



ACCORD
FINANCIAL

ANNUAL INFORMATION FORM

For the Fiscal Year Ended December 31, 2021

MARCH 31, 2022

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

	<u>Page</u>
GENERAL	2
CORPORATE STRUCTURE	2
Name, Address and Incorporation	2
Intercorporate Relationships	3
GENERAL DEVELOPMENTS OF THE COMPANY'S BUSINESS	3
General Developments	3
Three Year History	4
DESCRIPTION OF THE COMPANY'S BUSINESS	6
Description of the Business	6
Accord Financial Inc. (Canadian Asset-based Lending Subsidiary)	6
Accord Finance Canada Corp. (Canadian Equipment and Small Business Finance Subsidiary).....	7
Accord Financial, Inc. (U.S. Asset-based Lending Subsidiary)	7
BondIt Media Capital (U.S. Film and Media Finance Company).....	7
Accord CapX LLC (U.S. Equipment Finance Company).....	7
Accord Financial Ltd. (Canadian Credit protection and Receivables Management Subsidiary).....	8
Competitive Conditions	8
Risk Factors	8
SELECTED FINANCIAL INFORMATION	8
MANAGEMENT'S DISCUSSION AND ANALYSIS	9
DIVIDENDS.....	9
DESCRIPTION OF CAPITAL STRUCTURE	9
Capital Stock.....	9
Convertible debentures.....	9
MARKET FOR SECURITIES OF THE COMPANY AND TRADING PRICE AND VOLUME	10
DIRECTORS AND EXECUTIVE OFFICERS	11
Board of Directors.....	11
Executive Officers	12
Shareholdings of Directors and Executive Officers.....	12
Additional Disclosure for Directors and Executive Officers	13
LEGAL PROCEEDINGS	13
TRANSFER AGENT AND REGISTRAR.....	13
MATERIAL CONTRACTS	13
CONFLICTS OF INTEREST	13
EXPERTS	14
AUDIT COMMITTEE INFORMATION	14
Charter of the Audit Committee	14
Composition of the Audit Committee.....	14
Auditors' Service Fees.....	15
ADDITIONAL INFORMATION.....	15
APPENDIX A: CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS.....	16

ACCORD FINANCIAL CORP.

ANNUAL INFORMATION FORM Fiscal Year Ended December 31, 2021

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 23 to 26 of the Company’s 2021 Annual Report to Shareholders (“2021 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 31, 2022 and all amounts are stated in Canadian dollars.

CORPORATE STRUCTURE

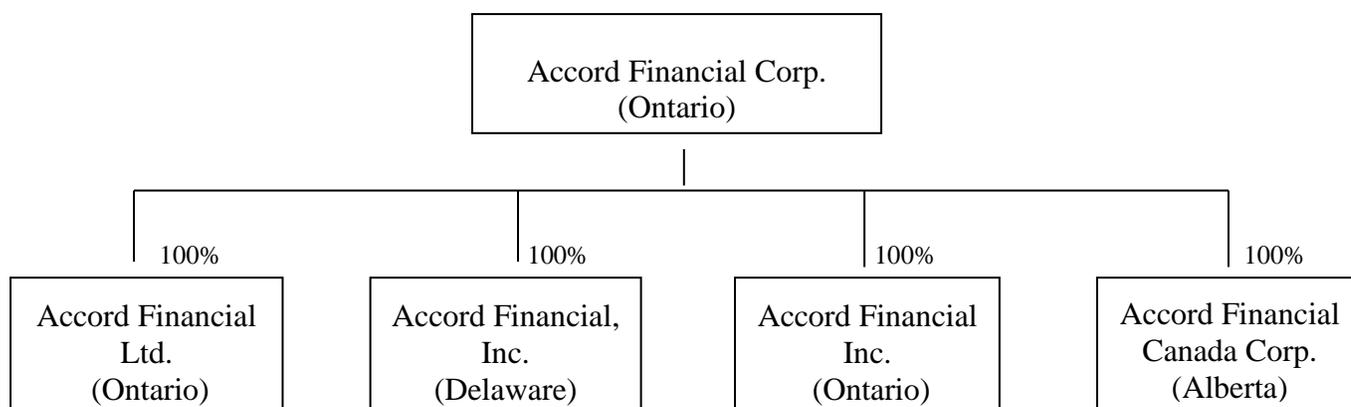
Name, Address and Incorporation

Accord and its predecessor have been in the asset-based lending 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 40 Eglinton Avenue East, Suite 602, Toronto, Ontario, M4P 3A2, Canada.

Intercorporate Relationships

The Company, through its subsidiaries, is a leading broad based North American commercial finance company providing asset-based financial services to small- and medium-sized businesses, namely asset-based lending (“ABL”), including receivables financing, factoring, inventory financing, lease and equipment financing, working capital financing, film and media financing and supply chain financing for importers. In addition, the Company provides credit protection and receivables management services. 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, 2021.



GENERAL DEVELOPMENTS OF THE COMPANY'S BUSINESS

General Developments

The Company acquired Accord Financial Ltd. (“AFL”), 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 on 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”), a private Montreal, Quebec-based factoring and asset-based lending company, was acquired. In January 2000, the Company, through its AFIC subsidiary, acquired a 25% interest in Liquid Capital Corp. (“LCC”) as an investment. LCC is 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. JTA merged with AFIU on August 3, 2020. 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, AFIC sold its 25% interest in LCC. 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. Dilos sold its principle real estate asset in 2017.

On January 31, 2014, the Company acquired Accord Financial Canada Corp. (“AFCC”) (formerly named Varion Capital Corp. (“Varion”)), an equipment and small business finance company operating out of Vancouver, British Columbia. AFCC operates its business through itself and two wholly owned subsidiaries, Accord Small Business Finance Corp. and Accord Small Business Leasing Corp. AFCC and its subsidiaries are doing business as Accord Small Business Finance (“ASBF”). Effective July 1, 2017, AFIU acquired convertible preferred member units in BondIt Media Capital (“BondIt”), a film and media finance company based in Santa Monica, California, which were converted into a 51% interest in common member units on January 13, 2020. On October 27, 2017, AFIU, through its wholly owned subsidiary Accord CapX Inc., acquired a 90% interest in Accord CapX LLC (“CapX”), a Chicago-based provider of equipment finance to middle market companies throughout the U.S doing business, at that time, as CapX Partners. On May 13, 2019, AFLS incorporated a wholly owned subsidiary in Hungary, Accord Financial (Hungary) Kft. (“AFH”). In November 2019, AFIH was dissolved, while on December 31, 2019, AFLS and Dilos were dissolved. As a result of the dissolution of both AFIH and AFLS, AFH became a wholly owned subsidiary of AFIC on December 31, 2019. On March 1, 2020, the Company acquired an additional 2% of the common units in CapX bringing its ownership to 92%. On August 1, 2021, the Company acquired an additional 10% of the common member units in BondIt bringing its ownership to 61%. On January 1, 2022, the Company acquired the remaining 8% of the common units in CapX that it did not own bringing its ownership of CapX up to 100%.

Three Year History

2021

Net earnings attributable to the Company’s shareholders (“shareholders’ net earnings”) rose to a record \$11,887,000 in 2021 compared to \$417,000 in 2020 as a result of higher revenue and a lower provision for losses. Diluted earnings per share for 2021 were a record \$1.39 compared to 5 cents in 2020. The Company’s return on average shareholders’ equity (“ROE”) in 2021 was 12.6%. Finance receivables and loans (“Funds employed”) averaged \$402 million in 2021, 16% higher than the \$347 million in 2020. Funds employed closed 2021 at a record \$478 million, up 33% from a year earlier. Revenue rose by \$14,979,000 or 31% to a record \$63,480,000 in 2021 on higher average funds employed and loan yields. Interest expense rose by \$1,291,000 to \$15,887,000 in 2021 as a result of higher average borrowings. General and administrative expenses (“G&A”) increased by \$4,997,000 to \$31,456,000 mainly due to higher information technology expenses and costs associated with the generation of new business related to the substantial growth of the Company’s working capital loan program, AccordExpress, which was successfully rolled out at the end of 2020. G&A included restructuring expenses of \$1,253,000, while it was net of \$250,000 received under the Canadian Emergency Wage Subsidy (“CEWS”) program and \$75,000 received under the Canadian Emergency Rent Subsidy (“CERS”) program. The provision for credit and loan losses decreased by \$10,017,000 to a recovery of \$614,000 in 2021. Business and acquisition expenses decreased by \$63,000 to \$235,000 in 2021. The Company’s income tax expense rose by \$6,397,000 to \$1,727,000 for an effective tax rate of 12.7%. Shareholders’ net earnings in our Canadian operations increased by \$10,911,000 to \$3,677,000 in 2021 mainly as a result of higher revenue and a lower provision for losses. Shareholders’ net earnings in our U.S. operations increased by \$559,000 to \$8,210,000 for similar reasons. See the Company’s 2021 Management’s Discussion and Analysis (“MD&A”) for a detailed explanation of changes. The

Company had 8,558,913 common shares outstanding at the end of 2021. It paid dividends totalling 20 cents per common share in 2021. During 2021, the Company renewed its main bank credit facility for a further one-year period on July 26, 2021. The Company also renewed and increased its BondIt loan facility to US\$47,000,000. This facility now expires on May 6, 2023. Also during 2021, ASBF entered into a \$100 million non-recourse loan and security agreement with a life insurance company to finance its AccordExpress working capital loans receivable. On August 1, 2021, the Company increased its ownership in BondIt to 61%.

2020

Shareholders' net earnings declined to \$417,000 in 2020 compared to 2019 as a result of the severe deterioration in economic activity due to Covid-19 which resulted in a higher provision for losses and impairment of assets held for sale, and lower funds employed which, along with a reduction in interest rates in 2020, served to also reduce revenue. Net earnings compared to 2019 also declined on the absence of a recovery of business transaction costs and the incurrence of restructuring expenses. Diluted earnings per share for 2020 were 5 cents, compared to 76 cents in 2019. The Company's ROE in 2020 was 0.5%. Funds employed averaged \$347 million in 2020, 8% lower than the \$378 million in 2019. Funds employed closed 2020 at \$360 million, down 3% from a year earlier. Revenue declined by 14% to \$48,501,000 in 2020 mainly on lower average funds employed and reduced interest rates. Interest expense decreased by \$2,494,000 to \$14,596,000 in 2020. G&A increased by \$307,000 to \$26,458,000. G&A included restructuring expenses of \$1,890,000 but was net of \$1,058,000 received under the CEWS program and \$37,000 received under the CERS program. The provision for credit and loan losses increased by \$2,298,000 to \$9,403,000 in 2020. Business acquisition expenses increased by \$2,118,000 to \$298,000 in 2020. The Company's income tax expense declined by \$6,249,000 to a recovery of \$4,670,000. There was a net loss attributable to shareholders in our Canadian operations of \$7,234,000 in 2020 mainly as a result of lower revenue and increased provision for losses and G&A. Shareholders' net earnings in our U.S. operations fell slightly by \$121,000 to \$7,651,000 mainly on lower revenue and higher business acquisition expenses. See the Company's 2020 MD&A for a detailed explanation of changes. The Company had 8,558,913 common shares outstanding at the end of 2020. It paid dividends totalling 24 cents per common share in 2020.

2019

Shareholders' net earnings declined by 38% to \$6,444,000 in 2019 compared to 2018 mainly as a result of higher provision for credit and loan losses, G&A and income tax expenses. Diluted earnings per share for 2019 were 76 cents, 39% below 2018's then record \$1.24. The Company's ROE in 2019 was 7.1%. Funds employed, averaged \$378 million in 2019, 39% higher than the \$271 million in 2018. Funds employed closed 2019 at \$373 million, up 10% from a year earlier. Revenue rose by 20% to a \$56,175,000 in 2019 mainly on higher average funds employed. Interest expense increased by \$7,682,000 to \$17,089,000 in 2019. G&A was \$2,627,000 higher at \$26,151,000. The provision for credit and loan losses increased by \$5,080,000 to \$7,105,000 in 2019. Business acquisition expenses declined by \$2,154,000 to a recovery of \$1,818,000. The Company's income tax expense rose by \$1,475,000 to \$1,579,000 on changes in U.S tax regulations released in December 2018 which increased its effective tax rate. There was a net loss attributable to shareholders in our Canadian operations of \$1,328,000 in 2019, a decline of \$2,902,000 mainly as a result of increased interest expense. Shareholders' net earnings in our U.S. operations declined by \$1,010,000 to \$7,772,000 mainly as a result of higher provision for credit and loan losses, G&A and interest expense. See the Company's 2019 MD&A for a detailed explanation of changes. During 2019 the Company increased its main bank credit facility by \$75 million to \$367 million, while it also raised close to \$7 million from the issue of convertible debentures. These funds will be used as necessary to finance loans to clients. The Company had 8,588,913 common shares outstanding at the end of 2019. It paid dividends totalling 36 cents per common share in 2019.

DESCRIPTION OF THE COMPANY'S BUSINESS

Description of the Business

The Company is one of North America's leading independent commercial 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 2021, the Company operated six finance companies in North America, namely, AFIC, AFCC and AFL in Canada, and AFIU, BondIt and CapX in the United States. As noted above, AFL was founded and has been in operation since 1978, AFIC and AFIU were acquired on December 31, 1992, while AFCC was acquired on January 31, 2014. The Company's U.S. subsidiary, AFIU, acquired an effective 51% interest in BondIt on July 1, 2017 and an additional 10% interest in BondIt on August 1, 2021, while it acquired a 90% interest in CapX on October 27, 2017, an additional 2% on March 1, 2020, and the remaining 8% on January 1, 2022 making it a wholly owned subsidiary of AFIU.

At December 31, 2021 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, namely, asset-based lending ("ABL"), including receivables financing, factoring, inventory financing, lease and equipment financing, working capital financing, film and media financing, as well as supply chain financing for importers. It also provides credit protection and receivables management services. Accord's clients operate in many different industries, including apparel, financial and professional services, leasing, manufacturing, wholesale and distribution, retail, transportation, media, chemicals, real estate, oilfield services, telecommunications, textiles, printing and industrial products. In 2021 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 (leasing and equipment loans) by CapX and ASBF. ASBF also provides working capital financing to small businesses; (iii) film and media production financing by BondIt; and (iv) credit protection and receivables management services by AFL, which principally involves providing credit guarantees and collection services, generally without financing. The operations of Accord's six operating companies are described in more detail below. At December 31, 2021, the Company had 90 employees.

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

AFIC provides asset-based lending services, comprising receivables financing, including recourse factoring (which principally comprises the purchase of accounts receivable), as well as 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. 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. In 2013, AFIC also incorporated a wholly owned subsidiary, AFIH, which in turn incorporated AFLS. As noted above, AFIH was dissolved in November 2019 and AFLS became a wholly owned subsidiary of AFIC. On December 31, 2019, AFIC became the sole shareholder of AFH upon the dissolution of AFH's parent company, AFLS. Dilos was also wound up on December 31, 2019. At December 31, 2021, AFIC had 19 employees.

Accord Financial Canada Corp. (Canadian Equipment and Small Business Finance Subsidiary)

AFCC, doing business as ASBF, finances equipment in the form of lease financing and equipment loans, as well as providing 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. AFCC originates leases and loans directly with customers, through third-party brokers and through relationships with regional and national equipment vendors. AFCC's client base is located primarily in Western Canada, although it has expanded business eastward to Central and Eastern Canada. Since Accord acquired AFCC 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 AFCC to finance larger deals and to forge new partnerships with national equipment dealers. In 2015, AFCC introduced AccordAccess, an unsecured working capital loan solution aimed at financing growth for small- and medium-sized businesses. In 2017, it introduced an equipment loan "revolver" product. Towards the end of 2020, AFCC launched AccordExpress, a loan program designed to bridge small business through to the economic recovery from the Covid-19 impacted recession. This product is supported by EDC's Business Credit Availability Program Guarantee. AFCC'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. AFCC was founded in 2004 and is managed from leased premises in Vancouver, British Columbia. It employed 21 persons at December 31, 2021.

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

AFIU is engaged in asset-based lending, mainly comprising the financing of accounts receivable, including recourse factoring, 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 financial services, manufacturing, retailing, temporary staffing, automotive financing, professional services, pharmaceutical supply, advertising, food services and industrial products. AFIU has been in the asset-based lending and factoring business since 1977. AFIU operates out of leased premises in Greenville, South Carolina. It employed 22 persons at December 31, 2021.

BondIt Media Capital (U.S. Film and Media Finance Company)

BondIt is engaged in providing financing to film and television projects. It offers flexible financing solutions for film and media projects to businesses and producers. It provides financing for minimum guarantees, gap loans, bridge loans, sales receivables, union deposits and film tax credits. Since inception BondIt has financed more than 360 feature film and television projects and has invested more than US\$195 million in client projects. Founded in 2014, BondIt operates out of leased premises in Santa Monica, California. As noted above, the Company acquired an effective 51% interest in BondIt on July 1, 2017 and an additional 10% on August 1, 2021. It employed 6 persons at December 31, 2021.

Accord CapX LLC (U.S. Equipment Finance Company)

CapX, operating as Accord Equipment Finance ("AEF"), provides equipment financing to small- and medium-sized businesses by creating flexible solutions that support their client's needs of growth or liquidity. CapX is an alternate debt provider focusing on equipment loans and leases. CapX's clients include representation in almost every type of industry across numerous types of financial needs and its clients are located throughout the U.S. and in Canada. Since inception, CapX and its predecessor has loaned more than US\$800 million to clients. Founded in 1999, CapX operates out of leased premises in Chicago, Illinois. The Company acquired a 90% interest in CapX on October 27, 2017, an additional 2% on March 1, 2020 and the remaining 8% on January 1, 2022. It employed 7 persons at December 31, 2021.

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

AFL has been in business since 1978 and now, after downsizing in recent years, provides its credit protection (also known as credit guarantees) and receivables management services, as well as supply chain financing, mostly to international factors through its Factors Chain International affiliation. AFL downsized its business significantly and closed its Montreal office in 2021. AFL now operates out of leased premises in Toronto. As noted, AFL is a member of Factors Chain International and acts as the Canadian correspondent for many international factoring companies, which is where the majority of its business originates. At December 31, 2021, AFL employed 4 persons in Toronto.

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 finance companies in Canada in 2021 was unknown. AFCC is a relatively small player in the Canadian equipment finance 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 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, and its predecessor JTA, has been in business for over 40 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. AEF has been in the U.S. equipment finance business for almost 21 years and has funded over US\$800 million of equipment loans or leases in that time. However, AEF's share of the U.S. equipment finance market is not considered significant. BondIt has been in the film and media finance business since 2014. Its share of this business 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 23 to 26 of its 2021 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 7 of its 2021 Annual Report, which page is incorporated herein by reference. A ten-year financial summary (2012 to 2021) is also provided on page 31 of its 2021 Annual Report.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Company's 2021 Management's Discussion and Analysis can be found on pages 4 to 30 of its 2021 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 2021 the Company paid cash dividends totaling \$0.20 per common share, comprised of four quarterly dividends of \$0.05 per common share (paid March 1, June 1, September 1 and December 1). Total dividends paid in 2021 amounted to \$1,711,783. During 2020 the Company paid cash dividends totaling \$0.24 per common share, comprised of one quarterly dividend of \$0.09 per common share (paid on March 2) and three quarterly dividends of \$0.05 per common share (paid June 1, September 1 and December 1). Total dividends paid in 2020 amounted to \$2,055,417. During 2019 the Company paid cash dividends totaling \$0.36 per common share, comprised of four quarterly dividends of \$0.09 per common share (paid March 4, June 3, September 3 and December 3). Total dividends paid in 2019 amounted to \$3,051,812. A ten-year history of dividends paid per common share is included in the ten-year financial summary on page 31 of the Company's 2021 Annual Report. There are no restrictions on the payment of dividends by the Company.

The Company currently pays a quarterly dividend of \$0.075 per common share.

DESCRIPTION OF CAPITAL STRUCTURE

Capital Stock

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 8,558,913 common shares outstanding at March 31, 2022. There were no preferred shares outstanding at that date.

Holder 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.

Convertible Debentures

The Company issued 20,650 7% convertible unsecured debentures pursuant to an indenture dated December 11, 2018. These debentures are listed on the Toronto Stock Exchange ("TSX"). The Company also issued 5,000 7.0% unlisted convertible unsecured debentures with a face value of \$1,000 each for proceeds of \$5,000,000 pursuant to a first supplemental indenture dated September 13, 2019. Both of these indentures have been filed with the Canadian securities regulatory authorities and are available under the Company's profile on SEDAR (www.sedar.com).

All debentures are convertible unsecured subordinated debentures of the Company with a face value of \$1,000 per debenture and bear an annual interest rate of 7.00% payable semi-annually in arrears on June 30 and December 31 of each year.

The debentures mature on December 31, 2023 and are convertible at the option of the holder into common shares of the Company at a conversion price of \$13.50 per common share. These debentures are not redeemable by the Company prior to December 31, 2021 except in limited circumstances

following a change of control. On or after December 31, 2021 and at any time prior to December 31, 2022, these debentures may be redeemed at the option of the Company at a redemption price equal to 100% of their principal amount plus any accrued and unpaid interest thereon provided that the market price is at least 125% of the conversion price. On or after December 31, 2022 and prior to the maturity date, these debentures may be redeemed in whole or in part at the option of the Company at a redemption price equal to 100% of their principal amount plus any accrued and unpaid interest.

The debentures are convertible into common shares of the Company at the option of the holder thereof at any time prior to the close of business on the earliest of (i) the business day immediately preceding December 31, 2023; (ii) if called for redemption, on the business day immediately preceding the date specified by the Company for redemption of the Debentures; or (iii) if the Company is required to offer to purchase such Debentures pursuant to a Change of Control Purchase Offer, on the business day immediately preceding the payment date, in each case, at an initial conversion price of \$13.50 per common share, representing a conversion rate of 74.0741 common shares per \$1,000 principal amount of debentures, subject to adjustment in certain circumstances as described in the indenture. The final short form prospectus listing the details of the debentures is also filed separately under the Company's profile on SEDAR.

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 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, 2021 to March 28, 2022.

Common Shares (ACD)			
Month	High	Low	Volume traded
	(\$)	(\$)	(#)
March, 2022 ⁽¹⁾	8.95	8.20	133,525
February, 2022	8.54	8.15	54,700
January, 2022	8.54	8.15	34,000
December, 2021	8.75	8.15	32,900
November, 2021	8.79	8.13	75,100
October, 2021	8.45	8.02	132,300
September, 2021	8.76	8.20	30,400
August, 2021	9.00	8.40	32,500
July, 2021	8.97	8.50	10,900
June, 2021	9.05	8.59	16,500
May, 2021	9.20	7.50	58,400
April, 2021	7.56	6.75	109,100
March, 2021	7.06	6.23	59,700
February, 2021	7.15	6.58	101,500
January, 2021	7.12	6.58	49,300

1. Trading shown for the period March 1, 2022 to March 28, 2022.

The Company's outstanding convertible debentures are listed and posted for trading on the TSX under the trading symbol "ACD.DB". The following table sets forth the monthly reported high and low closing prices and trading volume of the debentures on the TSX from January 1, 2021 to March 28, 2022.

Debentures (ACD.DB)			
Month	High	Low	Volume traded
	(\$)	(\$)	(#)
March, 2022 ⁽¹⁾	102.00	101.50	690
February, 2022	102.75	100.00	3,110
January, 2022	102.50	101.00	870
December, 2021	102.25	99.00	2,060
November, 2021	102.00	99.85	2,990
October, 2021	102.00	100.00	910
September, 2021	104.59	100.00	3,670
August, 2021	102.00	100.00	1,380
July, 2021	102.00	101.00	3,620
June, 2021	102.00	101.00	860
May, 2021	101.54	100.14	4,250
April, 2021	102.00	99.00	5,690
March, 2021	99.04	97.00	5,320
February, 2021	98.00	96.00	1,600
January, 2021	96.41	94.50	880

1. Trading shown for the period March 1, 2022 to March 28, 2022.

DIRECTORS AND EXECUTIVE OFFICERS

Board of Directors

At March 31, 2022, 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
Jean Holley ⁽²⁾ Corporate Director	Alpharetta, Georgia U.S.A.	May 6, 2020
Simon Hitzig President and CEO of the Company	Toronto, Ontario Canada	October 1, 2018
Gary Prager ⁽¹⁾⁽³⁾ Managing Partner, Cygnus Advisers (business and financial consultants)	Wake forest, North Carolina U.S.A.	May 6, 2015
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.

Effective April 1, 2022, the Company has appointed Messrs. Burt Feinberg and David Spivak as directors of the company. Mr. Feinberg will join the Company's Credit Committee, while Mr. Spivak

will join its Audit Committee. The term of office for each of the directors of the Company will expire on May 4, 2022. Each of the above noted seven directors are being nominated by management of the Company for re-election to the Company's Board of Directors for a further one-year term.

Executive Officers

At March 31, 2022, 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
Barrett Carlson	President of Accord CapX LLC & Senior Vice President, Corporate Development	Chicago, Illinois, U.S.A.
Irene Eddy	Senior Vice President, Capital Markets	Stamford, Connecticut, U.S.A
Simon Hitzig	President and Chief Executive Officer of the Company	Toronto, Ontario Canada
Cathy Osborne	Senior Vice President, Human Resources	Chicago, Illinois, U.S.A.
Eric Starr	Senior Vice President, Program Operations and Risk	New York, New York, U.S.A.

Messrs. Stuart Adair has held the principal occupation shown opposite their name for the past five years. Mr. Barrett Carlson was appointed President of Accord CapX LLC on January 1, 2022. He also is the Senior Vice President, Corporate Development of the Company, a position he has held since August 1, 2020. Before this he was Executive Vice President, Accord CapX LLC from October 27, 2017 to July 31, 2020, prior to which he was a partner of CapX Partners from 2004. Ms. Irene Eddy joined the Company in the above noted position on September 1, 2019 prior to which she was Senior Vice President, Global Structured Finance, DBRS from July 2016 to August 31, 2019. Prior to her employment with Global Structured Finance, she was a Senior Vice-President with GE Capital. Mr. Simon Hitzig was appointed to the above position on October 1, 2018 after having served as Senior Vice President, Corporate Development of the Company from October 1, 2016 to September 30, 2018, prior to which he was President of AFL from July 1, 2011 to September 30, 2016. Ms. Cathy Osborne joined the Company at the above position on October 1, 2019, prior to which she was Vice President, Human Resources at Leopardo Companies from September 2015 to August 2019. Mr. Eric Starr was appointed to the above position on August 1, 2020 before which he was Executive Vice President, Accord CapX LLC from October 27, 2017 to July 31, 2020 and prior to that a partner of CapX Partners from 2008.

Shareholdings of Directors and Executive Officers

Collectively, as at March 28, 2022, the directors and officers of the Company own, directly or indirectly, or exercise control or direction over 4,559,860 common shares, representing 53.3% 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. 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, 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, 2021 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 Gary Prager. 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 a 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 Company's Board on May 7, 2014 and is also a member of its Credit Committee.

Mr. Prager is an MBA from the University of North Carolina. He has also completed Advanced Executive Programs in Corporate Finance and Marketing at University of Virginia and Northwestern University, respectively, and has over 37 years experience in corporate finance. He worked for 18 years with CIT as an Executive Vice President in its Corporate Finance Group. He was also a Managing Director of GB Credit Partners, the investment management affiliate of Gordon Brothers Group. Mr. Prager has been a director of the Company since May 6, 2015 and is also a member of the Company's Credit Committee.

Auditors' Service Fees

Aggregate fees billed for professional services rendered by KPMG for the fiscal years ended December 31, 2021 and 2020 were as follows:

	2021	2020
	\$000	\$000
Audit fees	355	293
Audit-related fees	-	-
Tax fees	11	-
All other fees	<u>-</u>	<u>-</u>
Total fees	<u>366</u>	<u>293</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 31, 2022 (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, 2021, which are set out in the Company's 2021 Annual Report and which is 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. Simon Hitzig
Telephone: 416-642-5649
Fax: 647-250-0790
Email: hitzig@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.