



ANNUAL INFORMATION FORM

For the Fiscal Year Ended December 31, 2016

MARCH 21, 2017

**ACCORD FINANCIAL CORP.
ANNUAL INFORMATION FORM
TABLE OF CONTENTS**

	<u>Page</u>
GENERAL.....	1
CORPORATE STRUCTURE	1
Name, Address and Incorporation.....	1
Intercorporate Relationships	2
GENERAL DEVELOPMENTS OF THE COMPANY’S BUSINESS	2
General Developments.....	2
Three Year History.....	3
DESCRIPTION OF THE COMPANY’S BUSINESS	4
Description of the Business	4
Accord Financial Ltd. (Canadian Credit Protection and Receivables Management Subsidiary).....	4
Accord Financial Inc. (Canadian Asset-based Lending Subsidiary).....	5
Accord Financial, Inc. (U.S. Asset-based Lending Subsidiary).....	5
Varion Capital Corp. (Canadian Equipment and Small Business Finance Subsidiary).....	6
Competitive Conditions	6
Risk Factors	6
SELECTED FINANCIAL INFORMATION.....	7
MANAGEMENT’S DISCUSSION AND ANALYSIS	7
DIVIDENDS	7
DESCRIPTION OF CAPITAL STRUCTURE.....	7
MARKET FOR SECURITIES OF THE COMPANY AND TRADING PRICE AND VOLUME.....	7
DIRECTORS AND EXECUTIVE OFFICERS	8
Board of Directors.....	8
Executive Officers	9
Shareholdings of Directors and Executive Officers.....	9
Additional Disclosure for Directors and Executive Officers	9
LEGAL PROCEEDINGS	10
TRANSFER AGENT AND REGISTRAR.....	10
MATERIAL CONTRACTS	10
CONFLICTS OF INTEREST	10
EXPERTS	10
AUDIT COMMITTEE INFORMATION.....	11
Charter of the Audit Committee	11
Composition of the Audit Committee.....	11
Auditors’ Service Fees	12
ADDITIONAL INFORMATION	12
APPENDIX A: CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS.....	13

ACCORD FINANCIAL CORP.

ANNUAL INFORMATION FORM For the Fiscal Year Ended December 31, 2016

GENERAL

Included in this Annual Information Form (“AIF”) are certain forward-looking statements. All statements regarding Accord Financial Corp. (“Accord” or the “Company”), other than statements of historical facts included in this AIF, including, without limitation, those regarding the Company’s financial position, business strategy, projected costs and plans, objectives of management for future operations and certain risks affecting the Company’s business (as described on pages 25 and 26 of the Company’s 2016 Annual Report to Shareholders (“2016 Annual Report”), which pages are incorporated herein by reference), may be or include forward-looking statements. The Company has tried to identify these forward-looking statements by using words such as “may”, “will”, “expect”, “anticipate”, “believe”, “intend”, “plan”, “estimate”, “potentially” and similar expressions. Such forward-looking statements necessarily involve known and unknown risks and uncertainties that may cause the Company’s or the industry’s actual results, performance, achievements, prospects and opportunities in future periods to differ materially from those expressed or implied by such forward-looking statements. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to have been correct. The forward-looking information contained herein is current only as of the date of this document. The Company disclaims any intentions or obligation to update or revise any forward-looking statements or comments as a result of any new information, future event or otherwise, unless such disclosure is required by law.

Except as otherwise stated, the information in this AIF is given as of March 21, 2017 and all amounts are stated in Canadian dollars.

CORPORATE STRUCTURE

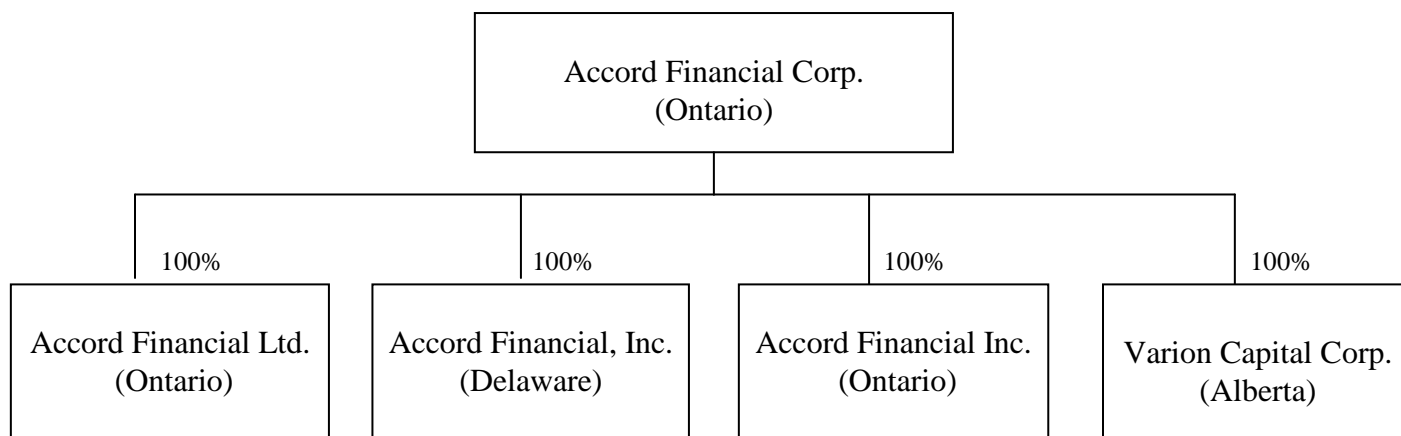
Name, Address and Incorporation

Accord and its predecessor have been in the asset-based lending and factoring business since 1978. The Company was incorporated under the laws of Ontario by articles of continuance dated March 26, 1992. By articles of amendment dated March 31, 1992, the Company changed its name to Accord and split the outstanding common shares on a 6.4-for-1 basis. By articles of amendment dated August 5, 1993, the authorized capital of the Company was amended by deleting the Class A Special Shares, the Class B Special Shares and the Second Preferred Shares in their entirety and conforming changes were made to the First Preferred Shares.

The Company’s registered head office is located at 77 Bloor Street West, Suite 1803, Toronto, Ontario, M5S 1M2, Canada. Effective April 1, 2017, its registered head office will be located at 40 Eglinton Avenue East, Suite 602, Toronto, Ontario, M4P 3A2, Canada.

Intercorporate Relationships

The Company, through its subsidiaries, is a leading North American provider of asset-based financial services to small- and medium-sized businesses, namely asset-based lending (“ABL”), including factoring, lease and equipment financing, working capital financing, credit protection and receivables management, and supply chain financing for importers. The following organisation chart sets forth the Company's corporate structure and its voting and equity interest in each of its subsidiaries and their respective jurisdictions of incorporation as at December 31, 2016.



GENERAL DEVELOPMENTS OF THE COMPANY'S BUSINESS

General Developments

The Company acquired Accord Financial Ltd. (“AFL”) (formerly named Accord Business Credit Inc. (“ABC”)), a private Toronto, Ontario based factoring company which was founded in 1978, by way of a reverse takeover in 1992. On January 23, 1992, the Company (then named Delta Star Resources Inc.) commenced a share exchange take-over bid (the “Bid”) for all of the outstanding shares of AFL. On March 6, 1992, the shareholders of the Company overwhelmingly approved all items of business and effective April 1, 1992 all of the outstanding shares of AFL were acquired by the Company. For accounting purposes, the Bid was treated as a reverse take-over bid of the Company by AFL and the Company's principal asset became its 100% ownership of AFL.

Effective December 31, 1992, the Company completed two additional acquisitions. Through Accord Financial, Inc. (“AFIU”), a Delaware company organized to hold the Company's United States interests, the Company acquired the factoring business of JTA Factoring, Inc., a Greenville, South Carolina based company, and operated the business as JTA Factors, Inc. (“JTA”). Until December 31, 1995, JTA was 85% owned by the Company and 15% owned by JTA management. Effective January 1, 1996, management's 15% interest was acquired by the Company. Also on December 31, 1992, Accord Financial Inc. (“AFIC”) (formerly named Montcap Financial Corporation (“MFC”)), a private Montreal, Quebec based factoring and asset-based lending company was acquired. In January 2000, the Company, through its AFIC subsidiary, acquired, as an investment, a 25% interest in Liquid Capital Corp. (“LCC”), a North American franchisor of factoring operations. On September 3, 2002, AFIU acquired the business and the majority of assets and certain liabilities of JTA and continued its operations under its

own name. On October 31, 2005, AFIC purchased iTrade Finance Inc. (“iTrade”), a small company specializing in international trade finance, and wound its operations up into AFIC. In December 2006, the Company sold its 25% interest in LCC. On July 16, 2009, ABC and MFC changed their names to AFL and AFIC, respectively. During June 2013, AFIC incorporated a wholly owned subsidiary in Ontario, Accord Financial International Holdings Inc. (“AFIH”). In August 2013, AFIH incorporated a wholly owned Luxembourg subsidiary, Accord Financial (Luxembourg) S.a r.l. (“AFLS”). In December 2013, AFIC acquired Dilos Investments Limited (“Dilos”), a small real estate investment company in Montreal, Quebec pursuant to enforcing security on a defaulted loan. The Company plans to sell Dilos and/or its assets as market conditions permit. On January 31, 2014, the Company acquired Varion Capital Corp. (“Varion”), an equipment and small business finance company operating out of Vancouver, British Columbia. Varion operates its business through itself and two wholly owned subsidiaries, Accord Small Business Finance Corp. and Accord Small Business Leasing Corp. Varion and its subsidiaries are currently doing business as Accord Small Business Finance (“ASBF”).

Three Year History

The Company’s net earnings decreased by 25% to \$6,566,000 in 2016 compared to 2015 mainly as a result of lower revenue and a higher provision for credit and loan losses. Diluted earnings per share for 2016 were 79 cents, 25% below 2015’s 105 cents. The Company’s return on average shareholders’ equity (“ROE”) in 2016 was 9.0%. Funds employed, which is another word for the Company’s loans to its clients, averaged \$150 million in 2016 slightly higher than the \$149 million in 2015. Revenue declined by 10% to \$28,522,000 in 2016 on reduced receivables management fees and lower yields. Interest expense rose by \$23,000 to \$2,281,000 in 2016. General and administrative (“G&A”) expenses decreased by \$57,000 to \$17,427,000. G&A expenses included a restructuring charge of \$756,000 in 2016 related to downsizing Canadian operations. The provision for credit and loan losses increased by \$588,000 to \$963,000 in 2016 on higher write-offs. The Company’s income tax expense declined by \$1,362,000 to \$578,000 on decreased pre-tax earnings and lower effective tax rate. Net earnings in our Canadian operations declined by \$898,000 to \$2,731,000 in 2016 mainly as a result of lower revenue. Net earnings in our U.S. operations declined by \$1,295,000 to \$3,835,000 mainly as a result of higher G&A expenses, increased provision for credit and loan losses and lower revenue. The Company had 8,307,713 common shares outstanding at the end of 2016. It paid dividends totalling 36 cents per common share in 2016.

The Company’s net earnings rose by 27% to a record \$8,759,000 in 2015 compared to 2014 mainly on higher revenue and a lower income tax expense. Diluted earnings per share for 2015 were a record 105 cents, 27% above 2014’s 83 cents. The Company’s ROE in 2015 was 13.1%. Funds employed averaged a record \$149 million in 2015, 4% higher than 2014. Revenue increased by 4% to a record \$31,577,000 on higher average funds employed and a stronger U.S. dollar. Interest expense declined by 11% to \$2,258,000 in 2015 as average borrowings and Canadian interest rates declined. G&A expenses increased by 8% to \$17,484,000 mainly as a result of higher personnel costs and a stronger U.S. dollar. The provision for credit and loan losses declined by 41% to \$375,000 in 2015. Net earnings in our Canadian operations rose by 15% to \$3,629,000 in 2015 mainly as a result of a lower income tax expense. Net earnings in our U.S. operations rose by 38% to \$5,130,000 mainly as a result of higher revenue and a lower income tax expense. The Company had 8,307,713 common shares outstanding at the end of 2015. It paid dividends totalling 35 cents per common share in 2015.

The Company's net earnings increased by 5% to \$6,879,000 in 2014 compared to 2013 as a result of higher revenue. Diluted earnings per share for 2014 were 83 cents, 4% above 2013's 80 cents. The Company's ROE in 2014 was 12.1%. Average funds employed increased by 29% to \$143 million. Revenue increased by 16% to \$30,235,000 in 2014 on higher average funds employed, as well as revenue of \$1,448,000 from Varion, which, as noted above, was acquired on January 31, 2014. Interest expense increased by 32% to \$2,523,000 in 2014 as average borrowings rose mainly to finance higher funds employed and, to a lesser extent, fund the purchase of Varion. G&A expenses increased by 17% to \$16,154,000 mainly as a result of Varion overheads being incurred, which totalled \$1,547,000 in 2014. The provision for credit and loan losses increased by \$201,000 to \$639,000 in 2014. Net earnings in our Canadian operations declined by 3% to \$3,167,000 in 2014 mainly as a result of a higher income tax expense resulting from withholding tax of \$559,000 being incurred. Net earnings in our U.S. operations rose by 13% to \$3,712,000 in 2014 mainly as a result of higher revenue and a lower income tax expense. The Company had 8,307,713 common shares outstanding at the end of 2014. It paid dividends totalling 33 cents per common share in 2014.

DESCRIPTION OF THE COMPANY'S BUSINESS

Description of the Business

The Company is one of North America's leading independent finance companies providing distinctive working capital solutions to companies from coast to coast. Accord's finance programs cover the full spectrum of asset-based lending. During 2016, the Company operated through four wholly owned subsidiaries, namely, AFL, AFIC and Varion in Canada, and AFIU in the United States. As noted above, AFL has been in operation since 1978, while AFIC and AFIU were acquired on December 31, 1992, and Varion was acquired on January 31, 2014.

At December 31, 2016, the Company operated in one dominant industry segment, namely providing asset-based financial services to industrial and commercial enterprises principally in Canada and the United States. The Company provides a wide range of asset-based financial services, including asset-based lending, factoring, lease and equipment financing, unsecured working capital financing, credit protection and receivables management, as well as supply chain financing for importers. Accord's clients operate in many different industries, including apparel, financial and professional services, leasing, manufacturing, wholesale and distribution, transportation, chemicals, electronics, oilfield services, telecommunications, textiles, furniture, sporting goods, footwear, floor coverings, printing and industrial products. In 2016 the Company's business principally involved: (i) asset-based lending by AFIC and AFIU, which entails financing or purchasing accounts receivable on a recourse basis, as well as financing other tangible assets, such as inventory and equipment; (ii) equipment financing and working capital lending by ASBF; and (iii) credit protection and receivables management services by AFL, which principally involves providing credit guarantees and collection services, generally without financing. The operations of the Company's four wholly owned subsidiaries are described in more detail below. At December 31, 2016, the Company had 84 employees.

Accord Financial Ltd. (Canadian Credit Protection and Receivables Management Subsidiary)

AFL has been in business since 1978 and provides its credit protection (also known as non-recourse factoring) and receivables management services, as well as supply chain financing, to a diversified client base, which includes manufacturers, importers and wholesale distributors engaged in a variety of industries, including apparel, textiles, footwear, floor coverings, home furnishings, furniture,

electronics, food products and toys. AFL operates out of leased premises in Toronto and shares leased office space with AFIC in Montreal. Its business is somewhat seasonal as its clients' customers, principally "big box", apparel, home furnishing and footwear retailers, experience seasonal demand for the apparel and other products they sell, resulting in increased volumes of business for AFL during the Spring and Christmas selling seasons. Approximately half of AFL's factoring volume is Canadian based, while the other half is international in nature. AFL is a member of Factors Chain International and acts as the Canadian correspondent for many international factoring companies. AFL has partnered with Export Development Canada ("EDC") to offer a full service package to Canadian exporters, referred to as Export Ease, which includes accounts receivable insurance, credit reporting and receivables management.

AFL specializes in credit protection and receivables management services which provide a means for a manufacturer or wholesaler to contract out to AFL the operations that would otherwise be performed by an internal credit and collection department. That is, AFL will ledger and collect its client's receivables. AFL will also review a client's customer list and, based upon its extensive credit information system, will set parameters within which the client can provide goods to its customers with the credit risk being assumed by AFL. In addition to these services, AFL provides to its clients the availability of financing those receivables prior to collection, although it currently has relatively few loan accounts. In addition, AFL provides supply chain finance for importers and domestic companies through its AccordOctet program. At December 31, 2016, AFL employed 18 persons in Toronto and Montreal.

Accord Financial Inc. (Canadian Asset-based Lending Subsidiary)

AFIC provides asset-based lending services, including recourse factoring (which principally comprises the financing or purchase of accounts receivable) and inventory, equipment and real estate financing, to a wide range of small- and medium-sized companies based in Canada. It also provides purchase order and supply chain financing. Client companies include financial services, leasing, manufacturing, retail, transportation, food processing, printing, packaging, apparel, electronics, telecommunication, and industrial products enterprises. AFIC has been engaged in this business since its formation in 1990 and operates out of leased premises in Montreal and Toronto. In 2000, AFIC launched Export Ease*Plus*, a program offered in conjunction with EDC to provide exporters with immediate payment on foreign accounts receivable. As noted above, on October 31, 2005, the operations of iTrade were acquired and wound up into AFIC. During 2013, AFIC acquired a portfolio of loans from Brome Capital, as well as taking ownership of Dilos. It also incorporated AFIH, which in turn incorporated AFLS, in 2013. At December 31, 2016, AFIC had 27 employees.

Accord Financial, Inc. (U.S. Asset-based Lending Subsidiary)

AFIU is engaged in asset-based lending, including the factoring of accounts receivable on a recourse basis through the financing or purchase of their receivables, as well as inventory and equipment financing. Its operations are similar to those of AFIC. AFIU's clients are located throughout the United States and are engaged in industries such as manufacturing, temporary staffing, aircraft parts, financial services, automotive financing, professional services, pharmaceutical supply, advertising, food services and industrial products. AFIU, including its wholly owned subsidiary JTA, has been in the asset-based lending and factoring business since 1977. In 2016 AFIU opened a small ticket factoring division in suburban Chicago. AFIU operates out of leased premises in Greenville, South Carolina and Chicago, Illinois. It employed 27 persons at December 31, 2016. AFIU's assets comprised 43% of the Company's total assets

at December 31, 2016, while it comprised 36% and 58%, respectively, of the Company's 2016 revenue and net income.

Varion Capital Corp. (Canadian Equipment and Small Business Finance Subsidiary)

Varion, doing business as ASBF, finances equipment in the form of lease financing and equipment loans, as well as providing unsecured working capital financing, for small- and medium-sized businesses. It serves a broad base of Canada's most dynamic industries, from forestry and energy, to construction and manufacturing. Varion originates leases and loans directly with customers, through third-party brokers and through relationships with regional and national equipment vendors. Varion's client base is located primarily in Western Canada, although it is expanding eastward and has started adding new business in Central and Eastern Canada. In 2015, Varion introduced AccordAccess which is an unsecured working capital loan solution aimed at financing growth for small- and medium-sized businesses. Since Accord acquired Varion on January 31, 2014, the strategy has focused on leveraging the financial and brand strength that comes with being a part of the Accord group. This has allowed Varion to finance larger deals and to forge new partnerships with national equipment dealers. Varion's western presence is also part of Accord's overall plan to provide a broad range of financial services to clients from coast to coast. Varion was founded in 2004 and is managed from leased premises in Vancouver, British Columbia. It employed eight persons at December 31, 2016.

Competitive Conditions

The Company operates in an intensely competitive environment and its results could be significantly affected by the activities of other industry participants. The Company expects competition to persist in the future as the markets for its services continue to develop and as additional companies enter its markets. Through experienced management and staff, coupled with its financial resources, the Company is well positioned to meet increased competition and develop new opportunities.

AFL and AFIC compete in Canada with approximately 65 other asset-based lending and finance companies serving a similar market. The estimated volume of receivables factored by all companies in Canada in 2016 was \$7.9 billion. The Company's (AFL and AFIC) estimated share of this factoring business in 2016 was 14%. Varion is a smaller player in the Canadian equipment financing industry. Its share of that business was not significant.

AFIU competes in one of the fastest growing segments of the U.S. asset-based lending and factoring market. The number of participants is not precisely known, but is estimated at well over 200. Because of the size of the U.S. market and the large number of small and medium-sized enterprises, there are good opportunities for companies like AFIU to serve this market. AFIU, including JTA, has been in business for over 39 years, and, with an excellent reputation in the industry, is well positioned to compete in this market. AFIU's estimated share of this market, although unknown, is not significant.

Risk Factors

Past performance is not a guarantee of future performance. Although management remains optimistic about the Company's long-term prospects, future results are subject to substantial risks and uncertainties which are beyond its control. Typical risk factors and uncertainties that may affect the Company's business are described on pages 25 and 26 of its 2016 Annual Report, which pages are incorporated herein by reference.

SELECTED FINANCIAL INFORMATION

Selected financial information for the three most recently completed financial years of the Company is provided on page 12 of its 2016 Annual Report, which page is incorporated herein by reference. A ten year financial summary (2007 to 2016) is also provided on page 28 of its 2016 Annual Report.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Company's 2016 Management's Discussion and Analysis can be found on pages 10 to 27 of its 2016 Annual Report, which pages are incorporated herein by reference. It is also filed separately under the Company's profile on SEDAR (www.sedar.com).

DIVIDENDS

During 2016 the Company paid cash dividends totaling \$0.36 per common share, comprised of four quarterly dividends of \$0.09 (paid on March 1, June 1, September 1 and December 1) per common share. Total dividends paid in 2016 amounted to \$2,990,777. During 2015 the Company paid cash dividends totaling \$0.35 per common share, comprised of two quarterly dividends of \$0.085 (paid on March 2 and June 1) and two quarterly dividends of \$0.09 (paid on September 1 and December 1) per common share. Total dividends paid in 2015 amounted to \$2,907,700. During 2014 the Company paid cash dividends totaling \$0.33 per common share, comprised of two quarterly dividends of \$0.08 (paid on March 3 and June 2) and two quarterly dividends of \$0.085 (paid on September 2 and December 1) per common share. Total dividends paid in 2014 amounted to \$2,741,546. A ten year history of dividends paid per common share is included in the ten year financial summary on page 28 of the Company's 2016 Annual Report. There are no restrictions on the payment of dividends by the Company.

The Company currently pays a quarterly dividend of \$0.09 per common share.

DESCRIPTION OF CAPITAL STRUCTURE

The authorized capital stock of the Company consists of an unlimited number of common shares and an unlimited number of first preferred shares, issuable in series. The first preferred shares may be issued in one or more series and rank in preference to the common shares. Designations, preferences, rights, conditions or prohibitions relating to each class of shares may be fixed by the Board of Directors. The Company had 8,307,713 common shares outstanding at March 21, 2017. There were no preferred shares outstanding at that date.

Holders of the Company's common shares are entitled to vote at all meetings of the shareholders of the Company and are entitled to receive dividends as and when declared on the Company's common shares.

MARKET FOR SECURITIES OF THE COMPANY AND TRADING PRICE AND VOLUME

The Company's outstanding common shares are listed and posted for trading on the Toronto Stock Exchange ("TSX") under the trading symbol "ACD". The following table sets forth the monthly reported high and low closing prices and trading volume of the common shares on the TSX from January 1, 2016 to March 21, 2017.

Common Shares (ACD)			
Month	High	Low	Volume traded
	(\$)	(\$)	(#)
March, 2017 ⁽¹⁾	9.10	8.90	24,400
February, 2017	9.07	8.85	43,500
January, 2017	9.12	9.00	32,400
December, 2016	9.15	8.86	49,800
November, 2016	9.00	8.70	93,800
October, 2016	9.17	8.96	25,800
September, 2016	9.35	8.87	39,700
August, 2016	9.60	9.30	10,300
July, 2016	9.38	9.05	34,800
June, 2016	9.65	9.20	32,100
May, 2016	9.50	8.98	38,000
April, 2016	9.60	9.29	36,100
March, 2016	9.49	9.09	21,500
February, 2016	9.22	8.90	100,000
January, 2016	9.95	8.75	40,800

1. Trading shown for the period March 1, 2017 to March 21, 2017.

DIRECTORS AND EXECUTIVE OFFICERS

Board of Directors

At March 21, 2017, the directors of the Company, their municipalities of residence and principal occupations were as follows:

Director Name and Principal Occupation	Municipality of Residence	Director Since
David Beutel ⁽¹⁾⁽³⁾ Vice-President and Secretary, Oakwest Corporation Limited (investment management company)	Toronto, Ontario Canada	May 7, 2014
Tom Henderson President and CEO of the Company	Greenville, South Carolina U.S.A.	July 28, 2009
Ken Hitzig ⁽²⁾ Executive Chairman of the Board of the Company	Toronto, Ontario Canada	March 6, 1992
Gary Prager ⁽³⁾ Managing Partner, Cygnus Advisers (business and financial consultants)	Atlanta, Georgia U.S.A.	May 6, 2015
Robert Sandler ⁽²⁾⁽³⁾ Business and Financial Consultant	White Plains, New York U.S.A.	October 26, 2010
John Swidler ⁽¹⁾ Senior Advisor, Richter LLP (Chartered Professional Accountants)	Hampstead, Quebec Canada	October 1, 2013
Stephen Warden ⁽¹⁾⁽²⁾ Partner, MNP LLP (Chartered Professional Accountants)	Oakville, Ontario Canada	July 27, 2010

1. Member of the Company's Audit Committee.
2. Member of the Company's Compensation Committee.
3. Member of the Company's Credit Committee.

4. The term of office for each of the directors of the Company will expire on May 3, 2017. Each of the current directors is being nominated by management of the Company for re-election to the Board of Directors for a further one-year term.

Executive Officers

At March 21, 2017, the executive officers of the Company, their municipalities of residence and principal occupations were as follows:

Executive Officer Name	Principal Occupation	Municipality of Residence
Stuart Adair	Senior Vice President, Chief Financial Officer & Treasurer of the Company	Toronto, Ontario Canada
Jim Bates	President of Accord Financial Ltd.	Pickering, Ontario Canada
Tom Henderson	President and Chief Executive Officer of the Company	Greenville, South Carolina U.S.A.
Ken Hitzig	Executive Chairman of the Board of the Company	Toronto, Ontario Canada
Simon Hitzig	Senior Vice President, Corporate Development of the Company	Toronto, Ontario Canada
Fred Moss	President of Accord Financial Inc.	Montreal, Quebec Canada

Each of the named executive officers of the Company has held the principal occupation shown opposite his name for the past five years, with the exception of Messrs. Jim Bates and Simon Hitzig. Mr. Bates was Senior Vice President, Chief Operating Officer of AFL from January 1, 2011 to September 30, 2016, at which time was promoted to President. Mr. Simon Hitzig was appointed to the above position on October 1, 2016, after having served as President of AFL from July 1, 2011 to September 30, 2016.

Shareholdings of Directors and Executive Officers

Collectively, as at March 21, 2017, the directors and officers of the Company own, directly or indirectly, or exercise control or direction over 4,328,457 common shares, representing 52.1% of the Company's issued and outstanding common shares at that date.

Additional Disclosure for Directors and Executive Officers

Except as noted below, to the knowledge of the Company, no director or executive officer of the Company is or has been, in the last ten years, a director or executive officer of an issuer that, while that person was acting in that capacity: (a) was the subject of a cease trade order or similar order or an order that denied the issuer access to any exemptions under Canadian securities legislation, for a period of more than 30 consecutive days; or (b) was subject to an event that resulted, after that person ceased to be a director or executive officer, in the issuer being the subject of a cease trade or similar order or an order that denied the issuer access to any exemption under Canadian securities legislation for a period of more than 30 consecutive days; or (c) within a year of that person ceasing to act in that capacity,

became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Mr. David Beutel is a director of Arius3D Corp. (“Arius”). In September 2012, the Ontario and British Columbia Securities Commissions and applicable Canadian securities regulators issued a permanent cease trade order against Arius related to its failure to meet its continuous disclosure obligation. As Arius is insolvent, its assets were seized by its major creditors and it is currently in the process of being wound up. Arius has been delisted and is no longer a public company.

LEGAL PROCEEDINGS

In the ordinary course of business, the Company and its subsidiaries are routinely defendants in or parties to a number of pending and threatened legal actions and proceedings, including actions brought on behalf of various classes of claimants. In view of the inherent difficulty of predicting the outcome of such matters, the Company cannot state what the eventual outcome of such matters will be. However, based on current information and the advice of its counsel, the management of the Company is not aware of any outstanding claims the aggregate liability from which would materially affect the financial position of the Company.

TRANSFER AGENT AND REGISTRAR

The registrar and transfer agent for the Company’s common and preferred shares is Computershare Investor Services Inc., located at 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1, Canada.

MATERIAL CONTRACTS

Other than in the ordinary course of business, the Company has not entered into any material contracts.

CONFLICTS OF INTEREST

To the knowledge of the Company, no director or executive officer of the Company has an existing or potential conflict of interest with the Company or any of its subsidiaries.

EXPERTS

The Company’s independent auditors are KPMG LLP (“KPMG”), Suite 4600, Bay Adelaide Centre, 333 Bay Street, Toronto, Ontario, M5H 2S5. KPMG has served as the Company’s auditors since March 6, 1992 and previously as auditors of AFL from 1978. The Company’s consolidated financial statements for the year ended December 31, 2016 have been filed under National Instrument 51-102 in reliance on the report of KPMG, Chartered Professionals Accountants, given on their authority as experts in auditing and accounting.

AUDIT COMMITTEE INFORMATION

Charter of the Audit Committee

The responsibilities and duties of the Audit Committee of the Board are set out in the Committee's Charter, a copy of which is attached as Appendix A to this AIF.

Composition of the Audit Committee

The Company's Audit Committee is composed of the following three members: Messrs. Stephen Warden (Chairman), David Beutel and John Swidler. The Board believes that the composition of the Audit Committee reflects a high level of financial literacy and expertise. Each member of the Audit Committee has been determined by the Board to be "independent" and "financially literate" as such terms are defined under Canadian securities laws. The Board has made these determinations based on the education and breadth and depth of business experience of each member of the Committee. A description of the education and experience of each member of the Committee that is relevant to the performance of his responsibilities as a member of the Audit Committee is provided below.

Mr. Stephen Warden is a Canadian Chartered Professional Accountant and a Partner in the Public Companies Group of MNP LLP, a national firm of Chartered Professional Accountants. He was previously a partner at parker simone LLP, Chartered Professional Accountants, from 2009 to 2012 and prior to that a partner with KPMG LLP through 2008, where he worked on the Accord audit from 1980 to 2006. He is a director and Audit Committee Chair of the Private Capital Markets Association of Canada and was appointed to Accord's Board on July 27, 2010. Mr. Warden has a B.Comm. from the University of Toronto and is a Certified Management Consultant. Mr. Warden is also a member of the Company's Compensation Committee.

Mr. Beutel is Vice-President and Secretary of Oakwest Corporation Limited, a private investment management and holding company. He holds a B.A. from the University of Pennsylvania and an MBA from Schulich School of Business at York University. Mr. Beutel is the non-executive Chairman of Diamond Estates Wines and Spirits, Inc., as well as being a director of several private companies. Mr. Beutel was elected to the Board on May 7, 2014 and is also a member of its Credit Committee.

Mr. Swidler is a FCPA, CA and has a B.Comm. and Bachelor of Civil Law from McGill University. He is a Senior Advisor, Richter LLP (Chartered Professional Accountants) and specializes in corporate finance. Mr. Swidler was previously the managing partner at RSM Richter LLP (now Richter LLP) and prior to that Chairman of its executive committee. He is a Director and Chair of the Audit Committee at Dollarama Inc., and the Lead Director and member of the Audit Committee at Reitmans (Canada) Limited. Mr Swidler was appointed to Accord's Board on October 1, 2013.

Auditors' Service Fees

Aggregate fees billed for professional services rendered by KPMG for the fiscal years ended December 31, 2016 and 2015 were as follows:

	2016	2015
	\$000	\$000
Audit fees	233	228
Audit-related fees	-	-
Tax fees	-	-
All other fees	-	-
Total fees	<u>233</u>	<u>228</u>

The Audit Committee is required to pre-approve the audit and non-audit services performed by KPMG prior to the services being provided in order to assure that the provision of such services does not impair KPMG's independence.

ADDITIONAL INFORMATION

Additional information relating to the Company is available on its website at www.accordfinancial.com and is filed under its profile on SEDAR (System for Electronic Document Analysis and Retrieval) at www.sedar.com.

Additional information, including directors' and executive officers' remuneration and principal holders of the Company's shares, is also contained in its Management Proxy Circular dated March 21, 2017 (the "Circular"), which is filed on SEDAR.

Additional financial information is also provided in the Company's Audited Consolidated Financial Statements and Management's Discussion and Analysis for the year ended December 31, 2016, which are set out in the Company's 2016 Annual Report and also filed separately on SEDAR. Copies of the Annual Information Form, Annual Report and Management Proxy Circular may be downloaded from SEDAR or obtained free of charge upon request from the Secretary of the Company at:

Accord Financial Corp.
602 - 40 Eglinton Avenue East
Toronto, Ontario
Canada M4P 3A2

Attention: Mr. Jim Bates
Telephone: 416-961-0007
Fax: 416-961-9443
Email: jbates@accordfinancial.com

ACCORD FINANCIAL CORP.

CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

The Audit Committee (the “Committee”) is appointed by the Board of Directors (the “Board”) of Accord Financial Corp. (the “Company”) and has the responsibilities and duties as set out below.

MANDATE

1. To assist the Board in fulfilling its oversight responsibilities for:
 - the integrity of the Company’s financial statements;
 - the Company’s compliance with legal and regulatory requirements;
 - the qualifications and independence of the external auditors;
 - the performance of the external auditors; and
 - the system of internal control over financial reporting (“internal controls”).
2. To perform such duties as may be required under any applicable legislation and regulations including those of the Ontario Securities Commission (“OSC”) and the Toronto Stock Exchange (“TSX”) as more fully described under the heading "Duties" below.
3. To perform such other duties as may from time to time be assigned to the Committee by the Board.
4. To act as the Audit Committee for any other company beneficially owned by the Company, as determined by the Board.

AUTHORITY

The Committee has authority to:

- conduct or authorize investigations into any matters within its scope of responsibility;
- retain independent counsel, accountants or others to advise the Committee or assist in the conduct of an investigation as it determines necessary to carry out its duties; and
- communicate directly with Company officers, external auditors or outside counsel and advisors, as it deems necessary, and determine appropriate funding for independent advisors.

DUTIES

The duties of the Committee shall be to:

Financial Information

- review the quarterly and annual consolidated financial statements of the Company prior to approval by the Board and disclosure to the public; the review should include discussion with management and, with respect to the annual consolidated financial statements, external auditors of significant issues regarding the financial results, accounting principles, practices and management estimates and judgments;
- review the quarterly and annual Management’s Discussion & Analysis of Results of Operations and Financial Condition (“MD&A”) prior to review and approval by the Board;
- review annual and interim earnings press releases and any earnings guidance prior to approval by the Board and before such releases are issued to the public;
- discuss significant financial risk exposures and the steps management of the Company has taken to monitor, control and report such exposures;
- review with management and the external auditors all matters required to be communicated to the Committee under generally accepted auditing standards;
- review the Annual Information Form; and

- review the process relating to and the certifications of the Chief Executive Officer and the Chief Financial Officer on the integrity of the Company's quarterly and annual consolidated financial statements and internal control over financial reporting;

Compliance

- review transactions and investments that could adversely affect the well-being of the Company brought to its attention by the external auditors or by any officer of the Company;
- review any outstanding litigation matters;
- meet separately, at least four times annually, with management and, at least twice annually, with the external auditors; and
- annually, review the Charter for the Committee and evaluate the Committee's effectiveness in fulfilling its mandate. The Board will update the Charter at that time, if considered necessary.

Internal Controls

- require Company management to implement and maintain appropriate internal control procedures over financial reporting and review, evaluate and approve these procedures;
- meet with the Chief Financial Officer and with other members of management of the Company to discuss the effectiveness of the Company's internal control procedures; and
- establish procedures for processing complaints regarding accounting, internal control or auditing matters, including confidential, anonymous submissions from employees.

External Auditors

- have responsibility for the oversight of the external auditors who report directly to the Committee;
- recommend to the Board the appointment and termination of the Company's external auditors, subject to shareholder approval;
- review the annual audit plan and letter of engagement;
- at least annually review the report of the external auditors;
- review and recommend to the Board the annual fee for the audit of the Company, and review the Company's audit related expenses and pre-approve permitted non-audit services;
- approve any significant non-audit relationship with the external auditors. The Committee may delegate to one or more independent members the authority to pre-approve non-audit services by the external auditor. The pre-approved services shall be presented to the Committee at the first meeting following pre-approval;
- assess all relationships between the external auditors and the Company that pertain to independence and determine the external auditor's independence;
- meet with the external auditors to discuss the annual consolidated financial statements including the Company's disclosure under MD&A;
- review with the external auditors any audit problems or difficulties and management's response; and
- set clear policies for the Company's employment of current and former partners and employees of the external auditors.

Reporting/Other Duties

- report to the Board on the proceedings of each Committee meeting and on the Committee's recommendations at the next regularly scheduled Board meeting;
- provide for an open avenue of communication between the external auditors and the Board of Directors; and
- institute and oversee special investigations as needed.

COMMITTEE COMPOSITION

Structure

The Committee shall be composed of not less than three Board members. Each member must be financially literate or become financially literate within a reasonable period of time subsequent to his/her appointment to the Committee.

Independence

Every Committee member must be independent, as defined by instrument from time to time. No member of the Committee may be a current or former officer or employee of the Company or of any of its subsidiaries or affiliates. No member may be a person who is affiliated with the Company or of any of its subsidiaries or affiliates or related as determined by the Board

for the purposes of the TSX Guidelines on Corporate Governance. Fees for acting as a Director or as a member of any committee of the Board (annual retainer and/or attendance fees) are the only compensation a member of the Committee may be paid by the Company. However, the foregoing will not serve to prevent a Director from being granted and exercising options to acquire shares of the Company, or being granted and exercising share appreciation rights.

Appointment of Committee Members

Members are appointed or re-appointed annually by the Board, such appointments to take effect immediately following the annual meeting of the shareholders of the Company. Members shall hold office until their successors are appointed or until they cease to be Directors of the Company.

Vacancies

Vacancies may be filled for the remainder of the current term of appointment by the Board.

Appointment and Qualifications of Committee Chair

The Board shall appoint from the Committee membership, a Chair for the Committee (the "Chair") to preside at meetings. In the absence of the Chair, one of the other members of the Committee present shall be chosen to preside at that meeting. The Chair of the Committee must have all of the qualifications for Committee membership and have accounting or related financial expertise.

MEETINGS

Calling of Meetings and Quorum

Meetings of the Committee may be called by the Chair, by any member of the Committee, or by the external auditors.

The Committee may call a meeting of the Board to consider any matter of concern to the Committee. The Committee shall not transact business at a meeting unless a quorum of the members is present. The quorum for a meeting of the Committee shall be two members. Written resolutions in lieu of a meeting are not permitted. Meetings may be held by telephone.

Notice of Meetings

Notice of meetings of the Committee shall be sent by prepaid mail, by personal delivery or other means of transmitted or recorded communication or by telephone at least 12 hours before the meeting to each member of the Committee at the member's address or communication number last recorded with the Secretary. A Committee member may in any manner waive notice of a meeting of the Committee and attendance at a meeting is a waiver of notice of the meeting, except where a member attends for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called.

Notice to the External Auditors

The external auditors are entitled to receive notice of every meeting of the Committee and to attend and be heard at each meeting and to have the opportunity to discuss matters with the independent directors, without the presence of management.

Frequency

The Committee shall meet at least four times annually.

Secretary and Minutes

The Secretary of the Company or, in the absence of the Secretary, any other person appointed by the Committee shall act as Secretary of the Committee. Minutes of meetings of the Committee shall be recorded and maintained by the Secretary and subsequently presented to the Committee and to the Board, if required by the Board.