



Second Quarter 2017

Strategic Update & Financial Results

AUGUST 08, 2017

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Second Quarter 2017 Call

STRATEGY AND BUSINESS UPDATE

OPERATING HIGHLIGHTS

- Commercial & Vendor Finance
- Rail Finance
- Aviation Finance

CONSOLIDATED FINANCIAL SUMMARY

QUESTIONS



STRATEGY AND BUSINESS UPDATE

Steven Hudson
Chief Executive Officer



Strategic Execution

CONSISTENT AND ON MESSAGE

Transition continues from legacy businesses to businesses with higher growth, increased profitability, and those requiring less capital within core expertise

- ✓ Sold US C&V business to PNC Bank for a gain
- ✓ Sold commercial aviation business and retained equity upside
- ✓ Sold non-core rail assets freeing up another C\$400 million in equity for redeployment
- ✓ Strategic process of harvesting “legacy businesses” ongoing
- ✓ Service Finance acquisition – stellar credit, high returns, significant growth and less capital
- ✓ Disciplined acquisition process continues
- ✓ Optimizing capital base – NCIB in place
- ✓ Underpinned by investment grade ratings

Disciplined Acquisition Approach

DISCIPLINED ACQUIRER – “RIGHT DEAL AT THE RIGHT TIME”

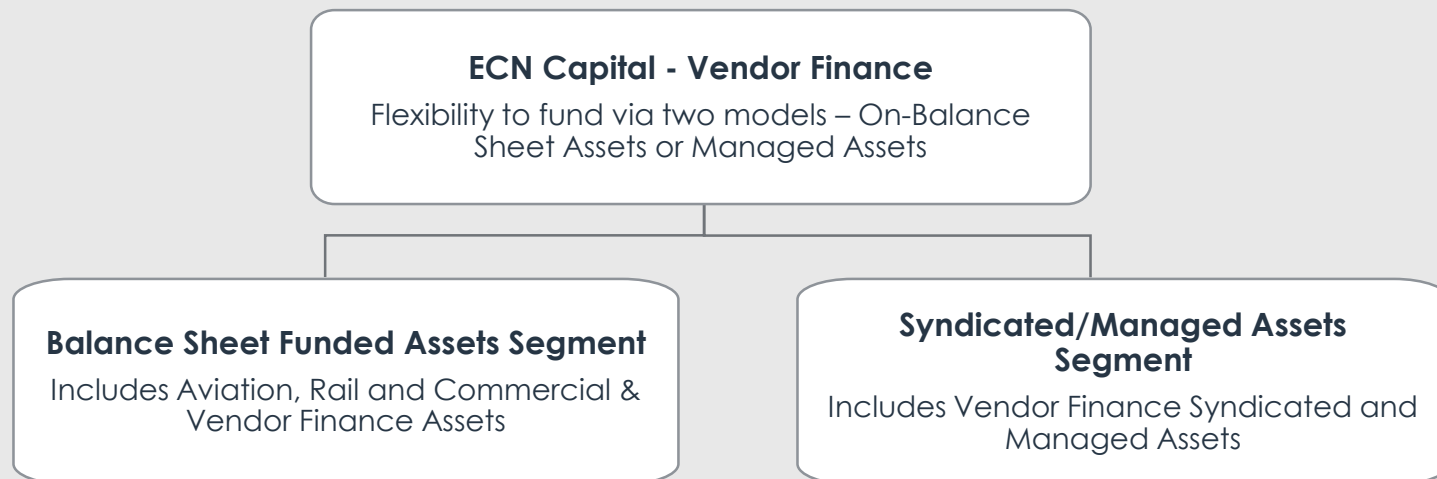
- Evaluated ~\$60 Billion+ in acquisition targets and stayed disciplined to our strategic plan and proven business model
- Focused on the right fit – returns, credit, growth, & scalability
- Due diligence across specialty finance:

Commercial Finance	Asset Management
Consumer Finance	Home Improvement
Small Business Finance	Structured Finance
Equipment Finance	Venture Lending

- Expect to have more to announce in the coming quarters

Investment Grade Commitment

- Ratings of BBB (low) from DBRS and BBB from Kroll; rating agencies updated throughout transition
- Investment Grade Ratings a key competitive advantage and differentiator with vendor partners; driving additional programs
- Diversified funding structures with multiple sources of financing; broad access to matched & committed capital
- US\$2.5B secured revolving credit facility with over US\$2.1B undrawn
- Maintain acceptable levels of on-balance sheet assets as ECN builds asset management funding channel



Service Finance Update

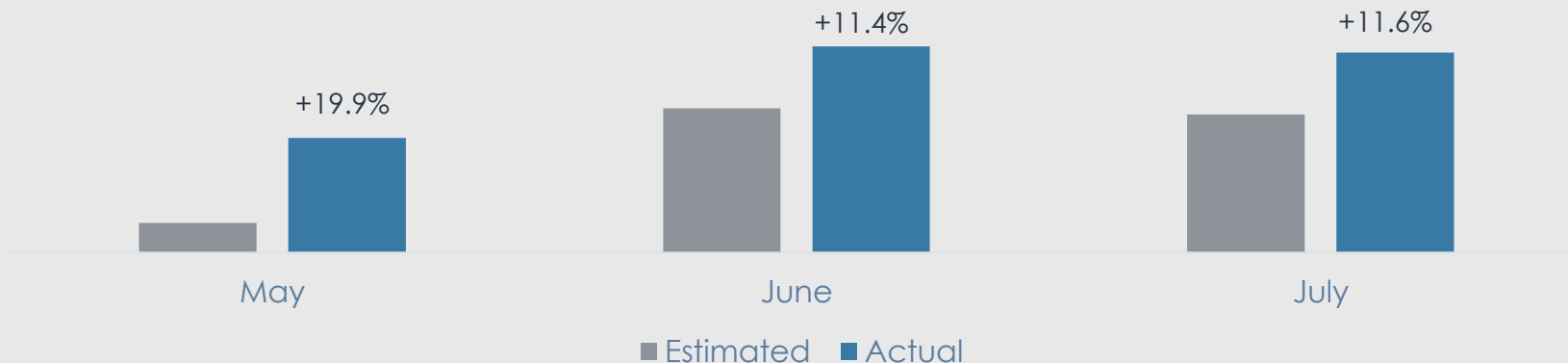


- Pre-closing activities well advanced
 - 4 state regulatory approvals remaining
- Exceeding expectations across the business
- Bank network demand continues to be strong
 - Added 14th FDIC insured institution to bank group
- Investment Grade Rating and balance sheet strength resulting in more vendor wins
 - New wins in both solar and windows driven by Investment Grade Rating

Service Finance Update

- Service Finance originations continue to exceed expectations
 - Q2 2017 originations +54.3% YoY with July +52% YoY
 - Positive operating leverage – EBITDA growing faster than originations
 - Strong results since last update – More than 7,500 dealers, adding 150+ per month
 - Currently not changing projections but remain on pace to exceed estimates

ORIGINATIONS – LAST 3 MONTHS ORIGINAL ESTIMATES VS ACTUAL (% ABOVE ESTIMATES)



Service Finance Update

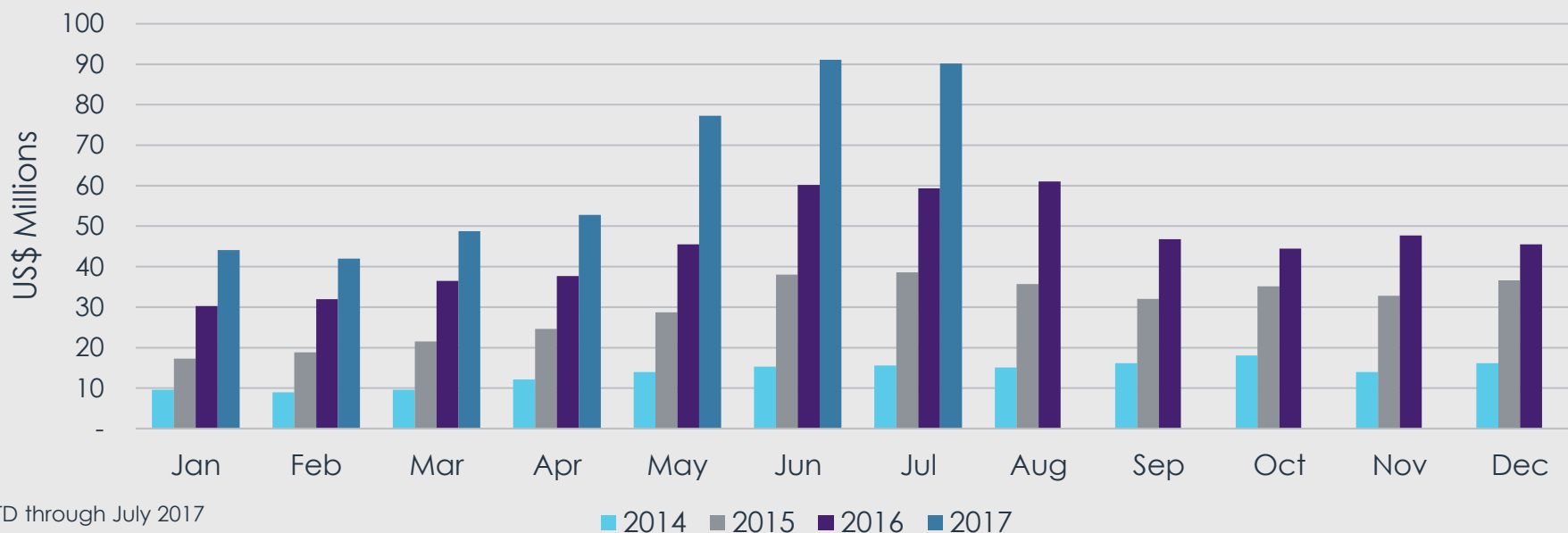
ORIGINATIONS (US\$ Million's)

	1Q	2Q	3Q ¹	4Q	YTD
2015	58	91	106	105	360
2016	99	143	167	138	547
2017	135	221	90	-	446

YOY ORIENTATION GROWTH

	1Q	2Q	3Q ¹	4Q	YTD
2015	104.1%	120.3%	126.5%	116.8%	118.3%
2016	71.4%	56.9%	57.2%	31.7%	52.0%
2017	36.5%	54.3%	52.0%		48.0%

ORIGINATIONS - FUNDED



1. QTD through July 2017

Rail Transition

- Strategic process of harvesting “legacy businesses” ongoing
 - Entered into agreements to sell ~65% of Rail portfolio
 - Combined ~98% of net book value of rail assets after-tax
 - Frees up ~C\$400 million of equity and C\$1.6B of debt capacity (at 4:1 leverage) for growth plan
- Remaining core rail portfolio
 - Strong long-term after-tax cash flows
 - Investment Grade Ratings
 - Portfolio de-risked for an earlier recovery
 - Right-sized to ECN's equity base

OPERATING HIGHLIGHTS

- Consolidated
- Commercial & Vendor

Jim Nikopoulos

President



Q2 Consolidated Operating Highlights

SUMMARY

- Total Originations were C\$165 million for the quarter
- Before-tax adjusted operating income return on average earning assets of 2.00%
- Average debt advance rate to average finance assets of 59.8%
- After-tax adjusted EPS of C\$0.04
- Tangible leverage of 1.2:1
- Book value per share of C\$4.70¹
- Book value per share of ~C\$4.78 on a constant currency basis

1. Excluding Preferred Issuance

Q2 Consolidated Operating Highlights

C\$ millions	ORIGINATIONS			AVERAGE EARNING ASSETS		
	Q2 2016	Q1 2017	Q2 2017	Q2 2016	Q1 2017	Q2 2017
Continuing Operations/Programs						
Commercial & Vendor	116.7	124.0	121.2	862.3	915.6	923.6
Rail Finance	16.6	41.0	43.5	2,209.5	2,286.6	2,238.4
	133.3	165.0	164.7	3,071.8	3,202.2	3,162.0
Discontinued Operations/Programs						
Aviation Finance	54.6	-	-	1,186.3	968.2	867.9
Total Originations / Average Earning Assets including Assets Under Management	188.0	165.0	164.7	4,258.2	4,170.4	4,029.9

Q2 Commercial & Vendor Highlights

KEY HIGHLIGHTS

- 2017 YTD new business originations have increased 27% over the same period in 2016, with each major business vertical having positive growth
 - Substantial increase in new business originations under existing vendor programs
- Execution of NIM expansion continues with improved quarterly margin
- Pre-tax adjusted ROAA increased from Q1 2017
- Consistent portfolio performance with stable delinquency and net charge offs below industry average

1. Excludes allocated corporate expenses

2. As a percent of average earning assets

Income Statement (C\$, 000)	Q1 2017	Q2 2017
Net Interest income and rental revenue net less interest expense	7,927	9,095
Syndication and other income	1,314	2,552
Adjusted operating expenses ⁽¹⁾	2,683	2,486
Adjusted operating income before tax ⁽¹⁾	6,558	8,622
Key Ratios ⁽²⁾	Q1 2017	Q2 2017
Originations (C\$MM)	124	121
Average earning assets (C\$MM)	916	924
Financial revenue yield	6.9%	7.4%
Interest expense	2.8%	2.3%
Net interest margin yield	4.0%	4.8%
Adjusted operating expense ratio ⁽¹⁾	1.2%	1.1%
Pre-tax ROAA ⁽¹⁾	2.9%	3.7%
Actual debt advance rate	80.8%	74.1%

OPERATING HIGHLIGHTS

- Rail Finance
- Aviation Finance

David McKerroll

President, Rail & Aviation Finance



Rail Finance

ECN CAPITAL RIGHT SIZES RAIL FOR CORE GO-FORWARD BUSINESS

- ECN Capital has signed definitive agreements to sell ~C\$1,487 million of railcar assets to ITE Management LP and Napier Park Global Capital for ~C\$1,439 million
 - ITE transaction closed on August 4, 2017; Napier Park transaction to close in the third quarter
 - Represents ~65% of the total portfolio, for ~0.98x net book value of assets after-tax
- Railcar leasing remains an excellent long-term investment and ECN Capital's Strategic plan involves maintaining a core rail business:
 1. Long-term after-tax cash flows
 2. Underpins investment grade ratings
 3. Portfolio de-risked for an earlier recovery
 4. Right-sized to ECN's equity base
- Modest growth is anticipated with a target portfolio size of ~C\$1bn by 2019

Rail Industry Update

RAILCAR MARKET CONTINUES TO SHOW IMPROVEMENT

Monthly Average North American Carloads (Association of American Railroads)

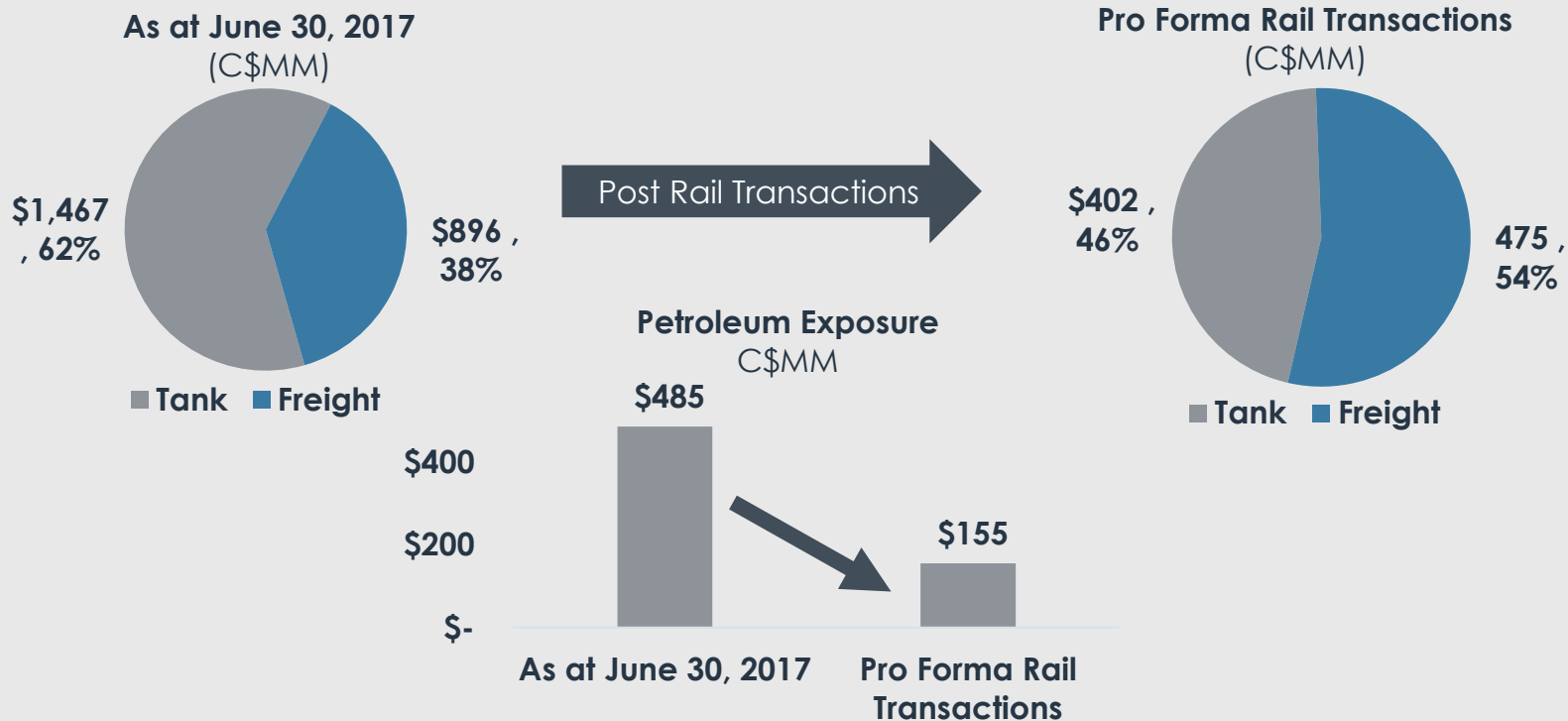


Railcar Leasing Market is Trending Positively Driven by Improving Fundamentals

- **Carload volume:** shipments across most commodity groups continue to improve compared to year ago levels
 - **Railroad velocity:** reduction in train speed and increase in terminal dwell is resulting in deteriorating railroad service performance -
 - **New production:** Deliveries of new railcars continues to moderate
 - Improving fundamentals supportive of lease rates and utilization
- Rebalancing of supply and demand for railcars is expected to take place over the coming quarters, however the pace of the recovery is expected to be slow due to excess capacity
 - Go-forward core portfolio repositioned (i.e. less tank cars) to de-risk and benefit from an earlier recovery

Rail Finance | Core Portfolio

DE-RISKING OF PORTFOLIO THROUGH A REDUCTION OF PETROLEUM EXPOSURE AND AN INCREASE IN FREIGHT CAR ALLOCATION WHILE MAINTAINING STRONG DIVERSIFICATION AND ASSET QUALITY



Key portfolio metrics including average age and remaining lease term are substantially unchanged post transactions and the portfolio will continue to benefit from strong diversification

Rail Highlights

KEY HIGHLIGHTS

- ECN Capital continues to be disciplined in building its Rail portfolio: C\$44 million added in Q2 2017
- Rail business continues to perform well supported by our strategic alliance with Trinity
- Agreement to sell ~65% of the company's rail portfolio for ~C\$1.44B
 - 0.98x Net Book Value of assets
 - Expected to close in Q3 2017

1. Excludes allocated corporate expenses

2. Percent of average earning assets

Income Statement (C\$,000)	Q1 2017	Q2 2017
Interest income and rental revenue net less interest expense	16,768	17,925
Syndication and other income	2,947	(193)
Adjusted operating expenses ⁽¹⁾	4,652	4,209
Adjusted operating income before tax ⁽¹⁾	15,063	13,523
Key Ratios ⁽²⁾	Q1 2017	Q2 2017
Originations (C\$MM)	41	44
Average earning assets (C\$MM)	2,287	2,238
Financial revenue yield	6.9%	6.5%
Interest expense	3.5%	3.3%
Net interest margin yield	3.4%	3.2%
Adjusted operating expense ratio ⁽¹⁾	0.8%	0.8%
Pre-tax ROAA ⁽¹⁾	2.6%	2.4%
Actual debt advance rate	77.9%	68.7%

Aviation Highlights

KEY HIGHLIGHTS

- No originations within Aviation during Q2 2017
- Wind-down of General Aviation progressing on plan; reiterate forecast asset value of C\$700M at year end 2017
- ECN Capital completed the sale of its Commercial Aviation management business including the ECAF program to Acasta Enterprises

Income Statement (C\$, 000)	Q1 2017	Q2 2017
Interest income and rental revenue net less interest expense	7,148	8,014
Syndication and other Income	1,354	665
Adjusted operating expenses ⁽¹⁾	2,406	1,718
Adjusted operating income before tax ⁽¹⁾	5,975	5,171
Key Ratios ⁽²⁾	Q1 2017	Q2 2017
Originations (C\$MM)	-	-
Average earning assets (C\$MM)	968	868
Financial revenue yield	5.7%	5.6%
Interest expense	2.1%	1.6%
Net interest margin yield	3.5%	3.2%
Adjusted operating expense ratio ⁽¹⁾	1.0%	0.8%
Pre-tax ROAA ⁽¹⁾	2.5%	2.4%
Actual debt advance rate	56.1%	21.6%

1. Excludes allocated corporate expenses

2. Percent of average earning assets

CONSOLIDATED FINANCIAL SUMMARY

Grier Colter

Chief Financial Officer



Balance Sheet

KEY HIGHLIGHTS

- Total assets were down due to the sale of the C&V US business
- The full proceeds from the US C&V sale of C\$1.759 billion were used to repay securitization and senior facility debt
- The tangible leverage ratio of 1.17:1 is well within the Company's most restrictive covenant of 4:1
- Tangible Book equity impacted by ~C\$30.8 million due to FX change in the quarter

Balance Sheet Summary (C\$, MM)	Dec 31, 2016	Mar 31, 2017	Jun 30, 2017
Total assets	\$6,436	\$6,371	\$4,572
Total finance assets ⁽¹⁾	\$6,007	\$4,145	\$4,170
Tangible Book equity	\$1,822	\$1,935	\$2,019
Tangible Book equity (excl. pref. shares)	\$1,725	\$1,838	\$1,824
Tangible leverage ratio	2.47:1	2.17:1	1.17:1

1. Total finance assets = Net investment in finance receivables + Equipment under operating leases

Consolidated Income Statement

KEY HIGHLIGHTS

- Interest income and rental revenue net of interest expense was consistent with the prior quarter
- Syndication and other income decreased from the prior quarter primarily driven by lower syndication revenue, consistent with strategy

Income Statement (C\$, 000)	Q1 2017	Q2 2017
Interest income and rental revenue net less interest expense	31,843	35,034
Syndication and other income	5,615	3,024
Adjusted operating expenses	16,923	15,629
Adjusted operating income before tax	20,418	20,100
Key Ratios ⁽¹⁾	Q1 2017	Q2 2017
Average earning assets (C\$MM)	4,170	4,030
Financial revenue yield	6.6%	6.5%
Interest expense	3.0%	2.7%
Net interest margin yield	3.6%	3.6%
Adjusted operating expense ratio	1.6%	1.6%
Pre-tax ROAA	2.0%	2.0%
Actual average debt advance rate to average finance assets	73.5%	59.8%

1. Percent of average earning assets

Return on Average Equity and Per Share Amounts

KEY HIGHLIGHTS

- Before-tax adjusted operating income on average equity was 4.1% compared to 5.5% during the previous quarter
- After-tax adjusted operating income was 3.4% compared to 4.2% during the previous quarter
- Reduced ROE yields are primarily due to reduced leverage in the business
- It is anticipated that the tax rate for the Company going forward will be between 20-25%
- Book value per share ~\$4.78 in Q2 on a constant currency basis

ROAE for 3 Months Ended	Q1 2017	Q2 2017
Before-tax adjusted operating income return ⁽¹⁾	5.5%	4.1%
After-tax adjusted operating income return ⁽¹⁾	4.2%	3.4%

For the 3 Months Ended and as at End of Period (C\$)	Q1 2017	Q2 2017
Pre-tax adjusted earnings (basic)	\$0.07	\$0.05
After-tax adjusted earnings (basic)	\$0.05	\$0.04
Book value (net of preferred shares)	\$4.75	\$4.70

1. Reported average operating income on average of common shareholders' equity



QUESTIONS