

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

This pricing supplement, together with the prospectus supplement dated September 10, 2015 and the short form base shelf prospectus dated September 10, 2015, to which it relates, as amended or supplemented, and each document incorporated by reference in the short form base shelf prospectus, the prospectus supplement and this pricing supplement, 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 pricing supplement from documents filed with the 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 medium term notes 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 or to, or for the account or benefit of, a U.S. person (as defined in Regulation S under the U.S. Securities Act).

PRICING SUPPLEMENT NO. 1
(to the short form base shelf prospectus dated September 10, 2015,
as supplemented by the prospectus supplement dated September 10, 2015)

New Issue

February 25, 2016



INTACT FINANCIAL CORPORATION
\$250,000,000

Series 6 3.77% Unsecured Medium Term Notes Due March 2, 2026

The Series 6 3.77% unsecured medium term notes due March 2, 2026 (the "Notes") will be issued under a trust indenture made as of May 21, 2009 (the "Base Indenture"), as supplemented by a sixth supplemental indenture to be dated on or about March 1, 2016 (together, the "Indenture"), between Intact Financial Corporation ("IFC") and Computershare Trust Company of Canada, as trustee (the "Trustee").

TD Securities Inc., CIBC World Markets Inc., Scotia Capital Inc., BMO Nesbitt Burns Inc., National Bank Financial Inc., RBC Dominion Securities Inc. and Casgrain & Company Limited (collectively, the "Dealers"), as agents, conditionally offer the Notes for sale, on a best efforts basis, subject to prior sale, if, as and when issued by IFC in accordance with the Dealer Agreement referred to under "Plan of Distribution", and subject to the approval of certain legal matters on behalf of IFC by Fasken Martineau DuMoulin LLP and on behalf of the Dealers by McCarthy Tétraut LLP.

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

Subscriptions for Notes will be received by the Dealers subject to rejection or allotment by IFC in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that the closing of the offering of the Notes will take place on or about March 1, 2016 or such later date as IFC and the Dealers may agree. A Global Note representing the Notes will be issued in registered form only to CDS Clearing and Depository Services Inc. ("CDS"), or its nominee, and will be deposited with CDS on the closing date of this offering. A purchaser of the Notes will receive only a customer confirmation from the registered dealer who is a CDS participant and from or through whom the Notes are purchased.

Under the Base Indenture, IFC, at its option and without the consent of the holders of the Notes, may issue additional unsecured medium term notes or other debt securities from time to time, which will also be governed by and subject to the terms of the Base Indenture or the Indenture, as applicable.

Unless otherwise specified, all references to currency amounts in this Pricing Supplement are to Canadian dollars.

THE NOTES

The following is a summary of certain of the material attributes and characteristics of the Notes offered hereby, which does not purport to be complete and is qualified in its entirety by reference to the Indenture. Reference is made to: (i) the short form base shelf prospectus of IFC dated September 10, 2015, as supplemented by the prospectus supplement of IFC dated September 10, 2015 (collectively, the “Prospectus”), for a summary of the other material attributes and characteristics applicable to the Notes and (ii) the Indenture for the full text of such attributes and characteristics.

Designation:	Series 6 3.77% Unsecured Medium Term Notes due March 2, 2026.
Issue Price:	\$999.83 (per \$1,000 principal amount of Notes).
Interest:	The Notes will bear interest at a fixed annual rate of 3.77%, payable in equal semi-annual instalments on March 2 and September 2 in each year, commencing on September 2, 2016. The aggregate initial interest payment will be \$4,738,251.37 (\$18.95300548 per \$1,000 principal amount of Notes), representing a long first coupon. Subsequent interest payments will be \$18.85 per \$1,000 principal amount of Notes. If any interest payment date is not a business day in Toronto then the payment will be made on the next business day with no adjustment.
Currency:	Canadian dollars.
Issue Date:	The Notes will be dated March 1, 2016.
Delivery Date:	March 1, 2016
Stated Maturity Date:	March 2, 2026 (the “Maturity Date”)
Issue Yield:	3.772%
Specified Denominations:	\$1,000 and integral multiples thereof.
ISIN / CUSIP:	CA 45823ZAE21 / 45823ZAE2.
Use of Proceeds:	The net proceeds from this offering of Notes will be used for general corporate purposes. See “Use of Proceeds”, “Consolidated Capitalization” and “Risk Factors – Use of Proceeds”.
Redemption at the Option of IFC:	<p>Prior to December 2, 2025 (the “Par Call Date”), IFC may redeem the Notes in whole or in part, at its option at any time, by giving prior notice of not less than 30 days and not more than 60 days to the holders thereof, at a redemption price equal to the greater of (i) the Canada Yield Price (as defined below) and (ii) par, together in each case, with accrued and unpaid interest to, but excluding, the date fixed for redemption. On or after the Par Call Date (3 months prior to the Maturity Date), the Notes will be redeemable, in whole or in part, at the option of IFC at any time, by giving prior notice of not less than 30 days and not more than 60 days to the holders thereof, at par, plus accrued and unpaid interest to, but excluding, the date fixed for redemption.</p> <p>In cases of partial redemption, the Notes to be redeemed will be selected by the Trustee on a pro rata basis according to the principal amount of the Notes registered in the respective name of each holder of the Notes or in such other manner as the Trustee may consider equitable, provided that such selection is proportionate.</p> <p>“Canada Yield Price” shall mean a price which, if the Notes were to be issued at such price on the redemption date, would provide a yield thereon from the redemption date to the Par Call Date equal to the Government of Canada Yield, plus 63.5 basis points (0.635%), compounded semi-annually and calculated on the day that is three business days prior to the date of redemption.</p> <p>“Government of Canada Yield” on any date shall mean the average of the midmarket yields to maturity on such date provided by two independent investment dealers selected by the Trustee from a list of investment dealers provided by IFC assuming semi-annual compounding, which an issue of non-callable Government of Canada bonds would produce if issued at par on such date, in Canadian dollars in Canada, with a term to maturity equal to the remaining term to the Par Call Date.</p>

Unless IFC defaults in payment of the redemption price, Notes so redeemed will cease to accrue interest on their respective redemption date.

Any Notes that are redeemed by IFC will be cancelled and will not be reissued.

Ranking:

The Notes will be direct unsecured obligations of IFC and will rank equally with all other unsecured and unsubordinated indebtedness of IFC (except as to sinking funds and except in relation to other unsecured and unsubordinated indebtedness preferred by mandatory provisions of law).

Events of Default:

The Indenture provides that an event of default will occur only if: (i) IFC defaults in the payment of the principal of the Notes when due; (ii) IFC defaults in the payment of interest on the Notes when due where such default continues for a period of 30 days after the relevant interest payment date; or (iii) IFC becomes insolvent or bankrupt, consents to the institution of bankruptcy or insolvency proceedings against it, resolves to wind up or liquidate, is ordered wound-up or liquidated or a receiver over a substantial portion of IFC's property is appointed.

Governing Law:

The Notes and the Indenture will be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

Credit Ratings:

The Notes have been given a rating of A with a Stable trend by DBRS Limited ("DBRS"), a rating of Baa1 with a positive outlook by Moody's Investors Service, Inc. ("Moody's") and a rating of A- with a Stable trend by Fitch Ratings Inc. ("Fitch"). The following information relating to credit ratings is based on information made available to the public by the rating agencies.

DBRS'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. Long-term debt instruments which are rated in the A category by DBRS are considered to be of good credit quality, with substantial capacity for the payment of financial obligations. Entities in the A category, however, are considered to be more vulnerable to future events, but qualifying negative factors are considered manageable. The ratings from AA to C may be modified by the addition of a "high" or "low" designation to show relative standing within the major rating categories.

Moody's credit ratings are on a long-term obligations rating scale that ranges from Aaa to C, which represents the range from highest to lowest quality of such securities rated. Obligations which are rated in the Baa category by Moody's are considered to be of medium grade and may possess certain speculative characteristics and are subject to moderate credit risk. Moody's applies numerical modifiers to each generic rating classification from Aa to Caa. The modifier 1 indicates a ranking in the higher end of that generic rating category. Moody's also may apply an outlook to a rating to signify its opinion regarding the likely rating direction over the medium term. A stable outlook indicates a low likelihood of a rating change over the medium term, whereas a negative, positive or developing outlook indicates a higher likelihood of a rating change over the medium term.

Fitch's credit ratings are on a long-term obligations rating scale that ranges from AAA to C, which represents the range from highest to lowest quality of such securities rated. Obligations which are rated in the A category by Fitch are considered to be of high credit quality and may possess certain speculative characteristics and are subject to low credit risk. Fitch applies "+" or "-" modifiers to each generic rating classification from AA to CCC. The modifier "-" indicates a ranking in the lower end of that generic rating category. Fitch also may apply an outlook to a rating to signify its opinion regarding the likely rating direction over the short-to-medium term.

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 Notes may not reflect the potential impact of all risks on the value of the Notes. 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.

Additional Notes:

IFC may, without the consent of the holders of the Notes, issue additional medium term notes having the same terms and CUSIP number as the Notes and governed under the Indenture.

Market for the Notes:

There is no market through which the Notes may be sold and purchasers may not be able to resell the Notes purchased hereunder. This may affect the pricing of the Notes in the secondary market, the transparency and availability of trading prices, the liquidity of the Notes and the extent of issuer regulation. See “Risk Factors”.

	<u>Price to the Public</u>	<u>Dealers’ Commission⁽¹⁾</u>	<u>Net Proceeds to IFC⁽²⁾</u>
Per \$1,000 principal amount of the Notes	\$999.83 (99.983%)	\$4.00 (0.4%)	\$995.83 (99.583%)
Total	\$249,957,500 (99.983%)	\$1,000,000 (0.4%)	\$248,957,500 (99.583%)

(1) IFC has agreed to pay the Dealers a commission equal to \$4.00 for each \$1,000 principal amount of the Notes sold.

(2) Before deduction of expenses of the offering payable by IFC estimated to be \$300,000 which, together with the Dealers’ commission, will be paid from the proceeds of this offering of the Notes.

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DOCUMENTS INCORPORATED BY REFERENCE

This Pricing Supplement is deemed to be incorporated by reference, as of the date hereof, into the accompanying Prospectus solely for the purpose of the offering of the Notes. The following documents, as filed by IFC with the various securities commissions or similar authorities in Canada, are incorporated by reference into the Prospectus and this Pricing Supplement:

- (a) the annual information form of IFC dated March 31, 2015;
- (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, 2015;
- (c) management's discussion and analysis of financial condition and results of operations of IFC for the year ended December 31, 2015 (the "Annual MD&A");
- (d) the management proxy circular of IFC dated March 31, 2015 in respect of IFC's annual meeting of shareholders held on May 6, 2015;
- (e) the indicative template version of the unsecured medium term notes term sheet dated as at February 25, 2016 (the "Indicative Marketing Materials"); and
- (f) the final template version of the unsecured medium term notes term sheet dated as at February 25, 2016 (the "Final Marketing Materials", and together with the Indicative Marketing Materials, the "Marketing Materials").

Any documents of the type referred to in section 11.1 of Form 44-101F1 of National Instrument 44-101 - *Short Form Prospectus Distributions* ("NI 44-101") (excluding confidential material change reports), if filed by IFC with the securities commissions or similar authorities in Canada after the date of this Pricing Supplement (and prior to the termination of the distribution of the Notes) including the documents incorporated by reference therein, filed pursuant to the requirements of applicable securities legislation in Canada, shall be deemed to be incorporated by reference in this Pricing Supplement and the accompanying Prospectus. The documents incorporated or deemed to be incorporated by reference herein and in the accompanying Prospectus contain meaningful and material information relating to IFC and readers should review all information contained in this Pricing Supplement, the Prospectus, and the documents incorporated or deemed to be incorporated by reference herein and therein.

Any statement contained in this Pricing Supplement, the 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 Pricing Supplement or the 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 or statement 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 Pricing Supplement or the Prospectus, as the case may be.

MARKETING MATERIALS

Any "template version" of "marketing materials" (as such terms are defined in NI 44-101) will be incorporated by reference in this Pricing Supplement. However, such "template version" of "marketing materials" will not form part of this Pricing Supplement or the Prospectus to the extent that the contents of the "template version" of "marketing materials" are modified or superseded by a statement contained in this Pricing Supplement or any amendment thereto. Any "template version" of "marketing materials" filed on SEDAR after the date of this Pricing Supplement and before the termination of the distribution of Notes under the Offering will be deemed to be incorporated by reference into this Pricing Supplement and the accompanying Prospectus.

The Indicative Marketing Materials are not a part of this Pricing Supplement to the extent that the contents of the Indicative Marketing Materials have been modified or superseded by a statement contained in this Pricing Supplement. The Indicative Marketing Materials have been modified to reflect that the issue price of the Notes is \$99.983 per \$100

principal amount of Notes, the Notes bear interest at a rate of 3.77%, the yield of the Notes is 3.772% and 63.5 basis points has been added to the definition of Canada Yield Price.

Pursuant to subsection 9A.3(7) of National Instrument 44-102 - *Shelf Distributions*, IFC has prepared the Final Marketing Materials to reflect the modifications discussed above, a blacklined copy of which (as compared against the Indicative Marketing Materials) has also been prepared. A copy of the Final Marketing Materials and the associated blacklined copy as compared against the Indicative Marketing Materials illustrating the revisions can be viewed under IFC's profile at www.sedar.com.

FORWARD-LOOKING STATEMENTS

Certain of the statements included or incorporated by reference in this Pricing Supplement and the 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" or "potential" or the negative or other variations of these words or other comparable words or phrases, are intended to identify forward-looking statements.

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: 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 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; 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 execute its business strategy; IFC's ability to successfully pursue its acquisition strategy; IFC's ability to achieve synergies arising from, and successfully implement its integration plans relating to, acquisitions including its acquisition of Canadian Direct Insurance Inc. ("CDI"), as well as IFC's estimates and expectations in relation to resulting accretion, internal rate of return and debt-to-capital ratio; 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 catastrophic events; 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 reliance on information technology and telecommunications systems and potential 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; the volatility of the stock market and other factors affecting IFC's share price; and future sales of a substantial number of IFC's common shares.

All of the forward-looking statements included or incorporated by reference in this Pricing Supplement and the Prospectus are qualified by these cautionary statements, those made in the "Risk Management" section of the Annual MD&A, those made in the "Risk Factors" section of this Pricing Supplement 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 Pricing Supplement and the Prospectus. These factors are not intended to represent a complete list of factors that could affect IFC. These factors should, however, be considered carefully, and readers should not place undue reliance on forward-looking statements made in this Pricing Supplement and the 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.

ELIGIBILITY FOR INVESTMENT

In the opinion of Fasken Martineau DuMoulin LLP, counsel to IFC, and McCarthy Tétrault LLP, counsel to the Dealers, the Notes offered hereby, if issued on the date of this Pricing Supplement, would be, on such date, a qualified investment under the *Income Tax Act* (Canada) (the "Tax Act") for a trust governed by a registered retirement savings plan ("RRSP"), a registered retirement income fund ("RRIF"), a registered education savings plan, a registered disability savings plan, a tax-free savings account ("TFSA") or a deferred profit sharing plan, other than a deferred profit sharing plan for which IFC, or a corporation with which IFC does not deal at arm's length, is the employer. The Notes will not be a "prohibited investment" for a RRSP, RRIF or TFSA where the annuitant of the RRSP or RRIF or the holder of the

TFSA does not have a “significant interest” (as defined in the Tax Act for the purposes of the prohibited investment rules), and IFC deals at arm’s length with the annuitant or the holder, within the meaning of the Tax Act. Individuals who hold or intend to hold Notes in a TFSA, RRSP, or RRIF should consult their own tax advisors regarding the application of the prohibited investment rules in their particular circumstances.

INTACT FINANCIAL CORPORATION

Intact Financial Corporation is a holding company incorporated under the *Canada Business Corporations Act* which, through its operating subsidiaries, provides property and casualty insurance in Canada.

RECENT DEVELOPMENTS

On February 10, 2016, IFC announced that the Toronto Stock Exchange (“TSX”) had approved a normal course issuer bid (the “NCIB”) to purchase for cancellation, until February 11, 2017, up to 6,577,156 common shares in the capital of IFC (“Common Shares”), representing approximately 5% of IFC’s issued and outstanding Common Shares as at February 10, 2016. Purchases under the NCIB will be made by means of open market transactions through the facilities of the TSX as well as through other designated exchanges and published markets in Canada.

USE OF PROCEEDS

The net proceeds to IFC from the sale of the Notes, after deducting the Dealers’ commission and the estimated expenses of the offering, are expected to be \$248,657,500. The net proceeds of the offering of the Notes will be used for general corporate purposes.

CONSOLIDATED CAPITALIZATION

The following table sets forth the consolidated capitalization of IFC as at December 31, 2015 both on an actual basis and as adjusted to give effect to this offering of the Notes.

	December 31, 2015	
	Actual	As adjusted
	(in millions of Canadian dollars)	
Indebtedness		
Existing Credit Facility ⁽¹⁾	\$ –	\$ –
Series 1 Notes ⁽²⁾	250	250
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	-	250
	\$ 1,150	\$ 1,400
Total indebtedness		
Shareholders’ equity		
Series 1 Preferred Shares ⁽³⁾	\$ 244	\$ 244
Series 3 Preferred Shares ⁽³⁾	245	245
Common Shares ⁽³⁾	2,090	2,090
Contributed Surplus	119	119
Retained Earnings	3,051	3,051
Accumulated other comprehensive loss	(21)	(21)
	\$ 5,728	\$ 5,728
Total shareholders’ equity		
Total capitalization	\$ 6,878	\$ 7,128

Notes:

- (1) IFC has an existing unsecured credit facility with a syndicate of lenders. As at December 31, 2015 and the date of this Pricing Supplement, no amounts are outstanding under the credit facility.
- (2) As at December 31, 2015, IFC had outstanding in aggregate \$1.15 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 and 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.
- (3) 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 December 31, 2015, 131,543,134 Common Shares, 10,000,000 non-cumulative rate reset Class A Shares, series 1 (the “Series 1 Preferred Shares”) and 10,000,000 non-cumulative rate reset Class A Shares, series 3 (the “Series 3 Preferred Shares”) were issued and outstanding.

EARNINGS COVERAGE RATIO

The following table sets forth the earnings coverage ratios for IFC for the twelve-month period ended December 31, 2015 after giving effect to the issuance of the Notes.

Twelve months ended December 31, 2015

Earnings coverage on long-term debt	9.4 times
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After giving effect to the issuance of the Notes, IFC's consolidated borrowing costs requirements for the twelve-month period ended December 31, 2015 would have been \$73 million. IFC's consolidated earnings before borrowing costs and income taxes for the twelve-month period ended December 31, 2015 would have been \$939 million, representing 9.4 times IFC's aggregate dividend and borrowing cost requirements for the period.

The earnings coverage ratio described above for the twelve months ended December 31, 2015 was calculated based on financial information prepared in accordance with International Financial Reporting Standards ("IFRS").

The earnings coverage ratio set out above does not purport to be indicative of an earnings coverage ratio for any future period.

**PRICE RANGE AND TRADING VOLUME OF THE COMMON SHARES
AND THE PREFERRED SHARES**

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 2015.

<u>Period</u>	<u>High</u> (\$)	<u>Low</u> (\$)	<u>Volume</u>
2016			
February (1 – 24)	87.11	77.49	5,642,602
January	89.22	82.19	5,457,256
2015			
December	90.96	87.18	5,610,030
November	93.75	85.81	7,045,080
October	96.77	90.54	6,401,239
September	95.82	89.98	5,709,998
August	93.40	87.90	4,499,193
July	92.57	86.30	4,463,608
June	90.37	85.42	4,358,079
May	93.72	86.90	4,889,320
April	95.36	91.81	6,647,253
March	95.77	90.13	6,097,500
February	91.71	84.42	6,980,927

On February 24, 2016, the closing price of the Common Shares on the TSX was \$85.36.

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 2015.

<u>Period</u>	<u>High</u> (\$)	<u>Low</u> (\$)	<u>Volume</u>
2016			
February (1 – 24)	14.71	12.83	141,950
January	16.66	12.51	315,078
2015			
December	17.07	14.36	477,820
November	18.00	15.61	512,059
October	16.79	14.50	601,488
September	17.59	15.02	228,449
August	18.55	16.01	107,020
July	19.80	17.70	203,483
June	21.35	19.25	71,192
May	21.59	20.50	127,334
April	21.38	19.25	177,347
March	21.50	19.60	163,809
February	21.33	19.28	308,893

On February 24, 2016, the closing price of the Series 1 Preferred Shares on the TSX was \$13.29.

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 2015.

Period	High	Low	Volume
	(\$)	(\$)	
2016			
February (1 – 24)	16.78	15.06	245,666
January	20.66	15.00	230,481
2015			
December	20.90	16.80	350,326
November	21.00	18.63	262,304
October	20.25	17.45	301,212
September	21.20	18.30	191,013
August	22.55	20.02	145,484
July	23.35	21.35	192,829
June	24.69	22.70	124,974
May	24.85	24.21	239,662
April	25.05	23.86	370,451
March	25.20	24.50	366,386
February	24.79	24.12	177,268

On February 24, 2016, the closing price of the Series 3 Preferred Shares on the TSX was \$15.65.

As at February 24, 2016, 131,543,134 Common Shares, 10,000,000 Series 1 Preferred Shares and 10,000,000 Series 3 Preferred Shares were issued and outstanding.

DIVIDENDS

During the year ended December 31, 2015, IFC paid four quarterly dividends aggregating \$2.12 per Common Share, \$1.05 per Series 1 Preferred Share and \$1.05 per Series 3 Preferred Share, respectively. The payment of dividends is subject to the discretion of the Board of Directors and depends on, among other things, the financial condition of IFC, general business conditions, restrictions regarding the payment of dividends to IFC by its subsidiaries and other factors that the Board of Directors may in the future consider to be relevant.

The following table sets forth the dividends paid per share on the Common Shares, Series 1 Preferred Shares and Series 3 Preferred Shares in each of the four most recently completed fiscal years:

Payment date	Dividend amount		
	Common Shares	Series 1 Preferred Shares	Series 3 Preferred Shares
	(\$)	(\$)	(\$)
March 30, 2012	0.40	0.2625	0.2625
June 29, 2012	0.40	0.2625	0.2625
September 28, 2012	0.40	0.2625	0.2625
December 31, 2012	0.40	0.2625	0.2625
March 28, 2013	0.44	0.2625	0.2625
June 28, 2013	0.44	0.2625	0.2625
September 30, 2013	0.44	0.2625	0.2625
December 31, 2013	0.44	0.2625	0.2625
March 31, 2014	0.48	0.2625	0.2625
June 30, 2014	0.48	0.2625	0.2625
September 30, 2014	0.48	0.2625	0.2625
December 31, 2014	0.48	0.2625	0.2625
March 31, 2015	0.53	0.2625	0.2625

Payment date

	Dividend amount		
	Common Shares	Series 1 Preferred Shares	Series 3 Preferred Shares
June 30, 2015.....	0.53	0.2625	0.2625
September 30, 2015.....	0.53	0.2625	0.2625
December 31, 2015.....	0.53	0.2625	0.2625

The Board of Directors has declared a quarterly dividend of \$0.58 per Common Share, \$0.2625 per Series 1 Preferred Share and \$0.2625 per Series 3 Preferred Share, respectively, each payable on March 31, 2016 to shareholders of record on March 15, 2016.

As a holding company with no direct operations, IFC relies on cash dividends and other permitted payments from its subsidiaries and its own cash balances to pay dividends to its shareholders. The amount of dividends payable to IFC by its subsidiaries may be limited by applicable corporate and insurance law restrictions.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Fasken Martineau DuMoulin LLP, counsel to IFC, and McCarthy Tétrault LLP, counsel to the Dealers, the following is, at the date hereof, a summary of the principal Canadian federal income tax considerations that generally apply to a person who acquires Notes pursuant to this offering and who, at all relevant times, for purposes of the Tax Act, is or is deemed to be resident in Canada, holds the Notes as capital property and deals at arm's length and is not affiliated with IFC (a "Holder"). Generally, the Notes will be considered capital property to a Holder provided that the Holder does not hold the Notes in the course of carrying on a business and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. Certain Holders who are resident in Canada whose Notes might not otherwise qualify as capital property may be entitled to obtain such qualification in certain circumstances by making an irrevocable election permitted by subsection 39(4) of the Tax Act.

This summary does not apply to a Holder that is a "financial institution" (as defined in the Tax Act for purposes of the mark-to-market rules) or a Holder an interest in which is a "tax shelter investment" or a Holder that has elected to report its "Canadian tax results" in a "functional currency" in accordance with the provisions of the Tax Act (all as defined in the Tax Act). Such Holders should consult their own tax advisors having regard to their particular circumstances.

This summary is based on the facts set out in the Prospectus and this Pricing Supplement, the current provisions of the Tax Act and the regulations thereunder in force at the date of this Pricing Supplement, all specific proposals to amend the Tax Act and the regulations thereunder publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof and counsel's understanding of the administrative policies and assessment practices of the Canada Revenue Agency (the "CRA") published by the CRA prior to the date hereof. There can be no assurance that the proposed amendments will be implemented in their current form or at all. This summary does not otherwise take into account or anticipate any changes of law or practice, whether by judicial, governmental or legislative decision or action or changes in the administrative policies or assessment practices of the CRA, nor does it take into account tax legislation or considerations of any province, territory or foreign jurisdiction. The provisions of provincial income tax legislation vary from province to province in Canada and in some cases differ from federal income tax legislation.

This summary is of a general nature only and is not intended to be, nor should it be construed as, 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, prospective purchasers should consult their own tax advisors for advice with respect to the tax consequences to them of acquiring, holding and disposing of the Notes, including the application and effect of the income and other tax laws of any country, province, territory, state or local tax authority.

A Holder that is a corporation, partnership, unit trust or trust of which a corporation or partnership is a beneficiary will be required to include in computing its income for a taxation year any interest on a Note that accrues or is deemed to accrue to the Holder to the end of that taxation year or becomes receivable or is received by the Holder before the end of that taxation year, except to the extent that such interest was otherwise included in the Holder's income for a preceding taxation year.

Any other Holder, including an individual and a trust of which neither a corporation nor a partnership is a beneficiary, will be required to include in income for a taxation year any amount on account of, in lieu of payment of or in satisfaction of, interest on a Note received or receivable by such Holder in that year (depending upon the method

regularly followed by the Holder in computing income), except to the extent that the interest was included in the Holder's income for a preceding taxation year.

Any premium paid by IFC to a Holder of the Notes because of the exercise by IFC of the right to redeem a Note before the maturity thereof will generally be deemed to be interest received at that time by the Holder to the extent that such premium can reasonably be considered to relate to, and does not exceed at the time of the redemption the value of, the interest that would have been paid or payable by IFC on the Notes for a taxation year ending after the redemption.

On a disposition or deemed disposition of a Note, whether on maturity, redemption, purchase for cancellation or otherwise, a Holder will generally be required to include in computing its income for the taxation year in which the disposition occurred an amount equal to the interest accrued or deemed to accrue on the Note from the date of the last interest payment to the date of disposition to the extent that such amount has not otherwise been included in the Holder's income for the taxation year or a previous taxation year. In general, a disposition or deemed disposition of a Note will give rise to a capital gain (or capital loss) to the extent that the proceeds of disposition, net of any accrued interest and any other amount included in computing income as interest and any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of the Note to the Holder immediately before the disposition.

Generally, one-half of the amount of any capital gain (a "taxable capital gain") realized by a Holder in a taxation year must be included in the Holder's income for that year, and one-half of the amount of any capital loss (an "allowable capital loss") realized by a Holder in a taxation year may be deducted from taxable capital gains realized by the Holder in that year. Allowable capital losses in excess of taxable capital gains 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 to the extent and under the circumstances described in the Tax Act. Capital gains realized by an individual and certain trusts may give rise to a liability for alternative minimum tax under the Tax Act.

A Holder that is a "Canadian controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional refundable tax of 6 $\frac{2}{3}$ % on certain investment income, including amounts of interest and taxable capital gains. The refundable tax will be increased from 6 $\frac{2}{3}$ % to 10 $\frac{2}{3}$ % for taxation years that end after 2015, subject to proration for years that begin before 2016, pursuant to proposals to amend the Tax Act released on December 7, 2015.

PLAN OF DISTRIBUTION

Under an agreement (the "Dealer Agreement") dated February 25, 2016 between the Dealers and IFC, the Dealers have agreed to offer for sale the Notes in Canada on a best efforts basis, subject to prior sale, if, as and when issued by IFC in accordance with the terms of the Dealer Agreement and subject to compliance with all necessary legal requirements. It is expected that the closing of the offering of the Notes will take place on or about March 1, 2016 or such later date as IFC and the Dealers may agree.

The Dealer Agreement does not contain a minimum offering restriction on the sale of the Notes to the public.

The obligations of the Dealers under the Dealer Agreement may be terminated at their discretion upon the occurrence of certain stated events in accordance with the terms of the Dealer Agreement.

The Dealer Agreement provides that the Dealers will be paid a commission of \$4.00 per \$1,000 principal amount of the Notes sold on account of services rendered in connection with the offering of the Notes.

TD Securities Inc., CIBC World Markets Inc., Scotia Capital Inc., BMO Nesbitt Burns Inc., National Bank Financial Inc. and RBC Dominion Securities Inc. are wholly-owned subsidiaries of Canadian banks that are currently lenders to IFC under its existing credit facility. Accordingly, IFC may be considered a "connected issuer" of these Dealers within the meaning of applicable securities legislation. None of the Dealers will receive any direct benefit from the offering of the Notes other than the commission to be paid to the Dealers in connection with the offering of the Notes as described above. The decision to distribute the Notes and the determination of the terms of the offering were made through negotiation between IFC and the Dealers. No bank had any involvement in such decision or determination. The Dealers have participated in the structuring and pricing of this offering. In addition, the Dealers have participated in due diligence meetings relating to this Pricing Supplement with IFC and its representatives, have reviewed this Pricing Supplement and have had the opportunity to propose such changes to this Pricing Supplement as they considered appropriate.

IFC reserves the right to accept or reject any subscription for Notes in whole or in part. While the Dealers have agreed to use their reasonable best efforts to sell the Notes, they are not obligated to purchase any Notes which are not sold.

The Dealers may not, throughout the period of distribution, bid for or purchase the Notes. The foregoing restriction is subject to certain 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 Notes. 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. IFC has been advised that, in connection with this offering and subject to the foregoing, the Dealers may over-allot or effect transactions which stabilize or maintain the market price of the Notes at a level above that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

The Notes have not 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 may not be offered or sold within the United States or to U.S. persons (as defined in the U.S. Securities Act) unless registered under the U.S. Securities Act and applicable state securities laws or an exemption therefrom is available. Each of the Dealers will agree not to buy or offer to buy, to sell or offer to sell, or solicit any offer to buy any Notes in the United States, or to or for the account or benefit of U.S. persons, except to “qualified institutional buyers” in accordance with Rule 144A under the U.S. *Securities Act*. This Pricing Supplement does not constitute an offer to sell or a solicitation of an offer to buy any of the Notes in the United States. In addition, until 40 days after the commencement of the offering of an issue of the Notes, an offer or sale of that issue within the United States by any Dealer (whether or not participating in the offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A under the U.S. Securities Act.

RISK FACTORS

An investment in the Notes involves certain risks. In addition to the other information contained in this Pricing Supplement and the Prospectus and the risks described under the “Risk Management” section of the Annual MD&A, prospective purchasers of the Notes should carefully consider the risk factors set forth below.

Structural Subordination of the Notes

IFC is a holding company and substantially all of its business activities are carried on by its subsidiaries. Because IFC is a holding company, the Notes will be effectively subordinated to all existing and future liabilities, including trade payables and other indebtedness, of IFC’s subsidiaries. In addition, as a holding company, IFC’s ability to meet its financial obligations is dependent primarily upon the receipt of interest and principal, management fees, cash dividends and other payments from its subsidiaries, together with proceeds raised by IFC through the issuance of equity and debt securities. IFC’s subsidiaries are distinct legal entities and have no legal obligation, contingent or otherwise, to pay any amount due under the Notes or to make any amounts available therefor. In addition, the payment of dividends and the making of loans, advances and other payments to IFC by its subsidiaries may be limited by applicable corporate and insurance law restrictions or contractual restrictions, will depend on the earnings of the subsidiaries and will be subject to various business and other considerations.

Ratings

The value of the Notes will be affected by the general creditworthiness of IFC. There is no assurance that any rating assigned to the Notes issued hereunder will remain in effect for any given period of time or that any rating will not be lowered or withdrawn entirely by the relevant rating agency. A lowering or withdrawal of such rating (or the anticipation of a lowering or withdrawal of such rating) may have an adverse effect on the market value of the Notes.

Absence of Public Market for the Notes

The Notes will be newly issued securities for which there is no existing trading market. IFC does not intend to list the Notes on any Canadian, U.S. or other securities exchange. This may affect the pricing of the Notes in the secondary market, the transparency and availability of trading prices, the liquidity of the Notes and the extent of issuer regulation. There can be no assurance that a secondary market will develop for the Notes or that any secondary market that does develop will continue. Accordingly, purchasers may not be able to sell the Notes, or there may be a limited number of buyers of Notes which may affect the price a purchaser receives upon a resale of Notes. In addition, if a trading market develops for the Notes, the Notes could trade at prices that may be higher or lower than their initial offering prices, depending on many factors, including prevailing interest rates, IFC’s results of operations and financial position, the ratings assigned to the Notes and IFC’s other debt securities and the markets for similar debt securities.

Interest Rate Risks

Prevailing interest rates will affect the market price or value of the Notes. Generally, the market price or value of the Notes will decline as prevailing interest rates for comparable debt instruments rise and increase as prevailing interest rates for comparable debt instruments decline. Fluctuations in interest rates may also impact borrowing costs of IFC which may adversely affect its creditworthiness.

Redemption of Notes

IFC may choose to redeem the Notes from time to time, especially when prevailing interest rates are lower than those payable by IFC under the terms of the Notes. 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 interest rate as high as the rate on the Notes being redeemed. Any exercise by IFC of its redemption right may also adversely impact a purchaser's ability to sell the Notes as the optional redemption date or period approaches.

No Limitations on Debt

The Indenture will not contain any provision limiting IFC's ability to incur indebtedness generally.

No Event Risk Protection

The Indenture will not contain any provision that would afford holders of the Notes protection should IFC be involved in a highly leveraged or similar transaction.

LEGAL MATTERS

In connection with the issue and sale of the Notes, certain legal matters will be passed upon, on behalf of IFC, by Fasken Martineau DuMoulin LLP and, on behalf of the Dealers, by McCarthy Tétrault LLP. As of the date hereof, the partners and associates of Fasken Martineau DuMoulin LLP and McCarthy Tétrault LLP, respectively, as a group, beneficially own, directly or indirectly, less than 1% of the issued and outstanding securities of IFC or any associates or affiliates of IFC.

TRUSTEE

The Trustee for the Notes is Computershare Trust Company of Canada at its principal office in Toronto, Ontario.

CERTIFICATE OF THE DEALERS

Dated: February 25, 2016

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 supplement as required by the securities legislation of each of the provinces and territories of Canada.

TD Securities Inc.

CIBC World Markets Inc.

By: (Signed) Greg McDonald

By: (Signed) Shannan Levere

Scotia Capital Inc.

By: (Signed) Graham Fry

BMO Nesbitt Burns Inc.

National Bank Financial Inc.

RBC Dominion Securities Inc.

By: (Signed) Brad Hardie

By: (Signed) Maxime Brunet

By: (Signed) Andrew Franklin

Casgrain & Company Limited

By: (Signed) Pierre Casgrain