

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This prospectus supplement, together with the short form base shelf prospectus dated June 22, 2017 to which it relates, as amended or supplemented, and each document incorporated by reference in the short form base shelf prospectus, as amended or supplemented, 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.

These securities have not been and will not be, registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”) or the securities laws of any state of the United States and may not be offered, sold or delivered, directly or indirectly, within the United States, its territories, its possessions and other areas subject to its jurisdiction or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the U.S. Securities Act), except in certain transactions permitted under the Underwriting Agreement (as defined herein) 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 these securities within the United States.

Information has been incorporated by reference in this prospectus supplement and the short form base shelf prospectus dated June 22, 2017 from documents filed with securities commissions or similar authorities in Canada. See “Documents Incorporated by Reference”. Copies of the documents incorporated herein or therein by reference may be obtained on request without charge from the Vice President, Legal Services and Corporate Secretary, Industrial Alliance Insurance and Financial Services Inc., 1080 Grande Allée West, Québec City, Québec, G1S 1C7, telephone (418) 684-5000, and are also available electronically at www.sedar.com.

PROSPECTUS SUPPLEMENT
(To the Short Form Base Shelf Prospectus dated June 22, 2017)

New Issue

February 28, 2018



\$150,000,000
(6,000,000 Shares)

4.80% Non-Cumulative 5-Year Rate Reset Class A Preferred Shares Series I

This offering (the “**Offering**”) of Non-Cumulative 5-Year Rate Reset Class A Preferred Shares Series I (the “**Series I Preferred Shares**”) of Industrial Alliance Insurance and Financial Services Inc. (“**iA Financial Group**” or the “**Company**”) under this prospectus supplement consists of 6,000,000 Series I Preferred Shares at a price of \$25.00 per Series I Preferred Share (the “**Offering Price**”). The Series I Preferred Shares will be offered in each of the provinces of Canada.

The holders of Series I Preferred Shares will be entitled to receive fixed non-cumulative preferential cash dividends, as and when declared by the board of directors of iA Financial Group (the “**Board of Directors**”) for the initial period from and including the closing date of this Offering to but excluding March 31, 2023 (the “**Initial Fixed Rate Period**”), payable quarterly on March 31, June 30, September 30 and December 31 in each year, at an annual rate equal to \$1.20 per Series I Preferred Share. The initial dividend, if declared, will be payable on June 30, 2018 and will amount to \$0.3781 per Series I Preferred Share, based on an anticipated closing date of March 7, 2018. See “Details of the Offering”.

For each five-year period after the Initial Fixed Rate Period (each a “**Subsequent Fixed Rate Period**”), the holders of Series I Preferred Shares will be entitled to receive fixed non-cumulative preferential cash dividends, as and when declared by the Board of Directors, payable quarterly on March 31, June 30, September 30 and December 31 in each year, in the amount per Series I Preferred Share per annum determined by multiplying the Annual Fixed Dividend Rate (as defined herein) applicable to such Subsequent Fixed Rate Period by \$25.00. The Annual Fixed Dividend Rate for the ensuing Subsequent Fixed Rate Period will be determined by the Company on the 30th day prior to the first day of such Subsequent Fixed Rate Period and will be equal to the sum of the Government of Canada Yield (as defined herein) on the date on which the Annual Fixed Dividend Rate is determined plus 2.75%. See “Details of the Offering”.

Option to Convert Into Series J Preferred Shares

Subject to the Company's right to redeem all of the Series I Preferred Shares and to the prior consent of the *Autorité des marchés financiers* (the "AMF"), the holders of Series I Preferred Shares will have the right, at their option, to convert any or all of their Series I Preferred Shares into an equal number of Non-Cumulative Floating Rate Class A Preferred Shares Series J of iA Financial Group (the "Series J Preferred Shares"), subject to certain conditions, on March 31, 2023 and on March 31 every five years thereafter. The holders of Series J Preferred Shares will be entitled to receive floating rate non-cumulative preferential cash dividends, as and when declared by the Board of Directors, payable quarterly on March 31, June 30, September 30 and December 31 in each year (the initial quarterly dividend period and each subsequent quarterly dividend period is referred to as a "Quarterly Floating Rate Period"), in the amount per Series J Preferred Share determined by multiplying the applicable Floating Quarterly Dividend Rate (as defined herein) by \$25.00. The Floating Quarterly Dividend Rate will be equal to the sum of the T-Bill Rate (as defined herein) plus 2.75% (calculated on the basis of the actual number of days elapsed in the applicable Quarterly Floating Rate Period divided by 365) determined on the 30th day prior to the first day of the applicable Quarterly Floating Rate Period. See "Details of the Offering".

The Series I Preferred Shares shall not be redeemable prior to March 31, 2023. Subject to the provisions of *An Act respecting Insurance* (Québec), including the regulations, rules, policy statements, instruments and guidelines thereunder (the "Insurance Act") and the prior consent of the AMF and to the provisions described below under "Details of the Offering - Certain Provisions of the Series I Preferred Shares as a Series - Restrictions on Dividends and Retirement of Shares", on March 31, 2023, and on March 31 every five years thereafter, on not more than 60 nor less than 30 days' notice, iA Financial Group may redeem all or any part of the then outstanding Series I Preferred Shares, at iA Financial Group's option without the consent of the holder, by the payment of an amount in cash (the "Redemption Price") for each Series I Preferred Share so redeemed of \$25.00 together with an amount equal to the sum of all declared and unpaid dividends to the date fixed for redemption (less any tax required to be deducted and withheld by the Company). See "Details of the Offering".

The Series I Preferred Shares and the Series J Preferred Shares do not have a fixed maturity date and are not redeemable at the option of the holders thereof. See "Risk Factors".

The Series I Preferred Shares are rated Pfd-2 (high) with a Stable trend by DBRS Limited ("DBRS"), and P-1(Low) by S&P Global Ratings ("S&P") using the S&P Canadian scale for preferred shares and "A-" using S&P's global scale for preferred shares. See "Ratings".

There is no market through which these securities may be sold and purchasers may not be able to resell securities purchased under this Prospectus Supplement. This may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. See "Risk Factors".

The Class A Preferred Shares Series B and Class A Preferred Shares Series G of the Company are listed for trading on the Toronto Stock Exchange (the "TSX"), under the symbols "IAG.PR.A" and "IAG.PR.G", respectively. On February 26, 2018, the last trading day before the date of the public announcement of this Offering, the closing sale prices of the Class A Preferred Shares Series B and Class A Preferred Shares Series G on the TSX were \$22.33 and \$24.16, respectively.

An investment in the securities offered hereunder involves risk. It is important for a prospective subscriber to consider the particular risk factors that may affect the industry in which it is investing and therefore the stability of the dividends that it receives. The risk factors identified under the heading "Risk Factors" and elsewhere in this Prospectus Supplement (as defined below) and the Prospectus (as defined below), and in the information incorporated by reference in the Prospectus and this Prospectus Supplement should be carefully reviewed and evaluated by prospective subscribers before purchasing the securities being offered hereunder. See "Risk Factors".

A potential investor should be aware that the purchase of Series I Preferred Shares may have tax consequences. This Prospectus Supplement may not describe these tax consequences fully. A potential investor should read the tax discussion in this Prospectus Supplement and consult with a tax advisor. See "Certain Canadian Federal Income Tax Considerations".

The Company has applied to list the Series I Preferred Shares and the Series J Preferred Shares issuable on conversion of the Series I Preferred Shares on the TSX. Listing will be subject to the Company fulfilling all of the requirements of the TSX.

iA Financial Group's head office is located at 1080 Grande Allée West, Québec City, Québec, G1S 1C7.

Price: \$25.00 per Series I Preferred Share to yield initially 4.80% per annum

TD Securities Inc., National Bank Financial Inc., RBC Dominion Securities Inc., Scotia Capital Inc., BMO Nesbitt Burns Inc., CIBC World Markets Inc. and Industrial Alliance Securities Inc. (collectively, the “Underwriters”), as principals, conditionally offer the Series I Preferred Shares, subject to prior sale if, as and when issued by iA Financial Group and accepted by the Underwriters in accordance with the terms and conditions of the underwriting agreement referred to under “Plan of Distribution” and subject to the approval of certain legal matters on behalf of iA Financial Group by Norton Rose Fulbright Canada LLP and on behalf of the Underwriters by McCarthy Tétrault LLP.

	Price to the Public	Underwriters' Fee ⁽¹⁾	Net Proceeds to iA Financial Group ⁽²⁾⁽³⁾
Per Series I Preferred Share	\$25.00	\$0.75	\$24.25
Total	\$150,000,000	\$4,500,000	\$145,500,000

- (1) The Underwriters' fee is \$0.25 for each Series I Preferred Share sold to certain institutions and \$0.75 for all other Series I Preferred Shares which are sold. The totals set forth in the table represent the Underwriters' fee and net proceeds assuming no Series I Preferred Shares are sold to such institutions.
- (2) Before deduction of expenses of this Offering payable by iA Financial Group estimated at \$450,000 (\$600,000 if the Underwriters' Option, as defined below, is exercised in full), which, together with the Underwriters' fee, will be paid from the general funds of iA Financial Group. See “Use of Proceeds”.
- (3) The Company has granted to the Underwriters an option (the “Underwriters' Option”) to purchase up to an additional 2,000,000 Series I Preferred Shares on the same terms and conditions as this Offering, exercisable in whole or in part from time to time, at any time up to 48 hours prior to the closing of this Offering. If the Underwriters' Option is exercised in full, the total price to the public, Underwriters' fee and net proceeds to the Company (before deducting the estimated expenses of this Offering) will be \$200,000,000, \$6,000,000 and \$194,000,000, respectively. This Prospectus Supplement qualifies the grant of the Underwriters' Option and the distribution of the Series I Preferred Shares issuable on the exercise of the Underwriters' Option. See “Plan of Distribution”. Unless otherwise indicated, this Prospectus Supplement assumes that the Underwriters' Option has not been exercised.

Underwriters' Position	Maximum Size or Number of Securities Available	Exercise Period	Exercise Price
Underwriters' Option	Option to acquire up to an additional 2,000,000 Series I Preferred Shares	At any time up to 48 hours prior to the closing of this Offering	\$25.00 per Series I Preferred Shares

Industrial Alliance Securities Inc., one of the Underwriters, is a wholly-owned subsidiary of iA Financial Group. Therefore, iA Financial Group is a “related issuer” of Industrial Alliance Securities Inc. under applicable securities legislation by virtue of iA Financial Group's interest in Industrial Alliance Securities Inc. See “Plan of Distribution”. In addition, National Bank Financial Inc. was retained by the Company for the provision of an opinion to the board of directors of the Company to the effect that, subject to the assumptions, limitations and qualifications set out in such opinion, the proposed Arrangement described herein is fair, from a financial point of view, to the Company's common shareholders and, in connection therewith, National Bank Financial Inc. received customary fees in consideration for such services. Therefore, iA Financial Group may be considered to be a “connected issuer” of National Bank Financial Inc. under applicable securities legislation. See “Plan of Distribution” and “Recent Developments—Reorganization.”

A purchaser who acquires Series I Preferred Shares forming part of the Underwriters' Option position acquires those Series I Preferred Shares under this Prospectus Supplement.

In connection with this Offering, the Underwriters may, subject to applicable laws, over-allot or effect transactions which stabilize or maintain the market price of the Series I Preferred Shares at a level other than that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time. **The Underwriters may offer Series I Preferred Shares at a price lower than the Offering Price. See “Plan of Distribution”.**

Concurrently with this Offering, the Company is conducting a separate public offering of 2,500,000 Common Shares (as defined below) (plus up to an additional 250,000 Common Shares if the underwriters of the Common Share Offering (as defined below) exercise an option to purchase additional Common Shares (the “**Common Share Over-Allotment Option**”)) at a price of \$54.10 per Common Shares (the “**Common Share Offering**”). The Common Shares are being offered by means of a separate prospectus supplement, and not this Prospectus Supplement. The completion of this Offering of Series I Preferred Shares is not conditioned on the completion of the concurrent Common Share Offering and the completion of the concurrent Common Share Offering is not conditioned on the completion of this Offering.

Subscriptions for the Series I Preferred Shares will be received subject to rejection or allotment 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 this Offering will take place on March 7, 2018 or on such other date as iA Financial Group and the Underwriters may agree but not later than March 21, 2018. On the closing of this Offering, the Company will cause a “book-entry only” global certificate representing the Series I Preferred Shares to be delivered to, and registered in the name of, CDS Clearing and Depository Services Inc. or its nominee (“**CDS**”). Subject to certain exceptions, purchasers of Series I Preferred Shares will not have the right to receive physical certificates evidencing their ownership of Series I Preferred Shares. Purchasers of Series I Preferred Shares will receive a customer confirmation from the registered dealer who is a CDS participant and from or through whom the Series I Preferred Shares are purchased. See “Book-Entry Only Securities”.

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In this prospectus supplement (the “**Prospectus Supplement**”), unless otherwise indicated, capitalized terms which are defined in the accompanying short form base shelf prospectus of the Company dated June 22, 2017 (the “**Prospectus**”) are used herein with the meaning defined therein. If information in this Prospectus Supplement is inconsistent with the accompanying Prospectus, investors should rely on the information in this Prospectus Supplement. All references to “dollars” in this Prospectus Supplement are to Canadian dollars unless otherwise indicated.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Some of the statements contained in this Prospectus Supplement, the Prospectus or in documents incorporated by reference herein, including those relating to iA Financial Group’s strategies and other statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as “may”, “will”, “could”, “should”, “would”, “suspect”, “outlook”, “expect”, “anticipate”, “intend”, “plan”, “believe”, “estimate”, “feel”, “seek”, and “continue” (or the negative thereof), as well as words such as “objective” or “goal” or other similar words or expressions, are forward-looking statements within the meaning of securities laws. Forward-looking statements include, but are not limited to, information concerning the Company’s possible or assumed future operating results, statements that may be made concerning iA Financial Group’s expectations in connection with ongoing business strategies or prospects, and possible future action by iA Financial Group, including statements made by iA Financial Group with respect to the expected benefits of acquisitions or divestitures and iA Financial Group’s business model and acquisition strategy. These statements are not historical facts but instead represent only the Company’s expectations, estimates and projections regarding future events. Forward-looking statements also include, without limitation, the information concerning possible or assumed future results of operations of iA Financial Group, including market guidance for 2018, iA Financial Group’s expected capital position under the AMF’s new capital guideline (Guideline on Capital Adequacy Requirements in Insurance of Persons) and sensitivity analysis. Although iA Financial Group believes that the expectations reflected in such forward-looking statements are reasonable, such statements involve risks and uncertainties, and undue reliance should not be placed on such statements and they should not be interpreted as confirming market or analysts’ expectations in any way.

Certain material factors or assumptions are applied in making forward-looking statements, and actual results may differ materially from those expressed or implied in such statements. Certain important assumptions by the Company or its consultants in making forward-looking statements include, but are not limited to, the satisfaction of all conditions to the completion of this Offering, the receipt of required regulatory approvals (including stock exchange) and successful completion of this Offering. Factors that could cause actual results to differ materially from expectations include, but are not limited to:

- the failure to receive regulatory approvals (including stock exchange) or otherwise satisfy the conditions to the completion of this Offering and the funds thereof not being available to the Company;
- the failure to realize, in the time frame anticipated or at all, the anticipated benefits and synergies of any acquisitions that may be completed by the Company from time to time;
- factors relating to the integration of the companies and businesses acquired by the Company from time to time, such as the time and resources required to integrate such companies, businesses and products, diversion of management time on acquisition-related issues, and the difficulties and delays associated with such integrations;
- market conditions that adversely affect iA Financial Group's capital position or its ability to raise capital;
- general business and economic conditions (including but not limited to performance and volatility of equity markets, interest rate fluctuations and movements in credit spreads, currency rates, investment losses and defaults, market liquidity and creditworthiness of guarantors, reinsurers and counterparties);
- level of competition and consolidation;
- changes in laws and regulations including tax laws;
- changes in accounting standards;
- changes in regulatory capital requirements;
- ability to execute strategic plans and changes to strategic plans;
- liquidity of iA Financial Group, including the availability of financing to satisfy existing financial liabilities on their expected maturity dates when required;
- downgrades in iA Financial Group's financial strength or credit ratings;
- dependence on third party relationships, including outsourcing arrangements;
- ability to maintain iA Financial Group's reputation;
- impairments of goodwill or intangible assets or the establishment of valuation allowances against future tax assets;
- insurance risks, including product design and pricing, mortality, morbidity, longevity and policyholder behaviour and including the occurrence of natural or man-made disasters, pandemic diseases and acts of terrorism;
- accuracy of estimates used in applying accounting policies and actuarial methods used by iA Financial Group;
- accuracy of accounting policies and actuarial methods used by iA Financial Group;
- ability to market and distribute products through current and future distribution channels;

- ability to implement effective hedging strategies and unforeseen consequences arising from such strategies;
- ability to source appropriate non-fixed income assets to back iA Financial Group's long dated liabilities;
- failure of information systems and Internet-enabled technology;
- breaches of computer security and privacy;
- the realization of losses arising from the sale of investments classified as available for sale;
- obligations to pledge additional collateral;
- the availability of letters of credit to provide capital management flexibility;
- accuracy of information received from counterparties and ability of counterparties to meet their obligations;
- the availability, affordability and adequacy of reinsurance;
- legal and regulatory proceedings, including tax audits, tax litigation or similar proceedings and including private legal proceedings and class actions relating to practices in the mutual fund, insurance, annuity and financial product distribution industries;
- ability to adapt products and services to the changing market;
- ability to attract and retain key executives, employees and agents;
- the appropriate use and interpretation of complex models or deficiencies in models used;
- acquisitions and iA Financial Group's ability to complete acquisitions including the availability of equity and debt financing for this purpose;
- unforeseen liabilities or asset impairments arising from acquisitions and dispositions of businesses;
- the disruption of or changes to key elements of iA Financial Group's or public infrastructure systems;
- environmental concerns; and
- iA Financial Group's ability to protect its intellectual property and exposure to claims of infringement.

Additional information about material factors that could cause actual results to differ materially from expectations and about material factors or assumptions applied in making forward-looking statements may be found in the section "Risk Factors" of this Prospectus Supplement and of the Prospectus, in the section "Risk Factors" of iA Financial Group's most recent annual information form, in the "Risk Management" section of iA Financial Group's management's discussion and analysis for the most recent audited consolidated financial statements and in the "Management of Risks Associated with Financial Instruments", "Management of Insurance Risk" and "Insurance Contract Liabilities and Investment Contract Liabilities" notes to iA Financial Group's most recent audited consolidated financial statements, and elsewhere in iA Financial Group's filings with securities regulators, which are available for review at www.sedar.com.

The forward-looking statements in this Prospectus Supplement or the documents incorporated by reference in this Prospectus Supplement reflect, unless otherwise indicated, iA Financial Group's expectations as of the date of this Prospectus Supplement or the documents incorporated by reference in this Prospectus Supplement. iA Financial Group does not undertake any obligation to update or release any revisions to these forward-looking

statements to reflect events or circumstances after the date of this Prospectus Supplement or to reflect the occurrence of unanticipated events, except as required by law.

To the extent any forward-looking information in this Prospectus Supplement or the documents incorporated by reference in this Prospectus Supplement constitutes financial outlook within the meaning of securities laws, such information is being provided to demonstrate the potential benefits of the transaction and readers are cautioned that this information may not be appropriate for any other purpose.

NON-IFRS FINANCIAL INFORMATION

iA Financial Group reports its financial results and statements in accordance with International Financial Reporting Standards (“**IFRS**”). It also publishes certain financial measures that are not based on IFRS (“**Non-IFRS**”). A financial measure is considered a Non-IFRS measure for Canadian securities law purposes if it is presented other than in accordance with the generally accepted accounting principles used for iA Financial Group’s audited financial statements. These Non-IFRS financial measures are often accompanied by and reconciled with IFRS financial measures. For certain Non-IFRS financial measures, there are no directly comparable amounts under IFRS. iA Financial Group believes that these Non-IFRS financial measures provide additional information to better understand iA Financial Group’s financial results and assess its growth and earnings potential, and that they facilitate comparison of the quarterly and full-year results of iA Financial Group’s ongoing operations. Since Non-IFRS financial measures do not have standardized definitions and meaning, they may differ from the Non-IFRS financial measures used by other institutions and should not be viewed as an alternative to measures of financial performance determined in accordance with IFRS. iA Financial Group strongly encourages investors to review its financial statements and other publicly-filed reports in their entirety and not to rely on any single financial measure. Reconciliation between IFRS and non-IFRS financial measures is available in the MD&A (as defined below).

Non-IFRS financial measures published or used by iA Financial Group include, but are not limited to: return on common shareholders equity, core earnings per common share, core return on common shareholders equity, sales, net sales, assets under management, assets under administration, premium equivalents, deposits, sources of earnings measures (expected profit on in-force, experience gains and losses, strain on sales, changes in assumptions, management actions and income on capital), capital, solvency ratio, interest rate and equity market sensitivities loan originations, finance receivables and average credit loss rate on car loans.

The analysis of profitability according to the sources of earnings presents sources of income in compliance with the guideline issued by the Office of the Superintendent of Financial Institutions and developed in cooperation with the Canadian Institute of Actuaries. This analysis is intended to be a supplement to the disclosure required by IFRS and to facilitate the understanding of iA Financial Group’s financial position by both existing and prospective stakeholders to better form a view as to the quality, potential volatility and sustainability of earnings. It provides an analysis of the difference between actual income and the income that would have been reported had all assumptions at the start of the reporting period materialized during the reporting period. It sets out the following measures: expected profit on in-force business (representing the portion of the consolidated net income on business in force at the start of the reporting period that was expected to be realized based on the achievement of best-estimate assumptions); experience gains and losses (representing gains and losses that are due to differences between the actual experience during the reporting period and the best-estimate assumptions at the start of the reporting period); new business strain (representing the point-of-sale impact on net income of writing new business during the period); changes in assumptions, management actions and income on capital (representing the net income earned on iA Financial Group’s surplus funds).

Sales is a Non-IFRS measure used to assess iA Financial Group’s ability to generate new business. They are defined as fund entries on new business written during the period. Net premiums, which are part of the revenues presented in the financial statements, include both fund entries from new business written and in-force contracts. Assets under management and administration is a Non-IFRS measure used to assess iA Financial Group’s ability to generate fees, particularly for investment funds and funds under administration. An analysis of revenues by sector is presented in the Profitability section of the MD&A, as defined below.

Core earnings per common share is a Non-IFRS measure used to better understand iA Financial Group’s

capacity to generate sustainable earnings. Management's estimate of core earnings per common share excludes: 1) certain items, including but not limited to year-end assumption changes and unusual income tax gains and losses; 2) market gains and losses related to universal life policies, investment funds and the dynamic hedging program for segregated fund guarantees; 3) gains and losses in excess of \$0.04 per share, on a quarterly basis, for strain on individual insurance sales, for policyholder experience by business segment (individual insurance, individual wealth management, group insurance, group savings and retirement and iA auto and home insurance), for usual income tax gains and losses and for investment income on capital.

DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus Supplement is deemed to be incorporated by reference, as of the date hereof, into the Prospectus solely for the purpose of this Offering. Other documents are also incorporated or deemed to be incorporated by reference into the Prospectus and reference should be made to the Prospectus for full particulars thereof. The following documents have been filed by iA Financial Group with the securities commissions or similar authorities in each province of Canada and are incorporated by reference into the Prospectus and this Prospectus Supplement:

- (a) iA Financial Group's audited consolidated financial statements and the notes thereto for the years ended December 31, 2017 and 2016, together with the independent auditor's report thereon and the report of the appointed actuary for the years ended December 31, 2017 and 2016, as set out on page 3 of the audited consolidated financial statements;
- (b) iA Financial Group's management's discussion and analysis dated February 15, 2018 for the audited consolidated financial statements referred to in paragraph (a) (the "**MD&A**");
- (c) iA Financial Group's management information circular for the solicitation of proxies dated March 6, 2017 in connection with the annual meeting of shareholders and participating policyholders held on May 11, 2017;
- (d) iA Financial Group's Annual Information Form dated February 15, 2018 for the year ended December 31, 2017;
- (e) iA Financial Group's material change report dated and filed on February 27, 2018 (the "**Arrangement Material Change Report**"); and
- (f) the template version of the term sheet (the "**Term Sheet**") prepared for potential investors in connection with this Offering dated February 26, 2018.

Any documents of the types referred to above, any business acquisition reports and any material change reports (excluding confidential material change reports if any) and any marketing materials (as defined in National Instrument 41-101 – *General Prospectus Requirements*) filed by iA Financial Group with the securities regulatory authorities in Canada after the date of this Prospectus Supplement and prior to the completion or withdrawal of the distribution of the Series I Preferred Shares, shall be deemed to be incorporated by reference into the Prospectus and this Prospectus Supplement.

Any statement in this Prospectus Supplement, the Prospectus or contained in a document incorporated or deemed to be incorporated by reference in this Prospectus Supplement or in the Prospectus is deemed to be modified or superseded, for purposes of this Prospectus Supplement or of the Prospectus, to the extent that a statement contained herein or in any other subsequently filed document that also is or is deemed to be incorporated by reference herein modifies or supersedes such 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 shall 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 Prospectus.

MARKETING MATERIALS

The Term Sheet may be considered marketing material for purposes of applicable securities legislation. The Term Sheet is not part of the Prospectus Supplement to the extent that the contents of the Term Sheet have been modified or superseded by a statement contained in this Prospectus Supplement.

Any “template version” of “marketing materials” (as such terms are defined in National Instrument 41-101 – *General Prospectus Requirements*) filed on SEDAR after the date of this Prospectus Supplement and before the termination of the distribution under this Offering will be deemed to be incorporated into this Prospectus Supplement.

ELIGIBILITY FOR INVESTMENT

In the opinion of Norton Rose Fulbright Canada LLP, counsel to iA Financial Group, and McCarthy Tétrault LLP, counsel to the Underwriters, the Series I Preferred Shares and Series J Preferred Shares would be, if issued on the date hereof, qualified investments under the *Income Tax Act* (Canada) (the “**Tax Act**”) and the regulations thereunder for trusts governed by registered retirement savings plans (“**RRSPs**”), registered retirement income funds (“**RRIFs**”), registered disability savings plans (“**RDSPs**”), registered education savings plans (“**RESPs**”), deferred profit sharing plans, and tax-free savings accounts (“**TFSAs**”), provided they are listed on a “designated stock exchange” (as defined in the Tax Act, which currently includes the TSX).

Notwithstanding the foregoing, if the Series I Preferred Shares and Series J Preferred Shares are “prohibited investments” for a particular RRSP, RRIF, RDSP, RESP or TFSA for purposes of the Tax Act, the annuitant under such RRSP or RRIF, the subscriber of such RESP, or the holder of such RDSP or TFSA, as the case may be, will be subject to a penalty tax under the Tax Act. The Series I Preferred Shares and Series J Preferred Shares, if issued on the date hereof, would not be a “prohibited investment” for these purposes unless the annuitant under the RRSP or RRIF, the subscriber of the RESP, or the holder of the RDSP or TFSA, as the case may be, (i) does not deal at arm's length with iA Financial Group for purposes of the Tax Act, or (ii) has a “significant interest”, as defined in the Tax Act, in iA Financial Group. In addition, the Series I Preferred Shares and Series J Preferred Shares will generally not be “prohibited investments” if they are “excluded property” (as defined in the Tax Act) for an RRSP, RRIF, RDSP, RESP or TFSA. Prospective purchasers who intend to hold Series I Preferred Shares and Series J Preferred Shares in an RRSP, RRIF, RDSP, RESP or TFSA should consult their own tax advisors regarding their particular circumstances.

RECENT DEVELOPMENTS

Reorganization

On February 5, 2018, iA Financial Group initially announced a plan to create a holding company that will comprise all iA Financial Group activities. On February 26, 2018, iA Financial Group further announced that it had entered into an arrangement agreement (the “**Arrangement Agreement**”) with a newly created entity, iA Financial Corporation Inc. (“**iAFC**”), and that its Board of Directors is unanimously recommending that the Company’s common shareholders vote in favour of a plan of arrangement that, upon completion, would result in iAFC becoming a holding company for iA Financial Group as well as the parent corporation of iA Financial Group. The purpose of the arrangement transaction (the “**Arrangement**”) is to adapt the legal and corporate structure of iA Financial Group to the group’s current size, allow greater financial, commercial and regulatory flexibility in pursuing its growth strategy and better reflect the diversification of its business. It will also provide iA Financial Group with a corporate structure that is as flexible as and substantially similar to that of its principal competitors. Only the holders of common shares of the Company, and not preferred shares such as the Series I Preferred Shares, will be eligible to vote as part of the special meeting of shareholders scheduled to be held on May 10, 2018 to approve the Arrangement.

Under the current statutory regime applicable to iA Financial Group, no person is permitted to hold 10% or more of the voting rights attached to the shares of iA Financial Group. Following completion of the Arrangement, if completed under the currently proposed structure, 100% of the Common Shares would be held by iAFC, meaning that they could all be voted in the same manner, and it shall be prohibited for any person to proceed with a transaction as a result of which, following the Arrangement, iAFC would cease to hold, directly or indirectly, 100% of the voting rights attached to the Company's voting shares. As currently structured, following completion of Arrangement, the holders of iA Financial Group's then publicly issued and outstanding preferred shares, including Series I Preferred Shares and the Series J Preferred Shares, would remain holders of iA Financial Group's preferred shares. The Arrangement Agreement provides as a condition, among others, that iAFC must sign and deliver unconditional and irrevocable guarantees with respect to the iA Financial Group's payment obligations on the outstanding preferred shares. See the Arrangement Material Change Report incorporated by reference herein for more details.

Acquisition of PPI Management Inc.

On February 26, 2018, iA Financial Group, announced that it has entered into an agreement to acquire and completed the acquisition of PPI Management Inc. (the "**Acquisition**").

DESCRIPTION OF SHARE CAPITAL

The share capital of iA Financial Group consists of (a) an unlimited number of common shares without nominal or par value (the "**Common Shares**"), (b) 10,000,000 preferred shares with a nominal or par value of \$25 per share, issuable in series, and (c) an unlimited number of Class A Preferred Shares without nominal or par value, issuable in series (the "**Class A Preferred Shares**").

As of February 27, 2018, 106,773,110 Common Shares, 5,000,000 Non-Cumulative Class A Preferred Shares Series B and 10,000,000 Non-Cumulative Class A Preferred Shares Series G were issued and outstanding. In addition, as of February 27, 2018, 10,000,000 Non-Cumulative Class A Preferred Shares Series H were reserved for issuance upon the conversion of the Non-Cumulative Class A Preferred Shares Series G. See "Description of Share Capital" in the Prospectus for a summary of certain rights, privileges, restrictions and conditions attaching to the Common Shares and the Class A Preferred Shares.

See "Description of Share Capital – Description of the Class A Preferred Shares" in the Prospectus for a summary of certain rights, privileges, restrictions and conditions attaching to the Class A Preferred Shares as a class and the Common Shares.

DETAILS OF THE OFFERING

The following is a summary of certain provisions of the Series I Preferred Shares as a series and the Series J Preferred Shares as a series, each of which represents a series of Class A Preferred Shares of the Company offered hereby. See "Description of Share Capital – Description of the Class A Preferred Shares" in the Prospectus for a description of the general terms and provisions of the Class A Preferred Shares of the Company as a class.

This summary is qualified in its entirety by reference to (i) the Articles pursuant to which the Class A Preferred Shares were created, copies of which were filed by the Company with the Canadian securities regulatory authorities and available at www.sedar.com, and (ii) the articles of amendment of the Company pursuant to which the Series I Preferred Shares and the Series J Preferred Shares will be created, subject to the authorization of the AMF, copies of which will be filed by the Company with the Canadian securities regulatory authorities and will be available shortly following the closing of this Offering at www.sedar.com.

Certain Provisions of the Series I Preferred Shares as a Series

Definition of Terms

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

“Annual Fixed Dividend Rate” means, for any Subsequent Fixed Rate Period, the rate (expressed as a percentage rate rounded down to the nearest one hundred thousandth of one percent (with 0.000005% being rounded up)) equal to the sum of the Government of Canada Yield on the applicable Fixed Rate Calculation Date plus 2.75%.

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

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

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

“Initial Fixed Rate Period” means the period from and including the closing date of this Offering to but excluding March 31, 2023.

“Subsequent Fixed Rate Period” means for the initial Subsequent Fixed Rate Period, the period from and including March 31, 2023 to but excluding March 31, 2028 and for each succeeding Subsequent Fixed Rate Period, the period commencing on the day immediately following the end of the immediately preceding Subsequent Fixed Rate Period to but excluding March 31 in the fifth year thereafter.

Dividends

During the Initial Fixed Rate Period, the holders of the Series I Preferred Shares will be entitled to receive fixed non-cumulative preferential cash dividends, if as and when declared by the Board of Directors, and subject to the provisions of the Insurance Act, payable quarterly on March 31, June 30, September 30 and December 31 in each year, at an annual rate equal to \$1.20 per Series I Preferred Share. The initial dividend, if declared, will be payable on June 30, 2018 and will amount to \$0.3781 per Series I Preferred Share, based on the anticipated closing date of March 7, 2018.

During each Subsequent Fixed Rate Period after the Initial Fixed Rate Period, the holders of Series I Preferred Shares will be entitled to receive fixed non-cumulative preferential cash dividends, as and when declared by the Board of Directors, and subject to the provisions of the Insurance Act, payable quarterly on March 31, June 30, September 30 and December 31 in each year, in the amount per Series I Preferred Share per annum determined by multiplying the Annual Fixed Dividend Rate applicable to such Subsequent Fixed Rate Period by \$25.00.

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

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

Payments of dividends and other amounts in respect of the Series I Preferred Shares will be made by the Company to CDS, or its nominee, as the case may be, as registered holder of the Series I Preferred Shares. As long as CDS, or its nominee, is the registered holder of the Series I Preferred Shares, CDS, or its nominee, as the case may be, will be considered the sole owner of the Series I Preferred Shares for the purposes of receiving payment on the Series I Preferred Shares.

Redemption

The Series I Preferred Shares will not be redeemable by iA Financial Group prior to March 31, 2023. Subject to the provisions of the Insurance Act and to the prior consent of the AMF and to the provisions described below under the heading “Restrictions on Dividends and Retirement of Shares”, on March 31, 2023 and on March 31 every five years thereafter, the Company may redeem all or any part of the then outstanding Series I Preferred Shares, at the Company’s option without the consent of the holder, by the payment of an amount in cash for each Series I Preferred Share so redeemed of \$25.00 together with an amount equal to the sum of all declared and unpaid dividends to the date fixed for redemption (less any tax required to be deducted and withheld by the Company). Should any such March 31 not be a business day, the redemption date in that year will be the next succeeding business day.

Notice of any redemption will be given by the Company at least 30 days and not more than 60 days prior to the date fixed for redemption. If less than all the outstanding Series I Preferred Shares are at any time to be redeemed, the shares to be redeemed will be redeemed pro rata, disregarding fractions.

Conversion of Series I Preferred Shares into Series J Preferred Shares

Subject to the right of the Company to redeem the Series I Preferred Shares described above under the heading “Redemption” and to the prior consent of the AMF, holders of Series I Preferred Shares will have the right, at their option, on March 31, 2023 and on March 31 every five years thereafter (a “**Series I Conversion Date**”), to convert, subject to the restrictions on conversion described below and the payment or delivery to the Company of evidence of payment of the tax (if any) payable, all or any of their Series I Preferred Shares registered in their name into Series J Preferred Shares on the basis of one Series J Preferred Share for each Series I Preferred Share. Should any such March 31 not be a business day, the Series I Conversion Date will be the next succeeding business day. The conversion of Series I Preferred Shares may be effected upon written notice given to iA Financial Group not earlier than the 30th day prior to, but not later than 5:00 p.m. (Toronto time) on the 15th day preceding the applicable Series I Conversion Date. Once received by iA Financial Group, the conversion notice is irrevocable. If the Company does not receive the conversion notice in writing from the holder exercising the above-mentioned conversion right during the time fixed therefor, then the Series I Preferred Shares shall be deemed not to have been converted (except in the case of an automatic conversion as described below).

The Company will, at least 30 days and not more than 60 days prior to the applicable Series I Conversion Date, give notice in writing to the then registered holders of the Series I Preferred Shares of the applicable Series I Conversion Date and will provide the holders with a form of conversion notice to exercise their conversion right. On the 30th day prior to each Series I Conversion Date, the Company will give notice in writing to the then registered holders of the Series I Preferred Shares of the Annual Fixed Dividend Rate for the next succeeding Subsequent Fixed Rate Period.

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

applicable Series I Conversion Date and the Company will give notice in writing thereof to the then registered holders of such remaining Series I Preferred Shares at least seven days prior to the Series I Conversion Date.

Upon the exercise by the holder of this right to convert Series I Preferred Shares into Series J Preferred Shares (and upon an automatic conversion), the Company reserves the right not to issue Series J Preferred Shares to any person whose address is in, or whom the Company or its transfer agent has reason to believe is a resident of, any jurisdiction outside Canada, to the extent that such issue would require the Company to comply with the securities, insurance or analogous laws of such jurisdiction, including registration, prospectus, filing or other similar requirements under the applicable laws of such jurisdiction.

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

Purchase for Cancellation

Subject to the provisions of the Insurance Act, the prior consent of the AMF and the provisions described below under “Restrictions on Dividends and Retirement of Shares”, iA Financial Group may at any time purchase for cancellation all or from time to time any Series I Preferred Share outstanding in the open market or by private contract or tender, at any price.

Rights on Liquidation

In the event of the liquidation, dissolution or winding-up of iA Financial Group, whether voluntary or involuntary, or any other distribution of assets of iA Financial Group for the purpose of winding-up its affairs, subject to the prior satisfaction of the claims of all creditors of the Company and of holders of shares of the Company ranking prior to the Series I Preferred Shares, the holders of the Series I Preferred Shares will be entitled to receive \$25.00 per Series I Preferred Share, together with all declared and unpaid dividends to the date of payment (less any tax required to be deducted and withheld by the Company), before any amounts are paid or any assets of iA Financial Group are distributed to the holders of any shares ranking junior to the Series I Preferred Shares. After payment of those amounts, the holders of Series I Preferred Shares will not be entitled to share in any further distribution of the property or assets of iA Financial Group.

Restrictions on Dividends and Retirement of Shares

As long as any Series I Preferred Shares are outstanding, iA Financial Group will not, without the approval of the holders of outstanding Series I Preferred Shares given as described under “Shareholder Approval” below:

- (a) declare or pay any dividend on its Common Shares or any other shares of the Company ranking junior to the Series I Preferred Shares (other than stock dividends in any shares ranking junior to the Series I Preferred Shares);
- (b) redeem, purchase or otherwise retire any Common Shares or any other shares ranking junior to the Series I Preferred Shares (except out of the net cash proceeds of a substantially concurrent issue of shares ranking junior to the Series I Preferred Shares);
- (c) redeem, purchase or otherwise retire or make any return of capital in respect of less than all the Series I Preferred Shares; or
- (d) except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provision attaching to any series of Class A Preferred Shares or other preferred shares of iA Financial Group issuable in series, redeem, purchase, or otherwise retire any other shares ranking on a parity with the Series I Preferred Shares;

unless, in each case, all dividends on the Series I Preferred Shares up to and including those payable on the dividend payment date for the last completed period for which dividends are payable and in respect of which the rights of holders to such dividends have not been extinguished, and all dividends then accrued on all other shares ranking senior to or on a parity with the Series I Preferred Shares up to the immediately preceding respective date or dates for payment and in respect of which the rights of holders of those shares have not been extinguished, have been declared and paid or set apart for payment.

In addition, the Company is prohibited from paying dividends on its preferred shares in certain other circumstances. See “Restrictions” and “Risk Factors”.

Issue of Additional Shares

iA Financial Group may issue other series of Class A Preferred Shares ranking on a parity with the Series I Preferred Shares or may issue shares of any other class or series ranking on a parity or junior to Class A Preferred Shares without the approval of the holders of the Series I Preferred Shares.

Amendments to the Series I Preferred Shares

Except for amendments of a “housekeeping” or clerical nature, iA Financial Group will not, without the approval of the holders of the Series I Preferred Shares given as specified under “Shareholder Approval” below and any other necessary approval (including without limitation the TSX), delete, add to or vary any rights, privileges, restrictions or conditions attaching to the Series I Preferred Shares. In addition to the aforementioned approval, iA Financial Group will not without, but may from time to time with, any necessary consent of the AMF, make any such deletion, addition or variation which might affect the classification afforded the Series I Preferred Shares from time to time for capital adequacy requirements pursuant to the Insurance Act and the regulations and guidelines thereunder.

Shareholder Approval

The approval of holders of the Series I Preferred Shares to change or remove any right, privilege, restriction or condition attaching to the Series I Preferred Shares as a series or in respect of any other matter requiring the consent of the holders of the Series I Preferred Shares may be given in such manner as may then be required by law, subject to the requirement that such approval be given by resolution passed by the affirmative vote of at least two-thirds ($\frac{2}{3}$) of the votes cast at a meeting of the holders of the Series I Preferred Shares duly called for that purpose at which the holders of at least one-fourth ($\frac{1}{4}$) of the outstanding Series I Preferred Shares are present in person or represented by proxy. If at any such meeting, the holders of at least one-fourth ($\frac{1}{4}$) of the outstanding Series I Preferred Shares are not present in person or represented by proxy within 30 minutes after the time appointed for the meeting, then the meeting will be adjourned to such date not less than 15 days thereafter and to such time and place as may be appointed by the chairman of the meeting. A notice of not less than seven days will be given of the adjourned meeting. At such adjourned meeting, the holders of the Series I Preferred Shares present or represented by proxy may transact the business for which the meeting was originally called and a resolution passed thereat by not less than two-thirds ($\frac{2}{3}$) of the votes cast constitutes the approval of the holders of the Series I Preferred Shares referred to above. On every poll taken at every meeting of the holders of the Class A Preferred Shares Series I as a series, or at any joint meeting of the holders of two or more series of Class A Preferred Shares, each holder of Class A Preferred Shares Series I entitled to vote thereat has one vote in respect of each Class A Preferred Share Series I held.

Voting Rights

Subject to applicable law, the holders of Series I Preferred Shares will not be entitled to receive notice of, or to attend or to vote at, any meeting of the shareholders or participating policyholders of iA Financial Group unless and until the first time at which the Board of Directors has not declared the whole dividend on the Series I Preferred Shares in respect of any quarter. In that event, the holders of the Series I Preferred Shares will be entitled to receive notice of, and to attend, only meetings of shareholders at which directors are to be elected and will be entitled to one vote for each Series I Preferred Share held in the election of directors only but not in respect of any other business. The voting rights of the holders of the Series I Preferred Shares will forthwith cease upon payment by iA Financial

Group of the first quarterly dividend on the Series I Preferred Shares to which the holders are entitled subsequent to the time such voting rights first arose until such time as the Company may again fail to declare the whole dividend on the Series I Preferred Shares in respect of any quarter, in which event such voting rights will become effective again and so on from time to time.

Priority

The Series I Preferred Shares will rank on parity with all other series of Class A Preferred Shares of the Company as to the payment of dividends and the return of capital. The Series I Preferred Shares will rank on parity with the Preferred Shares and prior to the Common Shares and all other classes of shares of the Company ranking junior to the Series I Preferred Shares with respect to the payment of dividends and the distribution of the assets of the Company in the event of the dissolution, liquidation or winding-up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company among its participating policyholders and shareholders for the specific purpose of winding-up its affairs.

Tax Election

As required by the terms and conditions of the Series I Preferred Shares as a series, the Company will elect, in the manner and within the time provided under Part VI.1 of the Tax Act, to pay tax at a rate such that holders of Series I Preferred Shares will not be required to pay tax under Part IV.1 of the Tax Act on dividends received (or deemed to be received) on the Series I Preferred Shares. See “Certain Canadian Federal Income Tax Considerations”.

Business Days

If any action or payment is required to be taken or paid by the Company or any matter, consequence or other thing is provided to occur, in respect of the Series I Preferred Shares on a day that is not a business day, then such action or payment will be taken or made and such matter, consequence or other thing will occur on the immediately following day which is a business day.

Certain Provisions of the Series J Preferred Shares as a Series

Definition of Terms

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

“**Floating Quarterly Dividend Rate**” means, for any Quarterly Floating Rate Period, the rate (expressed as a percentage rate rounded down to the nearest one hundred thousandth of one percent (with 0.000005% being rounded up)) equal to the sum of the T-Bill Rate on the applicable Floating Rate Calculation Date plus 2.75% (calculated on the basis of the actual number of days elapsed in such Quarterly Floating Rate Period divided by 365).

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

“**Quarterly Commencement Date**” means March 31, June 30, September 30 and December 31 in each year.

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

“**T-Bill Rate**” means, for any Quarterly Floating Rate Period, the average yield expressed as a percentage per annum on three month Government of Canada Treasury Bills, as reported by the Bank of Canada, for

the most recent treasury bills auction preceding the applicable Floating Rate Calculation Date and which appears on the Bloomberg page “CA3MAY <INDEX>” (or such other page as may replace the “CA3MAY <INDEX>” page on that service for purposes of displaying Government of Canada Treasury Bill yields) for such date.

Dividends

The holders of the Series J Preferred Shares will be entitled to receive floating rate non-cumulative preferential cash dividends, if as and when declared by the Board of Directors, and subject to the provisions of the Insurance Act, payable quarterly on March 31, June 30, September 30 and December 31 in each year, in the amount per Series J Preferred Share determined by multiplying the applicable Floating Quarterly Dividend Rate by \$25.00.

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

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

Payments of dividends and other amounts in respect of the Series J Preferred Shares will be made by the Company to CDS, or its nominee, as the case may be, as registered holder of the Series J Preferred Shares. As long as CDS, or its nominee, is the registered holder of the Series J Preferred Shares, CDS, or its nominee, as the case may be, will be considered the sole owner of the Series J Preferred Shares for the purposes of receiving payment on the Series J Preferred Shares.

Redemption

The Series J Preferred Shares will not be redeemable by iA Financial Group prior to March 31, 2028. Subject to the provisions of the Insurance Act and to the prior consent of the AMF and to the provisions described below under the heading “Restrictions on Dividends and Retirement of Shares”, the Company may redeem all or any part of the then outstanding Series J Preferred Shares, at the Company’s option without the consent of the holder, by the payment of an amount in cash (less any tax required to be deducted and withheld by the Company) for each Series J Preferred Share so redeemed of (i) \$25.00 together with an amount equal to the sum of all declared and unpaid dividends to, but excluding, the date fixed for redemption in the case of redemptions on March 31, 2028 and on March 31 every five years thereafter, or (ii) \$25.50 together with an amount equal to the sum of all declared and unpaid dividends to, but excluding, the date fixed for redemption in the case of redemptions on any other date after March 31, 2028 other than a date which is a Series J Conversion Date (as defined below).

Notice of any redemption will be given by the Company at least 30 days and not more than 60 days prior to the date fixed for redemption. If less than all the outstanding Series J Preferred Shares are at any time to be redeemed, the shares to be redeemed will be redeemed *pro rata*, disregarding fractions.

Conversion of Series J Preferred Shares into Series I Preferred Shares

Subject to the right of the Company to redeem the Series J Preferred Shares described above under the heading “Redemption” and subject to the prior consent of the AMF, holders of Series J Preferred Shares will have the right, at their option, on March 31, 2028 and on March 31 every five years thereafter (a “**Series J Conversion Date**”), to convert, subject to the restrictions on conversion described below and the payment or delivery to the Company of evidence of payment of the tax (if any) payable, all or any of their Series J Preferred Shares registered in their name into Series I Preferred Shares on the basis of one Series I Preferred Share for each Series J Preferred Share. Should any such March 31 not be a business day, the Series J Conversion Date will be the next succeeding business day.

The conversion of Series J Preferred Shares may be effected upon written notice given to iA Financial Group not earlier than the 30th day prior to, but not later than 5:00 p.m. (Toronto time) on the 15th day preceding, the applicable Series J Conversion Date. Once received by iA Financial Group, the conversion notice is irrevocable. If the Company does not receive the conversion notice in writing from the holder exercising the above-mentioned conversion right during the time fixed therefor, then the Series J Preferred Shares shall be deemed not to have been converted (except in the case of an automatic conversion as described below).

The Company will, at least 30 days and not more than 60 days prior to the applicable Series J Conversion Date, give notice in writing to the then registered holders of the Series J Preferred Shares of the applicable Series J Conversion Date and will provide the holders with a form of conversion notice to exercise their conversion right. On the 30th day prior to each Series J Conversion Date, the Company will give notice in writing to the then registered holders of Series J Preferred Shares of the Annual Fixed Dividend Rate for the next succeeding Subsequent Fixed Rate Period.

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

Upon the exercise by the holder of this right to convert Series J Preferred Shares into Series I Preferred Shares (and upon an automatic conversion), the Company reserves the right not to issue Series I Preferred Shares to any person whose address is in, or whom the Company or its transfer agent has reason to believe is a resident of, any jurisdiction outside Canada, to the extent that such issue would require the Company to comply with the securities, insurance or analogous laws of such jurisdiction, including registration, prospectus, filing or other similar requirements under the applicable laws of such jurisdiction.

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

Purchase for Cancellation

Subject to the provisions of the Insurance Act, the prior consent of the AMF and the provisions described below under “Restrictions on Dividends and Retirement of Shares”, iA Financial Group may at any time purchase for cancellation all or from time to time any Series J Preferred Share outstanding in the open market or by private contract or tender, at any price.

Rights on Liquidation

In the event of the liquidation, dissolution or winding-up of iA Financial Group, whether voluntary or involuntary, or any other distribution of assets of iA Financial Group for the purpose of winding-up its affairs, subject to the prior satisfaction of the claims of all creditors of the Company and of holders of shares of the Company ranking prior to the Series J Preferred Shares, the holders of the Series J Preferred Shares will be entitled to receive \$25.00 per Series J Preferred Share, together with all declared and unpaid dividends to the date of payment (less any tax required to be deducted and withheld by the Company), before any amounts are paid or any

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

Restrictions on Dividends and Retirement of Shares

As long as any Series J Preferred Shares are outstanding, iA Financial Group will not, without the approval of the holders of outstanding Series J Preferred Shares given as described under “Shareholder Approval” below:

- (a) declare or pay any dividend on its Common Shares or any other shares of the Company ranking junior to the Series J Preferred Shares (other than stock dividends in any shares ranking junior to the Series J Preferred Shares);
- (b) redeem, purchase or otherwise retire any Common Shares or any other shares ranking junior to the Series J Preferred Shares (except out of the net cash proceeds of a substantially concurrent issue of shares ranking junior to the Series J Preferred Shares);
- (c) redeem, purchase or otherwise retire or make any return of capital in respect of less than all the Series J Preferred Shares; or
- (d) except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provision attaching to any series of Class A Preferred Shares or other preferred shares of iA Financial Group issuable in series, redeem, purchase, or otherwise retire any other shares ranking on a parity with the Series J Preferred Shares;

unless, in each case, all dividends on the Series J Preferred Shares up to and including those payable on the dividend payment date for the last completed period for which dividends are payable and in respect of which the rights of holders to such dividends have not been extinguished, and all dividends then accrued on all other shares ranking senior to or on a parity with the Series J Preferred Shares up to the immediately preceding respective date or dates for payment and in respect of which the rights of holders of those shares have not been extinguished, have been declared and paid or set apart for payment.

In addition, the Company is prohibited from paying dividends on its preferred shares in certain other circumstances. See “Restrictions” and “Risk Factors”.

Issue of Additional Shares

iA Financial Group may issue other series of Class A Preferred Shares ranking on a parity with the Series J Preferred Shares or may issue shares of any other class or series ranking on a parity or junior to Class A Preferred Shares without the approval of the holders of the Series J Preferred Shares.

Amendments to the Series J Preferred Shares

Except for amendments of a “housekeeping” or clerical nature, iA Financial Group will not, without the approval of the holders of the Series J Preferred Shares given as specified under “Shareholder Approval” below and any other necessary approval (including without limitation the TSX), delete, add to or vary any rights, privileges, restrictions or conditions attaching to the Series J Preferred Shares. In addition to the aforementioned approval, iA Financial Group will not without, but may from time to time with, any necessary consent of the AMF, make any such deletion, addition or variation which might affect the classification afforded the Series J Preferred Shares from time to time for capital adequacy requirements pursuant to the Insurance Act and the regulations and guidelines thereunder.

Shareholder Approval

The approval of holders of the Series J Preferred Shares to change or remove any right, privilege, restriction or condition attaching to the Series J Preferred Shares as a series or in respect of any other matter requiring the consent of the holders of the Series J Preferred Shares may be given in such manner as may then be required by law, subject to the requirement that such approval be given by resolution passed by the affirmative vote of at least two-thirds ($\frac{2}{3}$)

of the votes cast at a meeting of the holders of the Series J Preferred Shares duly called for that purpose at which the holders of at least one-fourth ($\frac{1}{4}$) of the outstanding Series J Preferred Shares are present in person or represented by proxy. If at any such meeting, the holders of at least one-fourth ($\frac{1}{4}$) of the outstanding Series J Preferred Shares are not present in person or represented by proxy within 30 minutes after the time appointed for the meeting, then the meeting will be adjourned to such date not less than 15 days thereafter and to such time and place as may be appointed by the chairman of the meeting. A notice of not less than seven days will be given of the adjourned meeting. At such adjourned meeting, the holders of the Series J Preferred Shares present or represented by proxy may transact the business for which the meeting was originally called and a resolution passed thereat by not less than two-thirds ($\frac{2}{3}$) of the votes cast constitutes the approval of the holders of the Series J Preferred Shares referred to above. On every poll taken at every meeting of the holders of the Class A Preferred Shares Series J as a series, or at any joint meeting of the holders of two or more series of Class A Preferred Shares, each holder of Class A Preferred Shares Series J entitled to vote thereat has one vote in respect of each Class A Preferred Share Series J held.

Priority

The Series J Preferred Shares will rank on parity with all other series of Class A Preferred Shares of the Company as to the payment of dividends and the return of capital. The Series J Preferred Shares will rank on parity with the Preferred Shares and prior to the Common Shares and all other classes of shares of the Company ranking junior to the Series J Preferred Shares with respect to the payment of dividends and the distribution of the assets of the Company in the event of the dissolution, liquidation or winding-up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company among its participating policyholders and shareholders for the specific purpose of winding-up its affairs.

Voting Rights

Subject to applicable law, the holders of Series J Preferred Shares as such will not be entitled to receive notice of, or to attend or to vote at, any meeting of the shareholders or participating policyholders of iA Financial Group unless and until the first time at which the Board of Directors has not declared the whole dividend on the Series J Preferred Shares in respect of any quarter. In that event, the holders of the Series J Preferred Shares will be entitled to receive notice of, and to attend, only meetings of shareholders at which directors are to be elected and will be entitled to one vote for each Series J Preferred Share held in the election of directors only but not in respect of any other business. The voting rights of the holders of the Series J Preferred Shares will forthwith cease upon payment by iA Financial Group of the first quarterly dividend on the Series J Preferred Shares to which the holders are entitled subsequent to the time such voting rights first arose until such time as the Company may again fail to declare the whole dividend on the Series J Preferred Shares in respect of any quarter, in which event such voting rights will become effective again and so on from time to time.

Tax Election

As required by the terms and conditions of the Series J Preferred Shares as a series, the Company will elect, in the manner and within the time provided under Part VI.1 of the Tax Act, to pay tax at a rate such that holders of Series J Preferred Shares will not be required to pay tax under Part IV.1 of the Tax Act on dividends received (or deemed to be received) on the Series J Preferred Shares. See "Certain Canadian Federal Income Tax Considerations".

Business Days

If any action or payment is required to be taken or paid by the Company or any matter, consequence or other thing is provided to occur, in respect of the Series J Preferred Shares on a day that is not a business day, then such action or payment will be taken or made and such matter, consequence or other thing will occur on the immediately following day which is a business day.

BOOK-ENTRY ONLY SECURITIES

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

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

Transfers

Transfers of ownership in the Series I Preferred Shares or Series J Preferred Shares, as applicable, will be effected only through records maintained by CDS or its nominee for such Series I Preferred Shares or Series J Preferred Shares, as applicable, with respect to interests of Participants and on the records of Participants with respect to interests of holders other than Participants. Holders of Series I Preferred Shares or Series J Preferred Shares, as applicable, other than Participants, wishing to purchase, sell or otherwise transfer ownership of or other interests in the Series I Preferred Shares or Series J Preferred Shares, as applicable, may do so only through Participants. The ability of a holder to pledge Series I Preferred Shares or Series J Preferred Shares, as applicable, or otherwise take action with respect to such holder’s interest in Series I Preferred Shares or Series J Preferred Shares, as applicable, (other than through a Participant) may be limited due to the lack of a physical certificate.

Payments and Deliveries

Payments of dividends, if any, or other amounts in respect of Series I Preferred Shares or Series J Shares, as applicable, will be made by or on behalf of the Company to CDS or its nominee, as the case may be, as the registered holder of the Series I Preferred Shares or Series J Preferred Shares, as applicable, and the Company understands that such payments will be credited by CDS or its nominee in the appropriate amounts to the relevant Participants in accordance with CDS procedures. As long as CDS or its nominee is the sole registered holder of the Series I Preferred Shares or Series J Preferred Shares, as applicable, CDS or its nominee, as the case may be, will be considered the sole owner of the Series I Preferred Shares or Series J Preferred Shares, as applicable, for purposes of receiving notices or payments thereon and for all other purposes. In such circumstances, iA Financial Group’s responsibility and liability in respect of notices or payments on the Series I Preferred Shares or the Series J Preferred Shares, as applicable, is limited to giving notice or making payment of any capital, premium, if any, redemption price, if any, and dividends due on the Series I Preferred Shares or the Series J Preferred Shares, as applicable, to CDS or its nominee.

Each holder must rely on the procedures of CDS and, if such holder is not a Participant, on the procedures of the Participant through which such holder owns its interest, to exercise any rights with respect to the Series I

Preferred Shares or Series J Preferred Shares. iA Financial Group understands that under existing policies of CDS and industry practices, if iA Financial Group requests any action of holders or if a holder desires to give any notice or take any action which a registered holder is entitled to give or take with respect the Series I Preferred Shares or Series J Preferred Shares, CDS would authorize the Participant acting on behalf of the holder to give such notice or to take such action, in accordance with the procedures established by CDS or agreed to from time to time by iA Financial Group and CDS. Any holder that is not a Participant must rely on the contractual arrangement it has directly, or indirectly through its financial intermediary, with its Participant to give such notice or take such action.

None of iA Financial Group or the Underwriters identified in this Prospectus Supplement, as applicable, will have any liability or responsibility for (i) records maintained by CDS relating to beneficial ownership interests in book-entry notes that are Series I Preferred Shares or Series J Preferred Shares held by CDS or the book-entry accounts maintained by CDS, (ii) maintaining, supervising or reviewing any records relating to any such beneficial ownership interests, or (iii) any advice or representation made by or with respect to CDS and contained herein with respect to the rules and regulations of CDS or at the direction of the Participants.

RESTRICTIONS

The Prospectus sets out a summary of the restrictions contained in the Insurance Act concerning the declaration and payment of dividends. The Company does not anticipate that such restrictions will prevent the declaration or payment of dividends on the Series I Preferred Shares or Series J Preferred Shares, as applicable, in the normal course and the AMF has not made any direction to the Company pursuant to the Insurance Act regarding its capital or its liquidity. See “Insurance Act Restrictions and Approvals” in the Prospectus.

The Prospectus also sets out a summary on the restrictions for acquisition, issue, transfer and voting of voting shares of iA Financial Group representing 10% or more of the voting rights attached to such shares. See “Constraints on Voting Shares” in the Prospectus.

USE OF PROCEEDS

The estimated net proceeds to iA Financial Group from the sale of the Series I Preferred Shares offered under this Prospectus Supplement, after deducting the Underwriters’ fee (assuming that no Series I Preferred Shares are sold to certain institutions) and the estimated expenses of the issue, will amount to \$145,050,000 (\$193,400,000 if the Underwriters’ Option is exercised in full).

iA Financial Group will use the net proceeds of this Offering for general corporate purposes and to maintain and replenish iA Financial Group’s capital base, including after giving effect to the payment of the purchase price for the Acquisition.

This Offering will increase iA Financial Group’s Tier 1 capital determined in accordance with the capital adequacy guidelines established by the AMF. In particular, on a pro forma basis, after giving effect to this Offering and the Common Share Offering (but without giving effect to any potential exercise of the Underwriters’ Option or the Common Share Over-Allotment Option), the Company estimates that, as at December 31, 2017, its solvency ratio would increase by 12 percentage points, from 209% to 221%. After giving effect to the Acquisition (-8 percentage points) and the acquisition of Dealers Assurance Company and Southwest Reinsure Inc. completed on January 23, 2018 (-8 percentage points), the solvency ratio would be 205%. See “Non-IFRS Financial Information” in iA Financial Group’s management’s discussion and analysis for the most recent audited consolidated financial statements and See “Non-IFRS Financial Information” in this Prospectus Supplement.

RATINGS

The Series I Preferred Shares are rated Pfd-2 (high) with a Stable trend by DBRS. “Pfd-2” is the second highest of five categories granted by DBRS for preferred shares. A reference to “high” or “low” reflects the relative strength within the rating category. A rating outlook, expressed as positive, stable or negative, provides an opinion regarding the likely direction of any medium-term rating actions.

The Series I Preferred Shares are rated P-1 (Low) by S&P using the S&P Canadian scale for preferred shares and “A-” using S&P’s global scale for preferred shares. The “P-1” rating is the highest of the five categories used by S&P on its Canadian preferred share scale. A reference to “high” or “low” reflects the relative strength within the rating category. The “A-” rating is the fifth highest of twenty ratings used by S&P on its global scale.

Credit ratings are intended to provide investors with an independent measure of credit quality of any issue of securities. The credit ratings accorded to securities by the rating agencies are not recommendations to purchase, hold or sell the securities inasmuch as such ratings do not comment as to market price or suitability for a particular investor. There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be revised or withdrawn entirely by a rating agency in the future if in its judgment circumstances so warrant, and if any such rating is so revised or withdrawn, iA Financial Group is under no obligation to update this Prospectus Supplement. Prospective purchasers of Series I Preferred Shares should consult the relevant rating organization with respect to the interpretation and implications of the foregoing ratings.

PLAN OF DISTRIBUTION

Pursuant to an underwriting agreement dated February 28, 2018 (the “**Underwriting Agreement**”) between iA Financial Group and the Underwriters, iA Financial Group has agreed to sell and the Underwriters have agreed to purchase jointly (but not solidarily nor jointly and severally), as principals, on March 7, 2018, or such other date as may be agreed upon, but not later than March 21, 2018, subject to the terms and conditions stated therein, all but not less than all of the 2,000,000 Series I Preferred Shares at a price of \$25.00 per share, payable in cash to iA Financial Group against delivery of such Series I Preferred Shares. The Underwriting Agreement provides that the Underwriters will be paid a fee per share equal to \$0.25 with respect to the Series I Preferred Shares sold to certain institutions and \$0.75 with respect to all other Series I Preferred Shares sold. Assuming no Series I Preferred Shares are sold to such institutions, the Underwriters’ fee would be \$4,500,000 (\$6,000,000 if the Underwriters’ Option is exercised in full). The Series I Preferred Shares will be offered in each of the provinces of Canada.

The Company has granted to the Underwriters the Underwriters’ Option, which entitles the Underwriters to purchase up to an additional 2,000,000 Series I Preferred Shares on the same terms and conditions as this Offering exercisable in whole or in part from time to time, at any time up to 48 hours prior to the closing of this Offering. This Prospectus Supplement qualifies the grant of the Underwriters’ Option and the distribution of the Series I Preferred Shares issuable on the exercise of the Underwriters’ Option.

A purchaser who acquires Offered Shares forming part of the Underwriters’ Option position acquires those Offered Shares under this Prospectus Supplement.

The obligations of the Underwriters under the Underwriting Agreement are joint (and not solidary nor joint and several) and may be terminated at their discretion upon the occurrence of certain stated events set forth in the Underwriting Agreement. The Underwriters are, however, obligated to take up and pay for all of the Series I Preferred Shares if any of such shares are purchased under the Underwriting Agreement.

The Underwriters propose to offer the Series I Preferred Shares initially at the Offering Price. After the Underwriters have made a reasonable effort to sell all of the Series I Preferred Shares at that price, the Offering Price may be decreased and may be further changed from time to time to an amount not greater than \$25.00, and the compensation realized by the Underwriters will be decreased by the amount that the aggregate price paid by the purchasers for the Series I Preferred Shares is less than the gross proceeds paid by the Underwriters to iA Financial Group. Any such reduction will not affect the proceeds received by the Company.

In connection with this Offering, the Underwriters may, subject to applicable laws, over-allot or effect transactions which stabilize or maintain the market price of the Series I Preferred Shares at a level other than that which might otherwise prevail in the open market.

In addition, pursuant to the policy statement of certain securities regulators, the Underwriters may not, throughout the period of distribution, bid for or purchase Series I Preferred Shares. The foregoing restriction is subject to certain exceptions including: (i) a bid or purchase permitted under the Universal Market Integrity Rules

for the Investment Industry Regulatory Organization of Canada relating to market stabilization and passive market making activities; and (ii) a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of the distribution, provided that the bid or purchase was not engaged in for the purpose of creating actual or apparent active trading in, or raising the price of such securities.

As a result of these activities, the price of the Series I Preferred Shares may be higher than the price that otherwise might exist in the open market. Such transactions, if commenced, may be discontinued at any time. The Underwriters may carry out these transactions on any stock exchange on which the Series I Preferred Shares are listed, in the over-the-counter market, or otherwise.

The Company has applied to list the Series I Preferred Shares and the Series J Preferred Shares issuable on conversion of the Series I Preferred Shares on the TSX. Such listing will be subject to the Company fulfilling all of the requirements of the TSX.

Neither the Series I Preferred Shares nor the Series J Preferred Shares have not been and will not be registered under the United States *Securities Act of 1933*, as amended (the “**U.S. Securities Act**”), and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirement of the U.S. Securities Act and applicable United States state securities laws. Accordingly, the Series I Preferred Shares or the Series J Preferred Shares are not being offered and sold in the United States or to, or for the account or benefit of, U.S. persons except to qualified institutional buyers (as defined in Rule 144A under the U.S. Securities Act) in compliance with Rule 144A under the U.S. Securities Act. As used in this paragraph, the terms “United States” and “U.S. person” have the meanings given to them in Regulation S under the U.S. Securities Act.

This Prospectus Supplement and the accompanying Prospectus do not constitute an offer to sell or a solicitation of an offer to buy the Series I Preferred Shares or the Series J Preferred Shares in the United States. In addition, until 40 days after the commencement of this Offering, an offer or sale of the Series I Preferred Shares or the Series J Preferred Shares 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 an offer or sale is made otherwise than in accordance with an exemption from registration under the U.S. Securities Act.

Industrial Alliance Securities Inc., one of the Underwriters, is a wholly-owned subsidiary of iA Financial Group. Therefore, iA Financial Group is a “related issuer” of Industrial Alliance Securities Inc. under applicable securities legislation by virtue of iA Financial Group’s interest in Industrial Alliance Securities Inc. In addition, National Bank Financial Inc. was retained by the Company for the provision of an opinion to the board of directors of the Company to the effect that, subject to the assumptions, limitations and qualifications set out in such opinion, the proposed Arrangement described herein is fair, from a financial point of view, to the Company’s common shareholders and, in connection therewith, National Bank Financial Inc. received customary fees in consideration for such services. Therefore, iA Financial Group may be considered to be a “connected issuer” of National Bank Financial Inc. under applicable securities legislation. TD Securities Inc., Underwriter in respect of which iA Financial Group is not a related or connected issuer, have participated in the structuring and pricing of the Offering and in the due diligence activities performed by the Underwriters for the offering.

Certain of the Underwriters or their affiliates have in the past engaged, and may in the future engage, in transactions with and perform services, including commercial banking, financial advisory and investment banking services, for the Company in the ordinary course of business for which they have received or may receive customary compensation.

The decision to distribute the Series I Preferred Shares and the determination of the terms of this Offering, including the price for the Series I Preferred Shares offered hereunder, were made through negotiations between iA Financial Group and the Underwriters. Industrial Alliance Securities Inc. and National Bank Financial Inc. will not receive any direct benefit in connection with this Offering, other than their respective share of the Underwriters’ fee payable by iA Financial Group.

The Underwriting Agreement provides that the Company will not, directly or indirectly, sell, authorize, issue, announce its intention to or grant any option for the sale of, or otherwise dispose of any Series I Preferred Shares

or any securities convertible into or exercisable or exchangeable for Series I Preferred Shares, other than pursuant to this Offering, or agree to do so or publicly announce any intention to do so, at any time prior to 30 days after the closing of this Offering, without the prior consent of TD Securities Inc. and National Bank Financial Inc. (on behalf of the Underwriters), such consent not to be unreasonably withheld.

EARNINGS COVERAGE

iA Financial Group's dividend requirements on its outstanding Class A Preferred Shares, after giving effect to the issue of the Series I Preferred Shares to be distributed under this Prospectus Supplement, and adjusted to a before-tax equivalent using an effective income tax rate of 21.8%, amounted to \$32.6 million for the 12 months ended December 31, 2017.

iA Financial Group's borrowing cost requirements on the existing senior and subordinated long-term indebtedness of iA Financial Group for the 12 months ended December 31, 2017 amounted to \$33.4 million after giving effect to the Offering. iA Financial Group's profit or loss attributable to owners of the parent before borrowing costs and income tax for the 12 months ended December 31, 2017 was \$716.4 million, which is 10.9 times iA Financial Group's aggregate dividend and interest requirements for this period.

CONSOLIDATED CAPITAL AND INDEBTEDNESS

The following table sets forth the consolidated capitalization of iA Financial Group as of December 31, 2017: (i) before giving effect to either this Offering or the Common Share Offering; (ii) after giving effect to this Offering (assuming no exercise of the Underwriters' Option) but not the Common Share Offering; and (iii) after giving effect to this Offering (assuming no exercise of the Underwriters' Option) and the Common Share Offering (assuming no exercise of the Common Share Over-Allotment Option). This table should be read in conjunction with the detailed information and financial statements appearing in the documents incorporated by reference in the Prospectus and this Prospectus Supplement.

Certain related financial data set forth below has been derived from iA Financial Group's audited consolidated financial statements and the notes thereto for the years ended December 31, 2017 and 2016.

	December 31, 2017	December 31, 2017 after giving effect to this Offering	December 31, 2017 after giving effect to the Common Share Offering and this Offering
	(\$ millions)	(\$ millions)	(\$ millions)
Subordinated Debentures bearing interest between 5.63% ⁽¹⁾	100.0	100.0	100.0
Direct Unsecured 2.80% Fixed/Floating Subordinated Debentures ⁽²⁾	249.3	249.3	249.3
Direct Unsecured 2.64% Fixed/Floating Subordinated Debentures ⁽³⁾	249.0	249.0	249.0
Direct Unsecured 3.30% Fixed/Floating Subordinated Debentures ⁽⁴⁾	398.0	398.0	398.0
Participating Policyholders' Account	41.0	41.0	41.0
Class A Preferred Shares Series B	125.0	125.0	125.0
Class A Preferred Shares Series G	250.0	250.0	250.0
Class A Preferred Shares Series I	-	145.1 ⁽⁵⁾	145.1 ⁽⁶⁾
Common Shareholders' Equity	4,720.1	4,720.1	4,849.5 ⁽⁶⁾
Total Capital and Indebtedness	6,132.4	6,277.5⁽⁵⁾	6,406.9⁽⁶⁾

(1) The debenture was issued on August 1, 2008.

(2) The debentures were issued on May 16, 2014 under a prospectus supplement dated May 13, 2014.

(3) The debentures were issued on February 23, 2015 under a prospectus supplement dated February 18, 2015.

(4) The debentures were issued on September 16, 2016 under a prospectus supplement dated September 13, 2016.

(5) Assuming full exercise of the Underwriters' Option, Series I Preferred Shares Shareholders' Equity and Total Capital and Indebtedness would be \$193.4 million and \$6,325.8 million, respectively.

(6) Assuming full exercise of the Underwriters' Option and no exercise of Common Share Over-Allotment Option, Series I Preferred Shares Shareholders' Equity and Total Capital and Indebtedness would be \$193.4 million and \$6,455.2 million, respectively. Assuming full exercise of the Common Share Over-Allotment Option and full exercise of the Underwriters' Option, Series I Preferred Share Shareholders' Equity, Common Shareholders' Equity and Total Capital and Indebtedness would be \$193.4 million, \$4,862.4 million and \$6,468.1 million, respectively.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Norton Rose Fulbright Canada LLP, counsel to iA Financial Group, and McCarthy Tétrault LLP, counsel to the Underwriters, the following is a summary, as of the date hereof, of the principal Canadian federal income tax considerations generally applicable to a purchaser of Series I Preferred Shares or Series J 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 the Company and each of the Underwriters, is not affiliated with the Company or any Underwriter, holds the Series I Preferred Shares or Series J Preferred Shares, as the case may be, as capital property and is not exempt from tax under Part I of the Tax Act (a "**Holder**").

Generally, the Series I Preferred Shares and the Series J Preferred Shares will be capital property to a Holder provided the Holder does not acquire or hold such shares in the course of carrying on a business of trading or dealing in securities or as part of an adventure or concern in the nature of trade. Certain Holders who might not otherwise be considered to hold Series I Preferred Shares or Series J Preferred Shares as capital property may, in certain circumstances, be entitled to have them and all other "Canadian securities", as defined in the Tax Act, treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act.

This summary is not applicable to a Holder (i) that is a “financial institution” for the purposes of the “mark-to-market rules” in the Tax Act, (ii) an interest in which is or would be a “tax shelter investment”, as defined in the Tax Act, (iii) that 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 has entered into, with respect to the Series I Preferred Shares or the Series J Preferred Shares, a “derivative forward agreement”, as defined in the Tax Act; or (v) that receives dividends on Series I Preferred Shares and the Series J Preferred Shares under or as part of a “dividend rental arrangement”, as defined in the Tax Act. Such Holders should consult their own tax advisors. Furthermore, this summary is not applicable to a Holder that is a “specified financial institution”, as defined in the Tax Act, that receives or is deemed to receive, alone or together with persons with whom it does not deal at arm’s length, in the aggregate, dividends in respect of more than 10% of the Series I Preferred Shares or the Series J Preferred Shares, as the case may be, outstanding at the time the dividends are received or deemed to be received. This summary also assumes that all issued and outstanding Series I Preferred Shares or Series J Preferred Shares are or will be listed on a “designated stock exchange” (as defined in the Tax Act) in Canada at such times as dividends (including deemed dividends) are paid or received on such shares.

This summary is based upon the current provisions of the Tax Act and the regulations thereunder, and counsel’s understanding of the current administrative and assessing policies or practices of the Canada Revenue Agency published in writing by it. This summary takes into account 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 (the “**Tax Proposals**”) and assumes that all Tax Proposals will be enacted in the form proposed. However, no assurances can be given that the Tax Proposals will be enacted as proposed, or at all. This summary does not otherwise take into account or anticipate any changes in law or administrative or assessing policy or practice, whether by legislative, regulatory, administrative or judicial action, nor does it take into account any other federal or provincial, territorial or foreign tax considerations which may differ from those discussed herein.

This summary is of a general nature only and is not, and is not intended to be, legal or tax advice to any particular purchaser and no representation with respect to the income tax consequences to any particular purchaser is made. This summary is not exhaustive of all federal income tax considerations. Accordingly, prospective purchasers should consult their own tax advisors with respect to their particular circumstances.

Dividends

Dividends (including deemed dividends) received on the Series I Preferred Shares or the Series J Preferred Shares by a Holder who is an individual (other than certain trusts) will be included in the individual’s income and will generally be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends received by individuals from taxable Canadian corporations, including the enhanced dividend tax credit rules with respect to any dividends (including deemed dividends) designated by the Company as “eligible dividends” in accordance with the Tax Act. Dividends received (or deemed to be received) by an individual (including certain trusts) may give rise to a liability for alternative minimum tax.

Dividends (including deemed dividends) received on the Series I Preferred Shares and the Series J Preferred Shares by a Holder that is a corporation will be included in computing its income and will generally be deductible in computing its taxable income. In certain circumstances, all or part of a dividend may be treated as a capital gain or proceeds of disposition and not as a dividend.

The Series I Preferred Shares and the Series J Preferred Shares are “taxable preferred shares” as defined in the Tax Act. The terms of the Series I Preferred Shares and the Series J Preferred Shares require the Company to make the necessary election under Part VI.1 of the Tax Act so that a corporation holding such 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 I Preferred Shares and the Series J Preferred Shares.

A Holder that is a “private corporation” or a “subject corporation”, each as defined in the Tax Act, will generally be liable to pay a 38½% tax (refundable in certain circumstances) under Part IV of the Tax Act on dividends received (or deemed to be received) by it on the Series I Preferred Shares and the Series J 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 I Preferred Share or a Series J Preferred Share (including on redemption or purchase for cancellation of the share by the Company for cash or otherwise, but not including on a conversion) will generally realize a capital gain (or 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 shares to the Holder thereof. The amount of any deemed dividend arising on the redemption or purchase for cancellation, as applicable, by the Company of a Series I Preferred Share or a Series J 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 such share. See “Redemption” below. If the Holder is a corporation, any capital loss arising on a disposition of such share may in certain circumstances be reduced by the amount of any dividends, including deemed dividends, which have been received, or are deemed to have been received, on such share, or on any share which was converted into or exchanged for such share, to the extent and under circumstances described in the Tax Act. Analogous rules may apply where a corporation is a member of a partnership or a beneficiary of a trust that owns Series I Preferred Shares or the Series J Preferred Shares, directly or indirectly, through a partnership or a trust.

Generally, one-half of any such capital gain will be included in computing the Holder’s income as a taxable capital gain. A Holder is required to deduct one-half of any capital loss (an allowable capital loss) realized in the year from taxable capital gains realized in that year and 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 year, from net taxable capital gains realized in such years (but not against other income) to the extent and under the circumstances described in the Tax Act. Any such capital gain realized by an individual (including certain trusts) may give rise to a liability for alternative minimum tax. Taxable capital gains of a Holder that is throughout the year a “Canadian-controlled private corporation” (as defined in the Tax Act) may be subject to an additional 10 $\frac{2}{3}$ % tax (refundable in certain circumstances).

Redemption

If the Company redeems for cash or otherwise acquires the Series I Preferred Shares or the Series J Preferred Shares, other than by a purchase in the open market in the manner in which shares are normally purchased by a 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 the Company, including any redemption premium, in excess of the paid-up capital of such shares at such time as computed for purposes of the Tax Act. See “Dividends” above. 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 the Company on redemption or acquisition of such share, including any redemption premium, less the amount of the deemed dividend, if any. See “Dispositions” above. In the case of a Holder that is a corporation or a partnership or trust of which a corporation is, directly or indirectly through one or more partnerships or trusts, a member or beneficiary, it is possible that in certain circumstances all or part of the amount so deemed to be a dividend may be treated as proceeds of disposition and not as a dividend.

Conversion

The conversion of a Series I Preferred Share into a Series J Preferred Share and a Series J Preferred Share into a Series I Preferred Share will be deemed not to be a disposition of property under the Tax Act and accordingly will not give rise to any capital gain or capital loss. The cost to a Holder of a Series J Preferred Share or a Series I Preferred Share, as the case may be, received on the conversion will be deemed to be equal to the Holder’s adjusted cost base of the Series I Preferred Share or Series J Preferred Share, as the case may be, immediately before the conversion.

The cost of a Series J Preferred Share or Series I Preferred Share, as the case may be, so obtained will be averaged with the adjusted cost base of all other Series J Preferred Shares or Series I Preferred Shares, as the case may be, held by such Holder as capital property at such time for the purpose of determining thereafter the adjusted cost base of each such share.

TRADING PRICE AND VOLUME OF iA FINANCIAL GROUP'S SECURITIES

The following chart sets out the trading price and volume of the Company's securities on the TSX during the 12 months preceding the date of this Prospectus Supplement:

	March 2017	April 2017	May 2017	June 2017	July 2017	August 2017
Common Shares						
High Price (\$)	59.410	58.680	58.510	56.700	58.370	58.010
Low Price (\$)	55.200	54.550	48.740	48.890	55.900	52.740
Volume	5,237,905	3,782,855	6,256,174	4,621,221	3,193,517	4,202,622
Class A Preferred Shares Series B						
High Price (\$)	23.050	23.670	23.670	23.470	22.980	22.950
Low Price (\$)	22.630	22.850	23.000	22.600	22.240	22.500
Volume	46,848	106,396	54,625	65,075	61,568	50,631
Class A Preferred Shares Series G						
High Price (\$)	23.500	23.720	22.900	23.130	23.670	23.400
Low Price (\$)	22.550	22.520	21.900	21.250	22.610	22.410
Volume	314,428	302,811	121,196	391,208	279,657	203,782

	September 2017	October 2017	November 2017	December 2017	January 2018	February 2018⁽¹⁾
Common Shares						
High Price (\$)	56.560	59.300	61.730	61.020	62.010	60.370
Low Price (\$)	51.820	55.900	58.220	58.750	58.670	54.260
Volume	3,004,280	2,511,796	3,521,374	2,844,032	2,857,133	4,593,185
Class A Preferred Shares Series B						
High Price (\$)	22.700	23.580	23.420	23.070	23.050	22.960
Low Price (\$)	21.960	22.300	22.810	22.410	22.530	22.260
Volume	46,024	98,563	37,759	49,481	35,089	72,237
Class A Preferred Shares Series G						
High Price (\$)	23.040	23.900	24.430	24.300	24.550	24.500
Low Price (\$)	22.550	22.930	23.770	23.320	24.060	23.900
Volume	226,896	203,090	148,727	125,212	154,245	56,554

(1) The February 2018 data includes trading prices and volume up to and including February 27, 2018.

RISK FACTORS

An investment in the Series I Preferred Shares is subject to various risks, including those risks inherent in investing in a diversified financial institution. Before deciding whether to invest in the Series I Preferred Shares, investors should consider carefully the risks relating to iA Financial Group described below and elsewhere in this Prospectus Supplement and in the Prospectus, and in the information incorporated by reference in the Prospectus and this Prospectus Supplement (including subsequently filed documents incorporated by reference).

General

Prospective investors should consider the categories of risks identified and discussed under "Risk Factors" in the Prospectus, under "Risk Factors" in iA Financial Group's most recent annual information form, in iA Financial Group's management's discussion and analysis for the most recent audited consolidated financial statements under "Risk Management", in the "Management of Risks Associated with Financial Instruments", "Management

of Insurance Risk” and “Insurance Contract Liabilities and Investment Contract Liabilities” notes to iA Financial Group’s most recent audited consolidated financial statements, and elsewhere in iA Financial Group’s filings with Canadian securities regulators, which are available for review at www.sedar.com. These sections discuss, among other things, known material trends and events, and risks or uncertainties that are reasonably expected to have a material effect on iA Financial Group’s business, financial condition or results of operations. Additional risks and uncertainties not currently known to the Company, or that the Company currently deems immaterial, may also materially and adversely affect its business. We cannot assure you that any of the events discussed in the risk factors below will not occur. If any of such events does occur, you may lose all or part of your original investment in the securities distributed under this Prospectus Supplement.

Creditworthiness of iA Financial Group

The value of the Series I Preferred Shares and the Series J Preferred Shares will be affected by the general creditworthiness of iA Financial Group. The Company’s management’s discussion and analysis for the most recent audited consolidated financial statements is incorporated by reference in this Prospectus Supplement. This analysis discusses, among other things, known material trends and events, and risks or uncertainties that are reasonably expected to have a material effect on the Company’s business, financial condition or results of operations. See also “Earnings Coverage”, which is relevant to an assessment of the risk that the Company will be unable to pay dividends on the Series I Preferred Shares and the Series J Preferred Shares.

Credit Ratings

The credit ratings applied to the Series I Preferred Shares are an assessment, by each rating agency, of the Company’s ability to pay its obligations. The credit ratings are based on certain assumptions about the future performance and capital structure of the Company that may or may not reflect the actual performance or capital structure of the Company. Real or anticipated changes in credit ratings on the Series I Preferred Shares or in any credit rating assigned to the Series J Preferred Shares in the future may affect the market price or value and the liquidity of the Series I Preferred Shares or the Series J Preferred Shares, as applicable. No assurance can be given that any credit rating assigned to the Series I Preferred Shares or the Series J Preferred Shares will not be lowered or withdrawn entirely by the relevant rating agency.

In addition, real or anticipated changes in credit ratings on the Series I Preferred Shares or in any credit rating assigned to the Series J Preferred Shares in the future could adversely impact the marketability of the insurance and wealth management products offered by iA Financial Group and could affect the cost at which iA Financial Group can transact or obtain funding, thereby affecting iA Financial Group’s liquidity, business, financial condition or results of operations.

Right to Dividends

The Series I Preferred Shares and the Series J Preferred Shares are non-cumulative and holders of Series I Preferred Shares or Series J Preferred Shares do not have a right to dividends on such shares unless declared by the Board of Directors. The declaration of dividends is at the discretion of the Board of Directors even if the Company has sufficient funds, net of its liabilities, to pay such dividends. In addition, the Company may not declare or pay a dividend if there are reasonable grounds for believing that the Company is, or would after the payment be, unable to pay its liabilities as they become due. See also “Earnings Coverage”, which is relevant to an assessment of the risk that the Company will be unable to pay dividends on the Series I Preferred Shares and the Series J Preferred Shares.

Rankings

Creditors of the Company rank ahead of holders of Series I Preferred Shares and Series J Preferred Shares in the event of an insolvency or winding up of the Company. The Series I Preferred Shares and the Series J Preferred Shares will, if issued, rank equally with other preferred shares of the Company in the event of an insolvency or winding-up of the Company. If the Company becomes insolvent or is wound-up, the Company’s assets must be

used to pay debt, including subordinated debt, before payments may be made on Series I Preferred Shares, Series J Preferred Shares and other preferred shares.

Market Value and Price Fluctuations

The market price of the Series I Preferred Shares and the Series J Preferred Shares may fluctuate due to a variety of factors relative to the Company's business, including announcements of new developments, fluctuations in the Company's operating results, sales of the Series I Preferred Shares or the Series J Preferred Shares in the marketplace, failure to meet analysts' expectations, the impact of any public announcements made in regard to this Offering, general market conditions or the worldwide economy. Stock market volatility may affect the market price of the Series I Preferred Shares or the Series J Preferred Shares for reasons unrelated to the Company's performance.

From time to time, the financial markets experience significant price and volume volatility that may affect the market price of the Series I Preferred Shares or the Series J Preferred Shares for reasons unrelated to iA Financial Group's performance. The continuing volatility in financial markets may adversely affect iA Financial Group and the market price of the Series I Preferred Shares or the Series J 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 iA Financial Group and the market price of the Series I Preferred Shares or the Series J Preferred Shares. Additionally, the value of the Series I Preferred Shares or the Series J Preferred Shares is subject to market value fluctuations based upon factors which influence iA Financial Group's operations, such as legislative or regulatory developments, competition, technological change and global capital market activity.

Changes in Prevailing Yields

Prevailing yields (actual or anticipated) on similar securities will affect the market value of the Series I Preferred Shares and the Series J Preferred Shares. Assuming all other factors remain unchanged, the market value of the Series I Preferred Shares and the Series J 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 I Preferred Shares and the Series J Preferred Shares in an analogous manner.

Redemption without Holder's Consent

Subject to the provisions of the Insurance Act and the prior consent of the AMF and to the provisions described above under "Details of the Offering - Certain Provisions of the Series I Preferred Shares as a Series - Restrictions on Dividends and Retirement of Shares" or "Details of the Offering - Certain Provisions of the Series J Preferred Shares as a Series - Restrictions on Dividends and Retirement of Shares", as applicable, the Series I Preferred Shares and Series J Preferred Shares may be redeemed by the Company in certain circumstances without the holders' consent, including when prevailing interest rates are lower than the yields borne by the Series I Preferred Shares and the Series J 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 yields on the Series I Preferred Shares or the Series J Preferred Shares being redeemed. The Company's redemption right also may adversely impact a purchaser's ability to sell Series I Preferred Shares and Series J Preferred Shares as the optional redemption date or period approaches.

The redemption or purchase by the Company of the Series I Preferred Shares and the Series J Preferred Shares is subject to the consent of the AMF and other restrictions contained in the Insurance Act. See "Insurance Act Restrictions and Approvals" in the Prospectus.

No Fixed Maturity

Neither Series I Preferred Shares nor the Series J Preferred Shares have a fixed maturity date and are not redeemable at the option of the holders thereof. The ability of a holder to dispose of or liquidate its holdings of Series I Preferred Shares or Series J Preferred Shares, as applicable, may be limited.

Dividend Reset

The dividend rate in respect of the Series I Preferred Shares will reset on March 31, 2023 and on March 31 every five years thereafter. The dividend rate in respect of the Series J Preferred Shares will reset quarterly. In each case, the new dividend rate is unlikely to be the same as, and may be lower than, the dividend rate for the applicable preceding dividend period.

Floating Dividend

Investments in the Series J Preferred Shares, given their floating interest component, entail risks not associated with investments in the Series I Preferred Shares. The resetting of the applicable rate on a Series J Preferred Share may result in a lower yield compared to fixed rate Series I Preferred Shares. The applicable rate on a Series J Preferred Share will fluctuate in accordance with fluctuations in the T-Bill Rate on which the applicable rate is based, which in turn may fluctuate and be affected by a number of interrelated factors, including economic, financial and political events over which the Company has no control. See also “Earnings Coverage Ratios” which are relevant to an assessment of the risk that the Company will be unable to pay dividends on the Series I Preferred Shares and the Series J Preferred Shares.

Conversion without Holder’s Consent

An investment in the Series I Preferred Shares may become an investment in Series J Preferred Shares without the consent of the holder in the event of an automatic conversion in the circumstances described under “Conversion of Series I Preferred Shares into Series J Preferred Shares” above. Upon the automatic conversion of the Series I Preferred Shares into Series J Preferred Shares, the dividend rate on the Series J Preferred Shares will be a floating rate that is adjusted quarterly by reference to the T-Bill Rate which may vary from time to time. In addition, holders may be prevented from converting their Series I Preferred Shares into Series J Preferred Shares and vice-versa in certain circumstances. See “Details of the Offering – Certain Provisions of the Series I Preferred Shares as a Series – Conversion of Series I Preferred Shares into Series J Preferred Shares”.

Absence of Trading Market

There is currently no market through which the Series I Preferred Shares and Series J Preferred Shares may be sold. No assurance can be given as to whether an active trading market will develop or be maintained for the Series I Preferred Shares or Series J Preferred Shares. To the extent that an active trading market for the Series I Preferred Shares and Series J Preferred Shares does not develop, the liquidity and trading prices for the Series I Preferred Shares and Series J Preferred Shares may be adversely affected. If the Series I Preferred Shares or Series J Preferred Shares are traded after their initial issuance, they may trade at a discount from their initial public offering price depending on prevailing interest rates or yields for similar securities, the market for similar securities, the performance of iA Financial Group and other factors. The price for the Series I Preferred Shares offered under this Prospectus Supplement was determined by negotiation between the Company and the Underwriters based on several factors and may bear no relationship to the prices at which the Series I Preferred Shares and Series J Preferred Shares will trade in the public market subsequent to this Offering. See “Plan of Distribution”.

Changes in Regulatory Framework and Prudential Regulatory Supervision

The operations of the Company and its regulated subsidiaries are subject to a variety of insurance and other laws and regulations as well as supervision by regulators. Financial authorities and regulators, including the AMF, are continuously reviewing (and in some cases, enhancing) their requirements and considering potential changes. Insurance company prudential regulators in Canada are currently focused on insurance company's compliance with their requirements relating to risk management systems and procedures and appropriate corporate governance procedures, among others. Failure to comply with laws or to conduct the Company's business consistent with changing regulatory expectations and requirements could adversely affect the Company and may also lead to regulatory steps, proceedings, penalties and litigation.

From time to time, regulators raise issues during examinations or audits of iA Financial Group and its regulated subsidiaries that could have a material adverse impact on the Company. The Company cannot predict whether or when regulatory actions may be taken that could adversely affect iA Financial Group's operations. In addition, the application of regulations by regulators may change and laws may be enacted with retroactive effect, and new and revised guidelines and other regulatory requirements may be adopted, particularly in areas such as corporate risk management, capital requirements, corporate governance, accounting or statutory reserve requirements. For further discussion of regulatory compliance risk, please refer to "Regulatory Non-Compliance Risk" in iA Financial Group's management's discussion and analysis for the most recent audited consolidated financial statements.

PRIOR SALES

iA Financial Group has not issued any other Class A Preferred Shares in the 12 month period before the date of this Prospectus Supplement.

INDEPENDENT AUDITOR, TRANSFER AGENT AND REGISTRAR

Deloitte LLP, Québec City, Québec, is the external independent auditor who prepared the independent auditor's report to the shareholders and policyholders of the Company on the consolidated financial statements of iA Financial Group, which comprise the consolidated statements of financial position as at December 31, 2017 and December 31, 2016, and the consolidated income statements, consolidated comprehensive income statements, consolidated equity statements and consolidated cash flows statements for the years then ended, and a summary of significant accounting policies and other explanatory information, incorporated by reference in this Prospectus Supplement and the accompanying Prospectus. Deloitte LLP is independent within the meaning of the Code of Ethics of the *Ordre des Comptables Professionnels Agréés du Québec*.

Computershare Investor Services Inc. at its office in Montréal (Québec) is the transfer agent and registrar for the Series I Preferred Shares and the Series J Preferred Shares.

LEGAL MATTERS

Certain legal matters in connection with the issue and sale of the Series I Preferred Shares will be passed upon by Norton Rose Fulbright Canada LLP on behalf of iA Financial Group and by McCarthy Tétrault LLP on behalf of the Underwriters. As of the date of this Prospectus Supplement, the partners, associates and counsel of Norton Rose Fulbright Canada LLP, as a group, and McCarthy Tétrault LLP, as a group, respectively, beneficially own, directly or indirectly, less than 1% of the outstanding securities of iA Financial Group.

PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces 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. In several of the provinces, the securities legislation further

provides a purchaser with remedies for rescission or, in some jurisdictions, revision 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, revision of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

CERTIFICATE OF THE UNDERWRITERS

Dated: February 28, 2018

To the best of our knowledge, information and belief, the short form base shelf prospectus dated June 22, 2017, 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 of Canada.

TD SECURITIES INC.

NATIONAL BANK FINANCIAL INC.

By: *(Signed)* JONATHAN BROER

By: *(Signed)* MAUDE LEBLOND

RBC DOMINION SECURITIES INC.

SCOTIA CAPITAL INC.

By: *(Signed)* JOHN BYLAARD

By: *(Signed)* DAVID GARG

BMO NESBITT BURNS INC.

CIBC WORLD MARKETS INC.

By: *(Signed)* ANNIE LAPOINTE

By: *(Signed)* PAUL ST-MICHEL

INDUSTRIAL ALLIANCE SECURITIES INC.

By: *(Signed)* FRED WESTRA

Short Form Base Shelf Prospectus

This short form base shelf prospectus has been filed under legislation in each of the provinces of Canada that permits certain information about these securities to be determined after this prospectus has become final and that permits the omission from this prospectus of that information. The legislation requires the delivery to purchasers of a prospectus supplement containing the omitted information within a specified period of time after agreeing to purchase any of these securities.

This short form base shelf prospectus is not an offer to sell these securities and it is not soliciting an offer to purchase these securities in any jurisdiction where the offer or sale is not permitted.

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

Information has been incorporated by reference in this 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 Vice President, Legal Services and Corporate Secretary, Industrial Alliance Insurance and Financial Services Inc., 1080 Grande Allée West, Québec City, Québec, G1S 1C7, telephone (418) 684-5000, and are also available electronically at www.sedar.com.

Short Form Base Shelf Prospectus

June 22, 2017



\$2,000,000,000

**Debt Securities
Class A Preferred Shares
Common Shares
Subscription Receipts
Warrants
Share Purchase Contracts
Units**

Industrial Alliance Insurance and Financial Services Inc. (“**iA Financial Group**”) may from time to time offer and issue the following securities: (i) senior or subordinated unsecured debt securities (collectively, the “**Debt Securities**”); (ii) class A preferred shares (“**Class A Preferred Shares**”); (iii) common shares (“**Common Shares**”); (iv) subscription receipts (“**Subscription Receipts**”); (v) warrants (“**Warrants**”); (vi) share purchase contracts (“**Share Purchase Contracts**”), and (vii) units (“**Units**”) comprised of one or more of the other securities described in this short form base shelf prospectus (the “**Prospectus**”). The Debt Securities, the Class A Preferred Shares, the Common Shares, the Subscription Receipts, the Warrants, the Share Purchase Contracts and the Units (collectively, the “**Securities**”) offered hereby may be offered separately or together, in separate series, if applicable, in amounts, at prices and on terms to be set forth in an accompanying prospectus supplement (a “**Prospectus Supplement**”) to this Prospectus.

iA Financial Group may sell up to \$2,000,000,000 in aggregate initial offering amount of Securities (or the Canadian dollar equivalent thereof if any of the Securities are denominated in a foreign currency or currency unit) or, if any Debt Securities are issued at an original issue discount, such greater amount as shall result in an aggregate issue price of \$2,000,000,000 (or the Canadian dollar equivalent thereof if the Debt Securities are denominated in a foreign currency or currency unit) at any time and from time to time during the 25 month period that this Prospectus, including any amendments thereto, remains valid.

The specific terms of the Securities in respect of which this Prospectus is being delivered will be set forth in the applicable Prospectus Supplement and may include, where applicable: (i) in the case of the Debt Securities, the specific designation, aggregate principal amount, the currency or the currency unit for which such securities may be purchased, maturity, interest provisions (if any), authorized denominations, ranking, offering price, any terms for redemption at the option of iA Financial Group or the holder, any exchange or conversion terms and any other specific terms; (ii) in the case of the Class A Preferred Shares, the designation of the particular series, aggregate amount, the number of shares offered, the issue price, the dividend rate, the dividend payment dates, any exchange, conversion, redemption or repurchase provisions and any other specific terms; (iii) in the case of the Common Shares, the number of shares and the offering price; (iv) in the case of Subscription

Receipts, the number of Subscription Receipts being offered, the offering price, the procedures for the exchange of the Subscription Receipts for Debt Securities, Class A Preferred Shares or Common Shares, as the case may be, and any other specific terms; (v) in the case of Warrants, the designation, number and terms of the Debt Securities, Class A Preferred Shares or Common Shares purchasable upon exercise of the Warrants, any procedures that will result in the adjustment of those numbers, the exercise price, dates and periods of exercise, the currency in which the Warrants are issued and any other specific terms; (vi) in the case of Share Purchase Contracts, whether the Share Purchase Contracts obligate the holder thereof to purchase or sell Common Shares or Class A Preferred Shares, as the case may be, and the nature and amount of each of those securities and any other specific terms; and (vii) in the case of Units, the designation and terms of the Units and of the Securities comprising the Units and any other specific terms. A Prospectus Supplement may include other specific terms pertaining to the Securities that are not precluded by the parameters described in this Prospectus.

This Prospectus does not qualify for the issuance of Debt Securities in respect of which the payment of principal and/or interest may be determined, in whole or in part, by reference to one or more underlying interests including, for example, an equity or debt security, a statistical measure of economic or financial performance including, but not limited to, any currency, consumer price or mortgage index, or the price or value of one or more commodities, indices or other items, or any other item or formula, or any combination or basket of the foregoing items. For greater certainty, this Prospectus may qualify for the issuance of Debt Securities in respect of which the payment of principal and/or interest may be determined, in whole or in part, by reference to published rates of a central banking authority or one or more financial institutions, such as a prime rate or bankers' acceptance rate, or to recognized market benchmark interest rates such as LIBOR, EURIBOR or a U.S. Federal funds rate.

This Prospectus does not qualify for the issuance of Share Purchase Contracts which would constitute derivatives or hybrid products subject to derivative legislation in Canada, including the *Derivatives Act* (Québec).

All information permitted under applicable securities laws to be omitted from this Prospectus will be contained in one or more Prospectus Supplements that will be delivered to purchasers together with this Prospectus. Each Prospectus Supplement will be deemed to be incorporated by reference into this Prospectus for the purposes of securities legislation as of the date of such Prospectus Supplement but only for the purposes of the distribution of the Securities to which the Prospectus Supplement pertains. iA Financial Group's head and registered office is located at 1080 Grande Allée West, Québec City, Québec, G1S 1C7. The outstanding Common Shares, and the outstanding Non-Cumulative Class A Preferred Shares Series B and Non-Cumulative Class A Preferred Shares Series G are currently listed on the Toronto Stock Exchange. **Unless otherwise specified in the applicable Prospectus Supplement, the Debt Securities, the Subscription Receipts, the Warrants, the Share Purchase Contracts and the Units will not be listed on any stock exchange or quotation system.**

The Securities may be sold through underwriters or dealers, by iA Financial Group directly pursuant to applicable statutory exemptions, or through agents designated by iA Financial Group from time to time. The applicable Prospectus Supplement will identify each underwriter, dealer or agent, as the case may be, engaged in connection with the offering and sale of those Securities, and will also set forth the terms of the offering of such Securities including the net proceeds to iA Financial Group and, to the extent applicable, any fees payable to the underwriters, dealers or agents. No underwriter or dealer in Canada has been involved in the preparation of this Prospectus or performed any review of the contents of this Prospectus.

In connection with any underwritten offering of Securities, the underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Securities offered at a level above that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time. See "Plan of Distribution".

The Debt Securities will be direct unsecured obligations of iA Financial Group constituting senior or subordinated indebtedness, as identified in the relevant Prospectus Supplement, for the purposes of *An Act respecting Insurance (Québec)* (the "Insurance Act") and will not constitute deposits that are insured under the *Canada Deposit Insurance Corporation Act* (the "CDIC Act") or the *Deposit Insurance Act (Québec)* (the "QDI Act").

Unless otherwise specified in a Prospectus Supplement, an offering of Securities is subject to approval of certain legal matters on behalf of iA Financial Group by Norton Rose Fulbright Canada LLP.

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CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Some of the statements contained or incorporated by reference in this Prospectus, including those relating to iA Financial Group's strategies and other statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as "may", "will", "could", "should", "would", "suspect", "outlook", "expect", "anticipate", "intend", "plan", "believe", "estimate", "feel", "seek" and "continue" (or the negative thereof) as well as words such as "objective" or "goal" or other similar words or expressions, are forward-looking statements within the meaning of securities laws. Forward-looking statements include, but are not limited to, the information concerning possible or assumed future results of operations of iA Financial Group. In addition, any statement that may be made concerning iA Financial Group's expectations in connection with ongoing business strategies or prospects, and possible future action by iA Financial Group, including statements made by iA Financial Group with respect to the expected benefits of acquisitions or divestitures, are also forward-looking statements. These statements are not historical facts but instead represent only iA Financial Group's expectations, estimates and projections regarding future events. Forward-looking statements also include, without limitation, the information concerning possible or assumed future results of operations of iA Financial Group, including market guidance and sensitivity analysis. Although iA Financial Group believes that the expectations reflected in such forward-looking statements are reasonable, such statements involve risks and uncertainties, and undue reliance should not be placed on such statements and they should not be interpreted as confirming market or analysts' expectations in any way.

Certain material factors or assumptions are applied in making forward-looking statements, and actual results may differ materially from those expressed or implied in such statements. Factors that could cause actual results to differ materially from expectations include, but are not limited to:

- market conditions that adversely affect iA Financial Group's capital position or its ability to raise capital;
- general business and economic conditions (including but not limited to performance and volatility of equity markets, interest rate fluctuations and movements in credit spreads, currency rates, investment losses and defaults, market liquidity and creditworthiness of guarantors, reinsurers and counterparties);

- level of competition and consolidation;
- changes in laws and regulations including tax laws;
- changes in accounting standards;
- changes in regulatory capital requirements;
- ability to execute strategic plans and changes to strategic plans;
- liquidity of iA Financial Group, including the availability of financing to satisfy existing financial liabilities on expected maturity dates when required;
- downgrades in iA Financial Group's financial strength or credit ratings;
- dependence on third party relationships including outsourcing arrangements;
- ability to maintain iA Financial Group's reputation;
- impairments of goodwill or intangible assets or the establishment of valuation allowances against future tax assets;
- insurance risks including product design and pricing, mortality, morbidity, longevity and policyholder behaviour including the occurrence of natural or man-made disasters, pandemic diseases and acts of terrorism;
- accuracy of estimates used in applying accounting policies and actuarial methods used by iA Financial Group;
- ability to market and distribute products through current and future distribution channels;
- accuracy of accounting policies and actuarial methods used by iA Financial Group;
- ability to implement effective hedging strategies and unforeseen consequences arising from such strategies;
- ability to source appropriate non-fixed income assets to back iA Financial Group's long dated liabilities;
- failure of information systems and Internet-enabled technology;
- breaches of computer security and privacy;
- the realization of losses arising from the sale of investments classified as available for sale;
- obligations to pledge additional collateral;
- the availability of letters of credit to provide capital management flexibility;
- accuracy of information received from counterparties and ability of counterparties to meet their obligations;
- the availability, affordability and adequacy of reinsurance;
- legal and regulatory proceedings, including tax audits, tax litigation or similar proceedings and including private legal proceedings and class actions relating to practices in the mutual fund, insurance, annuity and financial product distribution industries;
- ability to adapt products and services to the changing market;

- ability to attract and retain key executives, employees and agents;
- the appropriate use and interpretation of complex models or deficiencies in models used;
- acquisitions and iA Financial Group's ability to complete acquisitions including the availability of equity and debt financing for this purpose;
- unforeseen liabilities or asset impairments arising from acquisitions and dispositions of businesses;
- the disruption of or changes to key elements of iA Financial Group's or public infrastructure systems;
- environmental concerns; and
- iA Financial Group's ability to protect its intellectual property and exposure to claims of infringement.

Additional information about material factors that could cause actual results to differ materially from expectations and about material factors or assumptions applied in making forward-looking statements may be found under "Risk Factors" in this Prospectus, under "Risk Factors" in iA Financial Group's most recent annual information form, in iA Financial Group's management's discussion and analysis for the most recent audited consolidated financial statements under "Risk Management", in the "Management of Risks Associated with Financial Instruments", "Management of Insurance Risk" and "Insurance Contract Liabilities and Investment Contract Liabilities" notes to iA Financial Group's most recent audited consolidated financial statements, and elsewhere in iA Financial Group's filings with Canadian securities regulators, which are available for review at www.sedar.com.

The forward-looking statements in this Prospectus or the documents incorporated by reference in this Prospectus reflect, unless otherwise indicated, iA Financial Group's expectations as of the date of this Prospectus or the documents incorporated by reference in this Prospectus. iA Financial Group does not undertake any obligation to update or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this Prospectus or to reflect the occurrence of unanticipated events, except as required by law.

NON-IFRS FINANCIAL INFORMATION

iA Financial Group reports its financial results and statements in accordance with International Financial Reporting Standards ("IFRS"). It also publishes certain financial measures that are not based on IFRS ("Non-IFRS"). A financial measure is considered a Non-IFRS measure for Canadian securities law purposes if it is presented other than in accordance with the generally accepted accounting principles used for iA Financial Group's audited financial statements. These Non-IFRS financial measures are often accompanied by and reconciled with IFRS financial measures. For certain Non-IFRS financial measures, there are no directly comparable amounts under IFRS. iA Financial Group believes that these Non-IFRS financial measures provide additional information to better understand iA Financial Group's financial results and assess its growth and earnings potential, and that they facilitate comparison of the quarterly and full-year results of iA Financial Group's ongoing operations. Since Non-IFRS financial measures do not have standardized definitions and meaning, they may differ from the Non-IFRS financial measures used by other institutions and should not be viewed as an alternative to measures of financial performance determined in accordance with IFRS. iA Financial Group strongly encourages investors to review its financial statements and other publicly-filed reports in their entirety and not to rely on any single financial measure.

Non-IFRS financial measures published by iA Financial Group include, but are not limited to: return on common shareholders equity, core earnings per share, core return on common shareholders equity, sales, net sales, assets under management, assets under administration, premium equivalents, deposits, sources of earnings measures (expected profit on in-force, experience gains and losses, strain on sales, changes in assumptions, management actions and income on capital), capital, solvency ratio, loan originations, finance receivables and average credit loss rate on car loans.

Core earnings is a Non-IFRS measure used to better understand iA Financial Group's capacity to generate sustainable earnings. Management's estimate of core earnings excludes: 1) exceptional items, including but not limited to year-end assumption changes and tax gains and losses; 2) market gains and losses related to universal life policies, investment funds and the hedging program for segregated fund guarantees; 3) gains and losses in excess of \$0.04 per share for strain on

individual insurance sales, for policyholder experience by business segment (individual insurance, individual wealth management, group insurance, group savings and retirement and iA auto and home) and for investment income on capital.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents, which have been filed by iA Financial Group with the securities commissions or similar authorities in each of the provinces of Canada, are incorporated by reference into and form an integral part of this Prospectus:

- (a) iA Financial Group's Annual Information Form dated March 30, 2017 for the year ended December 31, 2016;
- (b) iA Financial Group's audited consolidated financial statements and the notes thereto as at and for the years ended December 31, 2016 and 2015, together with the independent auditor's report thereon and the report of the appointed actuary for the years ended December 31, 2016 and 2015, as set out on page 3 of the audited consolidated financial statements;
- (c) iA Financial Group's management's discussion and analysis dated February 16, 2017 for the audited consolidated financial statements referred to in paragraph (b);
- (d) iA Financial Group's unaudited interim condensed consolidated financial statements and the notes thereto for the three month periods ended March 31, 2017 and March 31, 2016, except for the notice of no auditor review;
- (e) iA Financial Group's management's discussion and analysis dated May 11, 2017 for the unaudited interim condensed consolidated financial statements referred to in paragraph (d); and
- (f) iA Financial Group's information circular for the solicitation of proxies dated March 6, 2017 in connection with the annual meeting of shareholders and participating policyholders held on May 11, 2017.

Any documents of the types referred to above, any unaudited interim consolidated financial statements and related management's discussion and analysis, any business acquisition reports and any material change reports (excluding confidential material change reports if any), filed by iA Financial Group with the securities regulatory authorities in Canada after the date of this Prospectus and prior to the completion or withdrawal of the distribution of Securities, shall be deemed to be incorporated by reference into this Prospectus. Updated earnings coverage ratios, if required, will be filed quarterly with the applicable securities regulatory authorities in Canada either as Prospectus Supplements or as exhibits to iA Financial Group's unaudited interim and audited annual consolidated financial statements and will be deemed to be incorporated by reference into this Prospectus for the purposes of the offering of Securities hereunder.

A Prospectus Supplement containing the specific terms in respect of any Securities will be delivered, together with this Prospectus, to purchasers of such Securities and will be deemed incorporated in this Prospectus for the purposes of securities legislation as of the date of the Prospectus Supplement, but only for the purposes of the distribution of the Securities to which such Prospectus Supplement pertains.

Any statement contained in this Prospectus or in a document incorporated or deemed to be incorporated by reference in this Prospectus shall be deemed to be modified or superseded, for purposes of this Prospectus, to the extent that a statement contained in this Prospectus or in any other subsequently filed document that also is or is deemed to be incorporated by reference in this Prospectus, modifies or supersedes such 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 shall 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.

Upon a new annual information form and annual audited consolidated financial statements and related management's discussion and analysis being filed by iA Financial Group with, and where required, accepted by, the applicable securities regulatory authorities during the time that this Prospectus is valid, the previous annual information form, annual audited

consolidated financial statements and related management's discussion and analysis and all unaudited comparative consolidated financial statements and related management's discussion and analysis, and all material change reports and any information circular filed prior to the commencement of iA Financial Group's financial year in which the new annual information form is filed, shall be deemed no longer incorporated by reference into this Prospectus for purposes of future offers and sales of Securities under this Prospectus.

Investors should rely only on the information contained in or incorporated by reference in this Prospectus or any applicable Prospectus Supplement. iA Financial Group has not authorized anyone to provide investors with different or additional information. iA Financial Group is not making an offer of Securities in any jurisdiction where the offer is not permitted by law. Investors should not assume that the information contained in or incorporated by reference in this Prospectus or any applicable Prospectus Supplement is accurate as of any date other than the date on the front of the applicable Prospectus Supplement.

CURRENCY INFORMATION

All currency amounts in this Prospectus are stated in Canadian dollars, unless otherwise indicated.

iA FINANCIAL GROUP

iA Financial Group is a capital stock life insurance company resulting from its conversion from a mutual life insurance company into a capital stock life insurance company on February 10, 2000. The mutual life insurance company itself resulted from the amalgamation, in 1987, of Industrial Life Insurance Company, founded in 1905, and Alliance Mutual Life Insurance Company, founded in 1892. In 1996, the mutual life insurance company amalgamated with The Solidarity Life Insurance Company.

On June 11, 2003, iA Financial Group was continued under Part 1A of the *Companies Act* (Québec) (the "**Companies Act**") pursuant to Articles of Continuance. As part of its continuance, iA Financial Group changed its name to "Industrial Alliance Insurance and Financial Services Inc.", and its French version "Industrielle Alliance, Assurance et services financiers inc.", and reorganized its share capital. On June 30, 2012, iA Financial Group amalgamated with its subsidiary, Industrial Alliance Pacific Insurance and Financial Services Inc. iA Financial Group is governed by the Insurance Act, the *Business Corporations Act* (Québec) (which replaced the Companies Act effective as of February 14, 2011) and *An Act respecting Industrial-Alliance Life Insurance Company* (Québec).

iA Financial Group's head office is located at 1080 Grande Allée West, Québec City, Québec, G1S 1C7.

iA Financial Group is a life and health insurance company that conducts activities in the insurance and financial services sector. iA Financial Group offers a wide range of life and health insurance products, savings and retirement plans, mutual and segregated funds, securities, auto and home insurance, mortgage loans, car loans and other financial products and services. The fourth largest life and health insurance company in Canada, iA Financial Group is at the head of a large financial group, which is present in all regions of the country and in the United States. iA Financial Group and its subsidiaries have over four million clients, employ more than 5,500 individuals, and manage and administer over \$130 billion in assets. iA Financial Group's Common Shares, Non-Cumulative Class A Preferred Shares Series B and Non-Cumulative Class A Preferred Shares Series G are listed on the Toronto Stock Exchange under the ticker symbols IAG, IAG.PR.A and IAG.PR.G, respectively. iA Financial Group is among the largest public companies in Canada.

CONSOLIDATED CAPITALIZATION

There have been no material changes in iA Financial Group's share or loan capital on a consolidated basis since March 31, 2017.

DESCRIPTION OF SHARE CAPITAL

The share capital of iA Financial Group consists of (a) an unlimited number of Common Shares without nominal or par value, (b) 10,000,000 preferred shares with a nominal or par value of \$25 per share, issuable in series (the "**Preferred Shares**"), and (c) an unlimited number of Class A Preferred Shares without nominal or par value, issuable in series (the "**Class A Preferred Shares**").

As of June 21, 2017, 106,403,142 Common Shares, 5,000,000 Non-Cumulative Class A Preferred Shares Series B and 10,000,000 Non-Cumulative Class A Preferred Shares Series G were issued and outstanding. In addition, as of June 21, 2017, 10,000,000 Non-Cumulative Class A Preferred Shares Series H were reserved for issuance upon the conversion of the Non-Cumulative Class A Preferred Shares Series G.

The following is a summary of certain rights, privileges, restrictions and conditions attaching to the Class A Preferred Shares and the Common Shares. This summary is qualified in its entirety by the articles of iA Financial Group. The particular terms and provisions of a series of the Class A Preferred Shares offered pursuant to an accompanying Prospectus Supplement, and the extent to which the general terms and provisions described below may apply thereto, will be described in such Prospectus Supplement.

Description of the Common Shares

Dividends

Subject to the prior rights of the holders of Class A Preferred Shares, Preferred Shares and any other shares ranking senior to the Common Shares with respect to the payment of dividends, the holders of Common Shares will be entitled to receive such dividends as may be declared by the Board of Directors out of the sums duly allocated to the payment of shareholder dividends, in such amounts and in such form as the Board of Directors may establish, and all dividends that the Board of Directors may declare on the Common Shares shall be declared and paid in equal amounts per share on all the Common Shares outstanding at the time.

Dissolution

In the event of liquidation, winding-up or dissolution of iA Financial Group, whether voluntary or involuntary, or any other distribution of its assets to its policyholders and shareholders for the precise purpose of winding up its affairs, subject to the prior rights of the holders of Class A Preferred Shares, Preferred Shares and any other shares ranking senior to the Common Shares with respect to the distribution of property upon liquidation, winding-up or dissolution of iA Financial Group, the holders of Common Shares will be entitled to receive the remaining assets of iA Financial Group relating to shareholders in an equal amount per share, without any share being entitled to any priority over any other share.

Voting

The holders of Common Shares will be entitled to receive notice of and to attend all meetings of shareholders of iA Financial Group and they will have one vote for each Common Share held at every meeting of shareholders of iA Financial Group, with the exception of meetings at which only the holders of shares of another class or particular series of iA Financial Group are entitled to vote separately as a class or series.

Notice of meeting

The formalities to be observed with respect to the giving of notice of any meeting or adjourned meeting, the quorum required therefor and the conduct thereof will be those required by law and those, if any, specified in the by-laws or resolutions of iA Financial Group with respect to meetings of shareholders.

Description of the Class A Preferred Shares

Board of Directors' Authority to Issue in One or More Series

The Board of Directors may issue Class A Preferred Shares in one or more series. Before any shares of a series are issued, the Board of Directors will determine the number of shares comprising the series and, subject to the restrictions set out in the articles of iA Financial Group, the designation of and the rights, privileges, restrictions and conditions attaching to the Class A Preferred Shares of the series. Before any shares of a series are issued, the Board of Directors shall amend the articles so as to indicate therein the number, the designation of and any rights, privileges, restrictions and conditions determined for such series by the Board of Directors, the whole subject to the authorization of the *Autorité des marchés financiers* (the "AMF") in accordance with Section 35.2 of the Insurance Act.

Ranking of Class A Preferred Shares

The rights, privileges, restrictions or conditions attaching to any series of Class A Preferred Shares will not confer any priority on that series over any other series of Class A Preferred Shares in relation to dividends or return of capital.

With respect to the payment of dividends and the distribution of property upon liquidation, winding-up or dissolution of iA Financial Group, whether voluntary or involuntary, or any other distribution of the assets of iA Financial Group to its policyholders and shareholders for the precise purpose of winding up its affairs, the Class A Preferred Shares: (a) will rank equally with the Preferred Shares; and (b) will rank senior to the Common Shares and to any other shares ranking junior to the Class A Preferred Shares.

If any declared or undeclared cumulative dividends, any declared non-cumulative dividends or any amounts payable on account of return of capital are not paid in full on any series of Class A Preferred Shares, such dividends shall be apportioned pro rata among the Class A Preferred Shares of all series based on the amounts that would be payable on the said shares if all the said dividends were declared and paid in full, and regarding return of capital, based on the amounts that would be payable on account of such return of capital if all the said amounts so payable were paid in full. However, if the property is not sufficient to pay all claims in the aforementioned manner, the claims of the holders of Class A Preferred Shares on account of return of capital shall be paid first and any remaining property shall be applied toward payment of the claims on account of dividends. Additional priority rights may also attach to the Class A Preferred Shares of any series provided that such rights are not incompatible with the rights, privileges, restrictions and conditions attaching to the Class A Preferred Shares as a class relative to the Common Shares and to any other shares ranking junior to the Class A Preferred Shares, as such rights, privileges, restrictions and conditions may be determined in relation to such series of Class A Preferred Shares.

Voting

Except as referred to below or as required by law or as set out in the rights, privileges, restrictions and conditions attaching to a series of Class A Preferred Shares, the holders of Class A Preferred Shares, as a class, will not be entitled to receive notice of, attend or vote at any meetings of shareholders or of participating policyholders of iA Financial Group.

Change with Approval of the Holders of Class A Preferred Shares

The rights, privileges, restrictions and conditions attaching to the Class A Preferred Shares as a class may only be amended or removed with the approval of the holders of Class A Preferred Shares given as specified below.

Approval of the Holders of Class A Preferred Shares

The approval of the holders of Class A Preferred Shares to amend or remove any rights, privileges, restrictions or conditions attaching to the Class A Preferred Shares as a class, or in regard to any other matter requiring the consent of the holders of Class A Preferred Shares, may be given in such manner as may then be required by law, provided that such approval be given by resolution passed by an affirmative vote of at least two thirds ($\frac{2}{3}$) of the votes cast at a meeting of the holders of Class A Preferred Shares duly called for such purpose at which meeting the holders of at least one quarter ($\frac{1}{4}$) of the outstanding Class A Preferred Shares were present in person or represented by proxy. If the holders of at least one quarter ($\frac{1}{4}$) of the outstanding Class A Preferred Shares are not in attendance or represented by proxy at such meeting within 30 minutes following the time scheduled for the holding of the meeting, the meeting will be adjourned for at least 15 days and the chairman of the meeting will decide on the time and place for the adjourned meeting. Prior notice of at least seven days will be given in respect of the adjourned meeting. At the adjourned meeting, the holders of Class A Preferred Shares who are present in person or represented by proxy thereat may transact the business for which the meeting was originally called and any resolution passed thereat by an affirmative vote of at least two thirds ($\frac{2}{3}$) of the votes cast will mean that the approval of the holders of Class A Preferred Shares as aforementioned has been given.

The formalities to be observed with respect to the giving of notice and the conduct of any meeting or adjourned meeting will be those specified in the by-laws of iA Financial Group or in resolutions of iA Financial Group adopted by the Board of Directors with respect to meetings of shareholders or those required by law. On any ballot taken at any meeting of the holders of Class A Preferred Shares as a class, or at any joint meeting of the holders of two or more series of Class A Preferred Shares, each holder of such shares entitled to vote thereat will have one vote for each Class A Preferred Share held.

DESCRIPTION OF DEBT SECURITIES

The following sets forth certain general terms and provisions of the Debt Securities. The particular terms and provisions of Debt Securities offered pursuant to an accompanying Prospectus Supplement, and the extent to which the general terms and provisions described below may apply to such Debt Securities, will be described in such Prospectus Supplement.

The Debt Securities will be direct unsecured obligations of iA Financial Group. The Debt Securities will be senior or subordinated indebtedness of iA Financial Group as described in the relevant Prospectus Supplement. If the Debt Securities are senior indebtedness for the purposes of the Insurance Act, they will rank equally and rateably with all other unsecured indebtedness of iA Financial Group, from time to time issued and outstanding, which is not subordinated. If the Debt Securities are subordinated indebtedness for the purposes of the Insurance Act, they will rank equally and rateably with all other subordinated indebtedness of iA Financial Group, from time to time issued and outstanding. In the event of the insolvency or winding-up of iA Financial Group, the subordinated indebtedness of iA Financial Group, including the subordinated Debt Securities, will be subordinate in right of payment to all policy liabilities of iA Financial Group and all other liabilities of iA Financial Group (including senior indebtedness), except those other liabilities that, by their terms, rank, equally with or are subordinate to such subordinated indebtedness. **The Debt Securities will not constitute deposits that are insured under the CDIC Act or the QDI Act.**

The Debt Securities will be issued under one or more indentures (each, a “**Trust Indenture**”), in each case between iA Financial Group and a financial institution to which the *Trust and Loan Companies Act* (Canada) applies or a financial institution organized under the laws of any province of Canada and authorized to carry on business as a trustee (each, a “**Trustee**”). The statements made in this Prospectus and in the applicable Prospectus Supplement relating to any Trust Indenture and the Debt Securities to be issued thereunder are summaries of certain anticipated provisions thereof and do not purport to be complete and are subject to, and are qualified in their entirety by reference to, all provisions of the applicable Trust Indenture.

Each Trust Indenture may provide that Debt Securities may be issued thereunder up to the aggregate principal amount which may be authorized from time to time by iA Financial Group. Any Prospectus Supplement for Debt Securities supplementing this Prospectus will contain terms and other information with respect to the Debt Securities being offered thereby, which may include the following:

- (i) the designation, aggregate principal amount, authorized denominations and ranking of such Debt Securities;
- (ii) the currency or currency units for which the Debt Securities may be purchased and the currency or currency unit in which the principal and any interest is payable (in either case, if other than Canadian dollars);
- (iii) the percentage of the principal amount at which such Debt Securities will be issued;
- (iv) the date or dates on which such Debt Securities will mature;
- (v) the rate or rates per annum at which such Debt Securities will bear interest (if any), or the method of determination of such rates (if any);
- (vi) the dates on which any such interest will be payable and the record dates for such payments;
- (vii) the place or places where principal, premium and interest will be payable;
- (viii) the Trustee under the Trust Indenture pursuant to which the Debt Securities are to be issued;
- (ix) any redemption term or terms under which such Debt Securities may be defeased;
- (x) whether such Debt Securities are to be issued in registered form, “book-entry only” form, bearer form or in the form of temporary or permanent global securities and the basis of exchange, transfer and ownership thereof;
- (xi) any exchange or conversion terms;

- (xii) any terms relating to the modification, amendment or waiver of any terms of such Debt Securities or the applicable indenture; and
- (xiii) any other specific terms.

Debt Securities may, at the option of iA Financial Group, be issued in fully registered form, in “book-entry only” form or may be uncertificated. Debt Securities in registered form will be exchangeable for other Debt Securities of the same series and tenor, registered in the same name, for a like aggregate principal amount in authorized denominations and will be transferable at any time or from time to time at the corporate trust office of the Trustee for such Debt Securities. No charge will be made to the holder for any such exchange or transfer except for any tax or government charge incidental thereto.

Debt Securities of a single series may be issued at various times with different maturity dates, may bear interest at different rates and may otherwise vary.

iA Financial Group will summarize in the applicable Prospectus Supplement certain terms of the Debt Securities being offered thereby and the relevant Trust Indenture which iA Financial Group believes will be most important to an investor’s decision to invest in the Debt Securities being offered. It is the Trust Indenture, as supplemented by any applicable supplemental indenture, and not this summary, which defines the rights of a holder of Debt Securities. There may be other provisions in the Trust Indenture which are important to a purchaser of Debt Securities. Such purchaser of Debt Securities should read the Trust Indenture for a full description of the terms of the Debt Securities.

DESCRIPTION OF SUBSCRIPTION RECEIPTS

The following sets forth certain general terms and provisions of the Subscription Receipts. iA Financial Group may issue Subscription Receipts that may be exchanged by the holders thereof for Debt Securities, Class A Preferred Shares or Common Shares upon the satisfaction of certain conditions. The particular terms and provisions of the Subscription Receipts offered pursuant to an accompanying Prospectus Supplement, and the extent to which the general terms and provisions described below apply to such Subscription Receipts, will be described in such Prospectus Supplement.

Subscription Receipts may be offered separately or together with Debt Securities, Class A Preferred Shares or Common Shares, as the case may be. The Subscription Receipts will be issued under a subscription receipt agreement. The statements made in this Prospectus and in the applicable Prospectus Supplement relating to any subscription receipt agreement and the Subscription Receipts to be issued thereunder are summaries of certain anticipated provisions thereof and do not purport to be complete and are subject to, and are qualified in their entirety by reference to, all provisions of the applicable subscription receipt agreement.

Under the subscription receipt agreement, a purchaser of Subscription Receipts will have a contractual right of rescission following the issuance of Debt Securities, Class A Preferred Shares or Common Shares, as the case may be, to such purchaser, entitling the purchaser to receive the amount paid for the Subscription Receipts upon surrender of the Debt Securities, Class A Preferred Shares or Common Shares, as the case may be, if this Prospectus, the relevant Prospectus Supplement, and any amendment thereto, contains a misrepresentation, provided such remedy for rescission is exercised within 180 days of the date the Subscription Receipts are issued.

Any Prospectus Supplement for Subscription Receipts supplementing this Prospectus will contain the terms and conditions and other information with respect to the Subscription Receipts being offered thereby, which may include the following:

- (i) the number of Subscription Receipts;
- (ii) the price at which the Subscription Receipts will be offered and whether the price is payable in installments;
- (iii) any conditions to the exchange of Subscription Receipts into Debt Securities, Class A Preferred Shares or Common Shares, as the case may be, and the consequences of such conditions not being satisfied;
- (iv) the procedures for the exchange of the Subscription Receipts into Debt Securities, Class A Preferred Shares or Common Shares, as the case may be;

- (v) the number of Debt Securities, Class A Preferred Shares or Common Shares, as the case may be, that may be exchanged upon exercise of each Subscription Receipt;
- (vi) the designation and terms of any other Securities with which the Subscription Receipts will be offered, if any, and the number of Subscription Receipts that will be offered with each Security;
- (vii) the dates or periods during which the Subscription Receipts may be exchanged into Debt Securities, Class A Preferred Shares or Common Shares, as the case may be;
- (viii) whether such Subscription Receipts will be listed on any securities exchange;
- (ix) any other rights, privileges, restrictions and conditions attaching to the Subscription Receipts; and
- (x) any other specific terms.

Subscription receipt certificates will be exchangeable for new subscription receipt certificates of different denominations at the office indicated in the applicable Prospectus Supplement. Prior to the exchange of their Subscription Receipts, holders of Subscription Receipts will not have any of the rights of holders of the securities subject to the Subscription Receipts.

DESCRIPTION OF WARRANTS

The following sets forth certain general terms and provisions of the Warrants. The particular terms and provisions of the Warrants offered pursuant to an accompanying Prospectus Supplement, and the extent to which the general terms and provisions described below may apply to such Warrants, will be described in such Prospectus Supplement.

iA Financial Group may issue Warrants for the purchase of Debt Securities, Class A Preferred Shares or Common Shares. Warrants may be issued independently or together with Debt Securities, Class A Preferred Shares or Common Shares offered by any Prospectus Supplement and may be attached to, or separate from, any such offered Securities. Warrants will be issued under one or more warrant agreements between iA Financial Group and a warrant agent that iA Financial Group will name in the relevant Prospectus Supplement.

iA Financial Group has delivered an undertaking to the securities regulatory authority in each of the provinces of Canada that iA Financial Group will not distribute Warrants that, according to the aforementioned terms as described in the Prospectus Supplement for Warrants supplementing this Prospectus, are “novel” specified derivatives or “long-term” or “stand-alone” warrants within the meaning of Canadian securities rules, separately to any member of the public in Canada unless the offering is in connection with and forms part of the consideration for an acquisition or merger transaction or unless the Prospectus Supplement containing the specific terms of the Warrants to be distributed separately is first approved for filing by or on behalf of the securities commissions or similar regulatory authorities in each of the provinces of Canada where the Warrants will be distributed.

Selected provisions of the Warrants and the warrant agreements are summarized below. This summary is not complete. The statements made in this Prospectus and in the applicable Prospectus Supplement relating to any warrant agreement and Warrants to be issued thereunder are summaries of certain anticipated provisions thereof and do not purport to be complete and are subject to, and are qualified in their entirety by reference to, all provisions of the applicable warrant agreement.

Any Prospectus Supplement for Warrants supplementing this Prospectus will contain the terms and other information with respect to the Warrants being offered thereby, which may include the following:

- (i) the designation of the Warrants;
- (ii) the aggregate number of Warrants offered and the offering price;
- (iii) the designation, number and terms of the Debt Securities, Class A Preferred Shares or Common Shares or other securities purchasable upon exercise of the Warrants, and procedures that will result in the adjustment of those numbers;

- (iv) the exercise price of the Warrants;
- (v) the dates or periods during which the Warrants are exercisable;
- (vi) the designation and terms of any securities with which the Warrants are issued;
- (vii) if the Warrants are issued as a unit with another security, the date on and after which the Warrants and the other security will be separately transferable;
- (viii) the currency or currency unit in which the exercise price is denominated;
- (ix) any minimum or maximum amount of Warrants that may be exercised at any one time;
- (x) whether such Warrants will be listed on any securities exchange;
- (xi) any terms, procedures and limitations relating to the transferability, exchange or exercise of the Warrants;
- (xii) any rights, privileges, restrictions and conditions attaching to the Warrants; and
- (xiii) any other specific terms.

Warrant certificates will be exchangeable for new warrant certificates of different denominations at the office indicated in the applicable Prospectus Supplement. Prior to the exercise of their Warrants, holders of Warrants will not have any of the rights of holders of the securities subject to the Warrants.

Modifications

iA Financial Group may amend the warrant agreements and the Warrants, without the consent of the holders of the Warrants, to cure any ambiguity, to cure, correct or supplement any defective or inconsistent provision, or in any other manner that will not materially and adversely affect the interests of holders of outstanding Warrants. Other amendment provisions will be as indicated in the applicable Prospectus Supplement.

Enforceability

The warrant agent will act solely as iA Financial Group's agent. The warrant agent will not have any duty or responsibility if iA Financial Group defaults under the warrant agreements or the warrant certificates. A Warrant holder may, without the consent of the warrant agent, enforce by appropriate legal action on its own behalf the holder's right to exercise the holder's Warrants.

DESCRIPTION OF SHARE PURCHASE CONTRACTS

The following sets forth certain general terms and provisions of the Share Purchase Contracts. The particular terms and provisions of Share Purchase Contracts offered pursuant to an accompanying Prospectus Supplement, and the extent to which the general terms and provisions described below may apply to such Share Purchase Contracts, will be described in such Prospectus Supplement.

iA Financial Group may issue Share Purchase Contracts, representing contracts obligating holders to purchase from or sell to iA Financial Group, and obligating iA Financial Group to purchase from or sell to the holders, a specified number of Common Shares or Class A Preferred Shares, as applicable, at a future date or dates, and including by way of installments. iA Financial Group has delivered an undertaking to the securities regulatory authority in each of the provinces of Canada that iA Financial Group will not distribute Share Purchase Contracts to any member of the public in Canada unless the Prospectus Supplement containing the specific terms of the Share Purchase Contracts to be distributed is first approved for filing by or on behalf of the securities commissions or similar regulatory authorities in each of the provinces of Canada where the Share Purchase Contracts will be distributed.

The price per Common Share or Class A Preferred Share, as applicable, may be fixed at the time the Share Purchase Contracts are issued or may be determined by reference to a specific formula contained in the Share Purchase Contracts. iA Financial Group may issue Share Purchase Contracts in accordance with applicable laws and in such amounts and in as many distinct series as it may determine.

Selected provisions of the Share Purchase Contracts and the warrant agreements are summarized below. This summary is not complete. The statements made in this Prospectus and in the applicable Prospectus Supplement relating to any Share Purchase Contracts to be issued thereunder are summaries of certain anticipated provisions thereof and do not purport to be complete and are subject to, and are qualified in their entirety by reference to, all provisions of the applicable Share Purchase Contracts agreements and, if applicable, collateral arrangements and depository arrangements relating to such Share Purchase Contracts.

Any Prospectus Supplement for Share Purchase Contracts supplementing this Prospectus will contain the terms and other information with respect to the Share Purchase Contracts being offered thereby, which may include the following:

- (i) whether the Share Purchase Contracts obligate the holder to purchase or sell, or both purchase and sell, Common Shares or Class A Preferred Shares, as applicable, and the nature and amount of each of those securities, or the method of determining those amounts;
- (ii) whether the Share Purchase Contracts are to be prepaid or not or paid in installments;
- (iii) any conditions upon which the purchase or sale will be contingent and the consequences if such conditions are not satisfied;
- (iv) whether the Share Purchase Contracts are to be settled by delivery, or by reference or linkage to the value or performance of Common Shares or Class A Preferred Shares;
- (v) any acceleration, cancellation, termination or other provisions relating to the settlement of the share purchase contracts;
- (vi) the date or dates on which the sale or purchase must be made, if any;
- (vii) whether such Share Purchase Contracts will be listed on any securities exchange;
- (viii) whether the Share Purchase Contracts will be issued in fully registered or global form;
- (ix) any rights, privileges, restrictions and conditions attaching to the Share Purchase Contracts; and
- (x) any other specific terms.

Share purchase contract certificates will be exchangeable for new share purchase contract certificates of different denominations at the office indicated in the applicable Prospectus Supplement. In the case of Share Purchase Contracts which obligate the holders to purchase securities from iA Financial Group, the holders will not have any of the rights of holders of the securities to be purchased pursuant to the Share Purchase Contracts until the completion of the purchase of those securities by the relevant holder in accordance with the terms of the Share Purchase Contract.

DESCRIPTION OF UNITS

The following sets forth certain general terms and provisions of the Units. The particular terms and provisions of Units offered pursuant to an accompanying Prospectus Supplement, and the extent to which the general terms and provisions described below may apply to such Units, will be described in such Prospectus Supplement.

iA Financial Group may issue Units comprised of one or more of the other Securities described in this Prospectus in any combination. Each Unit will be issued so that the holder of the Unit is also the holder of each Security included in the Unit. Thus, the holder of a Unit will have the rights and obligations of a holder of each included Security. The unit agreement under

which a Unit is issued may provide that the Securities included in the Unit may not be held or transferred separately, at any time or at any time before a specified date.

iA Financial Group has delivered an undertaking to the securities regulatory authority in each of the provinces of Canada that iA Financial Group will not distribute Units comprised of one or more of Share Purchase Contracts or Warrants that, at the time of distribution, are “novel” specified derivatives or “long-term” or “stand-alone” warrants within the meaning of Canadian securities rules, separately to any member of the public in Canada unless the offering is in connection with and forms part of the consideration for an acquisition or merger transaction or unless the Prospectus Supplement containing the specific terms of the Units to be distributed separately is first approved for filing by or on behalf of the securities commissions or similar regulatory authorities in each of the provinces of Canada where the Units will be distributed.

Selected provisions of the Units and the unit agreements are summarized below. This summary is not complete. The statements made in this Prospectus and in the applicable Prospectus Supplement relating to any Units to be issued thereunder are summaries of certain anticipated provisions thereof and do not purport to be complete and are subject to, and are qualified in their entirety by reference to, all provisions of the applicable Unit agreements and, if applicable, collateral arrangements and depositary arrangements relating to such Units. .

Any Prospectus Supplement for Units supplementing this Prospectus will contain the terms and other information with respect to the Units being offered thereby, which may include the following:

- (i) the designation and terms of the Units and of the Securities comprising the Units, including whether and under what circumstances those Securities may be held or transferred separately;
- (ii) any provisions for the issuance, payment, settlement, transfer or exchange of the Units or of the Securities comprising the Units;
- (iii) whether the Units will be issued in fully registered or global form; and
- (iv) any other specific terms.

INSURANCE ACT RESTRICTIONS AND APPROVALS

Subject to certain exceptions set forth below, iA Financial Group may pay or declare a dividend or, with the prior consent of the AMF (in accordance with Section 2.2.5.2 of the *Capital Adequacy Requirements Guideline - Life and health insurance* of the AMF adopted in accordance with Sections 325.0.1 and 325.0.2 of the Insurance Act), redeem or purchase any of its shares. iA Financial Group is precluded from carrying out the foregoing under the following circumstances: (i) there are reasonable grounds for believing that iA Financial Group is in contravention of any regulation made under the Insurance Act respecting the maintenance by life insurance companies of an adequate capital base consistent with sound and prudent management and such liquid assets as are adequate to ensure sound and prudent management, (ii) there are reasonable grounds for believing that the payment or declaration of a dividend or the redemption or purchase of any of its shares would cause iA Financial Group to be in contravention of the regulation set out in (i) above, or (iii) the AMF has given written instructions to iA Financial Group pursuant to subsections 275.0.0.1 or 275.3.1 of the Insurance Act regarding its capital base or its liquid assets. As of the date of this Prospectus, no such written instructions were given to iA Financial Group and the limitation set forth hereinabove would not restrict a payment of dividends.

CONSTRAINTS ON VOTING SHARES

The Insurance Act and *An Act respecting Industrial-Alliance, Life Insurance Company* (Québec) contain restrictions on the acquisition, issue, transfer and voting of voting shares of iA Financial Group. Pursuant to these restrictions, no person is permitted to acquire, directly or indirectly, any voting shares of iA Financial Group (including Common Shares) if the acquisition would cause the person and his associates, within the meaning of Section 49 of the Insurance Act, to hold 10% or more of the voting rights attached to the shares of iA Financial Group. In addition, iA Financial Group is not permitted to record any transfer or issue of voting shares of iA Financial Group (including Common Shares) if the transfer or issue would cause the person and his associates, within the meaning of Section 49 of the Insurance Act, to hold 10% or more of the voting

rights attached to the shares of iA Financial Group. No person who holds 10% or more of the voting rights attaching to the shares of iA Financial Group together with his associates may exercise any voting rights attached to the shares held by such person.

PLAN OF DISTRIBUTION

iA Financial Group may sell the Securities (i) through underwriters or dealers, (ii) directly to one or more purchasers pursuant to applicable statutory exemptions, or (iii) through agents. The Securities may be sold at fixed prices or non-fixed prices, such as prices determined by reference to the prevailing price of the specified securities in a specified market, at market prices prevailing at the time of sale or at prices to be negotiated with purchasers, which prices may vary as between purchasers and during the period of distribution of the Securities. The Prospectus Supplement for any of the Securities being offered thereby will set forth the terms of the offering of such Securities, including the type of security being offered, the name or names of any underwriters, dealers or agents, the purchase price of such Securities, the proceeds to iA Financial Group from such sale, any underwriting discounts and other items constituting underwriters' compensation, any public offering price and any discounts or concessions allowed or re-allowed or paid to dealers. Only underwriters so named in the Prospectus Supplement are deemed to be underwriters in connection with the Securities offered thereby.

If underwriters are used in the sale, the Securities will be acquired by the underwriters for their own account and may be resold from time to time in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. The obligations of the underwriters to purchase such Securities will be subject to certain conditions precedent, and the underwriters will be obligated to purchase all the Securities of the series offered by the Prospectus Supplement if any of such Securities are purchased. Any public offering price and any discounts or concessions allowed or re-allowed or paid to dealers may be changed from time to time.

The Securities may also be sold directly by iA Financial Group at such prices and upon such terms as agreed to by iA Financial Group and the purchaser or through agents designated by iA Financial Group from time to time. Any agent involved in the offering and sale of the Securities in respect of which this Prospectus is delivered will be named, and any commissions payable by iA Financial Group to such agent will be set forth, in the Prospectus Supplement. Unless otherwise indicated in the Prospectus Supplement, any agent would be acting on a best efforts basis for the period of its appointment.

iA Financial Group may agree to pay the underwriters, dealers or agents a commission for various services relating to the issue and sale of any Securities offered hereby. Any such commission will be paid out of the general corporate funds of iA Financial Group. Underwriters, dealers and agents who participate in the distribution of the Securities may be entitled under agreements to be entered into with iA Financial Group to indemnification by iA Financial Group against certain liabilities, including liabilities under securities legislation, or to contribution with respect to payments which such underwriters, dealers or agents may be required to make in respect thereof.

In connection with any offering of the Securities, the underwriters, dealers or agents may over-allot or effect transactions which stabilize or maintain the market price of the Securities offered at a higher level than that which might exist in the open market. These transactions may be commenced, interrupted or discontinued at any time.

Unless otherwise specified in a Prospectus Supplement, the Securities will not be registered under the United States Securities Act of 1933, as amended or the securities law of any state of the United States of America.

RISK FACTORS

An investment in the Securities is subject to various risks including those risks inherent in investing in a diversified financial institution. Before deciding whether to invest in any Securities, investors should carefully consider the risks set out herein and described in the documents incorporated by reference in this Prospectus (including subsequently filed documents deemed to be incorporated by reference) and, if applicable, those described in a Prospectus Supplement relating to a specific offering of Securities. Prospective purchasers should consider the categories of risks identified and discussed in other filings iA Financial Group makes with securities regulators including, without limitation, the sections entitled "Risk Factors" in iA Financial Group's annual information form and "Risk Management" contained in iA Financial Group's management's discussion and analysis related to the most recent unaudited interim condensed consolidated financial statements and the "Management of Risks Associated with Financial Instruments", "Management of Insurance Risk" and "Insurance Contract Liabilities and Investment Contract Liabilities" notes to iA Financial Group's most recent audited consolidated financial statements, all of

which are being incorporated by reference into this Prospectus. These risks are not the only risks facing iA Financial Group. Additional risks and uncertainties not currently known to iA Financial Group, or that iA Financial Group currently deems immaterial, may also materially and adversely affect its business.

USE OF PROCEEDS

Unless otherwise specified in a Prospectus Supplement, the net proceeds to iA Financial Group from the sale of the Securities will be used for the general corporate purposes of iA Financial Group.

LEGAL MATTERS

Unless otherwise specified in a Prospectus Supplement, certain legal matters relating to an issue and sale of Securities will be passed upon, on behalf of iA Financial Group, by Norton Rose Fulbright Canada LLP. As of the date hereof, the partners and associates of Norton Rose Fulbright Canada LLP owned beneficially as a group, directly or indirectly, less than 1% of the outstanding securities of iA Financial Group.

INDEPENDENT AUDITOR

The independent auditor of iA Financial Group is Deloitte LLP, Chartered Professional Accountants, located at 925 Grande Allée West, Suite 400, Québec City, Québec, G1S 4Z4.

ENFORCEMENT OF JUDGMENTS AGAINST FOREIGN PERSONS

Jacques Martin is a director of iA Financial Group who resides outside of Canada and shall appoint iA Financial Group, 1080 Grande Allée West, Québec City, Québec, G1S 1C7, as agent for service of process in Canada. Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person that resides outside of Canada, even if the party has appointed an agent for service of process.

STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces 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. In several of the provinces, 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, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

In an offering of convertible, exchangeable or exercisable securities, investors are cautioned that the statutory right of action for damages for a misrepresentation contained in the prospectus is limited, in certain provincial securities legislation, to the price at which the convertible, exchangeable or exercisable securities is offered to the public under the prospectus offering. This means that, under the securities legislation of certain provinces, if the purchaser pays additional amounts upon conversion, exchange or exercise of the security, those amounts may not be recoverable under the statutory right of action for damages that applies in those provinces. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of this right of action for damages or consult with a legal adviser.

CERTIFICATE OF INDUSTRIAL ALLIANCE INSURANCE AND FINANCIAL SERVICES INC.

Dated: June 22, 2017

This short form base shelf prospectus, together with the documents incorporated in this prospectus by reference, will, as of the date of the last supplement to this prospectus relating to the securities offered by this prospectus and the supplement(s), constitute full, true and plain disclosure of all material facts relating to the securities offered by this prospectus and the supplement(s) as required by the securities legislation of each of the provinces of Canada.

(Signed) YVON CHAREST
President and Chief Executive Officer

(Signed) RENÉ CHABOT
Executive Vice-President, CFO
and Chief Actuary

On Behalf of the Board of Directors

(Signed) JOCELYNE BOURGON
Director and Chair of the Board

(Signed) MICHAEL HANLEY
Director and Chair of the Audit Committee