

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 December 13, 2019, 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. 66367 and are also available electronically at 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 December 13, 2019)

New Issue

February 10, 2020



INTACT FINANCIAL CORPORATION

\$125,000,000

5,000,000 5.40% Non-Cumulative Class A Shares, Series 9

Intact Financial Corporation (“IFC”) is hereby qualifying for distribution (the “Offering”) 5,000,000 Non-Cumulative Class A Shares, Series 9 (the “Series 9 Preferred Shares”) at a price of \$25.00 per Series 9 Preferred Share. The Series 9 Preferred Shares are being offered pursuant to an underwriting agreement dated February 10, 2020 (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., Canaccord Genuity Corp., Desjardins Securities Inc., Industrial Alliance Securities Inc. 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 9 Preferred Shares will be entitled to fixed non-cumulative preferential cash dividends, if, as and when declared by the board of directors of IFC (the “Board of Directors”) at a rate equal to \$1.35 per share per annum. Dividends will be payable quarterly on the last day of March, June, September, and December in each year at a rate of \$0.3375 per Series 9 Preferred Share. The initial dividend covering the period from issuance to June 30, 2020, if declared, will be payable on June 30, 2020 and will be \$0.4906 per Series 9 Preferred Share, based on an anticipated closing date of February 18, 2020. See “Details of the Offering”.

The Series 9 Preferred Shares shall not be redeemable at the option of IFC prior to March 31, 2025. On or after March 31, 2025, IFC may, on not less than 30 nor more than 60 days’ notice, redeem the Series 9 Preferred Shares in whole or in part, at IFC’s option, by the payment in cash of \$26.00 per Series 9 Preferred Share if redeemed prior to March 31, 2026, of \$25.75 per Series 9 Preferred Share if redeemed on or after March 31, 2026 but prior to March 31, 2027 of \$25.50 per Series 9 Preferred Share if redeemed on or after March 31, 2027 but prior to March 31, 2028, of \$25.25 per Series 9 Preferred Share if redeemed on or after March 31, 2028 but prior to March 31, 2029, and

of \$25.00 per Series 9 Preferred Share if redeemed on or after March 31, 2029, in each case together with all declared and unpaid dividends up to but excluding the date fixed for redemption. See “Details of the Offering”.

Price: \$25.00 per Series 9 Preferred Share to yield 5.40% per annum

	<u>Price to the Public</u>	<u>Underwriters’ Fee⁽¹⁾</u>	<u>Net Proceeds to IFC⁽²⁾</u>
Per Series 9 Preferred Share	\$25.00	\$0.75	\$24.25
Total ⁽³⁾	\$125,000,000	\$3,750,000	\$121,250,000

- (1) The Underwriters’ fee is \$0.25 for each Series 9 Preferred Share sold to certain institutions and \$0.75 per Series 9 Preferred Share for all other Series 9 Preferred Shares that are sold. The totals set forth in the table above represent the Underwriters’ fee and net proceeds assuming all Series 9 Preferred Shares are sold with an Underwriters’ fee of \$0.75 per Series 9 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) IFC has granted to 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 1,000,000 additional Series 9 Preferred Shares on the same terms. If the Underwriters’ Option is exercised in full, the total price to the public, the Underwriters’ fee and the net proceeds to IFC, before expenses, will be \$150,000,000, \$4,500,000 and \$145,500,000, respectively. See “Plan of Distribution”. The issuance of Series 9 Preferred Shares on the exercise of the Underwriters’ Option is also qualified under this Prospectus Supplement. A purchaser who acquires Series 9 Preferred Shares issued pursuant to the exercise of the Underwriters’ Option acquires those Series 9 Preferred Shares under this Prospectus Supplement. See “Plan of Distribution”.

<u>Underwriters’ Position</u>	<u>Maximum Size</u>	<u>Exercise Period</u>	<u>Exercise Price</u>
Underwriters’ Option	1,000,000 Series 9 Preferred Shares	Until 8:30 a.m. on the date that is two business days prior to the closing of the Offering	\$25.00 per Series 9 Preferred Share

The Toronto Stock Exchange (the “TSX”) has conditionally approved the listing of the Series 9 Preferred Shares. Listing of the Series 9 Preferred Shares offered under this Prospectus Supplement is subject to IFC fulfilling all the listing requirements of the TSX on or before May 6, 2020. There is currently no market through which the Series 9 Preferred Shares may be sold and purchasers may not be able to resell Series 9 Preferred Shares purchased under this Prospectus Supplement. This may affect the pricing of the Series 9 Preferred Shares in the secondary market, the transparency and availability of trading prices, the liquidity of the Series 9 Preferred Shares and the extent of issuer regulation. See “Risk Factors”. There can be no assurance that the Series 9 Preferred Shares will be accepted for listing on the TSX.

The Underwriters, as principals, conditionally offer the Series 9 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 February 18, 2020, or on such later date as may be agreed, but in any event not later than February 25, 2020. Book-entry only certificates representing the Series 9 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 9 Preferred Shares will receive only a customer confirmation from a registered dealer which is a CDS participant and from or through which the Series 9 Preferred Shares are purchased.

The outstanding Class A Shares of IFC, Series 1, Series 3, Series 4, Series 5, Series 6, and Series 7 are traded on the TSX under the stock symbols “IFC.PR.A”, “IFC.PR.C”, “IFC.PR.D”, “IFC.PR.E”, “IFC.PR.F”, and “IFC.PR.G”, 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 9 Preferred Shares at levels other than those which might otherwise prevail on the open market. **In certain circumstances, the Underwriters may offer the Series 9 Preferred Shares at a price lower than the offering price specified in this Prospectus Supplement. See “Plan of Distribution”.**

Investing in the Series 9 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 9 Preferred Shares. Fitch Ratings Inc. (“Fitch”) has assigned a rating of BBB for the Series 9 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. This Prospectus Supplement contains terms that are specific to the insurance industry and that are technical in nature. Certain of these terms are described in the Glossary (as defined herein).

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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, 2018 dated March 29, 2019;
- (b) the audited consolidated financial statements of IFC, together with the auditors' report thereon and the notes thereto, as at and for the year ended December 31, 2019;
- (c) management's discussion and analysis of financial condition and results of operations of IFC for the year ended December 31, 2019 (the "Annual MD&A");
- (d) the management proxy circular of IFC dated March 29, 2019 in respect of IFC's annual meeting of shareholders held on May 8, 2019;
- (e) the material change report of IFC dated August 19, 2019 with respect to the proposed indirect acquisition of The Guarantee Company of North America and Frank Cowan Company Limited by IFC (the "Acquisition") and the related public offering of subscription receipts by IFC; and
- (f) 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 February 6, 2020 (the "Term Sheet").

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.

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. Unless otherwise indicated, all forward-looking statements in this Prospectus Supplement are made as at February 10, 2020, and are subject to change after that date.

Forward-looking statements are based on estimates and assumptions made by management based on management's experience and perception of historical trends, current conditions and expected future developments, as well as other factors that management believes are appropriate in the circumstances. 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 management currently expects; its ability to accurately assess the risks associated with the insurance policies that IFC writes; unfavourable capital market developments or other factors which may affect IFC's investments, floating rate securities and funding obligations under its pension plans; the cyclical nature of the P&C insurance industry; management's ability to accurately predict future claims frequency and severity, including in the personal auto line of business; 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 clients and provide services to IFC; 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, including the Acquisition; IFC's expectations in relation to synergies, future economic and business conditions and other factors in relation to the Acquisition and resulting impact on growth and accretion in various financial metrics; various actions to be taken or requirements to be met in connection with the Acquisition and integration post closing of the Acquisition; IFC's profitability following the acquisition of OneBeacon Insurance Group, Ltd. (the "OB Acquisition"); IFC's ability to improve its Combined Ratio in the United States in relation to the OB Acquisition and the Acquisition; IFC's ability to retain business and key employees in the United States in relation to the OB Acquisition and the Acquisition; undisclosed liabilities in relation to the OB Acquisition and the Acquisition; 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 and frequency of catastrophe events, including a major earthquake; catastrophe losses caused by severe weather and other weather-related losses, as well as the impact of climate change; IFC's ability to maintain its financial strength and issuer credit ratings; IFC's access to debt and equity financing; IFC's 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 in the context of evolving cybersecurity risk; the impact of developments in technology and use of data on IFC's products and distribution; IFC's dependence on and ability to retain 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 IFC's subsidiaries to pay dividends; the volatility of the stock market and other factors affecting the trading prices of IFC's securities (including the Series 9 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 9 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; and that the anticipated benefits of the Acquisition to IFC will be realized.

All of the forward-looking statements included or incorporated by reference in this Prospectus Supplement or 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 the risk factors incorporated by reference from 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 or 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. Investors should not rely on forward-looking statements to make decisions and investors

should ensure the preceding information is carefully considered when reviewing forward-looking statements made in this Prospectus Supplement and the Shelf Prospectus or in the documents incorporated by reference herein or therein. IFC and management have no intention and undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

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 Canada¹.

	Year ended December 31			
	2019	2018	2017	2016
Highest rate during the period	1.3600	1.3642	1.3743	1.4559
Lowest rate during the period	1.2988	1.2288	1.2128	1.2536
Average rate for the period	1.3269	1.2957	1.2986	1.3245
Rate at the end of the period	1.2988	1.3642	1.2545	1.3427

On February 5, 2020, 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 \$1.3289. 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”). Certain tables containing financial information in this Prospectus Supplement may not add due to rounding.

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 9 Preferred Shares to be issued under this Prospectus Supplement, 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 9 Preferred Shares 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 9 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 the RESP, as applicable, may be subject to a penalty tax under the Tax Act. Provided that the holder of a TFSA or RDSP, or 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 9 Preferred Shares will not be prohibited investments for a trust governed by such TFSA, RRSP RRIF, RDSP or RESP. The Series 9 Preferred Shares will also not be prohibited investments for a trust governed by a TFSA, RRSP, RRIF, RDSP or RESP provided that the Series 9 Preferred Shares are “excluded property” as defined in subsection 207.01(1) of the Tax Act for such trusts.

¹ 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.

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 9 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 9 Preferred Shares are sold to certain institutions) and the estimated expenses of the Offering, are expected to be \$121,000,000 (assuming no exercise of the Underwriters' Option). If the Underwriters' Option is exercised in full, the net proceeds of the Offering, after deducting the Underwriters' fee (assuming no Series 9 Preferred Shares are sold to certain institutions) and the estimated expenses of the Offering, are expected to be \$145,250,000.

The net proceeds from the Offering will be utilized for general corporate purposes.

CONSOLIDATED CAPITALIZATION

The following table sets forth our consolidated capitalization as at December 31, 2019 both on an actual basis and as adjusted to give effect to the Offering (assuming no exercise of the Underwriters' Option). The table below should be read together with the detailed information and financial statements appearing in the documents incorporated by reference.

	December 31, 2019	
	Actual	As adjusted to give effect to the Offering
	(in millions of Canadian dollars)	
Indebtedness		
Existing Credit Facility ⁽¹⁾	165	165
Series 2 Notes ⁽²⁾	250	250
Series 3 Notes ⁽²⁾	100	100
Series 4 Notes ⁽²⁾	300	300
Series 5 Notes ⁽²⁾	250	250
Series 6 Notes ⁽²⁾	250	250
Series 7 Notes ⁽²⁾	425	425
Senior Unsecured Notes ⁽³⁾	357	357
Indebtedness for the Acquisition ⁽⁴⁾	260	260
Total indebtedness	2,357	2,357
Shareholders' equity		
Series 1 Preferred Shares ⁽⁵⁾	244	244
Series 3 Preferred Shares ⁽⁵⁾	206	206
Series 4 Preferred Shares ⁽⁵⁾	39	39
Series 5 Preferred Shares ⁽⁵⁾	147	147
Series 6 Preferred Shares ⁽⁵⁾	147	147
Series 7 Preferred Shares ⁽⁵⁾	245	245
Series 9 Preferred Shares	-	122
Common Shares ⁽⁵⁾	3,265	3,265
Contributed Surplus	170	170
Retained Earnings	3,959	3,959
Accumulated other comprehensive income	325	325
Total shareholders' equity	8,747	8,869
Total capitalization	11,104	11,226

Notes:

- (1) IFC has an existing unsecured revolving term credit facility (the "Credit Facility") with a syndicate of lenders, which matures on November 26, 2024. On November 29, 2019, a subsidiary of IFC borrowed US\$106 million (approximately \$141 million based on the daily average exchange rate as published by the Bank of Canada as of November 29, 2019 of \$1.3289 for US\$1.00) on the Credit Facility to partially finance the Acquisition. As at December 31, 2019, IFC and its subsidiaries had an outstanding principal amount of \$165 million drawn on the Credit Facility (based on the daily average exchange rate as

published by the Bank of Canada for December 31, 2019, which was \$1.2988 for US\$1.00). Such outstanding principal amount was repaid in full on January 2, 2020.

- (2) As at December 31, 2019, IFC had outstanding in aggregate \$1,575 million principal amount of unsecured medium term notes of which 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 bear interest at a fixed annual rate of 2.85% and mature on June 7, 2027.
- (3) As at December 31, 2019, IFC had outstanding US\$275,000,000 (approximately \$357 million based on the daily average exchange rate as published by the Bank of Canada for December 31, 2019, which was \$1.2988 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 a wholly-owned subsidiary of IFC, OneBeacon U.S. Holdings, Inc.
- (4) On November 29, 2019, a subsidiary of IFC entered into a US\$200 million term loan agreement (the “Term Loan”) with a syndicate of lenders to partially finance the Acquisition, which Term Loan matures on May 26, 2021. The Term Loan was provided at a rate of LIBOR plus 0.50%. As at December 31, 2019, IFC and its subsidiaries had an outstanding principal amount of US\$200M (approximately \$260 million based on the daily average exchange rate as published by the Bank of Canada for December 31, 2019, which was \$1.2988 for US\$1.00) on the Term Loan.
- (5) IFC’s authorized share capital consists of an unlimited number of common shares (“Common Shares”) and an unlimited number of Class A Shares (issuable in series). As at December 31, 2019, 143,018,134 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”), 6,000,000 Non-cumulative Class A Shares, Series 6 (the “Series 6 Preferred Shares”), and 10,000,000 Non-cumulative Class A Shares, Series 7 (the “Series 7 Preferred Shares”), were issued and outstanding.

EARNINGS COVERAGE RATIO

The following earnings coverage ratio is based on IFC’s financial statements and calculated for the 12-month period ended December 31, 2019, which gives effect to the issuance of 5,000,000 Series 9 Preferred Shares, including dividend payments. The earnings coverage ratio set out below does not purport to be indicative of an earnings coverage ratio for any future periods.

	<u>December 31, 2019</u>
Earnings Coverage.....	6.4 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 \$58 for the twelve months ended December 31, 2019 (using an effective income tax rate of 9.5%). IFC’s borrowing cost requirements for the twelve months ended December 31, 2019 after giving effect to the Offering was \$88. IFC’s earnings before borrowing costs and income tax for the twelve months ended December 31, 2019 was \$930, representing 6.4 times 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) (“Preferred Shares”).

As at February 6, 2020, 143,018,134 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, 6,000,000 Series

6 Preferred Shares, and 10,000,000 Series 7 Preferred Shares were issued and outstanding. IFC has authorized but not issued Series 2 Preferred Shares and Series 8 Preferred Shares.

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.

Preferred Shares

The Preferred 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 Preferred Shares of each series, which may include voting rights. The Preferred Shares of each series rank equally with the Preferred 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, the Series 6 Preferred Shares, and the Series 7 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 2 Preferred Shares, the Series 3 Preferred Shares, the Series 4 Preferred Shares, Series 5 Preferred Shares, the Series 6 Preferred Shares, the Series 7 Preferred Shares, and the Series 8 Preferred Shares are available on our SEDAR profile at www.sedar.com.

Shareholder Rights Plan

The Shareholder Rights Plan Agreement dated as of February 9, 2011 that IFC entered into with Computershare Investor Services Inc. (the “Shareholder Rights Plan”) was adopted by the shareholders of IFC at the annual and special meeting of shareholders 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 last approved at the annual and special meeting of shareholders held on May 3, 2017. Pursuant to its terms, the Amended and Restated Rights Plan will require reconfirmation by the shareholders of IFC at IFC’s next annual meeting of shareholders expected to be held in Q2 2020. A copy of the Amended and Restated Rights Plan is available on IFC’s SEDAR profile at www.sedar.com and upon request from the Office of the Corporate Secretary of IFC.

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 February 2019.

<u>Period</u>	<u>High</u> (\$)	<u>Low</u> (\$)	<u>Volume</u>
2020			
February (1 – 5)	155.12	143.58	1,006,320
January	146.46	140.19	4,874,690
2019			
December	140.96	134.42	5,491,982
November	139.99	132.72	6,142,857
October	137.76	131.64	4,746,052
September	134.68	128.18	3,987,084
August	130.58	120.27	6,273,275

July	127.27	118.75	5,757,390
June	124.32	115.56	5,520,157
May	119.4	107.55	6,518,354
April	113.47	107	5,239,546
March	114.13	107.8	5,130,044
February	113.4	103.41	5,845,999

On February 5, 2020, the closing price of the Common Shares was \$151.17.

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 February 2019.

<u>Period</u>	<u>High</u> <u>(\$)</u>	<u>Low</u> <u>(\$)</u>	<u>Volume</u>
2020			
February (1 – 5)	14.70	14.40	10,797
January	15.54	14.39	101,841
2019			
December	14.81	13.85	292,397
November	15.04	13.7	136,057
October	14.99	13.3	217,400
September	14.83	13.65	177,031
August	15.39	13.5	299,397
July	16.38	14.9	122,225
June	15.31	14.3	170,054
May	15.8	14.6	152,550
April	16.66	15.61	127,833
March	17.2	16	73,198
February	16.5	15.61	194,774

On February 5, 2020, the closing price of the Series 1 Preferred Shares was \$14.65

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 February 2019.

<u>Period</u>	<u>High</u> <u>(\$)</u>	<u>Low</u> <u>(\$)</u>	<u>Volume</u>
2020			
February (1 – 5)	18.60	18.10	22,198
January	18.95	17.65	138,745
2019			
December	18.04	17.07	301,139
November	17.93	17.4	128,175
October	17.95	16.65	269,872
September	18.1	16.3	103,221
August	18.7	16.5	106,702
July	18.74	17.71	85,965
June	19	17.79	75,395
May	18.6	17.72	104,663
April	19.52	18.64	101,898
March	19.79	18.64	291,536
February	19.85	18.61	193,654

On February 5, 2020, the closing price of the Series 3 Preferred Shares was \$18.38.

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 February 2019.

<u>Period</u>	<u>High</u> <u>(\$)</u>	<u>Low</u> <u>(\$)</u>	<u>Volume</u>
2020			
February (1 – 5)	19.68	18.32	1,713
January	19.01	18.00	22,090
2019			
December	18.3	17.03	55,064
November	17.99	17.29	12,130
October	18.13	16.8	20,280
September	18.3	16.79	15,560
August	18.84	17.05	9,985
July	18.96	18.4	13,014
June	19.75	18.6	9,665
May	18.9	18.31	17,410
April	19.55	19	8,120
March	20.51	18.44	8,170
February	21.33	20.2	6,530

On February 5, 2020, the closing price of the Series 4 Preferred Shares was \$18.32.

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 February 2019.

<u>Period</u>	<u>High</u> <u>(\$)</u>	<u>Low</u> <u>(\$)</u>	<u>Volume</u>
2020			
February (1 – 5)	24.75	24.60	42,670
January	24.76	24.14	97,028
2019			
December	24.6	24	77,694
November	24.75	24.03	55,669
October	24.29	23.96	25,581
September	24.18	23.5	16,895
August	24.24	23.24	105,296
July	24.2	23.65	73,524
June	24.15	23.5	143,950
May	24.44	23.57	45,354
April	24.41	23.73	36,326
March	24.25	23.35	93,093
February	23.65	22.74	40,983

On February 5, 2020, the closing price of the Series 5 Preferred Shares was \$24.75.

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 February 2019.

<u>Period</u>	<u>High</u> (\$)	<u>Low</u> (\$)	<u>Volume</u>
2020			
February (1 – 5)	25.16	24.97	11,098
January	24.99	24.44	48,327
2019			
December	24.85	24.25	40,956
November	24.88	24.37	62,573
October	24.43	24.04	85,869
September	24.3	23.85	45,571
August	25	23.76	37,553
July	24.84	23.99	41,274
June	24.35	23.79	49,971
May	24.73	23.96	70,900
April	24.54	24.16	66,264
March	24.38	23.36	119,537
February	24.13	22.71	59,442

On February 5, 2020, the closing price of the Series 6 Preferred Shares was \$25.15.

The outstanding Series 7 Preferred Shares are traded on the TSX under the trading symbol “IFC.PR.G”. The following table sets forth the reported high and low trading prices and trading volumes of the Series 7 Preferred Shares as reported by the TSX from February 2019.

<u>Period</u>	<u>High</u> (\$)	<u>Low</u> (\$)	<u>Volume</u>
2020			
February (1 – 5)	19.15	18.90	12,679
January	19.76	18.64	240,675
2019			
December	19.01	17.91	378,552
November	18.99	18.12	358,985
October	19.12	18.2	275,115
September	19.5	18.15	185,968
August	20.39	17.91	141,313
July	20.77	19.73	173,579
June	21.05	19.4	139,632
May	20.92	20	196,819
April	21.66	20.11	350,862
March	21.89	21	101,984
February	21.65	20.42	255,158

On February 5, 2020, the closing price of the Series 7 Preferred Shares was \$19.14.

DETAILS OF THE OFFERING

The following is a summary of certain provisions attaching to the Series 9 Preferred Shares, as a series, 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 9 Preferred Shares of IFC as a class.

Certain Provisions of the Series 9 Preferred Shares as a Series

Dividends

The holders of the Series 9 Preferred Shares will be entitled to receive quarterly non-cumulative preferential cash dividends, if, as and when declared by the Board of Directors, on the last day of March, June, September and December in each year at a rate equal to \$0.3375 per share. The initial dividend, if declared, will be payable on June 30, 2020 and will be \$0.4906 per share, assuming a closing date of February 18, 2020.

If the Board of Directors does not declare any dividend, or any part thereof, on the Series 9 Preferred Shares on or before the dividend payment date for a particular quarter, then the entitlement of the holders of the Series 9 Preferred Shares to receive such dividend, or to any part thereof, for such quarter will be forever extinguished.

Redemption by IFC

The Series 9 Preferred Shares shall not be redeemable at the option of IFC prior to March 31, 2025. Subject to the provisions described below under “Restrictions on Dividends on and Retirement of Other Shares”, IFC may redeem on or after March 31, 2025, all, or from time to time any, of the then outstanding Series 9 Preferred Shares. Such redemption may be made, at IFC’s option without the consent of the holders, upon payment in cash of the amount of \$26.00 per share if redeemed on or after March 31, 2025 and prior to March 31, 2026, \$25.75 per share if redeemed on or after March 31, 2026 but prior to March 31, 2027, \$25.50 per share if redeemed on or after March 31, 2027 but prior to March 31, 2028, \$25.25 per share if redeemed on or after March 31, 2028 but prior to March 31, 2029, and \$25.00 per share if redeemed on or after March 31, 2029, in each case together with an amount equal to all declared and unpaid dividends thereon up to but excluding the date of redemption. IFC shall provide not less than 30 nor more than 60 days’ notice of such redemption to each holder of Series 9 Preferred Shares to be redeemed. If less than all of the outstanding Series 9 Preferred Shares are at any time to be redeemed, the shares to be redeemed will be selected on a pro rata basis (disregarding fractions) or in such manner as IFC may determine.

Purchase for Cancellation

Subject to the provisions described below under the heading “Restrictions on Dividends on and Retirement of Other Shares”, and subject to the provisions of any shares of IFC ranking prior to or *pari passu* with the Class A Shares of IFC, IFC may at any time purchase for cancellation any Series 9 Preferred Shares by private contract or in the open market or by tender, at any price at which in the opinion of the Board of Directors such shares are obtainable.

Restrictions on Dividends on and Retirement of Other Shares

So long as any of the Series 9 Preferred Shares are outstanding, IFC will not, without the approval of the holders of the Series 9 Preferred Shares given as specified under “– Amendments to the Series 9 Preferred Shares”:

- (i) declare, pay or set apart for payment any dividend on the Common Shares or any other shares ranking junior to the Series 9 Preferred Shares (other than stock dividends on any shares ranking junior to the Series 9 Preferred Shares);
- (ii) redeem, purchase or otherwise retire any Common Shares or any other shares ranking junior to the Series 9 Preferred Shares (except out of the net cash proceeds of a substantially concurrent issue of shares ranking junior to the Series 9 Preferred Shares);
- (iii) redeem, purchase or otherwise retire less than all of the Series 9 Preferred Shares then outstanding; or
- (iv) except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provisions attaching to any series of shares of IFC ranking *pari passu* with the Series 9 Preferred Shares, redeem, purchase or otherwise retire any other shares ranking *pari passu* with the Series 9 Preferred Shares;

unless, in each case, all dividends on the Series 9 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 9 Preferred Shares, have been declared and paid or set apart for payment.

Voting Rights

Subject to applicable law, holders of the Series 9 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 9 Preferred Shares in any quarter. In that event, the holders of the Series 9 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 9 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 9 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 9 Preferred Shares shall immediately cease upon payment by IFC of the whole amount of a dividend on the Series 9 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 9 Preferred Shares in any quarter, such voting rights shall become effective again and so on from time to time.

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 9 Preferred Shares will be entitled to receive \$25.00 for each Series 9 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 9 Preferred Shares. After payment of those amounts, the holders of Series 9 Preferred Shares will not be entitled to share in any further distribution of the property or assets of IFC.

Amendments to the Series 9 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 9 Preferred Shares as a series and any other approval to be given by the holders of the Series 9 Preferred Shares may be given by a resolution signed by all holders of the Series 9 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 9 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 9 Preferred Shares present in person or represented by proxy would form the necessary quorum. At any meeting of holders of Series 9 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 9 Preferred Share held by such holder.

Issue of Additional Series of Preferred Shares

IFC may issue other series of Class A Shares ranking on parity with the Series 9 Preferred Shares without the authorization of the holders of the Series 9 Preferred Shares.

Depository Services

The Series 9 Preferred Shares will be in “book-entry only” form and must be purchased, transferred or redeemed through participants in the depository service of CDS. See “Book-Entry Only System” in the Shelf Prospectus.

Tax Election

The provisions of the Series 9 Preferred Shares as a series require IFC to make the necessary election under Part VI.1 of the Tax Act so that a corporation holding Series 9 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 9 Preferred Shares. See “Canadian Federal Income Tax Considerations”.

Business Days

If any action is required to be taken by IFC, including the payment of dividends, on a day that is not a business day, then such action shall be taken on or before the immediately succeeding day that is a business day.

RATINGS

The Series 9 Preferred Shares have been assigned a rating of Pfd-2 with a Stable trend by DBRS and a rating of BBB by Fitch.

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.

Fitch’s credit ratings are on a long-term debt rating scale that ranges from AAA to D, which represents the range from highest to lowest quality of such securities rated. The “BBB” rating category is the fourth highest of the eleven major categories used by Fitch. Fitch describes debt instruments rated “BBB” as having good credit quality. An obligation rated “BBB” indicates that expectations of default risk are currently low and that the capacity for payment of financial commitments is considered adequate but adverse business or economic conditions are more likely to impair this capacity. The modifiers “+” or “-” may be appended to a rating to denote relative status within major rating categories.

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 9 Preferred Shares may not reflect the potential impact of all risks on the value of the Series 9 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 February 10, 2020 between IFC and the Underwriters, IFC has agreed to sell and the Underwriters have severally (and not jointly and severally) agreed to purchase 5,000,000 Series 9 Preferred Shares at a price of \$25.00 per Series 9 Preferred Share, for aggregate gross consideration of \$125,000,000 payable to IFC against delivery of the Series 9 Preferred Shares. The offering price of the Series 9 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 9 Preferred Shares sold to certain institutions and \$0.75 with respect to all other Series 9 Preferred Shares. Assuming no Series 9 Preferred Shares are sold to such institutions, the Underwriters’ fee would be \$3,750,000.

IFC has granted to the Underwriters 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 1,000,000 additional Series 9 Preferred Shares on the same terms. If the Underwriters’ Option is exercised in full, the total price to the public, the Underwriters’ fee and the net proceeds to IFC, before expenses, will be \$150,000,000, \$4,500,000 and \$145,500,000, respectively, assuming no Series 9 Preferred Shares are sold to institutions referred to above. The issuance of Series 9 Preferred Shares on the exercise of the Underwriters’ Option is also qualified 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 9 Preferred Shares or the distribution of the Series 9 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 9 Preferred Shares, by giving IFC and, if applicable, 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 any U.S. offering document, 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 9 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 9 Preferred Shares, by giving IFC and, if applicable, the Lead Underwriters written notice to that effect no later than the closing of the Offering; or (iv) there has occurred a downgrade in the rating applicable to the Series 9 Preferred Shares by DBRS Limited, Fitch Ratings Inc., 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 9 Preferred Shares. If an Underwriter fails, except in certain limited circumstances, to purchase the Series 9 Preferred Shares which it has agreed to purchase, the other Underwriters may, but are not obligated to, purchase such Series 9 Preferred Shares. If, however, the aggregate number of Series 9 Preferred Shares not purchased is equal to or less than 10% of the aggregate number of Series 9 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 9 Preferred Shares if any Series 9 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 9 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 9 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 9 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.

The Series 9 Preferred Shares have not been and will not 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 9 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 9 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 9 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 9 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 9 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 9 Preferred Shares may be sold and purchasers may not be able to resell Series 9 Preferred Shares purchased under this Prospectus Supplement. The TSX has conditionally approved the listing of the Series 9 Preferred Shares. Listing of the Series 9 Preferred Shares offered under this Prospectus Supplement is subject to IFC fulfilling all the listing requirements of the TSX on or before May 6, 2020.

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 a purchaser of Series 9 Preferred Shares pursuant to this Prospectus Supplement 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 9 Preferred Shares as capital property (a “Holder”). Generally, the Series 9 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 or as part of an adventure or concern in the nature of trade. Certain holders of Series 9 Preferred Shares who might not otherwise be considered to hold their Series 9 Preferred Shares as capital property may, in certain circumstances, be entitled to have the Series 9 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 permitted 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 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 or the Series 9 Preferred Shares, controlled by a non-resident person or, if no single non-resident person has control, by a group of non-resident persons that do not deal with each other at arm's length, 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 9 Preferred Shares or (vi) receives dividends on the Series 9 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 9 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 purchaser and no representations with respect to the income tax consequences to any particular purchaser are made. Accordingly, prospective purchasers should consult their own tax advisors with respect to their particular circumstances.

This summary is based upon 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, 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 9 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 9 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 9 Preferred Shares are "taxable preferred shares" as defined in the Tax Act. The terms of the Series 9 Preferred Shares require IFC to make the necessary election under Part VI.1 of the Tax Act so that a corporation holding Series 9 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 9 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 of 38¹/₃% of dividends received (or deemed to be received) on the Series 9 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 9 Preferred Share (either on redemption of the Series 9 Preferred Share for cash or otherwise) 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 9 Preferred Shares will be determined at any time by averaging the cost of such Series 9 Preferred Shares with the adjusted cost base of any other Series 9 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 9 Preferred Share 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 9 Preferred Share. See “Redemption” below. If the Holder is a corporation, any capital loss arising on the disposition of a Series 9 Preferred Share may, in certain circumstances, be reduced by the amount of any dividends, including deemed dividends, which have been received on the Series 9 Preferred Share or on any share which was converted into or exchanged for such share. Analogous rules apply to a partnership or trust of which a corporation, trust or partnership is a member or beneficiary.

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, 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 9 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.

RISK FACTORS

An investment in the Series 9 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” section of the Annual MD&A, prospective purchasers of Series 9 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 9 Preferred Shares could decline and investors could lose all or part of their investment.

General Creditworthiness and Credit Ratings

The value of the Series 9 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 9 Preferred Shares.

Real or anticipated changes in credit ratings on the Series 9 Preferred Shares may also affect the market value of the Series 9 Preferred Shares. No assurance can be given that any credit ratings assigned to the Series 9 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 9 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 9 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 9 Preferred Shares. As a result, our cash flows and ability to service our obligations, including the Series 9 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 9 Preferred Shares

The Series 9 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 9 Preferred Shares.

Our subsidiaries have no obligation to pay any amounts due on the Series 9 Preferred Shares. Furthermore, except to the extent IFC has a priority or equal claim against its subsidiaries as a creditor, the Series 9 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 9 Preferred Shares will not have any claim as a creditor against our subsidiaries. Accordingly, the Series 9 Preferred Shares are effectively subordinated to all liabilities of any of IFC’s subsidiaries. Therefore, holders of Series 9 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 9 Preferred Shares. Assuming all other factors remain unchanged, the market value of the Series 9 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 9 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 9 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 9 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 9 Preferred Shares. Additionally, the value of the Series 9 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 9 Preferred Shares may be sold and purchasers of Series 9 Preferred Shares may not be able to resell the Series 9 Preferred Shares purchased under this Prospectus Supplement. The price offered to the public for the Series 9 Preferred Shares was determined by negotiations among IFC and the Underwriters. The price paid for each Series 9 Preferred Share may bear no relationship to the price at which the Series 9 Preferred Shares will trade in the public market subsequent to this Offering. IFC cannot predict at what price the Series 9 Preferred Shares will trade and there can be no assurance that an active trading market will develop for the Series 9 Preferred Shares or, if developed, that such market will be sustained. The TSX has conditionally approved the listing of the Series 9 Preferred Shares. Listing will be subject to IFC fulfilling all the listing requirements of the TSX. There can be no assurance that the Series 9 Preferred Shares will be accepted for listing on the TSX.

Other Risk Factors Specific to the Series 9 Preferred Shares

Series 9 Preferred Shares do not have a fixed maturity date and are not redeemable at the option of the holders of Series 9 Preferred Shares. The ability of a holder to liquidate its holdings of Series 9 Preferred may be limited.

We may choose to redeem the Series 9 Preferred Shares from time to time, in accordance with our rights described under “Details of the Offering – Certain Provisions of the Series 9 Preferred Shares as a Series – Redemption”, including when prevailing interest rates are lower than yield borne by the Series 9 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 9 Preferred Shares being redeemed. Our redemption right also may adversely impact a purchaser’s ability to sell Series 9 Preferred Shares as the optional redemption date or period approaches.

Holders of Series 9 Preferred Shares will not generally have voting rights at meetings of shareholders of IFC except under limited circumstances. See “Details of the Offering – Voting Rights”.

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, 900 De Maisonneuve Blvd. West, Suite 2300, Montreal, Quebec, H3A 0A8. The auditors have confirmed to IFC that they are independent within the meaning of the Code of Ethics of Chartered Professional Accountants of the Ordre des comptables professionnels agréés du Québec.

The transfer agent and registrar for the Series 9 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: February 10, 2020

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) *R.
Geoff Bertram*

**BMO NESBITT
BURNS INC.**

By: (signed)
Timothy Tutsch

**CIBC WORLD
MARKETS INC.**

By: (signed)
*Richard
Finkelstein*

**NATIONAL
BANK
FINANCIAL
INC.**

By: (signed)
Maude Leblond

**RBC
DOMINION
SECURITIES
INC.**

By: (signed)
John Bylaard

**SCOTIA
CAPITAL INC.**

By: (signed)
David Carg

RAYMOND JAMES LTD.

By: (signed) *Sean C. Martin*

CANACCORD GENUITY CORP.

By: (signed) *Michael Shuh*

DESJARDINS SECURITIES INC.

By: (signed) *William Tebbutt*

**INDUSTRIAL ALLIANCE
SECURITIES INC.**

By: (signed) *John Rak*

CORMARK SECURITIES INC.

By: (signed) *Alfred Avanesy*