ECN CAPITAL

2017 ANNUAL INFORMATION FORM

– March 19, 2018 –

ECN CAPITAL CORP.

TABLE OF CONTENTS

FORWARD-LOOKING STATEMENTS

Certain statements in this Annual Information Form, other than statements of historical fact, are forward-looking statements within the meaning of applicable securities laws and may contain forward-looking information. Such statements are based upon ECN Capital Corp.'s ("ECN Capital" or the "Corporation") and its management's current internal expectations, estimates, projections, assumptions and beliefs. In some cases, words such as "plan", "expect", "intend", "believe", "anticipate", "estimate", "may", "will", "potential", "proposed" and other similar words, or statements that certain events or conditions "may" or "will" occur are intended to identify forward-looking statements and forward-looking information. Forward-looking statements are provided for the purposes of assisting the reader in understanding ECN Capital's financial performance, financial position and cash flows as at and for the periods ended on certain dates and to present information about management's current expectations and plans relating to the future and the reader is cautioned that such statements may not be appropriate for other purposes. These statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in the forward-looking statements or information. In addition, this Annual Information Form may contain forward-looking statements and information attributed to third-party industry sources. Undue reliance should not be placed on these forward-looking statements, as there can be no assurance that the plans, intentions or expectations upon which they are based will occur. By its nature, forward-looking information involves numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur. Such forward-looking statements and information in this Annual Information Form speak only as of the date of this Annual Information Form.

Forward-looking statements and information in this Annual Information Form include, but are not limited to, statements with respect to ECN Capital's:

- expectations regarding its revenue, expenses and operations;
- anticipated cash needs and its needs for additional financing;
- integration of any future acquisitions;
- future growth plans, including growth resulting from acquisitions;
- future performance following a disposition of its assets, including its ability to redeploy capital/proceeds of sale in other commercial finance opportunities and its ability to strengthen its balance sheet, reduce leverage or increase book value;
- expectations regarding its origination volumes;
- ability to attract vendor relationships and new customers and develop and maintain relationships with existing customers;
- anticipated delinquency rates and credit losses;
- ability to attract and retain personnel;
- expectations regarding growth in certain verticals in which it operates;
- estimates and expectations regarding its financial results, capitalization, condition and operations;
- future objectives and strategies;
- stated intention to establish funds that allow institutional investors to have direct access to ECN Capital's proprietary vendor finance programs;
- ability to pay dividends on its common shares and preferred shares;
- competitive position and its expectations regarding competition; and
- view of the anticipated trends and challenges in its businesses and the markets in which it operates.

Although ECN Capital believes that the expectations reflected in the forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. ECN Capital cannot guarantee future results, levels of activity, performance or achievements. Moreover, neither ECN Capital nor any other person assumes responsibility for the accuracy or completeness of the forward-looking statements and information. Some of the risks and other factors, some of which are beyond ECN Capital's control, which could cause results to differ materially from those expressed in the forward-looking statements and information contained in this Annual Information Form, include, but are not limited to, those set forth under "*Risk Factors*".

INTRODUCTION

This Annual Information Form is dated March 19, 2018. Except where otherwise indicated, the information in this Annual Information Form is provided as of December 31, 2017 and all dollar amounts are expressed in Canadian dollars.

As a result of the completion of the sale of the Corporation's CDN C&V Business and the acquisitions of Service Finance and Triad (as each such term is defined below), ECN Capital's business operations will be conducted primarily in U.S. dollars. Consequently, effective in the first quarter of 2018, the Corporation will begin presenting its results in U.S. dollars. This will significantly reduce the impact of foreign exchange rate fluctuations between the Canadian and U.S. dollar on the Corporation's book value per share.

CORPORATE STRUCTURE

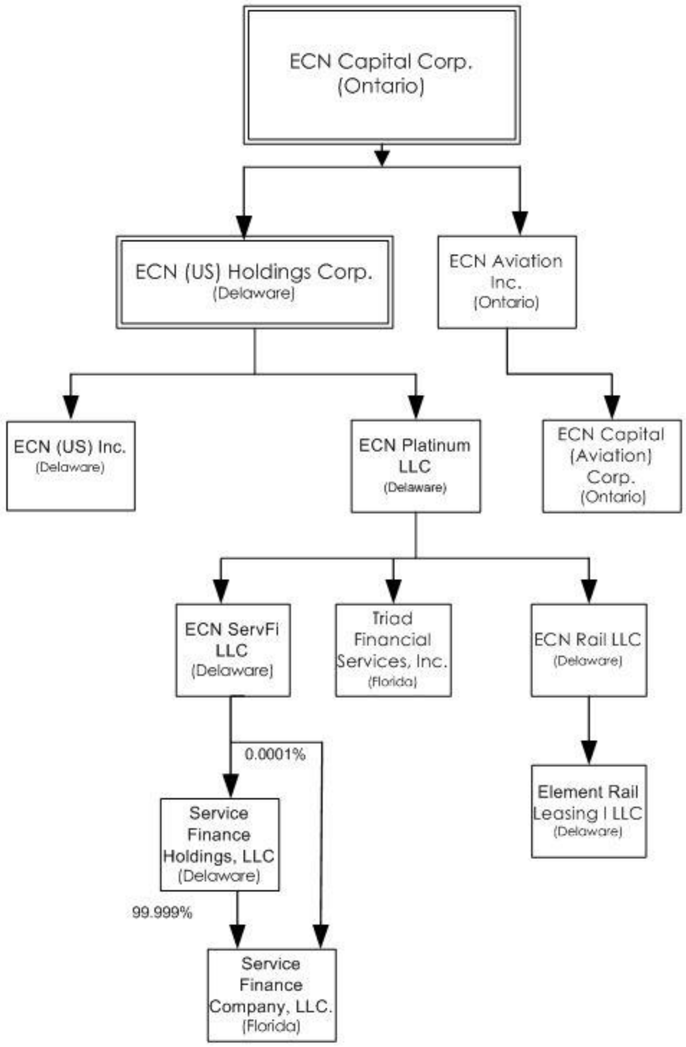
Name, Address and Incorporation

ECN Capital was incorporated under the *Business Corporations Act* (Ontario) (the "OBCA") on July 22, 2016. ECN Capital's registered and head office is located at 181 Bay Street, Suite 2830, Toronto, Ontario M5J 2T3. Prior to the completion of the Separation Transaction (as defined below), ECN Capital did not have assets or liabilities, did not conduct operations and did not issue any shares of its capital stock.

On October 3, 2016, the Separation Transaction was completed pursuant to section 182 of the OBCA under which Element Financial Corporation ("Element") reorganized into two separate publicly-traded companies: (a) Element Fleet Management Corp. ("EFN") and (b) ECN Capital. As a result of the Separation Transaction and related transactions, the commercial and vendor finance, rail finance and aviation finance businesses of EFN and its affiliates, including the assets and liabilities pertaining thereto, were transferred to ECN Capital. On October 4, 2016, ECN Capital restated its Articles of Incorporation. As a result of the Separation Transaction, ECN Capital became a reporting issuer in each of the Provinces of Canada. ECN Capital's Common Shares (the "Common Shares") commenced trading on the Toronto Stock Exchange (the "TSX") under the ticker symbol "ECN" on a regular-way basis on October 4, 2016.

ECN Capital amended its articles on December 1, 2016 and on May 24, 2017 to provide for the creation of its currently outstanding series of preferred shares of the Corporation (the "Preferred Shares"). See "*General Development of the Business – Preferred Share Offerings*".

The organizational chart below indicates the inter-corporate relationships between the Corporation and its material subsidiaries (and includes their jurisdiction of organization) as of the date hereof. See "*General Development of the Business – Strategic Transactions*". Unless otherwise indicated, all such subsidiaries are wholly-owned.



The assets and revenues of any unnamed subsidiary of ECN Capital did not exceed either 10% of ECN Capital's assets or its total consolidated revenues, as at and for the year ended December 31, 2017. In the aggregate, such unnamed subsidiaries did not account for either 20% of ECN Capital's assets, or its total consolidated revenues, as at and for the year ended December 31, 2017.

GENERAL DEVELOPMENT OF THE BUSINESS

ECN Capital is an independent financial services company that originates and services financial assets, principally in the consumer finance sector, with operations in the U.S. and Canada. ECN Capital originates the financing of a broad range of equipment and capital assets by way of loans; leases, both financial and operating; conditional sales contracts; and retail installment contracts (collectively, "financings"). ECN Capital originates its financings through its employee sales force, equipment vendors and dealers as well as direct equipment users, distinguishing itself from traditional lenders such as banks and finance companies in that it:

- originates primarily through its manufacturer and dealer network relationships; and

- funds its activities through commitments from banks and institutional investors or by selling loans that the Corporation originates to banks and other financial institutions, rather than accepting deposits from the public.

The Corporation has organized its operations around four separate business segments: Home Improvement Finance, Manufactured Housing Finance, Rail Finance and Aviation Finance.

ECN Capital is led by its chief executive officer, Steven Hudson. Mr. Hudson has over thirty years of experience and success in the equipment vendor and asset finance industry. ECN Capital and each of its principal operating subsidiaries has an experienced executive management team with seasoned executives leading each of ECN Capital's core business verticals with decades of diversified equipment finance and specialty finance industry experience.

Strategic Transactions

The following acquisitions and investments, dispositions, corporate finance transactions and other strategic transactions have been completed by ECN Capital in the last three years:

Acquisitions and Investments

- Acquisition of Triad Financial Services, Inc.: On December 29, 2017, ECN Capital completed its acquisition of Triad Financial Services, Inc. ("Triad"), a manufactured housing finance company based in Florida, for cash in the amount of US$100M.

- Acquisition of Service Finance Holdings, LLC: On September 7, 2017, ECN Capital completed the acquisition of Service Finance Holdings, LLC ("Service Finance"), a home improvement finance company based in Florida for cash proceeds in the amount of US$309M plus deferred purchase consideration of $40.4M. Further details of the acquisition of Service Finance are set out in the business acquisition report of ECN Capital dated November 21, 2017, available on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com.

Dispositions

- Sale of Canadian C&V Business: On January 31, 2018, ECN Capital completed the sale of its Canadian commercial and vendor finance business (the "CDN C&V Business") to Canadian Western Bank ("CWB") for approximately $849.5 million in cash, representing a premium of approximately 0.2% over the $847.7 million book value of the applicable assets. The assets sold by ECN Capital consist primarily of construction, transportation, industrial, franchise, and technology loans and leases. As part of the sale, CWB agreed to offer employment to some of the employees of the CDN C&V Business.

- Sale of Railcar Assets: In aggregate, five railcar transactions have been completed by the Rail Finance vertical since the fourth quarter of fiscal 2015, which have resulted in a minimal aggregate loss on sale of less than 1.5% of net book value of assets sold. On August 4, 2017 ECN Capital closed a transaction to sell approximately 1,550 railcar assets to ITE Management L.P. for cash proceeds of approximately US$173 million. On September 26, 2017, the Corporation completed a separate transaction in which it sold approximately 8,400 railcars (in its Element Rail Leasing II Portfolio) to Napier Park Global Capital for cash proceeds of approximately US$935 million (collectively, the "Railcar Dispositions"). The total book value of the railcar assets sold was approximately US$1.15 billion and represents approximately 65% of the Corporation's railcar portfolio.

- Sale of U.S. Commercial Aviation Advisory Business to Stellwagen Capital LLC and Acasta Enterprises Inc.: In June 2017, ECN Capital sold its U.S. commercial aviation advisory business to Stellwagen Capital LLC and Acasta Enterprises Inc. ("Acasta") for a purchase price of US$22.5 million (the "U.S. Aviation Business Disposition"), which was paid in full by the issuance of class B shares of Acasta. On March 19, 2018, it was announced that a consortium of investors led by Martello Finance Company Limited, the second largest investor of which was ECN Capital, had entered into an agreement to purchase Acasta's Stellwagen business unit (the "SW Transaction"). As part of the consideration for the SW Transaction purchase price, each of the investor consortium members have agreed to tender all or part of their existing class B shares of Acasta for cancellation by Acasta, which in ECN Capital's case consists of all of the class B shares received in satisfaction of the purchase price for the U.S. Aviation Business Disposition in June 2017. Following closing, ECN Capital will own approximately 10% of the outstanding equity interests in the purchaser entity, which is a privately held entity, and will have the right to appoint one of five board members. In addition, ECN Capital and Acasta have agreed that 500,000 class B shares will be issued to ECN Capital on the fifteenth day following closing of the SW Transaction, subject to the receipt of approval of the TSX, in full satisfaction of the top-up payment owed to ECN Capital in connection with the U.S. Aviation Business Disposition. Following the expiry of the applicable 4-month statutory hold period, these class B shares received by ECN Capital will be freely tradable under applicable Canadian securities laws.

- Sale of U.S. C&V Business: On February 21, 2017, ECN Capital announced that it had entered into an asset purchase agreement to sell most of its U.S. commercial and vendor finance business (the "U.S. C&V Business") to PNC Bank, National Association ("PNC") for cash proceeds in the approximate amount of US$1.253 billion. As part of the transaction, PNC agreed to offer employment to all of the employees of the U.S. C&V Business and assumed the lease on the U.S. C&V business's existing office space in Horsham, Pennsylvania. On March 31, 2017, ECN Capital sold the remaining assets of the U.S. C&V Business to another party for US$208 million in cash. ECN Capital realized an aggregate gain of approximately US$344 million as a result of the combined sales.

From 2017 to date ECN Capital has completed five strategic divestitures, which have resulted in an aggregate premium to book value on equity of approximately 10%. These transactions have provided the Corporation with capital that it redeployed into two key acquisitions in 2017 that have formed its new Home Improvement Finance and Manufactured Housing Finance verticals.

Corporate Finance Developments

- Launch of Substantial Issuer Bid: On March 5, 2018, ECN Capital announced that it had formally commenced a substantial issuer bid, pursuant to which the Corporation is offering to purchase for cancellation up to $115 million of its outstanding Common Shares from shareholders for cash (the "Offer"). The Offer is proceeding by way of a modified "Dutch auction" within a price range of not less than $3.49 per Common Share and not more than $3.90 per Common Share. The Corporation intends to fund the Offer with a combination of available cash on hand and its Senior Credit Facility (as defined below). ECN Capital anticipates the Offer will expire at 5:00 p.m. (Toronto time) on April 10, 2018, unless withdrawn or extended.

- Implementation of Normal Course Issuer Bid: On June 30, 2017 the TSX approved ECN Capital's intention to commence a Normal Course Issuer Bid ("NCIB"). Under the NCIB, ECN Capital is permitted to repurchase up to 36,999,219 Common Shares. The implementation of the NCIB ends on the earlier of the completion of purchases under the NCIB and July 4, 2018. During the year ended December 31, 2017, the Corporation purchased 11,151,076 Common Shares for a total of $43.1 million or $3.86 per Common Share.

- Commercial Aircraft Financing. On June 22, 2015, Element closed a US$1.21 billion financing of forty-four commercial aircraft manufactured by Boeing Company and Airbus Group SE and leased to various airlines around the world. Element acted as administrator and retained BBAM Aviation Services Limited, an affiliate of BBAM Limited Partnership, to act as servicer of the portfolio. The financing was backed by the aircraft themselves and the lease revenues generated by each.

Other Strategic Transactions

- Separation Transaction: On February 16, 2016, the Board of Directors of Element approved a plan to separate into two publicly-traded companies (the "Separation Transaction"). The plan involved the separation of the portion of Element and its subsidiaries comprising the commercial finance business from the existing company into ECN Capital, a newly-created, publicly-traded company. Element's fleet management business (the "Fleet Management Business") remained a part of the existing company and continues to operate within the existing company which was renamed "Element Fleet Management Corp." The separation of Element into ECN Capital and EFN was implemented through a court-approved plan of arrangement that was approved at a special meeting of Element shareholders on September 20, 2016, and by the Ontario Supreme Court of Justice on September 21, 2016. The Separation Transaction became effective on October 3, 2016; trading of ECN Capital common shares began on a regular-way basis on October 4, 2016.

Preferred Share Offerings

On December 2, 2016, ECN Capital completed a bought-deal offering of 4,000,000, 6.50%, Cumulative, 5-Year Minimum, Rate-Reset, Preferred Shares, Series A (the "Series A Shares") at a price of $25.00 per Series A Share, for aggregate gross proceeds of approximately $100.0 million. The Series A Shares are convertible, in certain circumstances, on a one-for-one basis into the Cumulative, Floating-Rate, Preferred Shares, Series B (the "Series B Shares"). The net proceeds of the offering funded the Corporation's direct and indirect origination of financial assets and its general corporate purposes.

On May 25, 2017, ECN Capital completed a bought-deal offering of 4,000,000, 6.25%, Cumulative, 5-Year Minimum, Rate-Reset, Preferred Shares, Series C (the "Series C Shares"), at a price of $25.00 per Series C Share, for aggregate gross proceeds of approximately $100.0 million. The Series C Shares are convertible, in certain circumstances, on a one-for-one basis into the Cumulative, Floating-Rate, Preferred Shares, Series D (the "Series D Shares"). The net proceeds of the offering funded the Corporation's direct and indirect origination of financial assets and its general corporate purposes.

Funding Arrangements

ECN Capital's senior credit facility (the "Senior Credit Facility"), maturing December 31, 2020, was amended and extended on October 6, 2017. The Senior Credit Facility is a US$2,200,000,000 senior revolving credit facility (with an ability to request increases in a maximum aggregate amount not to exceed US$550,000,000) agented by a Canadian bank with a syndicate of 13 major Canadian and global financial institutions. The Senior Credit Facility provides for advances denominated in U.S. and Canadian dollars and is available for general corporate purposes, including for working capital purposes. The Senior Credit Facility bears interest based upon the issuer rating of ECN Capital, which is currently: (A) with respect to Canadian-dollar denominated advances, (a) the greater of the Canadian prime rate and 1.0% above the CDOR rate for one-month bankers' acceptances, plus 0.70% per annum or (b) the BA rate, plus 1.70% per annum, as applicable, and (B) with respect to U.S. dollar denominated advances, (a) the greater of the U.S. base rate and the Federal Funds (as such term is defined in the Senior Credit Facility) rate plus 1.0%, plus 0.70% per annum or (b) the LIBOR rate, plus 1.70% per annum, as applicable.

ECN Capital's obligations under the Senior Credit Facility are secured by, among other things, the following documents in favour of the Administrative Agent (as such term is defined in the Senior Credit Facility) for the benefit of the lenders: (i) a general security agreement consisting of a first priority security interest on all property of ECN Capital and certain of its subsidiaries, (ii) guarantees delivered by ECN Capital (with respect to the obligations of ECN (US) Holdings Corp., as U.S. borrower under the Senior Credit Facility) and certain of its material subsidiaries, and (iii) pledges by ECN Capital and the other guarantors of the shares of certain material subsidiaries.

The credit agreement governing the Senior Credit Facility contains customary terms and conditions for a credit facility of this nature, including customary representations and warranties, covenants, events of default and drawdown conditions (which include, among other things, accuracy of representations and warranties and no existing defaults). If an event of default occurs and is continuing under the Senior Credit Facility, the Administrative Agent may declare all advances under the Senior Credit Facility to be immediately due and payable and cancel all commitments of the lenders to make further advances under the Senior Credit Facility.

Credit Ratings

KBRA Rating

- On October 3, 2016, following completion of the Separation Transaction, Kroll Bond Rating Agency Inc. ("KBRA") assigned an issuer rating of "BBB" to the Corporation with a stable outlook.
- On November 3, 2017 KBRA confirmed the Corporation's "BBB" issuer rating with a stable outlook.

DBRS Rating

- On October 3, 2016, following completion of the Separation Transaction, DBRS Inc. ("DBRS") assigned ECN Capital an issuer rating of "BBB (low)" with a stable outlook.
- On January 24, 2018, DBRS confirmed the Long-Term Issuer Rating of the Corporation at "BBB (low)" with a stable outlook.

See "Ratings" for additional information.

DESCRIPTION OF THE BUSINESS

ECN Capital's Business Verticals

The Corporation has organized its operations around four core business segments or "verticals": Home Improvement Finance, Manufactured Housing Finance, Rail Finance and Aviation Finance.

Home Improvement Finance

The Home Improvement Finance segment was formed on completion of the Corporation's acquisition of Service Finance (the "Service Finance Acquisition") on September 7, 2017. The Home Improvement Finance vertical, through Service Finance, originates, sells and services primarily prime and super-prime retail installment contracts to finance home improvement projects for U.S. homeowners. Originations are sourced through established national vendor programs with high-quality manufacturers and dealers. Originations are subsequently sold to unrelated financial institutions, without recourse, and Service Finance retains the exclusive right to service all retail installment contracts that it originates. Service Finance currently has fourteen financial institutions as funding counterparties.

Manufactured Housing Finance

The Manufactured Housing Finance segment was formed on December 29, 2017 in connection with the completion of the Corporation's acquisition of Triad and will be a core business segment for the Corporation going forward. Founded in 1959, Triad is the oldest manufactured housing finance company in the U.S. It originates, sells, and manages primarily prime and super-prime loans to consumers throughout the U.S. for their purchase of manufactured homes. Originations are sourced through an established national network of dealers and manufacturers and are sold, with limited recourse, to an established network of over forty banks and credit unions. In addition to originating loans, Triad manages portfolios of manufactured housing loans for unrelated third-parties.

Rail Finance

The Rail Finance segment focuses on vendor relationships with rail manufacturers to provide railcar financing and other secured financing for the North American rail industry. Following the transactions described below, the Rail Finance segment still has a substantial portfolio of owned railcars on lease to a large, diversified group of operators in North America.

In 2017, the Corporation completed two transactions in which it sold approximately US$1.15 billion of railcar assets, representing approximately 65% of the Corporation's total rail portfolio. These dispositions allowed ECN Capital to "right-size" its rail portfolio, which, in its current configuration, will remain a core segment, producing strong, after-tax, cash flows. The Corporation's "right-sizing" of this vertical in 2017 released significant capital available to ECN Capital for redeployment into existing and new businesses with the potential for higher yields.

In a subsequent transaction, the Corporation discontinued its direct rail operation by rolling all internally-managed rail assets into a servicing agreement with a subsidiary of Trinity Industries, Inc. ("Trinity") having substantially the same terms as the Corporation's long-standing strategic alliance agreements with Trinity. This initiative will enable ECN Capital to more effectively match its operating cost structure to the size of its rail assets portfolio going forward.

Aviation Finance

Historically, the aviation finance segment provided leases and secured loans to owners and operators of corporate aircraft and helicopters, and advisory services to owners and financiers of commercial aircraft. The Corporation originated these larger, longer-duration aviation financing transactions through teams of experienced aviation finance specialists having established networks of contacts with manufacturers and end-users of various types of aircraft. Following a strategic review of the aviation finance segment in 2016, the Corporation decided to discontinue originations of aviation finance assets onto its balance sheet and to sell or manage to maturity its portfolio of assets. In 2018, the Corporation will continue to seek multi-asset portfolio sale opportunities to accelerate the wind-down of this business vertical.

On May 31, 2017 the Corporation closed a transaction with Stellwagen Capital LLC and Acasta to sell the entirety of the Corporation's commercial aviation advisory business.

On March 19, 2018, it was announced that a consortium of investors led by Martello Finance Company Limited, the second largest investor of which was ECN Capital (through a wholly-owned subsidiary), had entered into a definitive purchase agreement to purchase the Stellwagen business unit from Acasta. See "*General Development of the Business – Strategic Transactions*".

Growth Strategy

During over thirty years of cumulative experience, ECN Capital's management has pursued a strategy of successfully deploying capital within asset classes that comprise the specialty finance sector. This strategy has four key drivers:

1. building robust specialty finance businesses that have grown and prospered, even in difficult cycles, and acting opportunistically, within a specific framework, to maximize returns through the cycle;

2. originating and servicing portfolios of financial assets with yield, growth and credit characteristics that have consistently delivered superior risk-adjusted returns to holders of Common Shares ("Shareholders");

3. scaling robust businesses organically and through acquisitions to help enable the Corporation to competitively position itself against banks and institutional investors; and

4. designing optimal capital structures that provide broad and flexible access to debt and equity funding sources.

The Corporation expects to deploy significant capital on a small number of on-target acquisitions in 2018. These acquisitions will have to meet the Corporation's high acquisition hurdles for returns and be consistent with its stringent and disciplined assessment criteria in order to proceed.

Competition

ECN Capital's markets are highly competitive and characterized by various competitive factors that vary by business vertical and by region.

ECN Capital believes it is well positioned to compete by means of having an experienced management team, both at the corporate level and at each of its business verticals, with a track record of success, access to capital, as well as strong relationships with end-user customers, vendors, and financial institutions.

As ECN Capital continues to view the specialty finance business broadly, the Corporation anticipates its competitors to include private equity-backed asset managers, loan originators and specialty finance subsidiaries of large North American public companies and major financial institutions. In the Home Improvement Finance and Manufactured Housing Finance verticals, ECN Capital's strategy is to partner with financial institutions within those spaces in order to mitigate being involved in direct competition for customers with such entities.

ECN Capital will compete in the markets covered by its business verticals on a transaction-by-transaction and fund-by-fund basis through its deep knowledge of asset values acquired through multiple business cycles, its ability to provide superior loan portfolio servicing capabilities, and its deep relationships with its established network of bank funding partners as well as the institutional investors that are known to participate in the relevant funding structures.

Funding Model

The Corporation's primary sources of liquidity are: (i) cash flows from operating activities; (ii) the secured borrowing facilities; (iii) funding commitments from an established network of banks and credit unions; and (iv) equity. The Corporation's primary use of cash is the funding of finance receivables, equipment under operating leases and the funding of working capital. The Corporation manages its capital resources by utilizing the financial leverage available under its term funding and revolving facilities, selling loans that it originates to its funding partners and, when additional capital is required, the Corporation has access to capital through the issuance of convertible debt, preferred or common shares. The Home Improvement Finance and Manufactured Housing Finance segments have commitments in place to fund their total budgeted loan originations in 2018.

Various factors influence funding decisions, including the size, duration and character of the underlying assets to be financed, and any limitations imposed by the sources of capital, including, in some cases, obligor type and asset-based concentration limits. ECN Capital's funding strategies outlined below are not rigid and are subject to being changed as conditions warrant. An important liquidity measure for ECN Capital is its ability to maintain diversified funding sources to support its operations. ECN Capital also ensures match funding on both a duration and interest rate basis for its secured funding arrangements. For additional information regarding the Corporation's funding sources, see ECN Capital's consolidated, audited, financial statements for the year ended December 31, 2017 (the "2017 Financial Statements") and the accompanying annual management discussion and analysis (the "2017 MD&A"). The 2017 Financial Statements and 2017 MD&A are available on SEDAR at www.sedar.com.

Employees

As of December 31, 2017, ECN Capital had 524 employees in the U.S. and Canada, comprised of 52 corporate head office employees and 472 employees in its operational subsidiaries. None of ECN Capital's employees are represented by a collective bargaining agreement and ECN Capital has never experienced any work stoppages. ECN Capital has employment, non-solicitation and non-competition agreements with each of its senior executives and originators. ECN Capital considers its relations with its employees to be strong and views its employees as an important competitive advantage. Historically, ECN Capital has been successful in retaining its key employees including members of its senior management team. ECN Capital's senior management team has an in depth knowledge of equipment and other asset finance, and of the financial services industry, in general. ECN Capital's senior management experience is augmented with strong senior management teams in its operating companies.

DIVIDENDS

The declaration and payment of dividends is at the sole discretion of the Corporation's Board of Directors (the "Board") and may vary depending on a variety of factors and conditions. The Board reviews ECN Capital's dividend policy periodically in the context of the Corporation's earnings, financial condition and other relevant factors. See "*Risk Factors*".

Common Share Dividends

Quarterly dividends of $0.01 per Common Share were paid on April 14, July 14, October 13, 2017 and January 15, 2018 to Shareholders of record on the close of business on March 31, June 30, September 29 and December 29, 2017, respectively. On February 28, 2018, the Corporation announced a cash dividend in the amount of $0.01 per Common Share payable on April 13, 2018 to Shareholders of record as of March 30, 2018.

Preferred Share Dividends

Under the terms of the Series A Shares, the holders thereof are entitled to receive fixed, cumulative, preferential, cash dividends, if, as and when declared by the Board, from the date of issuance (being December 2, 2016) up to, but excluding, December 31, 2021 payable quarterly on the last business day of March, June, September and December of each year at an annual rate of $1.625 per share. Quarterly dividends of $0.40625 per Series A Share were paid on March 31, June 30, October 2, 2017 and January 2, 2018 to shareholders of record on the close of business on March 20, June 19, September 18, and December 18, 2017, respectively. On February 28, 2018, the Corporation declared a quarterly dividend of $0.40625 per outstanding Series A Share payable on April 2, 2018 to shareholders of record on the close of business on March 19, 2018.

Under the terms of the Series C Shares, the holders thereof are entitled to receive fixed, cumulative, preferential, cash dividends, if, as and when declared by the Board. from the date of issuance (being May 25, 2017) up to, but excluding, June 30, 2022 payable quarterly on the last business day of September, December, March and June of each year at an annual rate of $1.5625 per share. A quarterly dividend of $0.54795 per Series C Share was paid on October 2, 2017 to shareholders of record on the close of business on September 18, 2017 and a quarterly dividend of $0.390625 per Series C Share was paid on January 2, 2018 to shareholders of record on the close of business on December 18, 2017. On February 28, 2018, the Corporation declared a quarterly dividend of $0.390625 per outstanding Series C Share payable on April 2, 2018 to shareholders of record on the close of business on March 19, 2018.

DESCRIPTION OF SHARE CAPITAL

General

The authorized capital of ECN Capital consists of an unlimited number of Common Shares and an unlimited number of Preferred Shares, issuable in series. As at March 14, 2018, there were 362,107,920 Common Shares issued and outstanding, 4,000,000 Series A Shares issued and outstanding, nil Series B Shares issued and outstanding, 4,000,000 Series C Shares issued and outstanding, and nil Series D Shares issued and outstanding. The following is a summary of the rights, privileges, restrictions and conditions attaching to the Common Shares and the Preferred Shares.

Common Shares

Each Common Share entitles the holder to (a) one vote at all meetings of Shareholders (except meetings at which only holders of a specified class of shares are entitled to vote), (b) receive, subject to the holders of another class of shares having priority, any dividend declared by ECN Capital, and (c) receive, subject to the rights of the holders of another class of shares having priority, the remaining property of ECN Capital upon the liquidation, dissolution, or winding up, of ECN Capital, whether voluntary or involuntary.

Preferred Shares

The Preferred Shares of ECN Capital may at any time and from time to time be issued in one or more series. The Board may fix, before the issuance thereof, the number of preferred shares of each series, the designation, rights, privileges, restrictions and conditions attaching to the Preferred Shares of each series, including, without limitation, any voting rights, any right to receive dividends (which may be cumulative or non-cumulative, variable or fixed) or the means of determining such dividends, the dates of payment thereof, any terms and conditions of redemption or purchase, any conversion rights, and any rights on the liquidation, dissolution or winding-up of ECN Capital, any sinking fund or other provisions, the whole to be subject to the issuance of a certificate of amendment setting forth the designation, rights, privileges, restrictions and conditions attaching to the Preferred Shares of the applicable series.

The Preferred Shares of each series shall, with respect to the payment of dividends and the distribution of assets in the event of the liquidation, dissolution or winding up of ECN Capital, whether voluntary or involuntary, rank in parity with the Preferred Shares of every other series and be entitled to preference over the Common Shares. If any amount of cumulative dividends (whether or not declared) or declared, non-cumulative, dividends or any amount payable on any such distribution of assets constituting a return of capital in respect of the Preferred Shares of any series is not paid in full, the preferred shares of such series shall participate rateably with the Preferred Shares of every other series in respect of all such dividends and amounts.

Series A Shares and Series B Shares

The holders of Series A Shares are entitled to receive fixed, cumulative, preferential, cash dividends at an annual rate of $1.625 per share, payable quarterly on the last business day of March, June, September and December of each year, if, as and when declared by the Board, for the initial fixed-rate period to, but excluding, December 31, 2021. The dividend rate will reset on December 31, 2021 and every five years thereafter at a *per annum* rate equal to the sum of the then five-year Government of Canada bond yield, plus 5.44%; provided that, in any event, such dividend rate shall not be less than 6.50% *per annum*. In the event of liquidation, dissolution or winding up of ECN Capital, the holders of Series A Shares shall be entitled to receive $25.00 per Series A Share, together with an amount equal to all accrued and unpaid dividends up to, but excluding, the date of payment or distribution (less any amounts deducted or withheld to pay applicable taxes), before any amount is paid, or any assets of the Corporation are distributed, to the holders of any shares ranking junior in right as to capital to the holders of the Series A Shares.

The Series A Shares are redeemable by ECN Capital, in whole or in part, at its option, on December 31, 2021 and on December 31 of every fifth year thereafter at a price of $25.00 per share, together with all accrued and unpaid dividends thereon up to, but excluding, the date fixed for redemption (less any amounts deducted or withheld to pay applicable taxes). Subject to ECN Capital's right to redeem the Series A Shares (as described in the preceding sentence), the holders of Series A Shares have the right to convert their shares into Series B Shares, subject to certain conditions, on December 31, 2021 and on December 31 of every fifth year thereafter. The holders of Series B Shares will be entitled to receive floating-rate, cumulative, preferential, cash dividends payable quarterly on the last business day of March, June, September and December of each year, if, as and when declared by the Board, at a *per annum* rate equal to the sum of the then 90-day Government of Canada treasury bill rate, plus 5.44%; provided that, in any event, such dividend rate shall not be less than 6.50% *per annum*, and will have the right to convert their Series B Shares into Series A Shares, subject to certain conditions, on December 31, 2026 and on December 31 every five years thereafter. Each Series B Share is redeemable by ECN Capital, in whole or in part, at its option, on any date after December 31, 2021, for a payment in cash to holder thereof in the amount of: (a) $25.00, in the case of redemptions on December 31, 2026 and on December 31 every five years thereafter (each a "Series B Redemption Date"), or (b) $25.50, in the case of redemptions on any date which is not a Series B Redemption Date after December 31, 2021, in each case, together with all accrued and unpaid dividends thereon up to, but excluding, the date fixed for redemption (less any amounts deducted or withheld for the payment of applicable taxes).

Series C Shares and Series D Shares

The holders of Series C Shares are entitled to receive fixed, cumulative, preferential, cash dividends at an annual rate of $1.5625 per share, payable quarterly on the last business day of March, June, September and December in each year, if, as and when declared by the Board, for the initial fixed rate period to, but excluding, June 30, 2022. The dividend rate will reset on June 30, 2022 and every five years thereafter at a *per annum* rate equal to the sum of the then five-year Government of Canada bond yield, plus 5.19%; provided that, in any event, such dividend rate shall not be less than 6.25% *per annum*. In the event of liquidation, dissolution or winding up of ECN Capital, the holders of Series C Shares shall be entitled to receive $25.00 per Series C Share, together with an amount equal to all accrued and unpaid dividends up to, but excluding, the date of payment or distribution (less any amounts deducted or withheld to pay applicable taxes), before any amount is paid, or any assets of the Corporation are distributed, to the holders of any shares ranking junior in right as to capital to the holders of Series C Shares.

The Series C Shares are redeemable by ECN Capital, in whole or in part, at its option, on June 30, 2022 and on June 30 of every fifth year thereafter at a price of $25.00 per share, together with all accrued and unpaid dividends thereon up to, but excluding, the date fixed for redemption (less any amounts deducted or withheld to pay applicable taxes). Subject to ECN Capital's right to redeem the Series C Shares as described in the preceding sentence, the holders of Series C Shares have the right to convert their shares into Series D Shares, subject to certain conditions, on June 30, 2022 and on June 30 of every fifth year thereafter. The holders of Series D Shares will be entitled to receive floating-rate, cumulative, preferential, cash dividends, payable quarterly on the last business day of March, June, September and December of each year, if, as and when declared by the Board, at a *per annum* rate equal to the sum of the then 90-day Government of Canada treasury bill rate, plus 5.19%; provided that, in any event, such dividend rate shall not be less than 6.25% *per annum*, and will have the right to convert their Series D Shares into Series C Shares, subject to certain conditions, on June 30, 2027 and on June 30 every five years thereafter. Each Series D Share is redeemable by ECN Capital, in whole or in part, at its option, on any date after June 30, 2022, for a payment in cash to the holder thereof in the amount of: (a) $25.00, in the case of redemptions on June 30, 2027 and on June 30 every five years thereafter (each a "Series D Redemption Date"), or (b) $25.50, in the case of redemptions on any date which is not a Series D Redemption Date after June 30, 2022, in each case together with all accrued and unpaid dividends thereon up to, but excluding, the date fixed for redemption (less any amounts deducted or withheld to pay applicable taxes).

RATINGS

The following credit rating information is being provided as it relates generally to the Corporation's cost of capital, liquidity and operations. More specifically, credit ratings impact the Corporation's ability to obtain short-term and long-term financing and can affect the cost of such financing.

DBRS

On October 3, 2016, following completion of the Separation Transaction, DBRS assigned ECN Capital an issuer rating of "BBB (low)" with a stable outlook and a rating of "Pfd-3 (low)" to the Series A Shares. On May 15, 2017, DBRS assigned a rating of "Pfd-3 (low)" to the Series C Shares. On February 22, 2017, following the announcement of the sale of the U.S. C&V Business, DBRS affirmed ECN Capital's issuer rating of "BBB (low)" with a stable outlook. On June 8, 2017, following the announcement of the Corporation's acquisition of Service Finance, DBRS affirmed ECN Capital's issuer rating of "BBB (low)" with a stable outlook. On October 26, 2017, following the announcement of the Corporation's acquisition of Triad Financial Services, DBRS affirmed ECN Capital's issuer rating of "BBB (low)" with a stable outlook. On October 31, 2017, DBRS confirmed the Long Term Issuer Rating of the Corporation at "BBB (low)" with a stable outlook following the announcement of the sale of the CDN C&V Business. On January 24, 2018, DBRS confirmed the Long-Term Issuer Rating of the Corporation at "BBB (low)" with a stable outlook.

DBRS has different rating scales for corporate ratings and preferred shares. DBRS' rating approach is based on a combination of quantitative and qualitative considerations. The following descriptions have been sourced from information made publicly available by DBRS.

The DBRS corporate rating analysis begins with an evaluation of the fundamental creditworthiness of the issuer, which is reflected in an "issuer rating". Issuer ratings address the overall credit strength of the issuer, and the scale ranges from "AAA" (highest credit quality) to "D" (very highly speculative) categories. "BBB" is the fourth-highest of ten DBRS categories. Unlike ratings on individual securities or classes of securities, issuer ratings are based on the entity itself and do not include consideration for security or ranking. An issuer rating of "BBB (low)" means that the issuer has adequate credit quality, that the issuer's capacity for the payment of financial obligations is considered acceptable, and that the issuer may be vulnerable to future events. With the exception of the "AAA" and "D" categories, DBRS also uses "high" or "low" designations to indicate the relative standing of an issuer within a particular rating category, while the absence of either a "high" or "low" designation indicates the rating is in the middle of the category.

The DBRS preferred share rating scale is used in the Canadian securities market and is meant to give an indication of the risk that a borrower will not fulfill its full obligations in a timely manner, with respect to both dividend and principal commitments. The scale ranges from "Pfd-1" (superior credit quality) to "D" (default) and each rating category is denoted by the subcategories "high" and "low". The absence of either a "high" or "low" designation indicates the rating is in the middle of the category. "Pfd-3" is the third-highest of six DBRS categories. Preferred shares rated "Pfd-3 (low)" are of adequate credit quality, and while protection of dividends and principal is still considered acceptable, the issuing entity is more susceptible to adverse changes in financial and economic conditions, and there may be other adverse conditions present which detract from debt protection. "Pfd-3 (low)" ratings generally correspond with companies whose senior bonds are rated in the higher end of the BBB category.

Rating trends provide guidance in respect of DBRS' opinion regarding outlook for the rating in question. A "stable" trend indicates that a rating is not likely to change.

KBRA Rating

On October 3, 2016, following completion of the Separation Transaction, KBRA assigned an issuer rating of “BBB” to the Corporation with a “stable outlook”. On February 21, 2017, following the announcement of the sale of the U.S. C&V Business, KBRA affirmed ECN Capital’s issuer rating of “BBB” with a “stable outlook”. The following descriptions have been sourced from information made publicly available by KBRA. On June 9, 2017, following completion of the Service Finance Acquisition, KBRA confirmed the Corporation’s “BBB” issuer rating with a stable outlook. On August 9, 2017 KBRA confirmed the Corporation’s “BBB” issuer rating with a stable outlook following the Corporation sale of 1.49 billion of its railcar assets. On October 27, 2017, following completion of the acquisition of Triad, KBRA confirmed the Corporation’s “BBB” issuer rating with a stable outlook. On November 3, 2017 KBRA confirmed the Corporation’s “BBB” issuer rating with a stable outlook.

KBRA’s credit ratings are on a long-term credit rating scale that ranges from “AAA” to “D”, which represents the range from highest to lowest quality of rating. A “BBB” rating is the fourth-highest of KBRA’s ten rating categories. A rating of “BBB” signifies that KBRA has determined the issuer to be of medium quality with some risk of loss due to credit-related events. Issuers and obligations in this category may experience credit losses during stress environments**.** KBRA may append “+” or “-” modifiers to ratings in the “AA” through “CCC” range to indicate, respectively, lower and upper risk levels within the broader category, KBRA may also assign rating outlooks, which take on the following four states: “positive”, “negative”, “stable” and “developing”.

KBRA’s credit ratings are intended to reflect both the probability of default and severity of loss in the event of default, with greater emphasis on probability of default at higher rating categories. For obligations, the determination of expected loss severity is, among other things, a function of the seniority of the claim. Generally speaking, issuer-level ratings assume a loss severity consistent with a senior unsecured claim.

General

A rating is not a recommendation to buy, sell, or hold securities and may be subject to revision or withdrawal at any time by the rating organization. Credit ratings may not reflect the potential impact of all risks on the value of securities. The Corporation cannot know for certain that a rating will remain in effect for any given period of time or that a rating agency will not revise or withdraw it entirely in the future.

The Corporation paid customary fees to the rating agencies noted above in connection with the above-mentioned ratings.

MARKET FOR SECURITIES

The following tables report the intraday high and low prices and trading volumes for each class of issued and outstanding securities of ECN Capital listed on the TSX for the periods specified.

Common Shares

The Common Shares are currently listed on the TSX under the trading symbol "ECN". The following table sets forth the reported intraday high and low prices and the trading volume for the Common Shares on the TSX on a monthly basis for the periods indicated, as reported by the TSX.

Month	High ($)	Low ($)	Volume
2018			
March (1-19)	3.74	3.55	19,197,157
February	3.75	3.36	32,911,730
January	3.97	3.65	33,314,794
2017			
December	4.10	3.79	26,500,200
November	4.29	3.84	19,661,103
October	4.40	3.83	22,790,690
September	4.05	3.70	22,633,594
August	4.03	3.72	19,750,702
July	4.06	3.84	15,290,402
June	4.11	3.47	30,048,081
May	3.93	3.00	32,720,596
April	3.84	3.54	23,652,084
March	3.70	3.37	35,481,209
February	3.70	2.97	43,795,735
January	3.30	3.03	28,943,089

Series A Shares

The Series A Shares are currently listed on the TSX under the trading symbol "ECN.PR.A". The following table sets forth the reported intraday high and low prices and the trading volume for the Series A Shares on the TSX for the periods indicated, as reported by the TSX.

Month	High ($)	Low ($)	Volume
2018			
March (1-19)	24.33	22.80	28,921
February	25.02	22.61	58,853
January	25.34	24.87	57,136
2017			
December	25.49	24.78	46,608
November	25.50	24.67	53,920
October	24.90	24.50	61,769
September	24.94	24.45	36,168
August	24.95	24.40	39,833
July	24.90	24.15	77,361
June	24.99	23.89	149,355
May	25.97	22.92	218,085
April	26.00	25.11	404,658
March	25.32	24.73	397,754
February	24.94	24.25	293,638
January	24.41	23.88	315,810

Series C Shares

The Series C Shares are currently listed on the TSX under the trading symbol "ECN.PR.C". The following table sets forth the reported intraday high and low prices and the trading volume for the Series A Shares on the TSX since trading began on May 25, 2017 up to March 19, 2018, as reported by the TSX.

Month	High ($)	Low ($)	Volume
2018			
March (1-19)	22.11	20.30	66,460
February	23.75	20.80	132,080
January	23.96	23.71	61,426
2017			
December	24.00	23.41	118,253
November	23.95	23.52	101,972
October	23.70	23.35	111,840
September	23.90	23.00	126,006
August	23.50	22.79	210,090
July	23.76	22.95	229,213
June	24.00	23.26	388,246
May	24.75	23.25	316,035

DIRECTORS AND EXECUTIVE OFFICERS

The following table sets forth the full name, province or state and country of residence and principal occupations for each director of the Corporation as of the date hereof. Each director is elected at the annual meeting of Shareholders or appointed pursuant to the provisions of the Corporation's by-laws and applicable laws to serve until the next annual meeting or until a successor is elected or appointed, subject to earlier resignation by the director.

Directors

Name and Province/State and Country of Residence	Director Since	Principal Occupation
William Lovatt (1), (2), (3) Winnipeg, Manitoba, Canada	2016	Chairman of the Board; Chairman of the board of directors of Element from March 2015 to October 2016; former Executive Vice-President and Chief Financial Officer of Great-West Lifeco Inc., The Great-West Life Assurance Company, London Life Insurance Company and The Canada Life Assurance Company from 1997 to 2015 (35-year career with Great-West Life).
Steven Hudson (3), (7) Florida, U.S.A.	2016	Chief Executive Officer of ECN Capital since October 2016; Chief Executive Officer of Element from March 2011 to October 2016; previously Chief Executive Officer of Cameron Capital Corporation from 2005 to 2010; founder and former CEO of Newcourt Credit Group Inc.
Carol Goldman (2) Missouri, U.S.A.	2017	Executive Vice President and Chief Administrative Officer of Centene Corporation; previously held senior positions at Mallinckrodt Inc. until August 2001.
Pierre Lortie (3), (6), (7) St. Lambert, Québec, Canada	2016	Senior Business Advisor at Dentons LLP, an international law firm; previously director of Element from August 2011 to October 2016; director of Canam Group and Quest Rare Minerals Ltd.; previously held senior executive positions at Bombardier until December 2003, including President of each of Bombardier Transportation, Bombardier Capital, Bombardier International and Bombardier Aerospace, Regional Aircraft.
David Morris (1),(4) Beaconsfield, Québec, Canada	2016	Former partner at Deloitte & Touche LLP, an international accounting firm, after serving over 41 years with the firm (Retired).
Bradley Nullmeyer (3) Toronto, Ontario, Canada	2016	Previously the Chief Executive Officer of EFN from October 2016 to February 2018; President of Element from 2012 until October 2016; previously the Co-Chief Executive Officer of OTEC Research from 2007 to 2012 and co-founder of Newcourt with lead responsibility for acquisitions, vendor finance programs and joint ventures and President of Vendor Finance for CIT Group Inc.
Paul Stoyan (2), (5) Toronto, Ontario, Canada	2016	Chairman of Gardiner Roberts LLP, a Canadian law firm; prior to the Separation Transaction, a director of Element.
Donna Toth (1) Toronto, Ontario, Canada	2017	Corporate Director of LOGiQ Asset Management Inc. since December 2016, and serves on the board and committees of Children's Aid Foundation since September 2013; Ms. Toth was the Managing Director of Global Equity Sales, Scotia Capital Inc. from December 2009 to May 2016.

Notes:
(1) Member of the Audit Committee.
(2) Member of the Compensation and Corporate Governance Committee.
(3) Member of the Credit and Risk Committee.
(4) Chair of the Audit Committee.
(5) Chair of the Compensation and Corporate Governance Committee.
(6) Chair of the Credit and Risk Committee.
(7) Steven Hudson was a director of Herbal Magic Inc. which was deemed to have made an assignment in bankruptcy pursuant to the provisions of the *Bankruptcy and Insolvency Act* (Canada) (the "BIA") in August, 2014 and Mr. Hudson was a director until March 18, 2015 of 8942595 Canada Inc., the successor business to Herbal Magic Inc., which made a voluntary assignment into bankruptcy on August 17, 2015. Pierre Lortie who until June 2015 was Chairman of Biocean Canada Inc. which, on October 10, 2014, filed a Notice of Intention to make a proposal under the BIA.

Executive Officers

Name and Province/State and Country of Residence	Principal Occupation
Steven Hudson Florida, U.S.A.	Chief Executive Officer of ECN Capital since October 2016; previously Chief Executive Officer of Element from March 2011 to October 2016; previously Chief Executive Officer of Cameron Capital Corporation from 2005 to 2010; founder and former CEO of Newcourt Credit Group Inc.
Jim Nikopoulos Toronto, Ontario, Canada	President of ECN Capital since May 2017; Chief Operating Officer of ECN Capital from October 2016 to May 2017; previously Senior Vice President, General Counsel and Corporate Secretary of Element from September 2013 until October 2016; previously Senior Vice President and General Counsel and former chairman of the board of directors of TeraGo Inc.; previously a partner at Davies Ward Phillips and Vineberg LLP.
Grier Colter (1) Toronto, Ontario, Canada	Chief Financial Officer of ECN Capital since March 2017; prior to joining ECN Capital, Vice President and Treasurer of Canadian Tire Corporation and Chief Financial Officer of Uranium One Inc.; previously held senior level positions at Barrick Gold Corporation and Moneris Solutions Corporation.
Loreto Grimaldi(2) Toronto, Ontario, Canada	Senior Vice President, General Counsel and Corporate Secretary since April 2017; prior to joining ECN Capital, Senior Vice President, General Counsel and Secretary and was appointed Executive Vice President and Chief Legal Officer of Waste Connections, Inc. (formerly, Progressive Waste Solutions Ltd.); previously the Chief Operating Officer and General Counsel at MedAvail Technologies Inc.

Notes:
(1) On March 7, 2017, the Corporation appointed Grier Colter as Chief Financial Officer of ECN Capital, replacing Michel Béland who retired from the Corporation on March 7, 2017.
(2) Mr. Grimaldi was the Chief Legal Officer, General Counsel and Secretary of PCAS Patient Care Automation Services Inc. (and its subsidiaries) when it filed for protection under the *Companies' Creditors Arrangement Act* on March 23, 2012.

Voting Securities

As at March 14, 2018, the directors and officers of ECN Capital as a group owned, or controlled or directed, directly or indirectly 16,361,278 Common Shares, representing approximately 4.52% of the issued and outstanding Common Shares as of that date.

Conflicts of Interest

Certain directors and executive officers of ECN Capital are officers and directors of, or are associated with, other public and private companies. Such associations may give rise to conflicts of interest with ECN Capital from time to time. The OBCA requires, among other things, that the directors and executive officers of ECN Capital act honestly and in good faith with a view to the best interest of ECN Capital, to disclose any personal interest which they may have in any material contract or transaction which is proposed to be entered into with ECN Capital and, in the case of directors, to abstain from voting as a director for the approval of any such contract or transaction. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the OBCA.

As at the date hereof, the Corporation is not aware of any existing or potential material conflicts of interest between the Corporation and a director or officer of the Corporation.

PROMOTER

Under applicable Canadian securities laws, EFN may have previously been considered a promoter of ECN Capital within the meaning of applicable securities legislation, within the two most recently completed financial years, in that EFN took the initiative in founding ECN Capital for the purpose of implementing the Separation Transaction.

Upon completion of the Separation Transaction, EFN did not beneficially own, control or direct, directly or indirectly, any voting or other equity securities of ECN Capital or its subsidiaries, and as of the date hereof, to the knowledge of ECN, EFN does not beneficially own, control or direct, directly or indirectly, any such securities.

ECN Capital believes that EFN is no longer considered a promoter of ECN Capital within the meaning of applicable securities legislation, given that, among other things, since completion of the Separation Transaction: (i) EFN has no involvement or control over ECN Capital's board of directors, management or activities, (ii) EFN has no involvement in decision-making or on-going management of the ECN Capital's business or operations and (iii) EFN does not (and has not since completion of the Separation Transaction) own, control or direct any voting or other equity securities of ECN Capital or its subsidiaries.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

To the knowledge of ECN Capital, except as otherwise disclosed elsewhere in this Annual Information Form, no director or executive officer of ECN Capital and no person or company that beneficially owns, controls or directs, directly or indirectly, more than 10% of the outstanding securities ECN Capital and no associate or affiliate of any of the foregoing persons or companies, has or has had any material interest, direct or indirect, in any transaction within its three most recently completed financial years that has materially affected or is expected to materially affect ECN Capital or its subsidiaries.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

In the ordinary course of business, ECN Capital and certain of its subsidiaries are party to legal proceedings, including as plaintiffs in routine legal actions. ECN Capital believes that each such proceeding constitutes a routine legal matter incidental to the businesses conducted by ECN Capital or its subsidiaries. Although ECN Capital cannot determine the ultimate outcome of any outstanding claims, based on its current knowledge, ECN Capital does not expect that the ultimate disposition of any of these proceedings will have a material adverse effect on its consolidated earnings, cash flow or financial position.

During the financial year ended December 31, 2017: (a) there have been no penalties or sanctions imposed against ECN Capital by a court relating to securities legislation or by a securities regulatory authority; (b) there have been no other penalties or sanctions imposed by a court or regulatory body against ECN Capital that would likely be considered important to a reasonable investor in making an investment decision; and (c) ECN Capital has not entered into any settlement agreements before a court relating to securities legislation or with a securities regulatory authority.

TRANSFER AGENT AND REGISTRAR

The Common Shares and Preferred Shares are transferable at the principal offices of the Corporation's transfer agent, registrar and dividend disbursing agent, Computershare Investor Services Inc. in Toronto, Ontario.

INTEREST OF EXPERTS

Ernst & Young LLP is ECN Capital's external auditor. Ernst & Young LLP has advised that it is independent with respect to ECN Capital within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

AUDIT COMMITTEE INFORMATION

The audit committee of the Board (the "Audit Committee") is responsible for overseeing the accounting and financial reporting practices of the Corporation, the audits of the Corporation's financial statements, establishing and overseeing of any internal audit function and exercising the responsibilities and duties set out in the mandate of the Audit Committee. The members of the Audit Committee are David Morris (Chair), William Lovatt and Donna Toth. Each member of the Audit Committee is independent (as defined in National Instrument 52-110 – *Audit Committees* ("NI 52-110")) and no member of the Audit Committee receives, directly or indirectly, any compensation from ECN Capital other than for service as a member of the Board and its committees. All members of the Audit Committee are financially literate (as defined under NI 52-110). The full text of the mandate of the Audit Committee is attached as Appendix "A" to this Annual Information Form.

Composition of the Audit Committee

In addition to each member's general business experience, the education and experience of each Audit Committee member that is relevant to the performance of his or her responsibilities as an Audit Committee member is as follows:

David Morris

Mr. Morris retired as a senior audit partner at Deloitte LLP after serving over forty-one years with the firm, and was appointed to ECN Capital's Board in October 2016. He has extensive experience auditing global financial institutions and public companies. Mr. Morris has worked closely with audit committees on a number of special engagements including those relating to mergers and acquisitions, regulatory reporting, due diligence and accounting for complex transactions. Mr. Morris also has a strong background with U.S. Securities and Exchange Commission registrants, including internal controls over financial reporting. Mr. Morris has acted as an advisor to senior management and directors throughout his career. Mr. Morris is a graduate of McGill University.

William Lovatt

Mr. Lovatt brings with him forty years of investment and senior management expertise. Mr. Lovatt is one of Canada's most respected financial services executives having served as Executive Vice President and Chief Financial Officer of Great-West Lifeco Inc., Great-West Life Assurance Company, London Life Insurance Company and Canada Life Assurance Company. Mr. Lovatt is the Chairman of the Board and is a member of the board of directors of EFN and serves as a member of the Audit Committee, the Compensation and Corporate Governance Committee and the Credit and Risk Committee of the Board. Mr. Lovatt previously served as Chairman of the board of directors of EFN. He joined Great West-Life in 1979, serving in various positions in the insurer's investments department prior to being appointed Chief Financial Officer. Mr. Lovatt served as a member of the Accounting Standards Oversight Council from 2000 to 2008 and in 2009, following the global financial crisis, was asked to serve the Canadian Government on the Department of Finance's Advisory Committee on Liquidity in the Financial Markets. Mr. Lovatt received his Bachelor of Commerce (Hons.) degree from the University of Saskatchewan in 1975, his Chartered Financial Analyst designation in 1983 and became a Fellow Certified General Accountant in 2003.

Donna Toth

Ms. Toth has been a Corporate Director of LOGiQ Asset Management Inc. since December 2016, and has been a director of the Children's Aid Foundation ("CAF") since September 2013. She was appointed to ECN Capital's Board in April 2017 and serves as a member of the ECN Capital Audit Committee. She sits on the Audit Committee and Governance, Nomination and Compensation Committee for LOGiQ Asset Management Inc. She has been a member of the CAF Finance and Audit Committee since September 2014, Chair of the CAF Investment Committee and member of the CAF Executive Committee since September 2016 and a member of the CAF Campaign Leadership Council since February 2013. Ms. Toth was the Managing Director of Global Equity Sales, Scotia Capital Inc. from December 2009 to May 2016. Ms. Toth is a graduate of Wilfrid Laurier University.

Pre-Approval Policies and Procedures

The Audit Committee adopted requirements regarding pre-approval of non-audit services as part of its Audit Committee Mandate. The Audit Committee Mandate requires that the Audit Committee must approve in advance any retainer of the auditors to perform any non-audit service for ECN Capital (together with all non-audit service fees) that it deems advisable in accordance with applicable requirements and Board-approved policies and procedures. The Audit Committee must consider the impact of such service and fees on the independence of the auditor. The Audit Committee may delegate pre-approval authority to a member of the Audit Committee; however, the decisions of any member of the Audit Committee to whom this authority has been delegated must be presented to the full Audit Committee at its next scheduled Audit Committee meeting.

Audit Fees

Ernst & Young LLP serves as the Corporation's auditing firm. Fees payable by ECN Capital for the fiscal years ended December 31, 2017 and December 31, 2016 to Ernst & Young LLP and its affiliates were approximately $1.6 million and $1.0 million respectively, as follows:

	2017	**2016**
Audit Fees	$889,000	$942,000
Audit-Related Fees	$276,000	$55,000
Tax Fees	$446,000	$Nil
Other Fees	$Nil	$Nil
TOTAL	$1,611,000	$997,000

The nature of each category of fees is described below.

Audit Fees

Audit fees were paid for professional services rendered by the auditor in connection with the audit of ECN Capital's annual financial statements for the years ended December 31, 2017 and December 31, 2016. In addition, audit fees were paid for services provided in connection with translation services and statutory and regulatory filings.

Audit-Related Fees

Audit-related fees were paid for services that are reasonably related to the performance of the audit or review of ECN Capital's financial statements and are not reported under the audit fee items above. Audit-related fees in 2017 and 2016 related to agreed-upon procedures engagements associated with certain secured borrowing arrangements.

MATERIAL CONTRACTS

Except for those contracts entered into in the ordinary course of business, the only material contract ECN Capital entered into within the most recently completed financial year, or prior to the most recently completed financial year that is still in effect is the securities purchase agreement dated June 7, 2017 among ECN (US) Holdings Corp., ECN Platinum LLC and Service Finance relating to the acquisition of Service Finance. (see "*General Development of the Business – Strategic Transactions*"). A copy of such material contract is available under ECN Capital's profile on SEDAR at www.sedar.com.

RISK FACTORS

An investment in the securities of ECN Capital involves significant risks. Investors should carefully consider the risks described below before deciding to purchase ECN Capital's securities. If any of the following or other risks occurs, ECN Capital's businesses, prospects, financial condition, results of operations and cash flows could be materially adversely impacted. In addition, a discussion of risks affecting ECN Capital and its businesses appears under the heading "*Risk Management*" in the 2017 MD&A, which discussions are incorporated by reference herein.

Risks Relating to ECN Capital's Business

Global financial markets and general economic conditions may adversely affect ECN Capital's results

ECN Capital is exposed to local, regional, national and international economic conditions and other events and occurrences beyond its control, including, but not limited to, the following: credit and capital market volatility, business investment levels, government spending levels, consumer spending levels, changes in laws, rules or regulations, trade barriers, commodity prices, currency exchange rates and controls, national and international political circumstances (including wars, terrorist acts or security operations), changes in interest rates, inflation rates, the rate and direction of economic growth, and general economic uncertainty. Unfavourable economic conditions could affect the jurisdictions in which ECN Capital owns assets and operates businesses, and may cause a reduction in: (a) securities prices, (b) the liquidity of investments made by ECN Capital, (c) the value or performance of the investments made by ECN Capital, and (d) the ability of ECN Capital to raise or deploy capital, each of which could adversely impact ECN Capital's financial condition.

In general, a decline in economic conditions, either in the markets or industries in which ECN Capital participates, or both, will result in downward pressure on its operating margins and asset values as a result of lower demand and increased price competition for the services and products that ECN Capital provides. If global economic conditions deteriorate, ECN Capital's investment performance could suffer, resulting in, decreased cash flow from operations, which could materially adversely affect ECN Capital's liquidity position and the amount of cash it has on hand to conduct its operations. A reduction in ECN Capital's cash flow from operations could, in turn, require ECN Capital to rely on other sources of capital (such as the capital markets which may not be available to ECN Capital on acceptable terms, or debt and other forms of capital). Adverse economic conditions also may decrease the estimated value of the collateral securing some of ECN Capital's loans and leases. Further or prolonged economic slowdowns or recessions could lead to financial losses in ECN Capital's portfolio and a decrease in ECN Capital's net finance income, net income and book value. Any of these events, or any other events caused by turmoil in world financial markets, may have a material adverse effect on ECN Capital's businesses, operating results, and financial condition.

Moreover, a reduction in credit, combined with reduced economic activity, may materially adversely affect businesses and industries that collectively constitute a significant portion of ECN Capital's customer base and may make it more difficult for ECN Capital to maintain new business origination and the credit quality of new business at the levels currently forecasted. As a result, these customers may need to reduce their purchases and reliance on ECN Capital's services, or ECN Capital may experience greater difficulty in receiving payment for its services. Delinquencies, non-accruals and credit losses generally increase during economic slowdowns or recessions. Therefore, to the extent that economic and business conditions are unfavourable, ECN Capital's non-performing assets may become elevated and the value of ECN Capital's portfolio may decrease.

Lack of funding may limit ECN Capital's ability to operate and/or generate returns

ECN Capital employs debt and other forms of financial leverage in the ordinary course of business to enhance returns and finance operations. ECN Capital attempts to match the profile of the funding of its assets to the profile of the associated assets and, therefore, is subject to the risks associated with debt financing and refinancing, including but not limited to the following: (a) ECN Capital's cash flow may be insufficient to meet required payments of principal and interest; (b) payments of principal and interest on borrowings may leave ECN Capital with insufficient cash resources to pay operating expenses; (c) if ECN Capital is unable to obtain committed debt financing for potential acquisitions, or can only obtain debt at an increased interest rate, or on unfavourable terms, ECN Capital may have difficulty completing acquisitions or may generate profits that are lower than would otherwise be the case; (d) ECN Capital may not be able to refinance debt at its maturity, due to company and market factors such as the estimated cash flow produced by its assets, the value of its assets, liquidity in the capital markets, and/or financial, competitive, business and other factors; and (e) if ECN Capital is unable to refinance its assets in the ordinary course, the terms of a refinancing may not be as favourable as the original terms of the related indebtedness. If ECN Capital is unable to refinance its indebtedness on acceptable terms, or at all, ECN Capital may need to utilize available liquidity, which would reduce its ability to pursue new investment opportunities, or may require the disposal of certain of its assets on disadvantageous terms, or raise equity, causing dilution to existing Shareholders. Unforeseen regulatory changes may also result in higher borrowing costs and reduced access to credit.

A large proportion of ECN Capital's capital may be invested in physical assets and securities that can be hard to sell, especially if market conditions are poor. A lack of liquidity could limit ECN Capital's ability to vary the composition of its portfolios or assets promptly in response to changing economic or investment conditions.

Inability to attract and retain employees may limit ECN Capital's ability to grow its businesses

If ECN Capital is not able to attract and retain top employees, its ability to compete may be harmed. ECN Capital's success is also highly dependent on its continuing ability to identify, hire, train, retain and motivate highly-qualified management, technical, sales and marketing personnel. In order to grow ECN Capital's businesses, ECN Capital must attract and retain qualified personnel, especially origination and credit personnel, with relationships with referral sources and an understanding of the Corporation's businesses and the industries in which ECN Capital's borrowers, lessees and other counterparties operate. In addition, in ECN Capital's effort to attract and retain critical personnel, ECN Capital may experience increased compensation costs that are not offset by either improved productivity or higher prices for ECN Capital's services.

Many of the financial institutions that ECN Capital competes with for experienced personnel may be able to offer more attractive terms of employment. If any of ECN Capital's key origination personnel leave, ECN Capital's new financial asset origination volume from their business contacts may decline or cease. In addition, ECN Capital invests significant time and expense in training its employees, which increases their value to competitors who may seek to recruit them and increases the costs of replacing them. These factors may have a material adverse effect on ECN Capital's ability to grow its businesses.

Loss of key personnel may significantly harm ECN Capital's businesses

ECN Capital's performance is substantially dependent on the performance of its executive officers and key employees, including those referred to under the heading "*Directors and Executive Officers*" in this Annual Information Form. Further, ECN Capital does not maintain "key person" life insurance policies on any of its employees. The loss of the services of any of ECN Capital's executive officers or other key employees could significantly harm ECN Capital's businesses. ECN Capital provides a competitive compensation package, which includes profit sharing and medical benefits as it continuously seeks to align the interest of employees and shareholders.

A competitive business environment may limit the growth of ECN Capital's businesses

ECN Capital's market segments are highly competitive and characterized by competitive factors that vary based upon product and geographic region. ECN Capital competes with a wide variety of competitors that include leasing companies, captive finance companies owned by manufacturers and distributers, banks, brokers, and other financial asset origination and management companies.

ECN Capital's funding facilities may limit ECN Capital's operation flexibility

ECN Capital's funding arrangements, including the Senior Credit Facility and certain securitization programs, contain financial and non-financial covenants such as minimum tangible net worth requirements, debt coverage, interest coverage ratios, and change of control provisions in relation to ECN Capital. Such covenants could limit ECN Capital's ability to pursue future business opportunities and any non-compliance could give rise to an acceleration of related indebtedness, which in turn could have a material adverse effect on ECN Capital's businesses.

From time to time, ECN Capital may seek to increase its available sources of capital for various corporate purposes including to fund the future growth of ECN Capital's businesses. Since ECN Capital's financing facilities are generally collateralized and serviced by corresponding pools of income earning assets, any underperformance of such assets may result in reduced availabilities or early repayment requirements under such facilities. In such circumstances, ECN Capital would require alternative or replacement sources of capital and, if applicable, could result in ECN Capital using other available sources of capital to satisfy debt service obligations. A reduction in the availability of capital could reduce or delay ECN Capital's planned capital expenditures, or could require ECN Capital to dispose of assets, issue additional equity, incur additional debt or restructure existing debt, in each case on potentially disadvantageous terms and conditions and subject to prevailing market conditions at the relevant time. Accordingly, a loss of available funding could have a material adverse effect on ECN Capital's businesses, financial condition and results of operations.

ECN Capital is susceptible to liquidity risk

Liquidity risk is the risk that ECN Capital will not generate sufficient cash or cash equivalents in a timely and cost-effective manner to satisfy its financial obligations as they come due. Growth in ECN Capital's portfolio requires ongoing availability of capital, in various forms, sufficient to accommodate projected growth objectives.

Inability to realize benefits from growth and through acquisitions may harm ECN Capital's financial condition

ECN Capital's inability to realize the potential benefits from its growth strategy and from the integration of its acquisitions may adversely impact ECN Capital's operating results. ECN Capital's ability to realize such benefits is based on its management of growth and its integration of acquisitions and requires ECN Capital to continue to build its operational, financial and management controls, human resource policies, and reporting systems and procedures. ECN Capital's ability to manage its growth and integrate acquisitions depends in large part upon a number of factors, including the ability of ECN Capital to:

- expand ECN Capital's internal operational and financial controls significantly, so that it can maintain control over operations and provide support to other functional areas as the number of personnel and size of its businesses increase;

- attract and retain qualified personnel in order to continue to develop ECN Capital's origination platforms and provide services that respond to evolving customer and other counterparty needs;

- develop support capacity for customers as sales increase, so that ECN Capital can provide post-sale support without diverting resources from origination efforts;

- secure additional sources of capital to undertake strategic acquisitions, while implementing a continuously-prudent capital structure for ECN Capital; and

- expand its network of vendor relationships to create an enhanced presence in the evolving marketplace for ECN Capital's services.

ECN Capital's inability to achieve any of these objectives could harm its businesses, financial condition and/or results of operations.

Complications in managing acquisitions may negatively affect ECN Capital's operating results

ECN Capital intends to seek opportunities to acquire or invest in businesses that could expand, complement or otherwise relate to its existing business verticals, primarily opportunities focused on, or similar to, its Home Improvement Finance and Manufactured Housing Finance verticals. ECN Capital may also consider, from time to time, opportunities to engage in joint ventures or other business collaborations with third-parties to address particular market segments. These activities create risks such as: (a) the need to integrate and manage the businesses, operations, services, personnel and systems acquired with ECN Capital's own businesses; (b) additional demands on ECN Capital's resources, systems, procedures and controls; (c) disruption of ECN Capital's on-going businesses; (d) diversion of management's attention from other business concerns; and (e) potential for additional regulatory scrutiny.

Moreover, these transactions could involve: (a) substantial investment of funds or financings requiring the incurrence of debt or issuance of equity securities; (b) substantial investment with respect to technology transfers and operational integration; and (c) the acquisition or disposition of businesses. Also, such activities could result in one-time charges and expenses and have the potential either to dilute the interests of Shareholders, or result in the incurrence, or assumption, of debt. Such acquisitions, investments, joint ventures or other business collaborations may involve significant commitments of ECN Capital's financial and other resources. Any such activity may not be successful in generating revenue, income or other returns to ECN Capital, and the resources committed to such activities will not be available to ECN Capital for other purposes. Moreover, if ECN Capital is unable to access capital markets on acceptable terms, or at all, ECN Capital may not be able to consummate acquisitions, or may have to do so on the basis of a less than optimal capital structure.

ECN Capital's inability to take advantage of growth opportunities for its businesses (including the timely redeployment of capital following the realization of proceeds from the sale of assets) or to address risks associated with acquisitions or investments in businesses may negatively affect ECN Capital's operating results. Additionally, any impairment of goodwill or other intangible assets acquired in an acquisition or in an investment, or charges to earnings associated with any acquisition or investment activity, may materially reduce ECN Capital's earnings which, in turn, may have an adverse material effect on the price of ECN Capital's securities. If ECN Capital does complete such transactions, ECN Capital cannot be sure that such transactions will ultimately strengthen the Corporation's competitive position, or that such transactions will be viewed positively by customers, other counterparties, securities analysts or investors.

ECN Capital could be exposed to substantial tax liabilities if the tax-deferred spinoff requirements are not met

The tax treatment of the Separation Transaction is dependent on, among other things, the Separation Transaction complying with all of the requirements of the public company "butterfly reorganization" rules in section 55 of the *Income Tax Act* (Canada). Although the Separation Transaction was structured with the intent that it comply with these rules, there are certain requirements of these rules that depend on events occurring after completion of the Separation Transaction. If these requirements are not met, ECN Capital would recognize a taxable gain in respect of the Separation Transaction. If incurred, tax liabilities could be substantial and could have a material adverse effect on the financial position of ECN Capital, as applicable. No tax ruling has been requested or received from the authorities in Canada in respect of tax consequences of the Separation Transaction. In addition, if such requirements are not met due to an act or omission of ECN Capital, ECN Capital, may, in certain circumstances, be required under the arrangement agreement dated July 25, 2016, to indemnify EFN in relation to one or more aspects of the Separation Transaction.

ECN Capital's indemnification obligations to EFN following the Separation Transaction could be significant

EFN and ECN Capital each agreed to indemnify the other for certain liabilities and obligations related to, among other things, in the case of ECN Capital, the commercial finance business. These indemnification obligations could be significant. If EFN or ECN Capital has to indemnify the other for any substantial obligations, it may not be able to satisfy those obligations, and this may materially adversely affect ECN Capital's financial position.

Credit risks may lead to unexpected losses

ECN Capital's net investment in financial assets for its own account and to be held for future term funding exposes ECN Capital to credit risk. Credit risk is the risk that ECN Capital will incur an unexpected loss because its customers and counterparties fail to discharge their contractual obligations. Credit risk arises principally through ECN Capital's finance receivables that are a result of transactions within the equipment finance industry and, as such, contain an element of credit risk in the event that obligors are unable to meet the terms of their agreements. ECN Capital is exposed to credit risk as it arises from events and circumstances outside of ECN Capital's control, such as adverse economic conditions, business failure or fraud. The types of fraud to which ECN Capital is exposed generally fall into one of three primary categories: (a) vendor/dealer fraud; (b) customer fraud; and (c) employee fraud. Excessive credit losses could adversely affect ECN Capital's ability to generate and fund new financings.

In order to manage credit risk, ECN Capital operates using a clearly-identified set of policies and procedures throughout its business processes. This includes a detailed analysis of the value of applicable collateral security, the credit applicant's financial condition and ability to service the obligations at inception and throughout the term of the loan or lease. ECN Capital also manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties to financial transactions.

Credit ratings and credit risk may change

The credit ratings assigned to ECN Capital are not a comment on the market price of a security, nor are they an assessment of ownership of the Corporation's securities across various existing and prospective investors' respective objectives. There can be no assurance that any credit rating assigned to ECN Capital will remain in effect for any given period of time and ratings may be upgraded, downgraded, placed under review, confirmed or discontinued by an applicable credit ratings agency at any time. Any credit ratings assigned to ECN Capital and any real or anticipated changes in such credit ratings may affect the market value of its securities and ECN Capital's ability to obtain short-term and long-term financing and the cost at which ECN Capital can access the capital markets.

ECN Capital's provision for credit losses may prove inadequate

ECN Capital's businesses depend on the creditworthiness of its borrowers and lessees and their abilities to fulfill their obligations to ECN Capital. ECN Capital maintains a provision for credit losses that reflects management's judgment of losses inherent in the portfolio. ECN Capital periodically reviews the adequacy of its provision for credit losses considering economic conditions and trends, collateral values, and credit quality indicators, including past loss experiences, levels of past due loans, past due loan and lease migration trends, and the level of non-performing assets.

ECN Capital's reserve for credit losses may prove inadequate and ECN Capital cannot assure that its periodic provisions for credit losses will be adequate over time to cover actual credit losses in ECN Capital's portfolios because of adverse changes in the economy or events adversely affecting specific borrowers or lessees, industries, or markets. ECN Capital's reserve and periodic provisions for credit losses may not keep pace with changes in the creditworthiness of ECN Capital's borrowers and lessees, or in collateral values in respect of the loans and leases made to them. If the credit quality of ECN Capital's customer base declines, if the risk profile of a market, industry, or group of customers changes significantly, or if the markets for equipment or other collateral deteriorates significantly, any or all of which would adversely affect the adequacy of ECN Capital's reserves for credit losses, it could have a material adverse effect on ECN Capital's businesses, results of operations, and financial position.

While credit losses have been minimal to date, ECN Capital has provided and will continue to provide for credit losses based on industry-specific historical losses considering the categories, segmentation and distribution of the assets being financed and its customer base.

The collateral securing a loan or a lease may not be sufficient

While most of ECN Capital's loans and leases are secured by a lien on specified collateral, there is no assurance that ECN Capital has, in each instance, obtained, or properly perfected, such liens, or that the value of the collateral backing any particular financial asset will protect ECN Capital from suffering a partial, or complete, loss if the applicable loan or lease becomes non-performing and ECN Capital moves to exercise its remedies in respect of such collateral. In such event, ECN Capital could suffer loan or lease losses which could have a material adverse effect on its revenue, net income, financial condition and results of operations.

When underwriting collateral, ECN Capital makes an estimate of the value of the collateral under a distressed disposition. The accurate estimated realization value of a leased asset during, and at the end of, the term of a lease is a critical element to the success of any leasing business. A decrease in the market value of leased equipment at a rate greater than the rate ECN Capital projected, whether due to rapid technological or economic obsolescence, unusual wear and tear on the equipment, excessive use of the equipment, recession or other adverse economic conditions, or other factors, would adversely affect the current realization values of such leased assets.

Further, certain leased asset realization values are dependent on the manufacturers' or vendors' warranties, reputation, and other factors, including market liquidity. The degree of realization risk varies by transaction type.

Change in interest rates may adversely affect ECN Capital's financial results

Interest rate risk relates to the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates.

In order to hedge interest rate risk, ECN Capital structures its secured funding arrangements to maintain a fixed interest rate spread between the interest paid on both the term funding facilities and the revolving facilities and the interest received on the underlying originated financial assets. This fixed interest rate spread is achieved by match-funding transactions on both a durational and interest rate basis. In some instances, ECN Capital enters into interest rate swaps to manage interest rate risk.

ECN Capital does experience short-term interest rate risk on its originated financial assets during the interval between accepting the contractual rate under such newly-originated financial assets and the locking-in of the interest rate under the Corporation's funding facilities. During this time, an upward movement in Government of Canada or U.S. bond rates can negatively impact the profitability of newly-originated financial assets. In order to hedge this risk, ECN Capital monitors its cost of borrowed funds to ensure its rates on newly-originated financial assets reflect spreads adequately to insulate against sudden unexpected interest rate movements. In order to further hedge interest rate risk, ECN Capital undertakes regular financial asset securitizations to ensure its finance contracts are appropriately match-funded to its funding arrangements, thereby reducing the "warehousing period" and the likelihood that a significant movement in market interest rates will negatively impact the profitability of such transactions. ECN Capital also seeks to maintain adequate balance sheet liquidity to allow it flexibility in developing strategies of holding, versus securitizing, such financial assets.

After considering the fixed interest rate spread on the secured borrowing programs and high exposure to fixed rate finance receivables described above, ECN Capital's interest rate risk is limited to cash and restricted cash, floating rate finance receivables which are neither hedged nor part of a match-funded secured borrowing arrangement, and its Senior Credit Facility.

ECN Capital's Home Improvement Finance and Manufactured Housing Finance business segments could also be adversely affected by changes in interest rates to the extent that its bank funding partners require higher yields that cannot be passed on to the dealers/consumers it acquires the loans from. If this situation were to occur, it would have a material adverse impact on ECN Capital's operating results.

Reliance on Bank Funding Counterparties

ECN Capital's Home Improvement Finance and Manufactured Housing Finance business segments are dependant on commitments from banks and other third party financial institutions to purchase the loans that these segments originate. If the available funding commitments are not sufficient to meet the requirements of these business segments this would have a material adverse effect on ECN Capital's ability to grow its business.

Concentration of loans and leases to small- and mid-sized companies may carry greater inherent risk

ECN Capital's Rail Finance and Aviation Finance verticals include leases and loans to small- and medium-sized, privately-owned, companies, most of which do not publicly report their financial condition. Compared to larger, publicly-traded firms, leases and loans to these companies may carry greater inherent risk. The small- and mid-sized companies that ECN Capital finances through its Rail Finance and Aviation Finance verticals generally have more limited access to capital and higher funding costs, may be in a weaker financial position, may need more capital to expand or compete, and may be unable to obtain financing from mainstream capital markets or other traditional sources, such as commercial banks. Additionally, because many of ECN Capital's Rail Finance and Aviation Finance customers do not publicly report their financial condition, ECN Capital is more susceptible to a customer's misrepresentation, which could cause ECN Capital to suffer losses. The failure of a lessee or borrower accurately to report its financial condition could result in ECN Capital inadvertently entering into leases or loans that do not meet the Corporation's underwriting criteria, payment defaults, and loss of principal. Accordingly, leases and loans made to these types of counterparties involve greater risk than loans and leases made to large companies, having greater financial resources, or to individuals considered by their credit score and other factors to be "prime" or "super prime" borrowers.

ECN Capital's results are difficult to forecast and may fluctuate substantially

ECN Capital's quarterly and annual operating results are likely to fluctuate in the future. These fluctuations could cause ECN Capital's stock price to decline. In some future quarters or years, ECN Capital's financial or operating results may not meet the expectations of securities analysts and investors which could result in a decline in the price of the Common Shares. Many other different factors could cause ECN Capital's results of operations to fluctuate from quarterly and annual projections, including:

- the success of ECN Capital's origination activities, the timing of launch and market acceptance of ECN Capital's commercial finance products;
- credit losses and default rates;
- ECN Capital's ability to maintain and enter into new funding arrangements;
- competition;
- seasonal fluctuations in ECN Capital's businesses, including the timing of transactions;
- costs of compliance with dynamic regulatory requirements;
- the timing and effect of any future acquisitions;
- personnel changes;
- changes in accounting rules;
- changes in market interest rates and foreign exchange rates;
- general changes to the North American and global economies; and
- political conditions or events.

ECN Capital bases its current and future operating expense levels and its investment plans on estimates of future net income, origination activity, and rate of growth. Any shortfalls in ECN Capital's net income, origination activity or in its expected growth rates could result in a decline in the price of the Common Shares.

The decision to pay dividends on Common Shares and/or Preferred Shares is subject to discretion

Although ECN Capital currently pays quarterly cash dividends on its Common Shares and Preferred Shares (see "*Dividends*"), these cash dividends may be reduced or suspended. The amount of cash available to ECN Capital to pay dividends, if any, can vary significantly from period to period for a number of reasons, including, among other things: ECN Capital's operational and financial performance; fluctuations in market prices of factors of production; the amount of cash required or retained for debt service or repayment; amounts required to fund capital expenditures and working capital requirements; access to capital markets; foreign currency exchange rates and interest rates; and the other risk factors set forth in this Annual Information Form.

The decision whether or not to pay dividends and the amount of any such dividends are subject to the discretion of the Board, which regularly evaluates proposed dividend payments against the solvency test requirements of the OBCA and the requirements of the applicable law. In addition, the level of dividends per Common Share or Preferred Share will be affected by the number of outstanding Common Shares or Preferred Shares and other securities that may be entitled to receive cash dividends or other payments. Dividends may be increased, reduced or suspended depending on the Corporation's operational success. The market value of Common Shares or Preferred Shares may deteriorate if ECN Capital is unable to meet dividend expectations in the future, and that deterioration may be material.

Information technology infrastructure security breaches may negatively impact ECN Capital

Any inability on ECN Capital's part to protect the security of its platforms or the privacy of confidential information could have a material adverse effect on ECN Capital's profitability by exposing ECN Capital to additional liability, increasing ECN Capital's expenses relating to resolution of these breaches, and deterring users from using ECN Capital's products. Despite the implementation of security measures, ECN Capital's information systems and operations and those of its contractors and consultants are vulnerable to damage from computer viruses, unauthorized access, natural disasters, terrorism, war and telecommunication and electrical failures. Such events could cause interruption of the Corporation's operations. ECN Capital cannot ensure that its current security measures will effectively counter evolving security risks, prevent future slowdowns or disruptions, protect against extraordinary attacks, or address adequately the security and privacy concerns of existing and potential users. Any system failures, slowdowns or disruptions will likely result in unanticipated disruptions in service to ECN Capital's users, decreased levels of user satisfaction and significant negative effects on ECN Capital's reputation.

ECN Capital's businesses depend on the efficient and uninterrupted operation of computer and communications systems, networks, hardware, software, and other information technology. If such systems fail or ECN Capital is unable to timely expand the capacity of these systems, or integrate new technologies into its existing systems, its operations and financial results could suffer.

ECN Capital relies on third-party encryption and authentication technology to provide secure transmission of confidential information over the Internet. Advances in technological capabilities, new discoveries in the field of cryptography, or other events or developments, could result in a compromise or breach of the technology ECN Capital uses to protect sensitive data. If any such compromise of ECN Capital's security, or the security of ECN Capital's customers, were to occur, it could result in misappropriation of proprietary information or interruptions in operations, and have an adverse impact on ECN Capital's reputation or the reputation of ECN Capital's customers. If ECN Capital is unable to detect and prevent unauthorized use of sensitive or confidential data, its businesses, results of operations and financial condition could be materially and adversely affected.

Litigation may negatively impact ECN Capital's financial condition

From time to time in the ordinary course of its business, ECN Capital may become involved in various legal proceedings, including commercial, employment, class action and other litigation and claims, as well as governmental and other regulatory investigations and proceedings. Such matters can be time-consuming, divert management's attention and resources and cause ECN Capital to incur significant expenses. Furthermore, because the course and outcome of litigation is inherently unpredictable, the results of any such actions may have a material adverse effect on ECN Capital's businesses, operating results or financial condition. Specifically, ECN Capital's current dispute with Airbus Helicopters SAS regarding the design, manufacturing and marketing of certain Airbus helicopters (models EC225 and AS332 L2) owned by ECN Capital could, if unsuccessful, negatively impact ECN Capital's financial condition.

Taxes

ECN Capital is an Ontario corporation which operates in multiple Canadian and foreign jurisdictions. As a result, it is subject to the tax laws and regulations of Canadian federal, provincial and local governments and of the governments of foreign jurisdictions in which ECN Capital operates, as well as to any income tax treaties between Canada and any such jurisdictions, and to the risk that those tax laws, regulations and treaties may change in the future. Any such changes could adversely affect the amount of taxes payable, including withholding taxes, and the effective tax rate in the jurisdictions in which ECN Capital operates.

The determination of ECN Capital's provision for income taxes in Canada and elsewhere, including current and deferred tax assets and liabilities disclosed in ECN Capital's financial statements, require estimates, interpretation and significant judgment. Various internal and external factors may have favourable or unfavourable effects on future provisions for income taxes and ECN Capital's effective income tax rate. These factors include, but are not limited to, changes in tax laws, regulations and/or rates, results of audits by tax authorities, changing interpretations of existing tax laws or regulations, changes in estimates of prior years' items, and changes in overall levels of income before taxes. Furthermore, new accounting pronouncements, or new interpretation of existing accounting pronouncements, can have a material impact on ECN Capital's effective income tax rate.

ECN Capital could be impacted by certain tax treatments for various revenue streams in different tax jurisdictions. ECN Capital, from time to time, has executed or may execute reorganization transactions impacting its tax structure. If a tax authority has a different interpretation from ECN Capital's, it could potentially impose additional taxes, penalties or fines. This would potentially reduce the amounts of revenue ultimately received by ECN Capital.

ECN Capital may be treated as a passive foreign investment company (PFIC) for U.S. federal income tax purposes, in which case U.S. Shareholders would be subject to a special, generally adverse tax regime.

ECN Capital has not made a determination as to whether it may be a PFIC for any taxable year.

The U.S. federal income tax consequences to U.S. holders of owning and disposing of Common Shares may be affected if ECN Capital were treated as a PFIC.

The PFIC rules, including the rules governing any elections that may potentially be made by a U.S. holder, are extremely complex. Each U.S. holder should consult its own tax advisor regarding the potential PFIC status of ECN Capital and how the PFIC rules (including elections that may be available thereunder) would affect the U.S. federal income taxation of the ownership and disposition of Common Shares.

Volatility of Common Share price

Market prices for commercial finance and asset management corporations have at times been volatile and subject to substantial fluctuations. The stock markets, from time-to-time, experience significant price and volume volatility unrelated to the operating performance of their constituent companies. Future announcements concerning ECN Capital or its competitors, including those pertaining to financing arrangements, government regulations, developments concerning regulatory actions affecting ECN Capital, litigation, additions or departures of key personnel, cash flow, and economic conditions and political factors in the U.S., Canada or other regions may have a significant impact on the market price of the Common Shares. In addition, there can be no assurance that the Common Shares will continue to be listed on the TSX or any other public exchange.

The market price of the Common Shares could fluctuate significantly for many other reasons, including for reasons unrelated to ECN Capital's specific performance, such as reports by industry analysts, investor perceptions, or negative announcements by its customers, competitors or suppliers regarding their own performance, as well as general economic and industry conditions. For example, to the extent that other large companies within ECN Capital's industry experience declines in their stock price, the share price of the Common Shares may decline as well. In addition, when the market price of a company's shares drops significantly, shareholders often institute securities class action lawsuits against such company. A lawsuit against ECN Capital could cause it to incur substantial costs and could divert the time and attention of its management and other resources.

Sales of a substantial number of the Common Shares (or other securities exercisable or convertible into Common Shares) may cause the price of the Common Shares to decline.

Any sales of substantial numbers of the Common Shares (or other securities exercisable or convertible into Common Shares) in the public market or the exercise of significant amounts of ECN Capital's outstanding stock options or the perception that such sales or exercise might occur may cause the market price of the Common Shares to decline.

The issuance of the Common Shares (or other securities exercisable or convertible into Common Shares) to Shareholders whose investment profile may not be consistent with ECN Capital's businesses may lead to significant sales of the Common Shares or a perception that such sales may occur, either of which could have a material adverse effect on the market for and market price of the Common Shares.

Management of growth may strain ECN Capital's resources

ECN Capital's future growth, if any, may cause a significant strain on management, operational, financial and other resources. The ability to effectively manage growth will require ECN Capital to improve and/or expand its operational, financial and management information systems and to train, manage and motivate its employees. These demands may require the addition of new management personnel and the development of additional expertise by management. Any increase in resources devoted to product and business development without a corresponding increase in operational, financial and management information systems could have a material adverse effect on ECN Capital's performance. The failure of ECN Capital's management team to effectively manage growth could have a material adverse effect on ECN Capital's businesses, financial condition and results of operations.

Dilution from further equity financing and declining share price

If ECN Capital raises additional financing through the issuance of equity securities (including securities convertible or exchangeable into equity securities) or completes an acquisition or merger by issuing additional equity securities, such issuance may substantially dilute the interests of Shareholders and reduce the value of their investment. The market price of the Common Shares could decline as a result of issuances of new shares or sales by Shareholders in the market or the perception that such sales could occur. Sales by Shareholders might also make it more difficult for ECN Capital itself to sell equity securities at a time and price that it deems appropriate.

Issue of Preferred Shares by ECN Capital

ECN Capital's Board has the authority to issue undesignated preferred shares and, before issue, to fix the designation of, and the rights and restrictions attached to, the preferred shares of each series, without consent from Shareholders. Preferred Shares could be issued with or without voting, dividend, liquidation, dissolution, winding-up and other rights superior to those of Common Shares. ECN Capital has previously issued two series of Preferred Shares (the Series A Shares and Series C Shares); see *"Description of Share Capital – Preferred Shares".*

Securities industry analyst research reports

The trading market for the Common Shares is influenced by the research and reports that industry or securities analysts publish about ECN Capital or its counterparties. If covered, a decision by an analyst to cease coverage of ECN Capital or fail to regularly publish reports on ECN Capital could cause ECN Capital to lose visibility in the financial markets, which, in turn, could cause the price or trading volume of Common Shares to decline. Moreover, if an analyst who covers ECN Capital or any of its counterparties downgrades its or its counterparties' stock, or if operating results do not meet analysts' expectations, the price or trading volume of the Common Shares could decline.

Compliance with laws and regulations affecting public companies

Any future changes to the laws and regulations affecting public companies, compliance with existing provisions of National Instrument 52-109 — *Certification of Disclosure in Issuer's Annual and Interim Filings* ("NI 52-109") and the other applicable Canadian securities laws, regulations and related rules and policies, may cause ECN Capital to incur increased costs as it evaluates the implications of new rules and implements any new requirements. Delays or a failure to comply with the new laws, rules and regulations could result in enforcement actions, the assessment of penalties and civil suits.

Any new laws and regulations may make it more expensive for ECN Capital to provide indemnities to ECN Capital's officers and directors and may make it more difficult to obtain certain types of insurance, including liability insurance for directors and officers. Accordingly, ECN Capital may be forced to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. The impact of these events could also make it more difficult for ECN Capital to attract and retain qualified persons to serve on its Board or as executive officers. ECN Capital may be required to hire additional personnel and utilize additional outside legal, accounting and advisory services, all of which could cause general and administrative costs to increase beyond what ECN Capital currently has planned. ECN Capital is continuously evaluating and monitoring developments with respect to these laws, rules and regulations and it cannot predict or estimate the amount of the additional costs it may incur or the timing of such costs.

ECN Capital is required annually to review and report on the effectiveness of its internal control over financial reporting in accordance with NI 52-109. The results of this review are reported in ECN Capital's 2017 MD&A. ECN Capital's Chief Executive Officer and Chief Financial Officer are required to report on the effectiveness of ECN Capital's internal control over financial reporting.

Management's review is designed to provide reasonable assurance, not absolute assurance, that all material weaknesses existing within ECN Capital's internal controls are identified. Material weaknesses represent deficiencies existing in internal controls that may not prevent or detect a misstatement occurring which could have a material adverse effect on the quarterly or annual financial statements of ECN Capital. In addition, management cannot provide assurance that the remedial actions being taken by ECN Capital to address any material weaknesses identified will be successful, nor can management provide assurance that no further material weaknesses will be identified within its internal controls over financial reporting in future years.

If ECN Capital fails to maintain effective internal controls over its financial reporting, there is the possibility of errors or omissions occurring or unintended misrepresentations in ECN Capital's disclosures which could have a material adverse effect on ECN Capital's businesses, its financial statements and the value of the Common Shares.

Public company requirements may strain ECN Capital's resources

As a public company, ECN Capital is subject to the reporting requirements of the *Securities Act* (Ontario) (the "Act"), as amended, the regulations and rules thereto, including the national and multilateral instruments adopted as rules, decisions, rulings and orders promulgated under the Act, published policy statements issued by the Ontario Securities Commission, and the listing requirements of the TSX. The ever increasing obligations of operating as a public company will require significant expenditures and will place additional demands on management as ECN Capital complies with the reporting requirements of a public company. ECN Capital may need to hire additional accounting, financial and legal staff with appropriate public company experience and technical accounting and regulatory knowledge.

In addition, actions that may be taken by significant shareholders, if any, may divert the time and attention of the Board and management from the Corporation's businesses. Campaigns by significant investors to effect changes at publicly-traded companies have increased in recent years. If a proxy contest were to be pursued by any Shareholder, it could result in substantial expense to ECN Capital and consume significant attention of management and the Board. In addition, there can be no assurance that any shareholder will not pursue actions to effect changes in the management and strategic direction of ECN Capital, including through the solicitation of proxies from ECN Capital's Shareholders.

ADDITIONAL INFORMATION

Additional information relating to ECN Capital may be found on SEDAR at www.sedar.com. Information including directors' and officers' remuneration and indebtedness, principal holders of ECN Capital's securities and securities authorized for issuance under ECN Capital's stock option plan will be, where applicable, contained in ECN Capital's Management Information Circular to be filed in connection with its upcoming meeting of shareholders and will be available on SEDAR at www.sedar.com. Additional financial information is provided in the financial statements as at and for the year ended December 31, 2017 and the accompanying Management's Discussion and Analysis, which have been filed on SEDAR at www.sedar.com.

APPENDIX "A"

AUDIT COMMITTEE MANDATE

As of October 3, 2016

1. Introduction

The Audit Committee (the "**Committee**" or the "**Audit Committee**") of ECN Capital Corp. (the "**Corporation**") is a committee of the Board of Directors (the "**Board**"). The Committee shall oversee the accounting and financial reporting practices of the Corporation and the audits of the Corporation's financial statements and exercise the responsibilities and duties set out in this Audit Committee Mandate (this "**Mandate**").

2. Membership

Number of Members

The Committee shall be composed of three or more members of the Board.

Independence of Members

Each member of the Committee must be independent. "**Independent**" shall have the meaning, as the context requires, given to it in National Instrument 52-110 *Audit Committees*, as may be amended and/or replaced from time to time.

Chair

At the time of the annual appointment of the members of the Audit Committee, the Board shall appoint a Chair of the Audit Committee. The Chair shall be a member of the Audit Committee, preside over all Audit Committee meetings, coordinate the Audit Committee's compliance with this Mandate, work with management to develop the Audit Committee's annual work-plan and provide reports of the Audit Committee to the Board.

Financial Literacy of Members

At the time of his or her appointment to the Committee, each member of the Committee shall have, or shall acquire within a reasonable time following appointment to the Committee, the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

Term of Members

The members of the Committee shall be appointed annually by the Board. Each member of the Committee shall serve at the pleasure of the Board until the member resigns, is removed, or ceases to be a member of the Board. Unless a Chair is elected by the Board, the members of the Committee may designate a Chair by majority vote of the full Committee membership.

3. Meetings

Number of Meetings

The Committee may meet as many times per year as necessary to carry out its responsibilities.

Calling of Meetings

The Chair, any member of the Audit Committee, the external auditors, the Chair of the Board or Lead Director, or the Chief Executive Officer or the Chief Financial Officer may call a meeting of the Audit Committee by notifying the Corporation's Secretary who will notify the members of the Audit Committee. The Chair shall chair all Audit Committee meetings that he or she attends, and in the absence of the Chair, the members of the Audit Committee present may appoint a chair from their number for a meeting.

Minutes; Reporting to the Board

The Committee shall maintain minutes or other records of meetings and activities of the Committee in sufficient detail to convey the substance of all discussions held. Upon approval of the minutes by the Committee, the minutes shall be circulated to the members of the Board. However, the Chair may report orally to the Board on any matter in his or her view requiring the immediate attention of the Board.

Attendance of Non-Members

The external auditors are entitled to attend and be heard at each Committee meeting. In addition, the Committee may invite to a meeting any officers or employees of the Corporation, legal counsel, advisors and other persons whose attendance it considers necessary or desirable in order to carry out its responsibilities. At least once per year, the Committee shall meet with management in separate sessions to discuss any matters that the Committee or such individuals consider appropriate.

Meetings without Management

The Committee shall hold unscheduled or regularly scheduled meetings, or portions of meetings, at which management is not present.

Procedure

The procedures for calling, holding, conducting and adjourning meetings of the Committee shall be the same as those applicable to meetings of the Board.

Access to Management and Outside Advisors

In discharging the forgoing duties and responsibilities, the Audit Committee shall have unrestricted access to management and employees of the Corporation and to the relevant books, records and systems of the Corporation as considered appropriate. The Audit Committee shall have the authority to retain external legal counsel, consultants or other advisors to assist it in fulfilling its responsibilities. The Corporation shall provide appropriate funding, as determined by the Board, for the services of these advisors.

4. Duties and Responsibilities

The Committee shall have the functions and responsibilities set out below as well as any other functions that are specifically delegated to the Committee by the Board and that the Board is authorized to delegate by applicable laws and regulations. In addition to these functions and responsibilities, the Committee shall perform the duties required of an audit committee by any exchange upon which securities of the Corporation are traded, or any governmental or regulatory body exercising authority over the Corporation, as are in effect from time to time (collectively, the "**Applicable Requirements**").

Financial Reports

(a) **General**

The Audit Committee is responsible for overseeing the Corporation's financial statements and financial disclosures. Management is responsible for the preparation, presentation and integrity of the Corporation's financial statements and financial disclosures and for the appropriateness of the accounting principles and the reporting policies used by the Corporation. The auditors are responsible for auditing the Corporation's annual consolidated financial statements and for reviewing the Corporation's unaudited interim financial statements.

(b) **Review of Annual Financial Reports**

The Audit Committee shall review the annual consolidated audited financial statements of the Corporation, the auditors' report thereon and the related management's discussion and analysis of the Corporation's financial condition and results of operation ("**MD&A**"). After completing its review, if advisable, the Audit Committee shall approve and recommend for Board approval the annual financial statements and the related MD&A.

(c) **Review of Interim Financial Reports**

The Audit Committee shall review the interim consolidated financial statements of the Corporation, the auditors' review report thereon and the related MD&A. After completing its review, if advisable, the Audit Committee shall approve and recommend for Board approval the interim financial statements and the related MD&A.

(d) **Review Considerations**

In conducting its review of the annual financial statements or the interim financial statements, the Audit Committee shall:

(i) meet with management and the auditors to discuss the financial statements and MD&A;

(ii) review the disclosure in the financial statements;

(iii) review the audit report or review report prepared by the auditors;

(iv) discuss with management, the auditors and legal counsel, as requested, any litigation claim or other contingency that could have a material effect on the financial statements;

(v) review the accounting policies followed and critical accounting and other significant estimates and judgements underlying the financial statements as presented by management;

(vi) review any material effects of regulatory accounting initiatives or off-balance sheet structures on the financial statements as presented by management, including requirements relating to complex or unusual transactions, significant changes to accounting principles and alternative treatments under Canadian generally accepted accounting principles applicable to publicly accountable enterprises;

(vii) review any material changes in accounting policies and any significant changes in accounting practices and their impact on the financial statements as presented by management;

(viii) review management's report on the effectiveness of internal controls over financial reporting;

(ix) review the factors identified by management as factors that may affect future financial results;

(x) review results of the Corporation’s audit committee whistleblower hotline program; and

(xi) review any other matters related to the financial statements that are brought forward by the auditors, management or which are required to be communicated to the Audit Committee under accounting policies, auditing standards or Applicable Requirements.

(e) **Approval of Other Financial Disclosures**

The Audit Committee shall review and, if advisable, approve and recommend for Board approval financial disclosure in a prospectus or other securities offering document of the Corporation, press releases disclosing, or based upon, financial results of the Corporation and any other material financial disclosure, including financial guidance provided to analysts, rating agencies or otherwise publicly disseminated.

Auditors

(a) **General**

The Audit Committee shall be responsible for oversight of the work of the auditors, including the auditors’ work in preparing or issuing an audit report, performing other audit, review or attest services or any other related work.

(b) **Nomination and Compensation**

The Audit Committee shall review and, if advisable, select and recommend for Board approval the external auditors to be nominated and the compensation of such external auditor. The Audit Committee shall have ultimate authority to approve all audit engagement terms and fees, including the auditors’ audit plan.

(c) **Resolution of Disagreements**

The Audit Committee shall resolve any disagreements between management and the auditors as to financial reporting matters brought to its attention.

(d) **Discussions with Auditors**

At least annually, the Audit Committee shall discuss with the auditors such matters as are required by applicable auditing standards to be discussed by the auditors with the Audit Committee.

(e) **Audit Plan**

At least annually, the Audit Committee shall review a summary of the auditors’ annual audit plan. The Audit Committee shall consider and review with the auditors any material changes to the scope of the plan.

(f) **Quarterly Review Report**

The Audit Committee shall review a report prepared by the auditors in respect of each of the interim financial statements of the Corporation.

(g) **Independence of Auditors**

At least annually, and before the auditors issue their report on the annual financial statements, the Audit Committee shall obtain from the auditors a formal written statement describing all relationships between the auditors and the Corporation; discuss with the auditors any disclosed relationships or services that may affect the objectivity and independence of the auditors; and obtain written confirmation from the auditors that they are objective and independent within the meaning of the applicable Rules of Professional Conduct/Code of Ethics adopted by the provincial institute or order of chartered accountants to which the auditors belong and other Applicable Requirements. The Audit Committee shall take appropriate action to oversee the independence of the auditors.

(h) **Evaluation and Rotation of Lead Partner**

At least annually, the Audit Committee shall review the qualifications and performance of the lead partner(s) of the auditors and determine whether it is appropriate to adopt or continue a policy of rotating lead partners of the external auditors.

(i) **Requirement for Pre-Approval of Non-Audit Services**

The Audit Committee shall approve in advance any retainer of the auditors to perform any non-audit service to the Corporation (together with all non-audit service fees) that it deems advisable in accordance with Applicable Requirements and Board approved policies and procedures. The Audit Committee shall consider the impact of such service and fees on the independence of the auditor. The Audit Committee may delegate pre-approval authority to a member of the Audit Committee. The decisions of any member of the Audit Committee to whom this authority has been delegated must be presented to the full Audit Committee at its next scheduled Audit Committee meeting.

(j) **Approval of Hiring Policies**

The Audit Committee shall review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Corporation.

(k) **Financial Executives**

The Committee shall review and discuss with management the appointment of key financial executives and recommend qualified candidates to the Board, as appropriate.

Internal Controls

(a) **General**

The Audit Committee shall review the Corporation's system of internal controls.

(b) **Establishment, Review and Approval**

The Audit Committee shall require management to implement and maintain appropriate systems of internal controls in accordance with Applicable Requirements, including internal controls over financial reporting and disclosure and to review, evaluate and approve these procedures. At least annually, the Audit Committee shall consider and review with management and the auditors:

(i) the effectiveness of, or weaknesses or deficiencies in: the design or operation of the Corporation's internal controls (including computerized information system controls and security); the overall control environment for managing business risks; and accounting, financial and disclosure controls (including, without limitation, controls over financial reporting), non-financial controls, and legal and regulatory controls and the impact of any identified weaknesses in internal controls on management's conclusions;

(ii) any significant changes in internal controls over financial reporting that are disclosed, or considered for disclosure, including those in the Corporation's periodic regulatory filings;

(iii) any material issues raised by any inquiry or investigation by the Corporation's regulators;

(iv) the Corporation's fraud prevention and detection program, including deficiencies in internal controls that may impact the integrity of financial information, or may expose the Corporation to other significant internal or external fraud losses and the extent of those losses and any disciplinary action in respect of fraud taken against management or other employees who have a significant role in financial reporting; and

(v) any related significant issues and recommendations of the auditors together with management's responses thereto, including the timetable for implementation of recommendations to correct weaknesses in internal controls over financial reporting and disclosure controls.

Compliance with Legal and Regulatory Requirements

The Audit Committee shall review reports from the Corporation's Secretary and other management members on: legal or compliance matters that may have a material impact on the Corporation; the effectiveness of the Corporation's compliance policies; and any material communications received from regulators. The Audit Committee shall review management's evaluation of and representations relating to compliance with specific applicable law and guidance, and management's plans to remediate any deficiencies identified.

Audit Committee Hotline Whistleblower Procedures

The Audit Committee shall establish for (a) the receipt, retention, and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and (b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters. Any such complaints or concerns that are received shall be reviewed by the Audit Committee and, if the Audit Committee determines that the matter requires further investigation, it will direct the Chair of the Audit Committee to engage outside advisors, as necessary or appropriate, to investigate the matter and will work with management and the general counsel to reach a satisfactory conclusion.

Audit Committee Disclosure

The Audit Committee shall prepare, review and approve any audit committee disclosures required by Applicable Requirements in the Corporation's disclosure documents.

Delegation

The Audit Committee may, to the extent permissible by Applicable Requirements, designate a sub-committee to review any matter within this Mandate as the Audit Committee deems appropriate.

5. No Rights Created

This Mandate is a statement of broad policies and is intended as a component of the flexible governance framework within which the Audit Committee, functions. While it should be interpreted in the context of all applicable laws, regulations and listing requirements, as well as in the context of the Corporation's Articles and By-laws, it is not intended to establish any legally binding obligations.

6. Mandate Review

The Committee shall review and update this Mandate annually and present it to the Board for approval.