



ECN CAPITAL

Kessler Group Transaction



MAY 10, 2018

Disclaimer

This release includes forward-looking statements regarding ECN Capital and its business. Such statements are based on the current expectations and views of future events of ECN Capital's management. In some cases, the forward-looking statements can be identified by words or phrases such as "may", "will", "expect", "plan", "anticipate", "intend", "potential", "estimate", "believe" or the negative of these terms, or other similar expressions intended to identify forward looking statements. Forward-looking statements in this press release include those relating to investment in the Kessler business, including expected timing for closing of the transaction, obtaining of the necessary regulatory approvals and the timing thereof, and the expected benefits and financial impact of the investment on ECN Capital's business, the future financial and operating performance of ECN Capital, including the expected impact on ECN Capital's EPS, ROE and originations, the strategic advantages, business plans and future opportunities of ECN Capital, the wind down of ECN Capital's Aviation Finance business and the ability of ECN Capital transition to a high return originator, asset manager, and servicer of assets. The forward-looking events and circumstances discussed in this release may not occur and could differ materially as a result of known and unknown risk factors and uncertainties affecting ECN Capital, including risks regarding the equipment finance industry, economic factors, and many other factors beyond the control of ECN Capital. No forward-looking statement can be guaranteed. Forward looking statements and information by their nature are based on assumptions and involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statement or information. Accordingly, readers should not place undue reliance on any forward-looking statements or information. A discussion of the material risks and assumptions associated with this outlook can be found in ECN Capital's Annual Information Form for the financial year ended December 31, 2018 dated March 19, 2018 and ECN Capital's Annual MD&A for the financial year ended December 31, 2017, each of which has been filed on SEDAR and can be accessed at www.sedar.com. Accordingly, readers should not place undue reliance on any forward-looking statements or information. Except as required by applicable securities laws, forward-looking statements speak only as of the date on which they are made and ECN Capital does not undertake any obligation to publicly update or revise any forward looking statement, whether as a result of new information, future events, or otherwise.

The Company's audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the accounting policies we adopted in accordance with IFRS. In this press release, management has used certain terms, including adjusted EPS, ROE and ROAE, which do not have a standardized meaning under IFRS and are unlikely to be comparable to similar measures presented by other organizations. The Company believes that certain Non-IFRS Measures can be useful to investors because they provide a means by which investors can evaluate the Company's underlying key drivers and operating performance of the business, exclusive of certain adjustments and activities that investors may consider to be unrelated to the underlying economic performance of the business of a given period.

TRANSACTION

COMPANY

BUSINESS VERTICALS

STRATEGIC FIT

FINANCIAL OVERVIEW

Transaction

- ECN Capital (“ECN”) has entered into a definitive agreement to make a strategic investment in The Kessler Group (“Kessler” or “KG”)
 - Under the terms of the agreement, ECN will invest US\$221.2 million in KG
- Closing is expected no later than second quarter 2018, subject to customary closing conditions
- The transaction will be immediately accretive to adjusted EPS and ROE
- At close, a Management Incentive Plan will be established, providing for profit sharing above pre-determined ROE thresholds; similar to Service Finance and Triad.

Company



Overview

KESSLER | GROUP

- Led by Founder, Chairman and CEO Howard Kessler, The Kessler Group is a one-of-a-kind industry leader that has shaped and transformed the payments industry for more than three decades
 - Howard Kessler pioneered co-branded credit cards by launching the first affinity credit card with MBNA
 - Mr. Kessler helped build MBNA from its infancy to its sale to Bank of America for \$35B
 - Over the last three decades he has grown KG to become the premier manager, advisor and structuring partner to credit card issuers, banks, credit unions and payment networks
- Significant opportunity to add bank partners to Service Finance/Triad; Kessler currently advises/manages ~\$1 billion of prime consumer unsecured loans

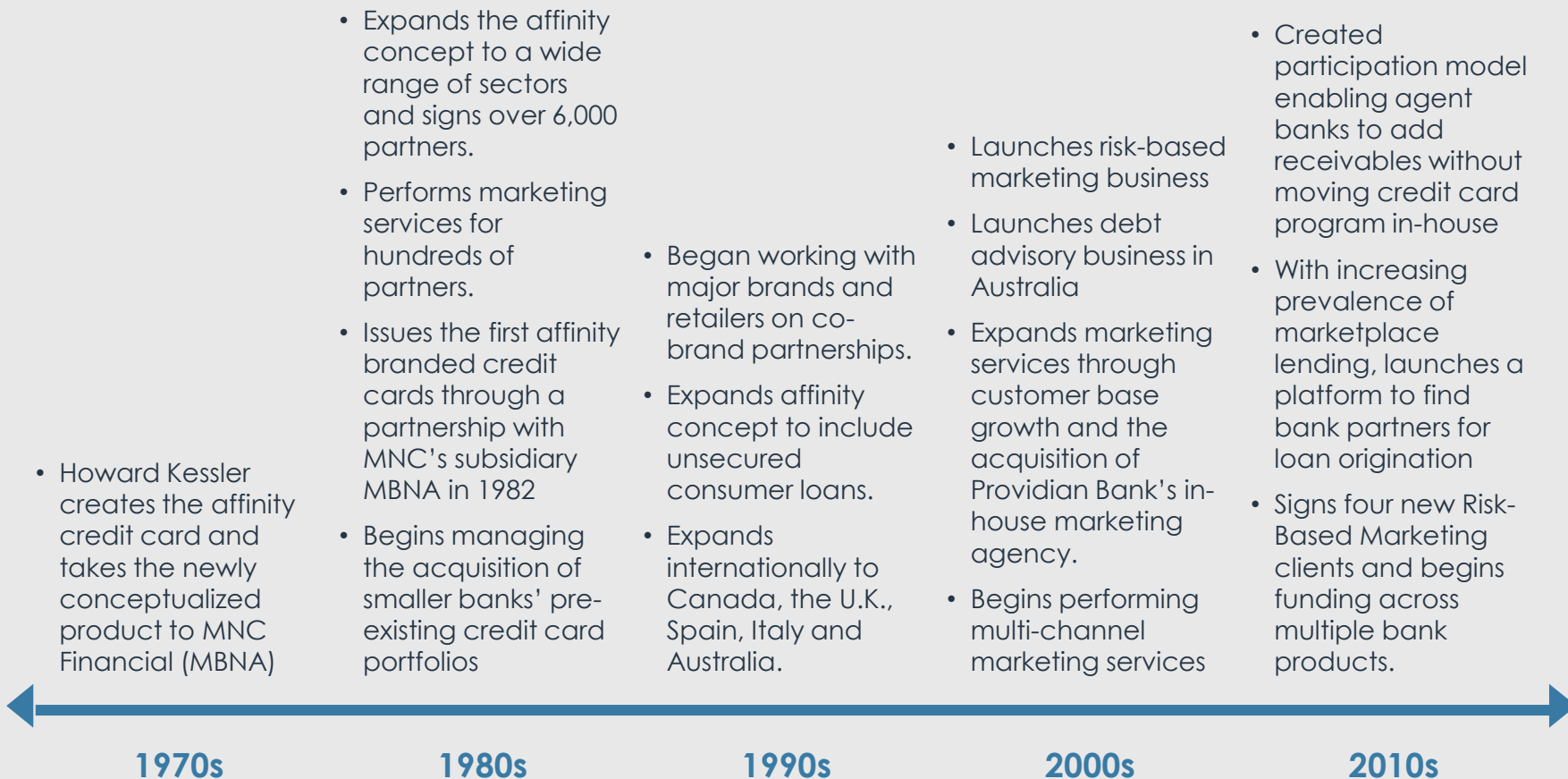
Overview

KESSLER | GROUP

- KG is not an investment bank nor a consultant – it is a business services platform with deep relationships that drive long-term annuity contracts, based upon value added managing, advising, and structuring consumer credit portfolios
 - Focus on credit card portfolios and other consumer finance products
- Performance based revenue streams, capital light-model with repeat clients and long-term annuity contracts
 - Multi-year contractual revenue streams represent ~75%+ of annual revenue
- Top 20 Kessler executives average ~25 years industry experience and ~20 years with Kessler
- ~80 employees with headquarters in Boston

History

Howard Kessler is the visionary behind the affinity card. Under his leadership KG has become the leading manager, advisor and structuring partner for the financial industry



Management Team



Howard Kessler
Founder, Chairman &
Chief Executive Officer

- Nearly 40 years as principal founder and operator of Kessler Group
- Pioneered the concept of the affinity credit card with MBNA in 1982
- Deals and partnerships programs created by Howard have literally reshaped the payments industry
- Trusted advisor to the most senior leaders in the financial services business



Scott Shaw
President

- 30+ years of industry experience
- Works closely with Chairman and CEO on a range of corporate initiatives
- Manages the risk-based marketing program
- Works with M&A team to develop and manage new financial service partnerships and annuity income streams



Frank Spellman
Chief Financial Officer

- Joined Kessler in 1997
- Oversees all finance and accounting functions
- Works closely with Chairman & CEO on key corporate initiatives
- Works with client managers on the development of shared financial models for customers
- Previous experience at Fleet Bank in commercial credit and lending



Karen Brunner
Managing Director

- Joined Kessler in 1998
- Manages Kessler's International businesses in Australia
- Spent 6 years at Mastercard International in both Australia and the US
- 5+ years with Ernst & Young in New Zealand and Australia



Dax Cummings
Managing Director

- 25+ years of industry experience
- Manages key Strategic Advisory relationships
- Founder & COO of Revolution Money, a payments company that was sold to American Express
- Spent 14 years at MBNA serving as Division President and Senior EVP of US Endorsed Business – 5,500 endorsing groups & US\$65B of balances

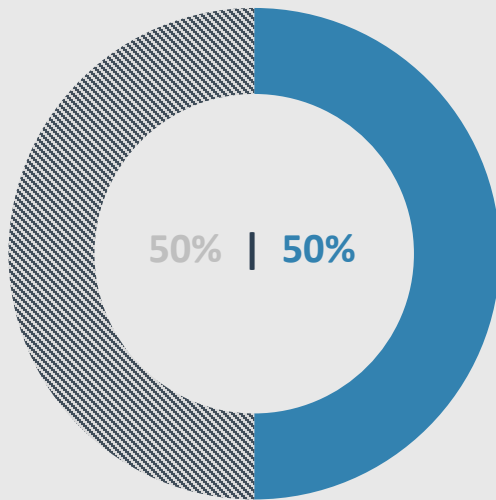


David Smith
Managing Director

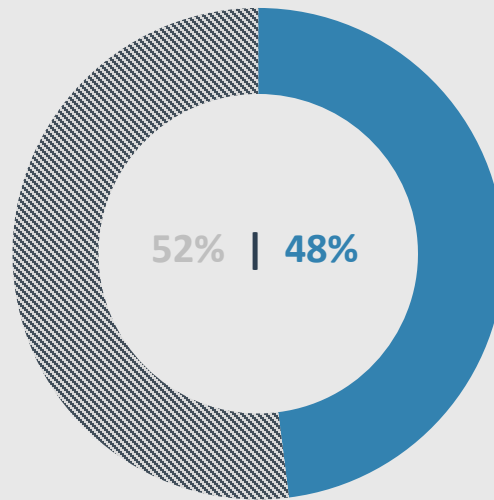
- 25+ years industry experience
- Manages Portfolio Advisory M&A practice, assisting in the highest profile M&A transactions in the card sector
- 10+ years with First Annapolis where he co-managed the firm's card-issuing practice
- Previous experience as director of finance at Commercial Credit & as head of strategic planning for Travelers Bank

Clients

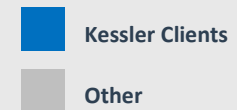
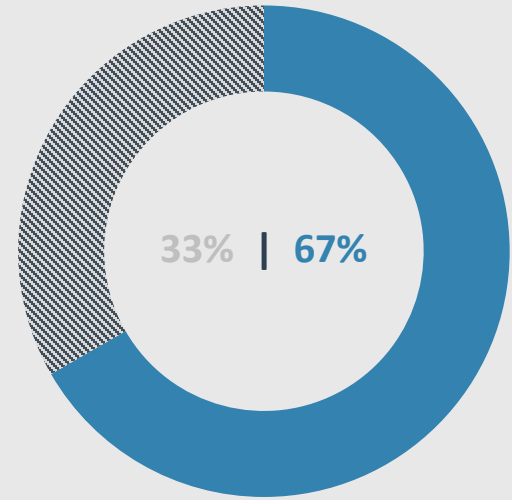
Top 12 Largest US Banks by Assets



Top 25 US Regional Banks By Assets



Top 15 US Credit Card Issuers by Balances



Credit Risk

Kessler credit risk limited to counterparty exposure

The Kessler Group's customers are predominantly large, federally regulated financial institutions with investment grade credit ratings

Entity	Primary Strategic Division	Debt Rating
A	Strategic Advisory	Baa1 (BBB+) Senior Unsecured
B	Strategic Advisory	A3 (A-) Senior Unsecured
C	Strategic Advisory	Baa1 (BBB+) Baseline Assessment
D	Strategic Advisory	A1 (A+) Senior Unsecured
E	Strategic Advisory	A1 (A+) Senior Unsecured
F	Multi Channel Marketing	A3 (A-) Senior Unsecured
G	Risk Based Marketing	Baa1 (BBB+) Senior Unsecured
H	Risk Based Marketing	Baa1 (BBB+) Senior Unsecured
I	Risk Based Marketing	Aa2 (AA) Senior Unsecured

ECN/Kessler Partnership

ECN CAPITAL BRINGS TO KESSLER

- Canadian financial institutional partners to introduce into KG products especially risk based marketing
 - Banks
 - LifeCos
- People & resources to support Kessler's growth



KESSLER BRINGS TO ECN CAPITAL

- Large US Bank Partners for ECN, SFC and Triad
- Trusted C-suite relationships at major US financial institutions
- Complementary business lines expanding ECN's business services capabilities and adding 25+ US financial institution relationships

Business Verticals



Business Verticals

Four distinct business units work together to develop end to end solutions for bank clients

Partnerships		Marketing	
<p>Strategic Advisory</p> <ul style="list-style-type: none"> • Long-term advisory agreements • Paid to manage, advise and structure partner portfolios (fixed + performance fees) • Management consulting on a long-term retained basis • Terms of 5-10+ years, with some in place for 30+ years <p>\$48.5 million 2018 Est Revenue</p>	<p>Portfolio Advisory</p> <ul style="list-style-type: none"> • Transactional advisory services • Paid for partner selection, due diligence, valuation, contract negotiation and closing • Portfolio Advisory mandates drive strategic advisory growth <p>Debt Advisory / Australia</p> <ul style="list-style-type: none"> • Paid to optimize value of charged off debt portfolios for clients <p>\$30.6 million 2018 Est Revenue</p>	<p>Risk Based Marketing</p> <ul style="list-style-type: none"> • Provides capital to fund marketing initiatives • Paid multi-year, performance-based fee arrangements • Aligns budget expenses with revenues <p>\$8.2 million 2018 Est Revenue</p>	<p>Multi-Channel Marketing</p> <ul style="list-style-type: none"> • Development and execution of profitable multi-channel marketing campaigns • Paid multi-year fees for end to end marketing support, analytics, logistics and execution • Campaigns customized to the requirements and constraints of each client <p>\$2.9 million 2018 Est Revenue</p>

Strategic Advisory

For 30+ years, KG has been the industry leader managing, advising and structuring partnership programs

Proven ability to achieve goals for long-term partners

- Formulate and facilitate program strategies
- Continuously manage programs to partnership goals, brand and ambition
- Revitalize mature programs
- Introduce new products
- Establish innovative alliances with its extensive long-term relationships

Pay for Performance

- Programs and long-term contract annuities last 5-10+ years (some 30+ years to-date)
- Kessler establishes multi-year performance-based fee arrangements
- Kessler is typically paid on balances, accounts generated, spend generated and profitability – all of which align goals with those of clients

Over 6,000 partnership

programs have been created by Kessler's global business development team over the last 30+ years bringing together:

- Professional organizations
- Alumni organizations
- Charities & causes
- Special interests
- Military organizations
- Retailers and services providers
- Sports teams
- Entertainment
- Local and regional banks
- Credit unions
- Brokerage & Investment Firms
- Banking (e.g. Unsecured Loans, Deposits, Debit, Prepaid)
- Insurance providers

Portfolio Advisory

More than 20 years of experience advising partners and negotiating over 500 credit card portfolio transactions representing over \$80bn in assets

ADVISORY SERVICES

Program Optimization Analysis
Partner Selection Process & Execution
Contract Negotiations / Restructuring
Program Transition Strategies & Execution

TRANSACTIONAL SERVICES

Portfolio Valuation & Analysis
Portfolio Due Diligence
Purchase & Sale Agreement Negotiations
Interim Servicing Agreement Negotiations

RESTRUCTURING

Prevent Destruction of Value
Partnership Restructuring
Amicable Partnership Separation
Change in Control Resolution
Renegotiation due to Strategic Redirection

- **Portfolio Advisory drives Strategic Advisory Services**
- **New portfolio owners/partners utilize Kessler expertise to grow and manage portfolios**

Risk-Based Marketing

Risk-Based Marketing

- Risk based marketing funds marketing campaigns for clients
- Clients are typically limited by budget constraints and capability hurdles
- Kessler leverages decades deep marketing and forecasting expertise
- Fees are tied to program success aligning Kessler with clients
- Typically short duration investments (3-6 months per investment); multiple investments per program result in long-term clients
- Capital initially limited to \$100 mln

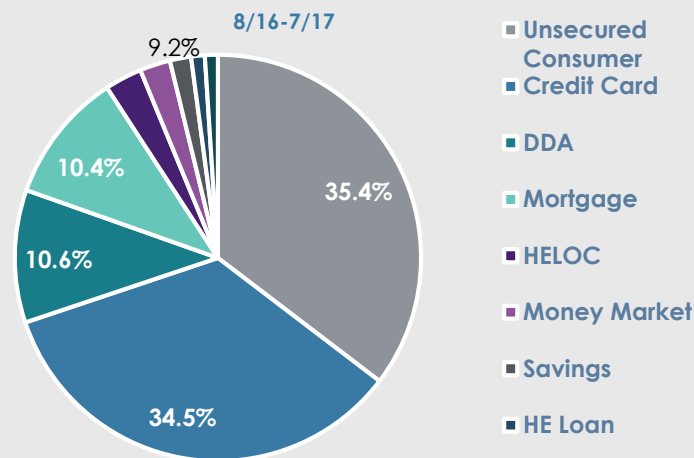
Client Benefits

- ✓ Kessler marketing expertise results in superior program outcomes
- ✓ Increases client marketing budgets eliminating constraints
- ✓ Better correlation of costs to revenues over the expected life of the product
- ✓ **Generates incremental NPV-positive customers**

Kessler offers risk-based marketing solutions for a range of products including

Credit Cards	Unsecured Consumer	DDA
HELOC	Mortgage	Wealth Products
Other		

Est. Industry Marketing Spend (\$3.1B)



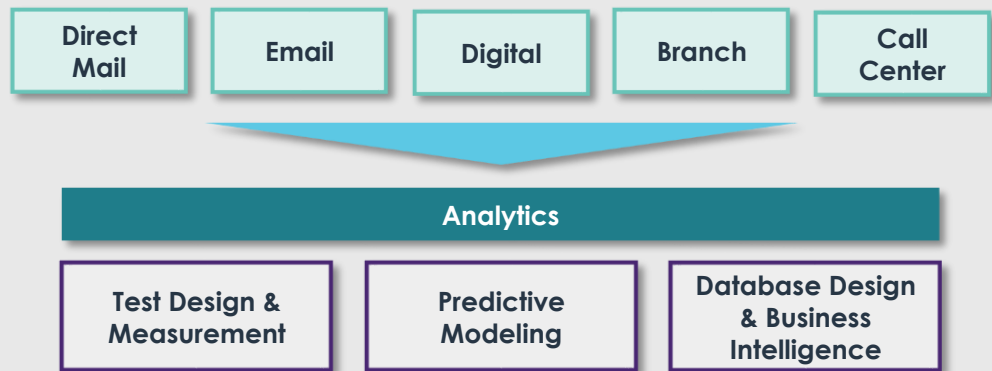
Multi-Channel Marketing

Complete programs from strategy development, multi-channel campaign planning to data-driven analytics and vendor management

Full Range of Capabilities

- Strategic advisory services to develop winning marketing strategies and product differentiation
- Channel development and campaign management expertise / oversight to efficiently execute strategies
- Data analytics, including targeting, segmentation and predictive modeling to improve the return on every marketing dollar invested
- Growth strategies and solutions for:
 - Customer Acquisition
 - Customer Management
 - Customer Retention
 - Process Reengineering
 - Customer/Prospect Database
 - Segmentation and Targeting

Illustrative Multi-Channel Marketing Structure



Growth Opportunities

- Continue ongoing integration with risk-based marketing opportunities by presenting marketing services as supplementary component of relationship
 - Expand funding business to other consumer finance products, such as:




Financial Services	<ul style="list-style-type: none"> • Unsecured Loans • HELOCs • Mortgages • Wealth Products
Other	<ul style="list-style-type: none"> • Insurance • Telecommunications • Other subscription based services (Cable, Netflix, Sirius XM, etc.)

Strategic Fit

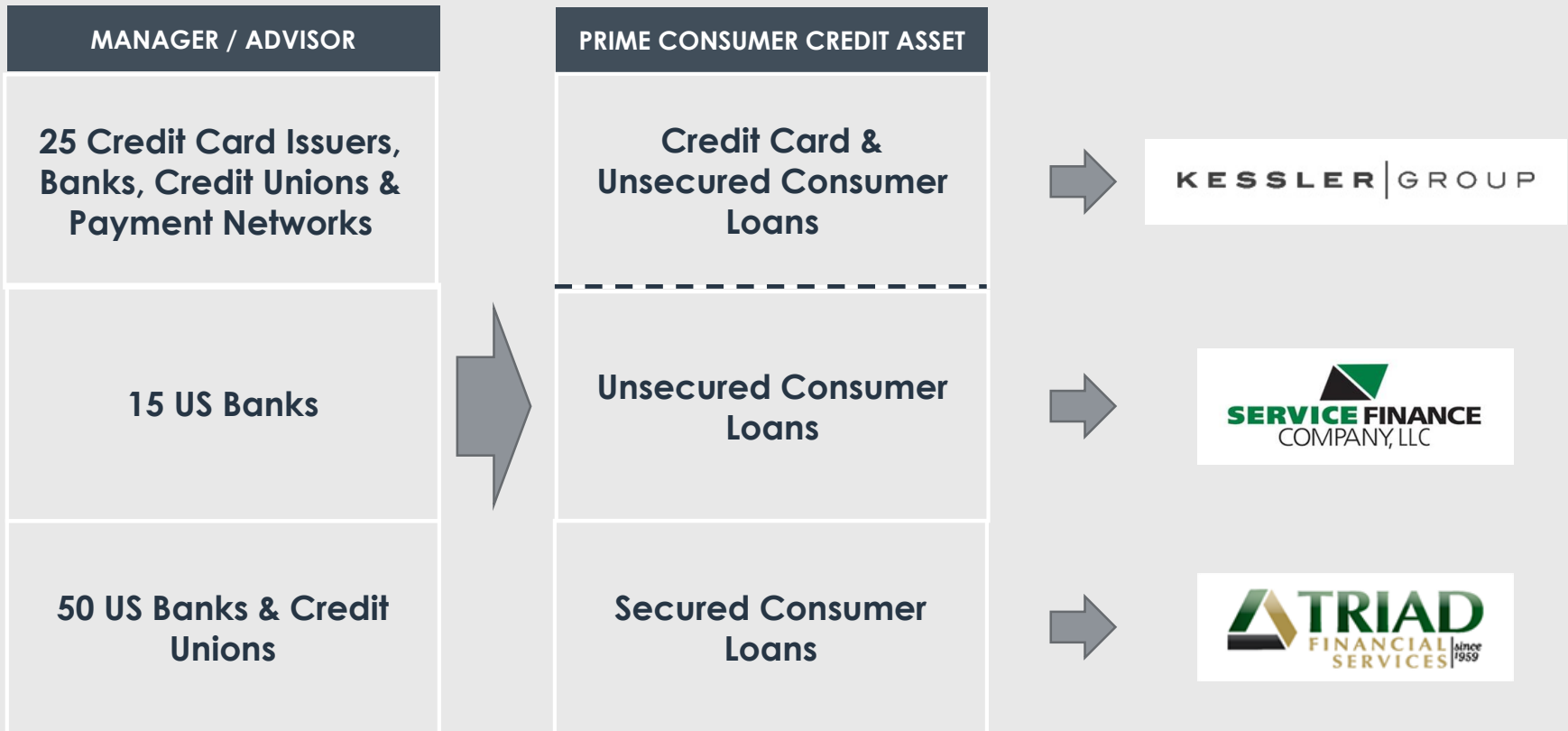


Leading Provider of Management, Advisory and Structuring Services

- Kessler is the market leader in managing, advising and structuring credit card and related consumer assets as well as unsecured consumer loan portfolios on behalf of major US and Canadian financial institutions
- Kessler adds significant capabilities to ECN's existing business services model with Service Finance and Triad
- ECN is now an asset light business services provider that originates, manages, services, advises and structures for our 90+ bank and financial institution partners focused on US prime consumer assets



Partner	Prime Consumer Credit Asset	Management & Advisory Services	Financial Institution Partners
	<ul style="list-style-type: none"> • Consumer credit cards, unsecured loans & other 	<ul style="list-style-type: none"> • Portfolio management • Portfolio sales/optimization • Program development/growth 	<ul style="list-style-type: none"> • 25 credit card issuers, banks, credit unions & payment networks
	<ul style="list-style-type: none"> • Consumer unsecured loans (RICs) 	<ul style="list-style-type: none"> • Origination and management 	<ul style="list-style-type: none"> • 15 US banks
	<ul style="list-style-type: none"> • Consumer secured loans 	<ul style="list-style-type: none"> • Origination and management 	<ul style="list-style-type: none"> • 50 US banks and credit unions

Manager, Advisor & Structuring Partner on US Consumer Assets to 90+ US Financial Institutions

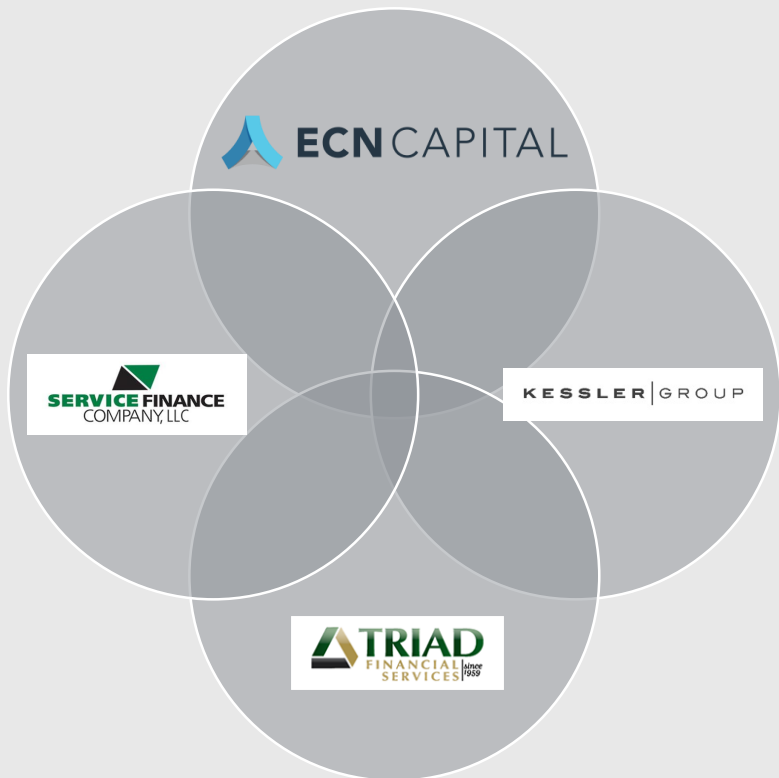


Financial Criteria

Kessler achieves ECN's financial performance goals

Partner	Goals						Asset Light Limited Capital	YE 2018 Managed Assets (US\$Bln)
	Profitability		Growth		Efficiency			
	After Tax ROE		Earnings Growth		EBITDA Margin			
	2018E	2019E	2017-2018E	2018E-2019E	2018E			
KESSLER GROUP	14%	15%	13%	17%	50%	✓	\$25+	
 SERVICE FINANCE COMPANY, LLC	13%	16%	67%	31%	71%	✓	\$1.9	
 TRIAD FINANCIAL SERVICES <small>since 1959</small>	15%	16%	73%	21%	43%	✓	\$2.3	

Synergies



KESSLER | GROUP

Canadian bank from ECN's senior line has joined as a Kessler risk-based marketing customer

Other bank partners in discussion



1st
Canadian
Bank
Customer



A US bank from ECN's senior line is joining SFC as a bank partner



Top 10
Bank

Canadian banks from ECN's senior line in discussions with SFC as possible bank partners



Top 5
Canadian
Bank

Triad credit union in due diligence to join SFC as a funding partner



1st
Credit
Union



Agreement to use components of SFC's paperless back-office



Improves
Efficiency

Launch of floorplan



Drives Retail
Originations

Strategic Rationale

- Consistent with ECN's focus as a business services provider, originator, asset manager and advisor focused on prime credit assets for US based FDIC insured institutions, credit unions, credit card issuers, payment networks and processors
- Attractive long-term, scalable, performance fee-based & capital-light platform achieves ECN's financial performance criteria:
 - Capital-light core business drives returns
 - Credit risk limited to counterparty exposure to primarily investment grade financial institutions
 - Stable revenue flows and consistently strong margins
- KG will help ECN secure additional bank partners for secured/unsecured consumer origination flows and enhance ECN's existing origination platforms

ECN's partner businesses are leading business services providers to 90+ US Financial Institutions

Summary Highlights

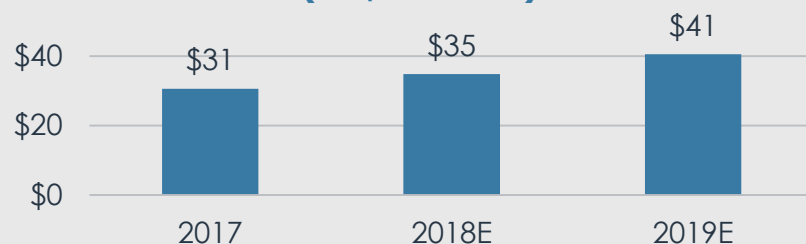
- Kessler Group is a trusted manager, advisor and structuring partner to credit card issuers, banks, credit unions and payment networks for almost four decades
- KG creates long-term revenue streams through managing, advising and structuring credit card, related consumer assets and unsecured consumer loans
- Fee-based, capital light-model with repeat clients and long-term annuity contracts
- Synergies between ECN, Service Finance, Triad and Kessler have already started
- We expect confirmation of our investment grade credit ratings from DBRS and Kroll
- ECN is now a high return business services provider, originator, asset manager and advisor focused on prime credit assets

Financial Overview

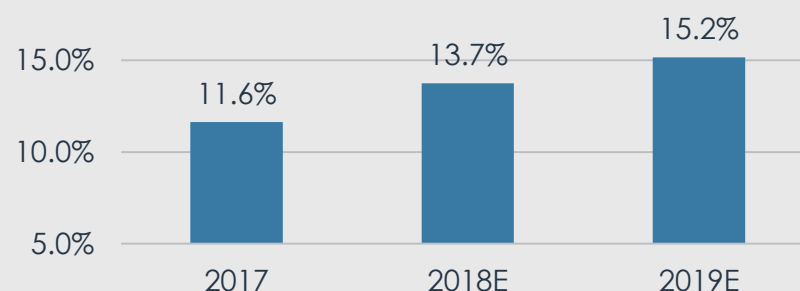


Base Case Kessler Projections¹

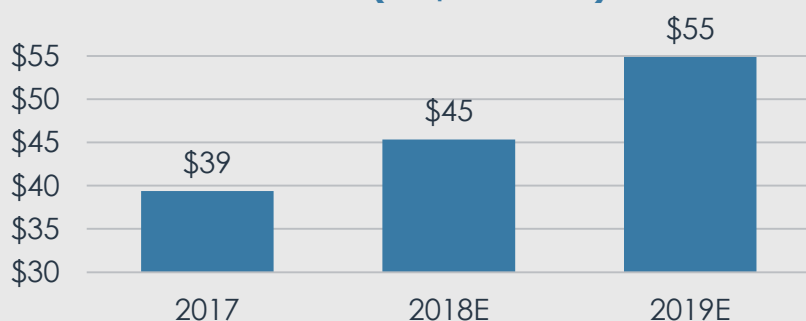
ADJ AFTER-TAX NET INCOME¹
(US\$ millions)



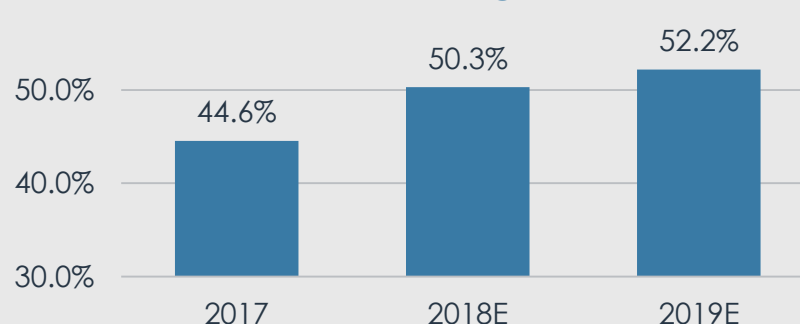
ADJ ROAE¹



EBITDA¹ (US\$ millions)



EBITDA MARGIN¹



1. Numbers reflect 100% of Kessler Group earnings (not ECN share of); Excludes incentive compensation plan, amortization of intangibles and one-time expenses from acquisitions.

Transaction Impact



Transaction Overview

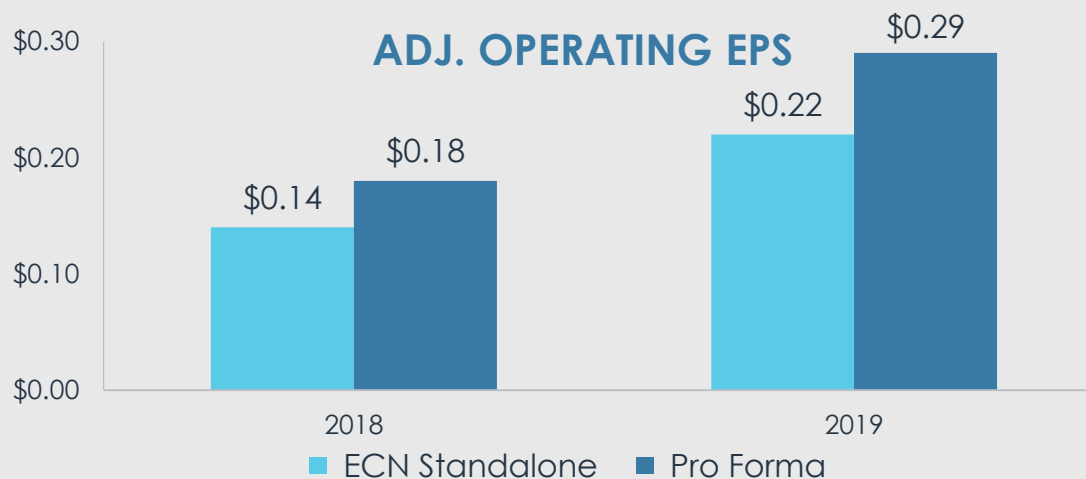
- ECN Capital (“ECN”) has entered into a definitive agreement to make a strategic investment in The Kessler Group (“Kessler” or “KG”)
 - Under the terms of the agreement, ECN will invest US\$221.2 million in KG¹
- Closing is expected no later than second quarter 2018, subject to customary closing conditions
- Investment valuation represents 6.1x 2018 and 5.0x 2019 estimated EBITDA
- Investment valuation represents 7.8x 2018 and 6.8x 2019 estimated adjusted net income after-tax
- The transaction will be immediately accretive to adjusted EPS and ROE
 - ~23% accretion to 2018 adjusted net income²
 - ~32% accretion to full year 2019 adjusted net income³
- At close, a Management Incentive Plan will be established, providing for profit sharing above pre-determined ROE thresholds; similar to Service Finance and Triad.

1. 80% interest on closing, with up to 10% available for sale to senior management with Mr. Kessler’s approval; transaction to be funded utilizing the senior line
2. Assumes Q2 close
3. Based on FACTSET Consensus estimates

Transaction Impact

BASE CASE ESTIMATED PROJECTIONS¹

In US\$ million	2018			2019		
Income Statement	ECN ²	KG ³	Pro Forma	ECN ²	KG	Pro Forma
Adj. EPS (after-tax)	\$0.14	\$0.03	\$ 0.18	\$0.22	\$ 0.07	\$0.29
Avg. Shares	362	330	342	330	330	330
% Accretion (Dilution)			25%			32%



1. Projections expected to vary +/- 5%
2. ECN Standalone estimates based on management 2018 guidance and FACTSET Consensus for 2019
3. 2018 estimates assume KG acquisition closes in the second quarter and ECN owns 70% of the company

Intrinsic Value

Intrinsic Value		15x
Operating Income Before Tax (US\$ millions)¹		2018
Home Improvement Finance	\$	55
Manufactured Housing Finance	\$	20
Kessler Group ⁴	\$	31
Adjusted operating income before tax	\$	106
Adjusted operating income after tax	\$	84
Operating Income After Tax (C\$)²		2018
Adjusted operating income after tax	\$	108
Adjusted operating income after tax EPS ³	\$	0.32
x Business Services Multiple		15x
Projected Value Contribution per share	\$	4.74
ECN ProForma Book Value (C\$)³		2018
1Q18 BVPS currency adjusted	\$	4.61
M&A Adjustments	-\$	2.29
Proforma Book Value per share	\$	2.32
Intrinsic Value	\$	7.06

ECN has transformed into a scalable business services company offering lending and credit services to US financial institutions

1. 1.29 exchange rate USD:CAD
2. 1Q18 equity per share does not reflect subsequent FX adjustments
3. Based on 342 million average share count in 2018 (Actual shares 330 million)
4. Reflects 70% (ECN ownership) of Full Year 2018 e Kessler pre-tax earnings

Competitor Landscape

All values in USD As at April 22, 2018

	Market Value	Enterprise Value	Return on Equity 2018	EBITDA Margin 2018	Price to Book Value	Price to Earnings 2018	Price to Earnings 2019	Enterprise Value / EBITDA 2018	Enterprise Value / EBITDA 2019	18/17 EPS Growth
BUSINESS SERVICES		Average	19.8%	23.5%	4.9	24.1	21.0	14.1	12.3	31.4%
Broadridge Financial Solutions, Inc.	\$12,814	\$14,071	49.7%	20.1%	11.9	27.1	24.4	15.7	15.0	29.6%
Conduent, Inc.	\$4,081	\$5,544	5.8%	12.6%	1.2	18.5	15.9	7.3	6.4	23.1%
Envestnet, Inc.	\$2,498	\$2,587	14.8%	18.6%	5.6	30.4	25.1	16.9	13.4	38.4%
Morneau Shepell, Inc.	\$1,070	\$1,312	14.0%	19.1%	3.8	25.7	23.0	12.3	11.4	61.9%
SS&C Technologies Holdings, Inc.	\$11,991	\$12,640	14.9%	38.5%	3.9	21.7	19.1	18.1	15.2	20.4%
WageWorks, Inc.	\$1,748	\$1,128	-	31.9%	2.9	21.6	18.5	-	-	14.8%
LENDING AND CREDIT SERVICES		Average	17.7%	27.4%	7.3	42.2	31.2	17.0	14.0	31.2%
Dun & Bradstreet Corporation	\$4,319	\$5,584	-	29.4%	-	14.2	13.6	10.2	9.4	11.3%
Experian PLC	\$20,673	\$24,355	33.2%	34.9%	8.3	23.5	21.3	14.5	13.3	9.4%
Equifax Inc.	\$14,275	\$16,876	20.1%	33.2%	4.5	20.0	18.4	14.0	12.3	-0.4%
LendingTree, Inc.	\$3,899	\$4,223	12.3%	19.0%	13.0	90.5	60.4	-	-	95.3%
Zillow Group Inc.	\$2,675	\$8,330	5.2%	20.8%	3.3	62.6	42.4	29.2	21.1	40.7%
ADVISORY SERVICES		Average	31.0%	24.6%	4.8	18.4	15.2	12.7	10.8	-72.1%
Evercore Inc	\$3,865	\$3,900	35.9%	26.1%	6.7	13.8	12.8	-	-	20.6%
Greenhill & Co., Inc.	\$542	\$708	15.9%	13.1%	2.6	21.5	13.1	-	-	-211.2%
Houlihan Lokey, Inc.	\$1,295	\$2,680	18.7%	-	3.8	19.5	16.7	-	-	22.5%
Lazard Ltd	\$6,872	\$5,810	38.5%	26.9%	5.3	12.5	11.8	-	-	19.0%
Moelis & Co.	\$2,154	\$2,247	45.9%	32.1%	5.6	19.8	18.6	12.7	10.8	35.4%
PJT Partners, Inc.	\$1,043	\$1,424	-	-	-	23.0	18.3	-	-	-318.8%
SELECT ORIGINATORS		Average	20.1%	21.1%	3.7	15.7	14.6	10.2	9.6	12.3%
Jones Lang Lasalle Incorporated	\$7,982	\$8,877	12.7%	9.4%	2.5	17.9	16.5	11.0	10.2	13.5%
HFF, Inc.	\$1,882	\$2,720	31.6%	25.8%	6.5	17.6	17.5	9.5	8.9	15.3%
Walker & Dunlop, Inc.	\$1,833	\$2,721	16.0%	28.0%	2.2	11.5	9.9	-	-	8.2%
ASSET MANAGERS		Average	29.5%	40.7%	2.2	10.7	9.9	7.7	6.7	27.5%
Affiliated Managers Group, Inc.	\$9,309	\$13,006	48.8%	47.7%	2.6	10.2	9.2	8.9	8.0	15.0%
Blackstone Group L.P.	\$21,242	\$57,122	32.1%	53.3%	3.2	11.2	10.0	7.6	6.7	2.6%
Legg Mason, Inc.	\$3,218	\$5,948	7.6%	21.0%	0.8	10.6	10.6	6.6	5.4	64.8%
Median (all comps)	\$3,865	\$5,544	17.4%	26.1%	3.8	19.8	17.5	12.3	10.8	19.0%

Questions

