,626
November	25.18	24.68	198,952
October	24.73	24.50	126,064
September	24.97	24.00	96,807

August	25.25	24.54	314,723
July	25.21	24.90	184,256
June	25.20	25.00	658,926
May (24-31)	25.20	24.90	987,912

On May 18, 2018, the closing price of the Series 5 Preferred Shares was \$24.60.

The outstanding Series 6 Preferred Shares are traded on the TSX under the trading symbol “IFC.PR.F”. The following table sets forth the reported high and low trading prices and trading volumes of the Series 6 Preferred Shares as reported by the TSX from August 18, 2017 (the date the Series 6 Preferred Shares were issued).

<u>Period</u>	<u>High</u> (\$)	<u>Low</u> (\$)	<u>Volume</u>
<b>2018</b>			
May (1-18)	25.50	25.06	32,797
April	25.10	24.75	103,603
March	25.15	24.85	28,087
February	25.24	24.68	38,656
January	25.59	24.90	182,086
<b>2017</b>			
December	25.50	24.80	103,342
November	25.55	24.89	327,436
October	25.00	24.55	325,389
September	24.92	24.41	188,631
August (18-31)	24.94	24.50	697,578

On May 18, 2018, the closing price of the Series 5 Preferred Shares was \$25.25.

#### DETAILS OF THE OFFERING

The following is a summary of certain provisions attaching to the Series 7 Preferred Shares and Series 8 Preferred Shares, in each case, as a series, each of which represents a series of Class A Shares of IFC. See “Description of Share Capital – Class A Shares” in this Prospectus Supplement for a description of the general terms and provisions of the Series 7 Preferred Shares and Series 8 Preferred Shares of IFC as a class.

##### **Certain Provisions of the Series 7 Preferred Shares as a Series**

The following is a summary of certain provisions attaching to the Series 8 Preferred Shares as a series.

##### ***Definition of Terms***

The following definitions are relevant to the Series 7 Preferred Shares.

“**Annual Fixed Dividend Rate**” means, for any Subsequent Fixed Rate Period, the rate (expressed as a percentage rate rounded down to the nearest one hundred-thousandth of one percent (with 0.000005% being rounded up)) equal to the sum of the Government of Canada Yield on the applicable Fixed Rate Calculation Date plus 2.55%.

“**Bloomberg Screen GCAN5YR Page**” means the display designated as page “GCAN5YR<INDEX>” on the Bloomberg Financial L.P. service (or such other page as may replace the GCAN5YR page on that service) for purposes of displaying Government of Canada bond yields.

“**Fixed Rate Calculation Date**” means, for any Subsequent Fixed Rate Period, the 30th day prior to the first day of such Subsequent Fixed Rate Period.

“**Government of Canada Yield**” on any date means the yield to maturity on such date (assuming semi-annual compounding) of a Canadian dollar denominated non-callable Government of Canada bond with a term to maturity

of five years as quoted as of 10:00 a.m. (Toronto time) on such date and which appears on the Bloomberg Screen GCAN5YR Page on such date; provided that, if such rate does not appear on the Bloomberg Screen GCAN5YR Page on such date, the Government of Canada Yield will mean the average of the yields determined by two registered Canadian investment dealers selected by IFC, as being the yield to maturity on such date (assuming semi-annual compounding) which a Canadian dollar denominated non-callable Government of Canada bond would carry if issued in Canadian dollars at 100% of its principal amount on such date with a term to maturity of five years.

**“Initial Fixed Rate Period”** means the period commencing on the closing date of the Offering and ending on, but excluding, June 30, 2023.

**“Subsequent Fixed Rate Period”** means for the initial Subsequent Fixed Rate Period, the period from and including June 30, 2023, to but excluding June 30, 2028 and for each succeeding Subsequent Fixed Rate Period, the period commencing on the day immediately following the end of the immediately preceding Subsequent Fixed Rate Period to but excluding June 30 in the fifth year thereafter.

### ***Issue Price***

The Series 7 Preferred Shares will have an issue price of \$25.00 per share.

### ***Dividends***

During the Initial Fixed Rate Period, the holders of the Series 7 Preferred Shares will be entitled to receive fixed quarterly non-cumulative preferential cash dividends, as and when declared by the Board of Directors, on the last day of March, June, September and December in each year, at an annual amount equal to \$1.225 per share. The initial dividend covering the period from issuance to September 30, 2018, if declared, will be paid on September 28, 2018 and will be \$0.4162 per share, based on the anticipated closing date of May 29, 2018.

During each Subsequent Fixed Rate Period, the holders of Series 7 Preferred Shares will be entitled to receive fixed, non-cumulative preferential cash dividends, as and when declared by the Board of Directors, payable quarterly on the last day of March, June, September and December in each year, in an annual amount per share determined by multiplying the Annual Fixed Dividend Rate applicable to such Subsequent Fixed Rate Period by \$25.00.

The Annual Fixed Dividend Rate applicable to a Subsequent Fixed Rate Period will be determined by IFC on the Fixed Rate Calculation Date. Such determination will, in the absence of manifest error, be final and binding upon IFC and upon all holders of Series 7 Preferred Shares. IFC will, on the Fixed Rate Calculation Date, give written notice of the Annual Fixed Dividend Rate for the ensuing Subsequent Fixed Rate Period to the registered holders of the then outstanding Series 7 Preferred Shares.

If the Board of Directors does not declare the dividends, or any part thereof, on the Series 7 Preferred Shares on or before the dividend payment date for a particular quarter, then the entitlement of the holders of the Series 7 Preferred Shares to such dividends, or to any part thereof, for such quarter shall be forever extinguished. Payments of dividends and other amounts in respect of the Series 7 Preferred Shares will be made by IFC to CDS, or its nominee, as the case may be, as registered holder of the Series 7 Preferred Shares. As long as CDS, or its nominee, is the registered holder of the Series 7 Preferred Shares, CDS, or its nominee, as the case may be, will be considered the sole owner of the Series 7 Preferred Shares for the purposes of receiving payment on the Series 7 Preferred Shares. See “– Depository Services”.

### ***Redemption***

The Series 7 Preferred Shares will not be redeemable by IFC prior to June 30, 2023. On June 30, 2023 and on June 30 every five years thereafter, subject to certain restrictions set out in “– Restrictions on Dividends and Retirement of Series 7 Preferred Shares”, IFC may, at its option, on at least 30 days and not more than 60 days prior written notice, redeem all or from time to time any part of the outstanding Series 7 Preferred Shares by payment in cash of a per share sum equal to \$25.00, in each case together with any declared and unpaid dividends up to but excluding the date fixed for redemption (less any tax required to be deducted and withheld by IFC).



Notice of any redemption will be given by IFC at least 30 days and not more than 60 days prior to the date fixed for redemption. If less than all of the outstanding Series 7 Preferred Shares are to be redeemed, the shares to be redeemed shall be selected on a *pro rata* basis disregarding fractions or, if such shares are at such time listed on such exchange, with the consent of the TSX, in such manner as the Board of Directors in its sole discretion may, by resolution, determine.

The Series 7 Preferred Shares do not have a fixed maturity date and are not redeemable at the option of the holders of Series 7 Preferred Shares. See “Risk Factors”.

### ***Conversion of Series 7 Preferred Shares into Series 8 Preferred Shares***

Holders of Series 7 Preferred Shares will have the right, at their option, on June 30, 2023 and on June 30 every five years thereafter (a “Series 7 Conversion Date”), to convert, subject to the restrictions on conversion described below, and the payment or delivery to IFC of evidence of payment of the tax (if any) payable, all or any of their Series 7 Preferred Shares registered in their name into Series 8 Preferred Shares on the basis of one Series 8 Preferred Share for each Series 7 Preferred Share. The conversion of Series 7 Preferred Shares may be effected upon written notice given by the registered holders of the Series 7 Preferred Shares not earlier than the 30th day prior to, but not later than 5:00 p.m. (Toronto time) on the 15th day preceding, a Series 7 Conversion Date. Once received by IFC, an election notice is irrevocable. If IFC does not receive the conversion notice in writing from the holder exercising the above-mentioned conversion right during the time fixed therefor, then the Series 7 Preferred Shares shall be deemed not to have been converted except in the case of an automatic conversion (described below).

IFC will, at least 30 days and not more than 60 days prior to the applicable Series 7 Conversion Date, give notice in writing to the then registered holders of Series 7 Preferred Shares of the above-mentioned conversion right, together with a form of election notice. On the 30th day prior to each Series 7 Conversion Date, IFC will give notice in writing to the then registered holders of the Series 7 Preferred Shares of the Annual Fixed Dividend Rate for the next succeeding Subsequent Fixed Rate Period and the Floating Quarterly Dividend Rate applicable to the Series 8 Preferred Shares for the next succeeding Quarterly Floating Rate Period.

If IFC gives notice to the registered holders of the Series 7 Preferred Shares of the redemption on a Series 7 Conversion Date of all the Series 7 Preferred Shares, IFC will not be required to give notice as provided hereunder to the registered holders of the Series 7 Preferred Shares of an Annual Fixed Dividend Rate, a Floating Quarterly Dividend Rate or of the conversion right of holders of Series 7 Preferred Shares and the right of any holder of Series 7 Preferred Shares to convert such Series 7 Preferred Shares will cease and terminate in that event.

Holders of Series 7 Preferred Shares will not be entitled to convert their shares into Series 8 Preferred Shares if IFC determines that there would remain outstanding on a Series 7 Conversion Date less than 1,000,000 Series 8 Preferred Shares, after having taken into account all Series 7 Preferred Shares tendered for conversion into Series 8 Preferred Shares and all Series 8 Preferred Shares tendered for conversion into Series 7 Preferred Shares. IFC will give notice in writing to all registered holders of Series 7 Preferred Shares of their inability to convert their Series 7 Preferred Shares at least seven days prior to the applicable Series 7 Conversion Date. Furthermore, if IFC determines that there would remain outstanding on a Series 7 Conversion Date less than 1,000,000 Series 7 Preferred Shares, after having taken into account all Series 7 Preferred Shares tendered for conversion into Series 8 Preferred Shares and all Series 8 Preferred Shares tendered for conversion into Series 7 Preferred Shares, then, all, but not part, of the remaining outstanding Series 7 Preferred Shares will automatically be converted into Series 8 Preferred Shares on the basis of one Series 8 Preferred Share for each Series 7 Preferred Share, on the applicable Series 7 Conversion Date and IFC will give notice in writing to this effect to the then registered holders of such remaining Series 7 Preferred Shares at least seven days prior to the Series 7 Conversion Date.

Upon exercise by a registered holder of its right to convert Series 7 Preferred Shares into Series 8 Preferred Shares (and upon an automatic conversion), IFC reserves the right not to deliver Series 8 Preferred Shares to any person whose address is in, or who IFC or its transfer agent has reason to believe is a resident of, any jurisdiction outside Canada, to the extent that such issue would require IFC to take any action to comply with the securities, insurance or analogous laws of such jurisdiction.

### ***Purchase for Cancellation***

Subject to certain restrictions set out under “– Restrictions on Dividends and Retirement of Series 7 Preferred Shares”, IFC may at any time or times purchase for cancellation all or any number of the Series 7 Preferred Shares outstanding from time to time, by private contract or tender or in the open market, at any price.

### ***Priority***

The Series 7 Preferred Shares shall rank on a parity with every other series of the Class A Shares with respect to dividends and return of capital. The Series 7 Preferred Shares shall be entitled to a preference over the Common Shares and any other shares ranking junior to the Series 7 Preferred Shares with respect to priority in the payment of dividends and in the distribution of assets in the event of any liquidation, dissolution or winding-up of IFC, whether voluntary or involuntary, or any other distribution of the assets of IFC for the purpose of winding-up its affairs.

### ***Rights on Liquidation***

In the event of the liquidation, dissolution or winding-up of IFC, or any other distribution of assets of IFC for the purpose of winding up its affairs, the holders of Series 7 Preferred Shares will be entitled to receive \$25.00 for each Series 7 Preferred Share held by them, together with all declared and unpaid dividends to but excluding the date of payment (less any tax required to be deducted and withheld by IFC), before any amounts are paid or any assets of IFC distributed to holders of any shares ranking junior to the Series 7 Preferred Shares. After payment of those amounts, the holders of Series 7 Preferred Shares will not be entitled to share in any further distribution of the property or assets of IFC.

### ***Voting Rights***

Subject to applicable law, holders of the Series 7 Preferred Shares will not be entitled as such to receive notice of or to attend or to vote at any meeting of the shareholders of IFC unless and until the first time at which the Board of Directors has not declared the whole dividend on the Series 7 Preferred Shares in any quarter. In that event, the holders of the Series 7 Preferred Shares will be entitled to receive notice of, and to attend, only meetings of shareholders of IFC at which directors are to be elected and will be entitled to one vote for each Series 7 Preferred Share held in the election of directors voting together with all other shareholders of IFC who are entitled to vote at such meetings, and the holders of the Series 7 Preferred Shares will not be entitled to vote in respect of any other business conducted at such meetings. The voting rights of the holders of the Series 7 Preferred Shares shall immediately cease upon payment by IFC of the whole amount of a dividend on the Series 7 Preferred Shares to which the holders are entitled subsequent to the time such voting rights first arose. At such time as the Board of Directors may again fail to declare the whole dividend on the Series 7 Preferred Shares in any quarter, such voting rights shall become effective again and so on from time to time.

### ***Restrictions on Dividends and Retirement of Series 7 Preferred Shares***

So long as any of the Series 7 Preferred Shares are outstanding, IFC will not, without the approval of the holders of the Series 7 Preferred Shares given as specified under “– Amendments to the Series 7 Preferred Shares”:

- declare, pay or set apart for payment any dividend on the Common Shares or any other shares ranking junior to the Series 7 Preferred Shares (other than stock dividends on any shares ranking junior to the Series 7 Preferred Shares);
- redeem, purchase or otherwise retire any Common Shares or any other shares ranking junior to the Series 7 Preferred Shares (except out of the net cash proceeds of a substantially concurrent issue of shares ranking junior to the Series 7 Preferred Shares);
- redeem, purchase or otherwise retire less than all of the Series 7 Preferred Shares then outstanding;  
or

- except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provisions attaching to any series of shares ranking *pari passu* with the Series 7 Preferred Shares redeem, purchase or otherwise retire any other shares ranking *pari passu* with the Series 7 Preferred Shares;

unless, in each case, all dividends on the Series 7 Preferred Shares and the Series 8 Preferred Shares then issued and outstanding, up to and including those payable on the dividend payment date for the last completed period for which dividends shall be payable and in respect of which the rights of the holders thereof have not been extinguished, and all dividends then accrued on all other shares ranking prior to or *pari passu* with the Series 7 Preferred Shares and the Series 8 Preferred Shares, have been declared and paid or set apart for payment.

#### ***Issue of Additional Series of Class A Shares***

IFC may issue other series of Class A Shares ranking *pari passu* with the Series 7 Preferred Shares without the approval of the holders of the Series 7 Preferred Shares.

#### ***Amendments to the Series 7 Preferred Shares***

In addition to any other approvals required by law (including any approvals required by the TSX), the approval of all amendments to the rights, privileges, restrictions and conditions attaching to the Series 7 Preferred Shares as a series and any other approval to be given by the holders of the Series 7 Preferred Shares may be given by a resolution signed by all holders of the Series 7 Preferred Shares, or by a resolution passed by the affirmative vote of not less than two-thirds of the votes cast by the holders who voted in respect of that resolution at a meeting of the holders duly called for that purpose and at which the holders of at least 25% of the outstanding Series 7 Preferred Shares are present in person or represented by proxy, or, if no quorum is present at such meeting, at an adjourned meeting at which the holders of Series 7 Preferred Shares present in person or represented by proxy would form the necessary quorum. At any meeting of holders of Series 7 Preferred Shares as a series, each such holder as at the applicable record date shall be entitled to one vote in respect of each Series 7 Preferred Share held by such holder.

#### ***Tax Election***

IFC will elect, in the manner and within the time provided for under subsection 191.2(1) of the Tax Act to pay tax under Part VI.1 of the Tax Act, at a rate such that holders of the Series 7 Preferred Shares will not be required to pay tax under Part IV.1 of the Tax Act on dividends received, or deemed to have been received, on the Series 7 Preferred Shares.

#### ***Depository Services***

Except as otherwise provided below, the Series 7 Preferred Shares will be issued in “book-entry only” form and must be purchased, transferred, exchanged or redeemed through participants (“Participants”), in the depository service of CDS. Each of the Underwriters is a Participant. On the closing of this offering, IFC will cause a global certificate or certificates representing the Series 7 Preferred Shares to be delivered to, and registered in the name of, CDS or its nominee. Except as described below, no purchaser of Series 7 Preferred Shares will be entitled to a certificate or other instrument from IFC or CDS evidencing that purchaser’s ownership thereof, and no purchaser will be shown on the records maintained by CDS except through a book-entry account of a Participant acting on behalf of such purchaser. Each purchaser of Series 7 Preferred Shares will receive a customer confirmation of purchase from the registered dealer from which the Series 7 Preferred Shares are purchased in accordance with the practices and procedures of that registered dealer. The practices of registered dealers may vary, but generally customer confirmations are issued promptly after execution of a customer order. CDS will be responsible for establishing and maintaining book-entry accounts for its Participants having interests in the Series 7 Preferred Shares. Reference in this Prospectus Supplement to a holder of Series 7 Preferred Shares means, unless the context otherwise requires, the owner of the beneficial interest in the Series 7 Preferred Shares.

Neither IFC nor the Underwriters will assume any liability for: (a) any aspect of the records relating to the beneficial ownership of the Series 7 Preferred Shares held by CDS or the payments relating thereto; (b) maintaining, supervising or reviewing any records relating to the Series 7 Preferred Shares; or (c) any advice or representation made by or with respect to CDS and those contained in this Prospectus Supplement and relating to the rules

governing CDS or any action to be taken by CDS or at the direction of Participants. The rules governing CDS provide that it acts as the agent and depository for the Participants. As a result, Participants must look solely to CDS and persons, other than Participants, having an interest in the Series 7 Preferred Shares must look solely to Participants for payments made by or on behalf of IFC to CDS in respect of the Series 7 Preferred Shares.

Any notice required to be given to any holder having an interest in the Series 7 Preferred Shares will be given to CDS.

If IFC determines, or CDS notifies IFC in writing, that CDS is no longer willing or able to discharge properly its responsibilities as depository with respect to the Series 7 Preferred Shares and IFC is unable to locate a qualified successor, or if IFC at its option elects, or is required by law, to withdraw the Series 7 Preferred Shares from the book-entry system, then Series 7 Preferred Shares will be issued in fully registered form to holders or their nominees.

The ability of a beneficial owner of Series 7 Preferred Shares to pledge such shares or otherwise take action with respect to such owner's interest in such shares (other than through a Participant) may be limited due to the lack of a physical certificate.

### ***Business Days***

If any date on which any dividend on the Series 7 Preferred Shares is payable is not a business day, then the dividend will be payable on or before the immediately succeeding day that is a business day. If any date on or by which any other action is required to be taken by IFC under the terms of the Series 7 Preferred Shares is not a business day, then such action will be taken on the next succeeding day that is a business day.

### **Certain Provisions of the Series 8 Preferred Shares as a Series**

The following is a summary of certain provisions attaching to the Series 8 Preferred Shares as a series.

#### ***Definition of Terms***

The following definitions are relevant to the Series 8 Preferred Shares.

**“Floating Quarterly Dividend Rate”** means, for any Quarterly Floating Rate Period, the rate (expressed as a percentage rate rounded down to the nearest one hundred-thousandth of one percent (with 0.000005% being rounded up)) equal to the sum of the T-Bill Rate on the applicable Floating Rate Calculation Date plus 2.55% (calculated on the basis of the actual number of days elapsed in such Quarterly Floating Rate Period divided by 365 or 366, depending upon the actual number of days in the applicable year).

**“Floating Rate Calculation Date”** means, for any Quarterly Floating Rate Period, the 30th day prior to the first day of such Quarterly Floating Rate Period.

**“Quarterly Commencement Date”** means the last day of each of March, June, September and December in each year.

**“Quarterly Floating Rate Period”** means, for the initial Quarterly Floating Rate Period, the period from and including June 30, 2023 to but excluding December 31, 2023, and thereafter the period from and including the day immediately following the end of the immediately preceding Quarterly Floating Rate Period to but excluding the next succeeding Quarterly Commencement Date.

**“T-Bill Rate”** means, for any Quarterly Floating Rate Period, the average yield expressed as a percentage per annum on three month Government of Canada Treasury Bills, as reported by the Bank of Canada, for the most recent treasury bills auction preceding the applicable Floating Rate Calculation Date. Auction results will be displayed on the page designated as “CA3MAY<INDEX>” on the Bloomberg Financial L.P. service (or such other page as may replace the CA3MAY<INDEX>).

### ***Issue Price***

The Series 8 Preferred Shares will be issuable only upon conversion of Series 7 Preferred Shares and will have an ascribed issue price of \$25.00 per Series 8 Preferred Share.

### ***Dividends***

The holders of the Series 8 Preferred Shares will be entitled to receive floating rate non-cumulative preferential cash dividends, as and when declared by the Board of Directors, payable quarterly on the last day of March, June, September and December in each year, in a quarterly amount per share determined by multiplying the applicable Floating Quarterly Dividend Rate by \$25.00.

The Floating Quarterly Dividend Rate for each Quarterly Floating Rate Period will be determined by IFC on the 30th day prior to the first day of each Quarterly Floating Rate Period. Such determination will, in the absence of manifest error, be final and binding upon IFC and upon all holders of Series 8 Preferred Shares. IFC will, on the Floating Rate Calculation Date, give written notice of the Floating Quarterly Dividend Rate for the ensuing Quarterly Floating Rate Period to the registered holders of the then outstanding Series 8 Preferred Shares.

If the Board of Directors does not declare the dividends, or any part thereof, on the Series 8 Preferred Shares on or before the dividend payment date for a particular Quarterly Floating Rate Period, then the entitlement of the holders of the Series 8 Preferred Shares to such dividends, or to any part thereof, for such Quarterly Floating Rate Period shall be forever extinguished. Payments of dividends and other amounts in respect of the Series 8 Preferred Shares will be made by IFC to CDS, or its nominee, as the case may be, as registered holder of the Series 8 Preferred Shares. As long as CDS, or its nominee, is the registered holder of the Series 8 Preferred Shares, CDS, or its nominee, as the case may be, will be considered the sole owner of the Series 8 Preferred Shares for the purposes of receiving payment on the Series 8 Preferred Shares. See “– Depository Services”.

### ***Redemption***

Subject to certain restrictions set out in “– Restrictions on Dividends and Retirement of Series 8 Preferred Shares”, IFC may, at its option, on at least 30 days and not more than 60 days prior written notice, redeem all or from time to time any part of the outstanding Series 8 Preferred Shares by payment in cash of a per share sum equal to (i) \$25.00 in the case of redemptions on June 30, 2028 and on June 30 every five years thereafter, or (ii) \$25.50 in the case of redemptions on any other date after June 30, 2023 that is not a Series 8 Conversion Date (as defined below), in each case together with any declared and unpaid dividends up to but excluding the date fixed for redemption (less any tax required to be deducted and withheld by IFC).

Notice of any redemption will be given by IFC at least 30 days and not more than 60 days prior to the date fixed for redemption. If less than all of the outstanding Series 8 Preferred Shares are to be redeemed, the shares to be redeemed shall be selected on a *pro rata* basis disregarding fractions or, if such shares are at such time listed on such exchange, with the consent of the TSX, in such manner as the Board of Directors in its sole discretion may, by resolution, determine.

The Series 8 Preferred Shares do not have a fixed maturity date and are not redeemable at the option of the holders of Series 8 Preferred Shares. See “Risk Factors”.

### ***Conversion of Series 8 Preferred Shares into Series 7 Preferred Shares***

Holders of Series 8 Preferred Shares will have the right, at their option, on June 30, 2028 and on June 30 every five years thereafter (a “Series 8 Conversion Date”), to convert, subject to the restrictions on conversion described below and the payment or delivery to IFC of evidence of payment of the tax (if any) payable, all or any of their Series 8 Preferred Shares registered in their name into Series 7 Preferred Shares on the basis of one Series 7 Preferred Share for each Series 8 Preferred Share. The conversion of Series 8 Preferred Shares may be effected upon written notice given by the registered holders of the Series 8 Preferred Shares not earlier than the 30th day prior to, but not later than 5:00 p.m. (Toronto time) on the 15th day preceding, a Series 8 Conversion Date. Once received by IFC, an election notice is irrevocable. If IFC does not receive the conversion notice in writing from the holder

exercising the above-mentioned conversion right during the time fixed therefor, then the Series 8 Preferred Shares shall be deemed not to have been converted except in the case of an automatic conversion (described below).

IFC will, at least 30 days and not more than 60 days prior to the applicable Series 8 Conversion Date, give notice in writing to the then registered holders of the Series 8 Preferred Shares of the above-mentioned conversion right, together with a form of election notice. On the 30th day prior to each Series 8 Conversion Date, IFC will give notice in writing to the then registered holders of Series 8 Preferred Shares of the Floating Quarterly Dividend Rate for the next succeeding Quarterly Floating Rate Period and the Annual Fixed Dividend Rate applicable to the Series 7 Preferred Shares for the next succeeding Subsequent Fixed Rate Period.

If IFC gives notice to the registered holders of the Series 8 Preferred Shares of the redemption on a Series 8 Conversion Date of all the Series 8 Preferred Shares, IFC will not be required to give notice as provided hereunder to the registered holders of the Series 8 Preferred Shares of a Floating Quarterly Dividend Rate, an Annual Fixed Dividend Rate or of the conversion right of holders of Series 8 Preferred Shares and the right of any holder of Series 8 Preferred Shares to convert such Series 8 Preferred Shares will cease and terminate in that event.

Holders of Series 8 Preferred Shares will not be entitled to convert their shares into Series 7 Preferred Shares if IFC determines that there would remain outstanding on a Series 8 Conversion Date less than 1,000,000 Series 7 Preferred Shares, after having taken into account all Series 8 Preferred Shares tendered for conversion into Series 7 Preferred Shares and all Series 7 Preferred Shares tendered for conversion into Series 8 Preferred Shares. IFC will give notice in writing to all registered holders of Series 8 Preferred Shares of their inability to convert their Series 8 Preferred Shares at least seven days prior to the applicable Series 8 Conversion Date. Furthermore, if IFC determines that there would remain outstanding on a Series 8 Conversion Date less than 1,000,000 Series 8 Preferred Shares, after having taken into account all Series 8 Preferred Shares tendered for conversion into Series 7 Preferred Shares and all Series 7 Preferred Shares tendered for conversion into Series 8 Preferred Shares, then, all, but not part, of the remaining outstanding Series 8 Preferred Shares will automatically be converted into Series 7 Preferred Shares on the basis of one Series 7 Preferred Share for each Series 8 Preferred Share, on the applicable Series 8 Conversion Date and IFC will give notice in writing to this effect to the then registered holders of such remaining Series 8 Preferred Shares at least seven days prior to the Series 8 Conversion Date.

Upon exercise by a registered holder of its right to convert Series 8 Preferred Shares into Series 7 Preferred Shares (and upon an automatic conversion), IFC reserves the right not to deliver Series 7 Preferred Shares to any person whose address is in, or who IFC or its transfer agent has reason to believe is a resident of, any jurisdiction outside Canada, to the extent that such issue would require IFC to take any action to comply with the securities, insurance or analogous laws of such jurisdiction.

### ***Purchase for Cancellation***

Subject to certain restrictions set out under “– Restrictions on Dividends and Retirement of Series 8 Preferred Shares”, IFC may at any time or times purchase for cancellation all or any number of the Series 8 Preferred Shares outstanding from time to time, by private contract or tender or in the open market, at any price.

### ***Priority***

The Series 8 Preferred Shares shall rank on a parity with every other series of the Class A Shares with respect to dividends and return of capital. The Series 8 Preferred Shares shall be entitled to a preference over the Common Shares and any other shares ranking junior to the Series 8 Preferred Shares with respect to priority in the payment of dividends and in the distribution of assets in the event of any liquidation, dissolution or winding-up of IFC, whether voluntary or involuntary, or any other distribution of the assets of IFC for the purpose of winding-up its affairs.

### ***Rights on Liquidation***

In the event of the liquidation, dissolution or winding-up of IFC, or any other distribution of assets of IFC for the purpose of winding up its affairs, the holders of Series 8 Preferred Shares will be entitled to receive \$25.00 for each Series 8 Preferred Share held by them, together with all declared and unpaid dividends to but excluding the date of payment (less any tax required to be deducted and withheld by IFC), before any amounts are paid or any

assets of IFC distributed to holders of any shares ranking junior to the Series 8 Preferred Shares. After payment of those amounts, the holders of Series 8 Preferred Shares will not be entitled to share in any further distribution of the property or assets of IFC.

### ***Voting Rights***

Subject to applicable law, holders of the Series 8 Preferred Shares will not be entitled as such to receive notice of or to attend or to vote at any meeting of the shareholders of IFC unless and until the first time at which the Board of Directors has not declared the whole dividend on the Series 8 Preferred Shares in any quarter. In that event, the holders of the Series 8 Preferred Shares will be entitled to receive notice of, and to attend, only meetings of shareholders of IFC at which directors are to be elected and will be entitled to one vote for each Series 8 Preferred Share held in the election of directors voting together with all other shareholders of IFC who are entitled to vote at such meetings, and the holders of the Series 8 Preferred Shares will not be entitled to vote in respect of any other business conducted at such meetings. The voting rights of the holders of the Series 8 Preferred Shares shall immediately cease upon payment by IFC of the whole amount of a dividend on the Series 8 Preferred Shares to which the holders are entitled subsequent to the time such voting rights first arose. At such time as the Board of Directors may again fail to declare the whole dividend on the Series 8 Preferred Shares in any quarter, such voting rights shall become effective again and so on from time to time.

### ***Restrictions on Dividends and Retirement of Series 8 Preferred Shares***

So long as any of the Series 8 Preferred Shares are outstanding, IFC will not, without the approval of the holders of the Series 8 Preferred Shares given as specified under “– Amendments to the Series 8 Preferred Shares”:

- declare, pay or set apart for payment any dividend on the Common Shares or any other shares ranking junior to the Series 8 Preferred Shares (other than stock dividends on any shares ranking junior to the Series 8 Preferred Shares);
- redeem, purchase or otherwise retire any Common Shares or any other shares ranking junior to the Series 8 Preferred Shares (except out of the net cash proceeds of a substantially concurrent issue of shares ranking junior to the Series 8 Preferred Shares);
- redeem, purchase or otherwise retire less than all of the Series 8 Preferred Shares then outstanding;  
or
- except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provisions attaching to any series of shares ranking *pari passu* with the Series 8 Preferred Shares redeem, purchase or otherwise retire any other shares ranking *pari passu* with the Series 8 Preferred Shares;

unless, in each case, all dividends on the Series 7 Preferred Shares and the Series 8 Preferred Shares then issued and outstanding, up to and including those payable on the dividend payment date for the last completed period for which dividends shall be payable and in respect of which the rights of the holders thereof have not been extinguished, and all dividends then accrued on all other shares ranking prior to or *pari passu* with the Series 7 Preferred Shares and the Series 8 Preferred Shares, have been declared and paid or set apart for payment.

### ***Issue of Additional Series of Class A Shares***

IFC may issue other series of Class A Shares ranking *pari passu* with the Series 8 Preferred Shares without the approval of the holders of the Series 8 Preferred Shares.

### ***Amendments to the Series 8 Preferred Shares***

In addition to any other approvals required by law (including any approvals required by the TSX), the approval of all amendments to the rights, privileges, restrictions and conditions attaching to the Series 8 Preferred Shares as a series and any other approval to be given by the holders of the Series 8 Preferred Shares may be given by a resolution signed by all holders of the Series 8 Preferred Shares, or by a resolution passed by the affirmative vote

of not less than two-thirds of the votes cast by the holders who voted in respect of that resolution at a meeting of the holders duly called for that purpose and at which the holders of at least 25% of the outstanding Series 8 Preferred Shares are present in person or represented by proxy, or, if no quorum is present at such meeting, at an adjourned meeting at which the holders of Series 8 Preferred Shares present in person or represented by proxy would form the necessary quorum. At any meeting of holders of Series 8 Preferred Shares as a series, each such holder as at the applicable record date shall be entitled to one vote in respect of each Series 8 Preferred Share held by such holder.

### ***Tax Election***

IFC will elect, in the manner and within the time provided for under subsection 191.2(1) of the Tax Act to pay tax under Part VI.1 of the Tax Act, at a rate such that holders of the Series 8 Preferred Shares will not be required to pay tax under Part IV.1 of the Tax Act on dividends received, or deemed to have been received, on the Series 8 Preferred Shares.

### ***Depository Services***

If issued, the Series 8 Preferred Shares will be in “book-entry only” form unless IFC elects otherwise and may be purchased, held and transferred in substantially the same manner as the Series 7 Preferred Shares. See “Details of the Offering – Certain Provisions of the Series 7 Preferred Shares as a Series – Depository Services”.

### ***Business Days***

If any date on which any dividend on the Series 8 Preferred Shares is payable is not a business day, then the dividend will be payable on or before the immediately succeeding day that is a business day. If any date on or by which any other action is required to be taken by IFC under the terms of the Series 8 Preferred Shares is not a business day, then such action will be taken on the next succeeding day that is a business day.

## **RATINGS**

The Series 7 Preferred Shares have been assigned a rating of Pfd-2 with a Stable trend by DBRS.

A Pfd-2 rating by DBRS is the middle of three subcategories within the second highest of six categories used by DBRS for preferred shares. According to the DBRS rating system, preferred shares rated Pfd-2 are of satisfactory credit quality. Protection of dividends and principal is still substantial, but earnings, the balance sheet, and coverage ratios are not as strong as “Pfd-1” rated companies. Generally, Pfd-2 ratings correspond with categories whose senior bonds are rated in the “A” category. Each category is denoted by the subcategories “high” and “low”. The absence of either a “high” or “low” designation indicates the rating is in the middle of the category. A rating trend, expressed as “Positive”, “Stable” or “Negative”, provides guidance in respect of DBRS’s opinion regarding the outlook for the rating.

Credit ratings are intended to provide investors with an independent assessment of the credit quality of an issue or issuer of securities and do not speak to the suitability of particular securities for any particular investor. The credit ratings assigned to the Series 7 Preferred Shares may not reflect the potential impact of all risks on the value of the Series 7 Preferred Shares. A rating is therefore not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the rating agency. Prospective investors should consult the relevant rating organization with respect to the interpretation and implications of the ratings.

## **PLAN OF DISTRIBUTION**

Pursuant to the Underwriting Agreement dated May 22, 2018 between IFC and the Underwriters, IFC has agreed to sell and the Underwriters have severally (and not jointly and severally) agreed to purchase 10,000,000 Series 7 Preferred Shares at a price of \$25.00 per Series 7 Preferred Share, for aggregate gross consideration of \$250,000,000 payable to IFC against delivery of the Series 7 Preferred Shares. The offering price of the Series 7 Preferred Shares was determined by negotiation between IFC and the Underwriters.

The Underwriting Agreement provides that IFC will pay the Underwriters a fee per share equal to \$0.25 with respect to Series 7 Preferred Shares sold to certain institutions and \$0.75 with respect to all other Series 7



Preferred Shares. Assuming no Series 7 Preferred Shares are sold to such institutions, the Underwriters' fee would be \$7,500,000.

The aggregate 10,000,000 Series 7 Preferred Shares to be issued and sold includes 2,000,000 Series 7 Preferred Shares issuable pursuant to the exercise of the Underwriters' Option granted by IFC to the Underwriters, which was exercised in full prior to the filing of this Prospectus Supplement. A purchaser who acquires Series 7 Preferred Shares issued pursuant to the exercise of the Underwriters' Option acquires those Series 7 Preferred Shares under this Prospectus Supplement.

The obligations of the Underwriters under the Underwriting Agreement are several (and not joint) and may be terminated at their discretion upon the occurrence of certain stated events. Such events include, but are not limited to: (i) there has been any inquiry, action, suit, investigation or other proceeding (whether formal or informal) instituted, announced or threatened, or any order is issued by any federal, provincial, state, municipal, local or other governmental or public department, commission, board, bureau, agency, instrumentality or body, domestic or foreign, any subdivision or authority of any of the foregoing or any quasi-governmental, self-regulatory organization or private body exercising any regulatory, expropriation or taxing authority under or for the account of its members or any of the above or otherwise (other than an inquiry, investigation, proceeding or order based upon the activities or alleged activities of the Underwriters), or there is any change of law, or the interpretation or administration thereof, which in the reasonable opinion of the Underwriters operates to prevent or restrict the trading in the Series 7 Preferred Shares or the distribution of the Series 7 Preferred Shares or which in the reasonable opinion of the Underwriter, acting in good faith, could be expected to have a material adverse effect on the market price or value of the Series 7 Preferred Shares, by giving IFC and, if applicable, TD Securities Inc., BMO Nesbitt Burns Inc., CIBC World Markets Inc. and National Bank Financial Inc. (collectively, the "Lead Underwriters") written notice to that effect not later than the closing of the Offering; (ii) there has occurred, been discovered or been publicly announced by IFC any material change in the business, financial condition, assets, liabilities (contingent or otherwise), results of operations or prospects of IFC and its subsidiaries (taken as a whole) or any change in any material fact contained or referred to in this Prospectus Supplement or any amendment, or there shall exist any material fact which is, or may be, of such a nature as to render the Prospectus Supplement or any amendment or any U.S. offering document, untrue, false or misleading in a material respect or result in a misrepresentation (other than a change or fact related solely to the Underwriters), which in the reasonable opinion of the Underwriters could be expected to have a material adverse effect on the market price or value of the Series 7 Preferred Shares, by giving IFC and, if applicable, the Lead Underwriters written notice to that effect no later than the closing of the Offering; (iii) there has developed, occurred or come into effect or existence any event, action, state, condition or occurrence of national or international consequence, acts of hostilities or escalation thereof or other calamity or crisis or any change or development involving a prospective change in national or international political, financial or economic conditions or any action, law, regulation or inquiry which, in the reasonable opinion of the Underwriters, materially adversely affects or involves, or may materially adversely affect or involve, the financial markets in Canada or the United States, or the business, operations or affairs of IFC and its subsidiaries (taken as a whole), or the market price or value of the Series 7 Preferred Shares, by giving IFC and, if applicable, the Lead Underwriters written notice to that effect not later than the closing of the Offering; or (iv) there has occurred a downgrade in the rating applicable to the Series 7 Preferred Shares by DBRS Limited or any rating agency has placed any of the securities of IFC on credit watch or has publicly announced that it has under surveillance or review, with possible negative implications, its rating of the Series 7 Preferred Shares. If an Underwriter fails, except in certain limited circumstances, to purchase the Series 7 Preferred Shares which it has agreed to purchase, the other Underwriters may, but are not obligated to, purchase such Series 7 Preferred Shares. If, however, the aggregate number of Series 7 Preferred Shares not purchased is equal to or less than 10% of the aggregate number of Series 7 Preferred Shares agreed to be purchased by the Underwriters, then each of the other Underwriters is required, each severally (and not jointly) to purchase the full amount thereof on a *pro rata* basis. The Underwriters are, however, obligated to take up and pay for all Series 7 Preferred Shares if any Series 7 Preferred Shares are purchased under the Underwriting Agreement. The Underwriting Agreement also provides that IFC will indemnify the Underwriters, their respective subsidiaries and affiliates and each of their respective directors, officers, shareholders, partners, agents and employees against certain liabilities and expenses.

The Underwriters intend to offer the Series 7 Preferred Shares initially at the public offering price specified on the cover page of this Prospectus Supplement. After the Underwriters have made a reasonable effort to sell all of the Series 7 Preferred Shares offered by this Prospectus Supplement at the price specified herein, the offering price

may be decreased and may be further changed from time to time to an amount not greater than that specified on the cover page of this Prospectus Supplement, and the compensation realized by the Underwriters will accordingly also be reduced.

IFC has agreed that during the period ending 90 days from the Offering closing date, it will not offer, sell or issue for sale or resale (or agree, or announce any intention, to do so) any preferred shares or securities convertible into, or exercisable or exchangeable for, preferred shares, except the Series 7 Preferred Shares and pursuant to, as applicable, IFC's existing equity compensation plans or other existing commitments, without the prior written consent of the Lead Underwriters, on behalf of the Underwriters, which consent may not be unreasonably withheld.

Neither the Series 7 Preferred Shares nor the Series 8 Preferred Shares have been or will be registered under the U.S. Securities Act or the securities laws of any state of the United States and, accordingly, may not be offered, sold or delivered, directly or indirectly, within the United States (as defined in Regulation S under the U.S. Securities Act), except in certain transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws.

This Prospectus Supplement does not constitute an offer to sell or a solicitation of an offer to buy any of the Series 7 Preferred Shares in the United States.

Pursuant to policy statements of certain securities regulators, the Underwriters may not, throughout the period of distribution, bid for or purchase Series 7 Preferred Shares. The policy statements allow certain exceptions to the foregoing prohibitions. The Underwriters may only avail themselves of such exceptions on the condition that the bid or purchase not be engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, the Series 7 Preferred Shares. These exceptions include a bid or purchase permitted under the Universal Market Integrity Rules of the Investment Industry Regulatory Organization of Canada, relating to market stabilization and passive market making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution. Pursuant to the first mentioned exception, in connection with the Offering, the Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Series 7 Preferred Shares at levels other than those which otherwise might prevail on the open market. Such transactions, if commenced, may be discontinued at any time.

TD Securities Inc., BMO Nesbitt Burns Inc., CIBC World Markets Inc., National Bank Financial Inc., RBC Dominion Securities Inc. and Scotia Capital Inc. are wholly-owned subsidiaries of Canadian banks that are currently lenders to IFC under its Credit Facility. IFC and its subsidiaries are presently in compliance with the terms of the Credit Facility and none of the lenders has waived a breach of the agreement governing such Credit Facility since its execution. The consolidated financial position of IFC has not changed materially since the indebtedness under such Credit Facility was incurred. Accordingly, IFC may be considered a "connected issuer" of these Underwriters within the meaning of applicable securities legislation. None of these Underwriters will receive any direct benefit from the Offering other than the underwriting commission relating to the Offering. The decision to distribute the Series 7 Preferred Shares and the determination of the terms of the Offering were made through negotiation between IFC and the Underwriters. No bank had any involvement in such decision or determination. See "Use of Proceeds" and "Consolidated Capitalization".

**There is currently no market through which the Series 7 Preferred Shares or the Series 8 Preferred Shares may be sold and purchasers may not be able to resell the Series 7 Preferred Shares purchased under this Prospectus Supplement or Series 8 Preferred Shares issued upon the conversion of Series 7 Preferred Shares. The TSX has conditionally approved the listing of the Series 7 Preferred Shares and the Series 8 Preferred Shares. Listing of the Series 7 Preferred Shares offered under this Prospectus Supplement is subject to IFC fulfilling all the listing requirements of the TSX on or before August 15, 2018. Listing of the Series 8 Preferred Shares issuable upon conversion of the Series 7 Preferred Shares is subject to IFC fulfilling all of the listing requirements of the TSX, including public distribution requirements for the Series 7 Preferred Shares, at the applicable time.**

## CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Blake, Cassels & Graydon LLP, counsel to IFC, and McCarthy Tétrault LLP, counsel to the Underwriters, the following is a summary of the principal Canadian federal income tax considerations generally applicable to the acquisition, holding and disposition of Series 7 Preferred Shares and Series 8 Preferred Shares by a holder who acquires, as beneficial owner, Series 7 Preferred Shares pursuant to this Prospectus Supplement and Series 8 Preferred Shares on a conversion of Series 7 Preferred Shares acquired pursuant to this Prospectus Supplement and who, for purposes of the Tax Act and at all relevant times, is or is deemed to be a resident of Canada, deals at arm's length with IFC and each of the Underwriters and is not affiliated with IFC or any of the Underwriters and holds Series 7 Preferred Shares and Series 8 Preferred Shares as capital property (a "Holder"). Generally, the Series 7 Preferred Shares and Series 8 Preferred Shares will be capital property to a holder provided the holder does not acquire or hold such shares in the course of carrying on a business of trading or dealing in securities or as part of an adventure or concern in the nature of trade. Certain holders of Series 7 Preferred Shares and Series 8 Preferred Shares who might not otherwise be considered to hold their Series 7 Preferred Shares and Series 8 Preferred Shares as capital property may, in certain circumstances, be entitled to have the Series 7 Preferred Shares and Series 8 Preferred Shares, and all other "Canadian securities" (as defined in the Tax Act) owned by such holders in the taxation year of the election and any subsequent taxation year, treated as capital property by making the irrevocable election contemplated by subsection 39(4) of the Tax Act. Holders should consult their own tax advisors regarding this election.

This summary is not applicable to a Holder (i) that is a "financial institution" for purposes of the "mark to market property" rules in the Tax Act or is a "specified financial institution" or a "restricted financial institution" (each as defined in the Tax Act), (ii) an interest in which is a "tax shelter investment" (as defined in the Tax Act), (iii) which has made a "functional currency" election under the Tax Act to determine its Canadian tax results in a currency other than Canadian currency, (iv) that is a corporation resident in Canada and is or becomes (or does not deal at arm's length for purposes of the Tax Act with a corporation resident in Canada that is or becomes), as part of a transaction or event or series of transactions or events that includes the acquisition of the Series 7 Preferred Shares or the Series 8 Preferred Shares, controlled by a non-resident corporation for the purposes of section 212.3 of the Tax Act, (v) that has entered into, or will enter into, a "derivative forward agreement" (as defined in the Tax Act) in respect of Series 7 Preferred Shares or the Series 8 Preferred Shares or (vi) who receives dividends on the Series 7 Preferred Shares or the Series 8 Preferred Shares where there is, in respect of such shares, a "dividend rental arrangement" (as defined in the Tax Act). Such Holders are advised to consult with their own tax advisors. In addition, this summary does not address the deductibility of interest by a holder who has borrowed money or otherwise incurred debt in connection with the acquisition of Series 7 Preferred Shares or Series 8 Preferred Shares.

**This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder and no representations with respect to the income tax consequences to any particular Holder are made. Accordingly, Holders and prospective Holders should consult their own tax advisors with respect to their particular circumstances.**

This summary is based upon the facts set forth in this Prospectus Supplement and the current provisions of the Tax Act, all Proposals and counsels' understanding of the current administrative policies and assessing practices of the Canada Revenue Agency made publicly available prior to the date hereof. This summary assumes that the Proposals will be enacted in the form proposed; however, no assurances can be given that the Proposals will be enacted as proposed, or at all. This summary is not exhaustive of all Canadian federal income tax considerations and, except for the Proposals, does not otherwise take into account or anticipate any change in law or administrative policies or assessing practices, whether by legislative, administrative, governmental or judicial decision or action, nor does it take into account or consider any provincial, territorial or foreign tax legislation or considerations.

### *Dividends*

Dividends (including deemed dividends) received on the Series 7 Preferred Shares or Series 8 Preferred Shares by a Holder that is an individual will be included in the individual's income and generally will be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends (including a deemed dividend) received from taxable Canadian corporations, including the enhanced dividend gross-up and dividend tax credit with respect to any dividends (including deemed dividends) designated by IFC as "eligible dividends" in accordance with

the Tax Act. By notice in writing on IFC's website, IFC has designated all dividends paid by IFC to be "eligible dividends" within the meaning of the Tax Act unless otherwise notified.

Dividends (including deemed dividends) received on the Series 7 Preferred Shares or Series 8 Preferred Shares by a Holder that is a corporation will be included in computing the corporation's income and will generally be deductible in computing the taxable income of the corporation. In certain circumstances, subsection 55(2) of the Tax Act will treat a taxable dividend received by a Holder that is a corporation as proceeds of disposition or a capital gain. Holders that are corporations should consult their own tax advisors having regard to their particular circumstances.

The Series 7 Preferred Shares and Series 8 Preferred Shares are "taxable preferred shares" as defined in the Tax Act. The terms of the Series 7 Preferred Shares and Series 8 Preferred Shares require IFC to make the necessary election under Part VI.1 of the Tax Act so that a corporation holding Series 7 Preferred Shares and Series 8 Preferred Shares will not be subject to tax under Part IV.1 of the Tax Act on dividends received (or deemed to be received) on the Series 7 Preferred Shares and Series 8 Preferred Shares.

Dividends received by an individual (including certain trusts) may give rise to a liability for alternative minimum tax.

A Holder that is a "private corporation", as defined in the Tax Act, or any other corporation controlled (whether by reason of a beneficial interest in one or more trusts or otherwise) by or for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts), will generally be liable to pay refundable tax under Part IV of the Tax Act on dividends received (or deemed to be received) on the Series 7 Preferred Shares and Series 8 Preferred Shares to the extent such dividends are deductible in computing its taxable income.

### ***Dispositions***

A Holder who disposes of or is deemed to dispose of a Series 7 Preferred Share or Series 8 Preferred Share (either on redemption of the Series 7 Preferred Share or Series 8 Preferred Share for cash or otherwise, but not on a conversion) will generally realize a capital gain (or sustain a capital loss) to the extent that the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of such share to such Holder. For this purpose, the adjusted cost base to a Holder of Series 7 Preferred Shares will be determined at any time by averaging the cost of such Series 7 Preferred Shares with the adjusted cost base of any other Series 7 Preferred Shares owned by the Holder as capital property immediately before that time. Similarly, the adjusted cost base to a Holder of Series 8 Preferred Shares will be determined at any time by averaging the cost of such Series 8 Preferred Shares with the adjusted cost base of any other Series 8 Preferred Shares owned by the Holder as capital property immediately before that time. The amount of any deemed dividend arising on the redemption or acquisition by IFC of a Series 7 Preferred Share or Series 8 Preferred Share (as described under "Redemption" below) will generally not be included in computing the proceeds of disposition to the Holder for purposes of computing the capital gain or capital loss arising on the disposition of the Series 7 Preferred Share or Series 8 Preferred Share. If the Holder is a corporation, any capital loss arising on the disposition of a Series 7 Preferred Share or Series 8 Preferred Share may be reduced by the amount of any dividends, including deemed dividends, which have been received on the Series 7 Preferred Share or Series 8 Preferred Share, as the case may be, or on any share which was converted into or exchanged for such share, to the extent and under the circumstances described in the Tax Act. Similar rules may apply where a corporation is a member of a partnership or a beneficiary of a trust that owns Series 7 Preferred Shares or Series 8 Preferred Shares, directly or indirectly, through a partnership or a trust.

Generally, one-half of any capital gain will be included in computing the Holder's income as a taxable capital gain. One-half of any capital loss (an "allowable capital loss") realized by a Holder in a taxation year must generally be deducted from taxable capital gains realized by the Holder in such year. Allowable capital losses in excess of taxable capital gains realized in a taxation year may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years, subject to and in accordance with the rules contained in the Tax Act. Capital gains realized by an individual (including certain trusts) may give rise to liability for alternative minimum tax under the Tax Act. An amount in respect of taxable capital gains of a Canadian-controlled private corporation, as defined in the Tax Act, may be subject to an additional refundable tax.

### ***Redemption***

If IFC redeems or otherwise acquires or cancels a Series 7 Preferred Share or Series 8 Preferred Share held by a Holder, other than by a purchase in the open market in the manner in which shares are normally purchased by any member of the public in the open market, the Holder will be deemed to have received a dividend equal to the amount, if any, paid by IFC, including any redemption premium, in excess of the paid-up capital (as determined for purposes of the Tax Act) of such share at such time. Generally, the proceeds of disposition for purposes of computing the capital gain or capital loss arising on the disposition of such share will be equal to the amount paid by IFC on redemption or acquisition of such share, including any redemption premium, less the amount of the deemed dividend, if any. In the case of a Holder that is a corporation, it is possible that in certain circumstances subsection 55(2) of the Tax Act may treat all or part of the deemed dividend as proceeds of disposition and not as a dividend.

### ***Conversions***

The conversion of a Series 7 Preferred Share into a Series 8 Preferred Share and the conversion of a Series 8 Preferred Share into a Series 7 Preferred Share will be deemed not to be a disposition of the share and, accordingly, will not give rise to a capital gain or a capital loss. The cost to a holder of a Series 8 Preferred Share or a Series 7 Preferred Share, as the case may be, received on the conversion will be equal to the holder's adjusted cost base of the converted Series 7 Preferred Share or Series 8 Preferred Share, as the case may be, immediately before the conversion. The adjusted cost base of all of the Series 7 Preferred Shares or Series 8 Preferred Shares held by the holder will be determined in accordance with the cost averaging rules in the Tax Act, as described above.

## **RISK FACTORS**

An investment in the Series 7 Preferred Shares involves certain risks. In addition to the other information contained in this Prospectus Supplement, the Shelf Prospectus and the risks described under the "Risk Management" sections of the Annual MD&A and Interim MD&A, prospective purchasers of Series 7 Preferred Shares should consider carefully the risk factors set forth below.

The risks and uncertainties described below, in this Prospectus Supplement, the Shelf Prospectus and in the documents incorporated by reference are not the only ones we may face. Additional risks and uncertainties that we are unaware of, or that we currently deem to be immaterial, may also become important factors that affect us. If any of these risks actually occurs, our business, financial condition or results of operations could be materially adversely affected, with the result that the trading price of the Series 7 Preferred Shares could decline and investors could lose all or part of their investment.

### ***General Creditworthiness and Credit Ratings***

The value of the Series 7 Preferred Shares and the Series 8 Preferred Shares will be affected by our general creditworthiness. The Annual MD&A is incorporated by reference in this Prospectus Supplement. The Annual MD&A reports, among other things, known material trends and events, and risks and uncertainties that are reasonably expected to have a material effect on IFC's business, financial condition and/or results of operations. See also the discussion under "Earnings Coverage Ratios", which is relevant to an assessment of the risk that IFC will be unable to pay dividends on the Series 7 Preferred Shares or the Series 8 Preferred Shares.

Real or anticipated changes in credit ratings on the Series 7 Preferred Shares or the Series 8 Preferred Shares may also affect the market value of the Series 7 Preferred Shares or Series 8 Preferred Shares, as applicable. No assurance can be given that any credit ratings assigned to the Series 7 Preferred Shares or the Series 8 Preferred Shares will not be lowered or withdrawn entirely by the relevant rating agency. In addition, real or anticipated changes in credit ratings could adversely impact the marketability of the products offered by us and could affect the cost at which we obtain funding, thereby affecting our liquidity, business, financial condition or results of operations.

### ***Dividends***

The Series 7 Preferred Shares and the Series 8 Preferred Shares are non-cumulative and dividends are payable at the discretion of the Board of Directors. See "Earnings Coverage Ratios" and "Description of Share

Capital – Class A Shares” which are relevant to an assessment of the risk that we will be unable to pay dividends on the Series 7 Preferred Shares or the Series 8 Preferred Shares.

### ***Holding Company Structure***

We are a holding company and we will rely on cash dividends and other permitted payments from our subsidiaries and our own cash balances as the principal source of cash flow to meet our obligations with respect to the Series 7 Preferred Shares and the Series 8 Preferred Shares. As a result, our cash flows and ability to service our obligations, including the Series 7 Preferred Shares and the Series 8 Preferred Shares, are dependent upon the earnings of our subsidiaries, distributions of those earnings to us and other payments or distributions of funds by our subsidiaries to us. Substantially all of our business is currently conducted through our subsidiaries.

The ability of our subsidiaries to pay dividends to us in the future may be limited by applicable corporate and insurance law restrictions.

### ***Structural Subordination of the Series 7 Preferred Shares and the Series 8 Preferred Shares***

The Series 7 Preferred Shares and the Series 8 Preferred Shares are equity capital of IFC which rank equally with other Class A Shares in the event of an insolvency or winding-up of IFC. If IFC becomes insolvent or is wound-up, its assets must be used to satisfy outstanding indebtedness and other liabilities of IFC, including subordinated indebtedness of IFC, before payment may be made on the Series 7 Preferred Shares or the Series 8 Preferred Shares.

Our subsidiaries have no obligation to pay any amounts due on the Series 7 Preferred Shares or the Series 8 Preferred Shares. Furthermore, except to the extent IFC has a priority or equal claim against its subsidiaries as a creditor, the Series 7 Preferred Shares and the Series 8 Preferred Shares will be effectively subordinated to debt and preferred shares at the subsidiary level because, as the common shareholder of its corporate subsidiaries, IFC will be subject to the prior claims of creditors of its subsidiaries. As a result, a holder of Series 7 Preferred Shares or Series 8 Preferred Shares will not have any claim as a creditor against our subsidiaries. Accordingly, the Series 7 Preferred Shares and the Series 8 Preferred Shares are effectively subordinated to all liabilities of any of IFC’s subsidiaries. Therefore, holders of Series 7 Preferred Shares or Series 8 Preferred shares should rely only on IFC’s assets for payments on the shares.

### ***Fluctuations in Market Value***

Prevailing yields on similar securities will affect the market value of the Series 7 Preferred Shares and the Series 8 Preferred Shares. Assuming all other factors remain unchanged, the market value of the Series 7 Preferred Shares and the Series 8 Preferred Shares would be expected to decline as prevailing yields for similar securities rise, and would be expected to increase as prevailing yields for similar securities decline. Spreads over the Government of Canada Yield, T-Bill Rate and comparable benchmark rates of interest for similar securities will also affect the market value of the Series 7 Preferred Shares and the Series 8 Preferred Shares in an analogous manner.

From time to time, the financial markets experience significant price and volume volatility that may affect the market price of the Series 7 Preferred Shares and the Series 8 Preferred Shares for reasons unrelated to our performance. The continuing volatility in financial markets may adversely affect us and the market price of the Series 7 Preferred Shares and the Series 8 Preferred Shares. Also, the financial markets are generally characterized by extensive interconnections among financial institutions. As such, defaults by other financial institutions in Canada, the United States or other countries could adversely affect us and the market price of the Series 7 Preferred Shares and the Series 8 Preferred Shares. Additionally, the value of the Series 7 Preferred Shares and the Series 8 Preferred Shares are subject to market value fluctuations based upon factors which influence our operations, such as legislative or regulatory developments, competition, technological change and global capital market activity.

### ***Market for Securities***

There is currently no market through which the Series 7 Preferred Shares and the Series 8 Preferred Shares may be sold and purchasers of Series 7 Preferred Shares may not be able to resell the Series 7 Preferred Shares purchased under this Prospectus Supplement or Series 8 Preferred Shares issued upon the conversion of Series 7

Preferred Shares. The price offered to the public for the Series 7 Preferred Shares was determined by negotiations among IFC and the Underwriters. The price paid for each Series 7 Preferred Share may bear no relationship to the price at which the Series 7 Preferred Shares will trade in the public market subsequent to this Offering. IFC cannot predict at what price the Series 7 Preferred Shares or the Series 8 Preferred Shares will trade and there can be no assurance that an active trading market will develop for the Series 7 Preferred Shares or the Series 8 Preferred Shares or, if developed, that such market will be sustained. The TSX has conditionally approved the listing of the Series 7 Preferred Shares and the Series 8 Preferred Shares. Listing will be subject to IFC fulfilling all the listing requirements of the TSX. There can be no assurance that the Series 7 Preferred Shares or the Series 8 Preferred Shares will be accepted for listing on the TSX.

### ***Information Provided by OneBeacon***

All information relating to OneBeacon incorporated by reference in this Prospectus Supplement is based solely upon information provided by OneBeacon to IFC in connection with the Acquisition and upon information made publicly available by OneBeacon. While IFC, after conducting due diligence that it believes to be a prudent and thorough level of investigation, believes it to be accurate in all material respects, an unavoidable level of risk remains regarding the accuracy and completeness of such information.

### ***Historical Financial Information and Pro Forma Financial Information***

The historical financial information relating to OneBeacon incorporated by reference in this Prospectus Supplement, including such information used to prepare the *pro forma* financial information, has been derived on a historical basis from the historical accounting records of OneBeacon. The historical financial information may not reflect what OneBeacon's financial position, results of operations or cash flows would have been had IFC owned all of the outstanding common shares of OneBeacon during the period presented or what IFC's financial position, results of operations or cash flows will be in the future. The historical financial information does not contain any adjustments to reflect changes that may occur in IFC's cost structure, financing and operations as a result of the Acquisition.

In preparing the *pro forma* financial information incorporated by reference in this Prospectus Supplement, IFC gave effect to the Acquisition and the financing thereof, including, among other things, the issuance of the Series 5 Preferred Shares, the Series 6 Preferred Shares, the Series 7 Notes and the subscription receipts. The assumptions and estimates underlying the *pro forma* financial information may be materially different from IFC's actual experience going forward. See "Forward-Looking Statements".

### ***Other Risk Factors Specific to the Series 7 Preferred Shares and the Series 8 Preferred Shares***

Series 7 Preferred Shares and the Series 8 Preferred Shares do not have a fixed maturity date and are not redeemable at the option of the holders of Series 7 Preferred Shares or Series 8 Preferred Shares, as applicable. The ability of a holder to liquidate its holdings of Series 7 Preferred or Series 8 Preferred Shares, as applicable, may be limited.

We may choose to redeem the Series 7 Preferred Shares and the Series 8 Preferred Shares from time to time, in accordance with our rights described under "Details of the Offering – Certain Provisions of the Series 7 Preferred Shares as a Series – Redemption" and "Details of the Offering – Certain Provisions of the Series 8 Preferred Shares – Redemption", including when prevailing interest rates are lower than yield borne by the Series 7 Preferred Shares and the Series 8 Preferred shares. If prevailing rates are lower at the time of redemption, a purchaser would not be able to reinvest the redemption proceeds in a comparable security at an effective yield as high as the yield on the Series 7 Preferred Shares or the Series 8 Preferred Shares being redeemed. Our redemption right also may adversely impact a purchaser's ability to sell Series 7 Preferred Shares and Series 8 Preferred shares as the optional redemption date or period approaches.

Holders of Series 7 Preferred Shares and Series 8 Preferred Shares will not generally have voting rights at meetings of shareholders of IFC except under limited circumstances. See "Details of the Offering – Certain Provisions of the Series 7 Preferred Shares as a Series – Voting Rights" and "Details of the Offering – Certain Provisions of the Series 8 Preferred Shares as a Series – Voting Rights".

The dividend rate in respect of the Series 7 Preferred Shares will reset on June 30, 2023 and on June 30 every five years thereafter. The dividend rate in respect of the Series 8 Preferred Shares will reset quarterly. In each case, the new dividend rate is unlikely to be the same as, and may be lower than, the dividend rate for the applicable preceding dividend period.

Investments in the Series 8 Preferred Shares, given their floating interest component, entail significant risks not associated with investments in the Series 7 Preferred Shares. The resetting of the applicable rate on a Series 8 Preferred Share may result in a lower yield compared to fixed rate Series 7 Preferred Shares. The applicable rate on a Series 8 Preferred Share will fluctuate in accordance with fluctuations in the T-Bill Rate on which the applicable rate is based, which in turn may fluctuate and be affected by a number of interrelated factors, including economic, financial and political events over which we have no control.

An investment in the Series 7 Preferred Shares, or in the Series 8 Preferred Shares, as the case may be, may become an investment in Series 8 Preferred Shares, or in Series 7 Preferred Shares, respectively, without the consent of the holder in the event of an automatic conversion in the circumstances described under “Details of the Offering – Certain Provisions of the Series 7 Preferred Shares as a Series – Conversion of Series 7 Preferred Shares into Series 8 Preferred Shares” and “Details of the Offering – Certain Provisions of the Series 8 Preferred Shares as a Series – Conversion of Series 8 Preferred Shares into Series 7 Preferred Shares”. Upon the automatic conversion of the Series 7 Preferred Shares into Series 8 Preferred Shares, the dividend rate on the Series 8 Preferred Shares will be a floating rate that is adjusted quarterly by reference to the T-Bill Rate which may vary from time to time while, upon the automatic conversion of the Series 8 Preferred Shares into Series 7 Preferred Shares, the dividend rate on the Series 7 Preferred Shares will be, for each five-year period, a fixed rate that is determined by reference to the Government of Canada Yield on the 30th day prior to the first day of each such five-year period. In addition, holders may be prevented from converting their Series 7 Preferred Shares into Series 8 Preferred Shares, and vice versa, in certain circumstances. See “Details of the Offering – Certain Provisions of the Series 7 Preferred Shares as a Series – Conversion of Series 7 Preferred Shares into Series 8 Preferred Shares”, “– Issue of Additional Series of Class A Shares”, “– Amendments to the Series 7 Preferred Shares”, “Details of the Offering – Certain Provisions of the Series 8 Preferred Shares as a Series – Conversion of Series 8 Preferred Shares into Series 7 Preferred Shares”, “– Issue of Additional Series of Class A Shares” and “– Amendments to the Series 8 Preferred Shares”.

## **LEGAL MATTERS**

Certain legal matters relating to the Offering will be passed upon on behalf of IFC by Blake, Cassels & Graydon LLP and on behalf of the Underwriters by McCarthy Tétrault LLP. As of the date of this Prospectus Supplement, the partners and associates of Blake, Cassels & Graydon LLP and McCarthy Tétrault LLP, respectively, as a group, beneficially own, directly or indirectly, less than 1% of the outstanding securities of IFC or any associate or affiliate of IFC.

## **AUDITORS, TRANSFER AGENT AND REGISTRAR**

IFC’s auditors are Ernst & Young LLP, 800 René-Lévesque Blvd, Suite 1900, Montreal, Quebec, H3B 1X9. The auditors have confirmed to IFC that they are independent within the meaning of the Code of Ethics of the Ordre des comptables professionnels agréés du Québec.

The transfer agent and registrar for the Series 7 Preferred Shares and the Series 8 Preferred Shares will be Computershare Investor Services Inc. at its principal office in Toronto, Ontario.

## **STATUTORY RIGHTS**

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus, and any amendment thereto. In several of the provinces and territories, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of such purchaser’s province or territory. The purchaser should refer to any



applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of these rights or consult with a legal advisor.

**CERTIFICATE OF THE UNDERWRITERS**

Dated: May 22, 2018

To the best of our knowledge, information and belief, the short form prospectus, together with the documents incorporated in the prospectus by reference, as supplemented by the foregoing, constitutes full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and this Prospectus Supplement as required by the securities legislation of all provinces and territories of Canada.

**TD SECURITIES INC.**

By: (signed) Jonathan Broer

**BMO NESBITT BURNS  
INC.**

By: (signed) Timothy Tutsch

**CIBC WORLD MARKETS  
INC.**

By: (signed) Shannan M.  
Levere

**NATIONAL BANK  
FINANCIAL INC.**

By: (signed) Maude  
Leblond

**RBC DOMINION SECURITIES INC.**

By: (signed) John Bylaard

**SCOTIA CAPITAL INC.**

By: (signed) Phil Labbe

**RAYMOND JAMES LTD.**

By: (signed) Sean C. Martin

**DESJARDINS SECURITIES INC.**

By: (signed) William Tebbutt

**GMP SECURITIES L.P.**

By: (signed) Kevin Sullivan

**CORMARK SECURITIES INC.**

By: (signed) Alfred Avanesy