Management Discussion & Analysis

MARCH 31, 2019

The following management discussion and analysis ("MD&A") provides information management believes is relevant to an assessment and understanding of the financial condition and results of operations of ECN Capital Corp. (the "Company" or "ECN Capital") as at and for the three-month period ended March 31, 2019, in comparison to the corresponding prior year periods. This MD&A, which has been prepared as of May 8, 2019, is intended to supplement and complement the condensed unaudited interim consolidated financial statements and notes thereto, prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB"), as at and for the three-month period ended March 31, 2019 (the "interim consolidated financial statements"), which readers are encouraged to review in conjunction with their review of this MD&A. This MD&A should be read in conjunction with the Company's audited consolidated financial statements for the two years ended December 31, 2018 and 2017 and the related MD&A. Additional information relating to the Company, including the Company's Annual Information Form, is available on SEDAR at www.sedar.com and on the Company's website at www.ecncapitalcorp.com.

Certain comparative figures have been reclassified to conform to the current period's presentation. All amounts set forth in this MD&A are in U.S. dollars unless otherwise noted.

Cautionary Statement

This analysis has been prepared taking into consideration information available to May 8, 2019. Certain statements contained in this report constitute "forward looking statements". When used in this report, the words "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "estimate", "expect", and similar expressions, as they relate to the company, or its management, are intended to identify forward looking statements. Such statements reflect our current views with respect to future events and are subject to inherent risks, uncertainties and numerous assumptions, including, without limitation, general economic conditions, reliance on debt financing, dependence on borrowers, dependence on financing its business through funding commitments and the sale of loan portfolios to banks and other financial institutions, inability to recover receivables, competition, interest rates, regulation, demand for financing in the specialty finance sector, insurance, failure of key systems, debt service, future capital needs and such other risks or factors described from time to time in reports of ECN Capital.

By their nature, forward looking statements involve numerous assumptions, known and unknown, risks and uncertainties, both general and specific, which contribute to the possibility that predictions, forecasts, projections and other forms of forward looking information may not be achieved. Many factors could cause our actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward looking statements and readers are cautioned that the list of factors in the foregoing paragraph is not exhaustive. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results may vary materially from those described herein as intended, planned, anticipated, believed, estimated or expected. Accordingly, readers are cautioned not to place undue reliance on forward looking statements or interpret or regard forward-looking statements as guarantees of future outcomes. Except as may be required by applicable Canadian securities laws, we do not intend, and disclaim any obligation to update or rewrite any forward-looking statements whether oral or written as a result of new information, future events or otherwise.

ECN CAPITAL

Table of Contents

Overview

ABOUT ECN

ECN Capital Corp. [“ECN Capital” or the “Company”] is a leading provider of business services to United States ("U.S.") based banks, credit unions and now a life insurance company(collectively our "Partners"). ECN Capital originates, manages and advises on prime consumer credit portfolios on behalf of its Partners, specifically unsecured loan portfolios, secured loan portfolios and credit card portfolios. Our customers are banks, credit unions and now a life insurance company seeking high quality assets to match with their deposits or liabilities. Headquartered in South Florida and Toronto, the registered office is located at 181 Bay Street, Suite 2830, Toronto, Ontario, Canada. ECN Capital has approximately 560 employees and operates [principally] in the United States. The Company is a public corporation and trades on the Toronto Stock Exchange under the symbol “ECN”.

BUSINESS STRATEGY

ECN Capital's transition to an asset manager that is balance sheet light is now complete.

The Company is an asset manager that owns a portfolio of business services providers that operate under a fee-based, asset-light model through which it originates, manages and advises on prime credit portfolios to a growing network of Partners. ECN Capital partners with these financial institutions rather than competing with them. Our core portfolio companies are: Service Finance, the Kessler Group and Triad Financial Services. ECN Capital has Managed and Advisory assets of approximately $32 billion and our customers include more than 90 banks, credit union and insurance company partners. Specifically, our customers are the decision makers inside each institution who are looking for appropriate portfolio solutions to match customer deposits and liabilities. We meet our customer needs by offering the following prime consumer portfolio solutions:

- Unsecured consumer loan portfolios - Home improvement loans
- Consumer credit card portfolios - Affinity and co-branded credit cards
- Secured consumer loan portfolios - Manufactured home loans

The Company's focus is to drive origination and asset management growth as well as broadening our Partner relationships through the marketing of all three solutions across our network of 90+ Partners. In pursuit of these objectives: (i) The Company provides its portfolio companies with modest capital, knowledge and scale to help grow their businesses within their large addressable markets; and (ii) Management has also begun the process of deepening our relationships with key Partners with a view to expanding Partner relationships to more than one solution.

The Company’s portfolio investments are made within these strategic parameters and have demonstrated each of the following value propositions:

- Significant barriers to entry through established long-term regulatory relationships with financial services regulators; strong long-term relationships with the banks, credit unions, insurance companies, payment networks that are its customers and exclusive/preferred manufacturer and dealer arrangements that drive the Company's origination services; and proprietary intellectual capital

- Established originator / manager / adviser of prime consumer credit portfolios with a history of strong performance across business cycles;
- Excellent credit quality and track record of excellence in providing managerial and advisory services;
- Capital-light businesses with solid growth profiles; and
- Scalable platforms with established operations and information technology.

A description of each of our core business segments is provided below.

Core Business Segments:

Service Finance (100% owned) - Unsecured Consumer Loan Portfolios

The Service Finance segment was formed on the completion of our investment in Service Finance on September 7, 2017. Founded in 2004, Service Finance is a premier portfolio solutions platform focused on originating and managing short duration unsecured consumer loans for 15+ Partners. These loans are primarily prime and super-prime retail installment contracts to finance home improvement projects in the U.S. Originations are sourced through national dealer networks through exclusive and preferred programs with top manufacturers in the home improvement industry. Originations are sold to third party financial institutions without recourse with respect to credit losses, prepayments or yield, and Service Finance retains the exclusive right to service all retail installment contracts that it originates. Service Finance is headquartered in Boca Raton, Florida and is licensed in all 50 States.

The Kessler Group(96% owned) - Consumer Credit Card Portfolios

The Kessler Group segment was formed on May 31, 2018 on the completion of our investment in The Kessler Group. Founded in 1978, the Kessler Group is an industry leading platform focused on managing, advising and structuring consumer credit card portfolios for 25+ Partners. The Kessler Group has created over 6,000 partnerships between banks/credit card issuers and affinity co-brand groups and currently has approximately $28 billion in managed credit card portfolios and related assets. The Kessler Group is headquartered in Boston, Massachusetts.

Triad Financial Services(100% owned) - Secured Consumer Loan Portfolios

The Triad Financial Services segment was formed on December 29, 2017 in connection with the completion of our investment in Triad Financial Services. Founded in 1959, Triad Financial Services is the oldest manufactured housing finance company in the U.S. Triad Financial Services is a premier portfolio solutions platform focused on originating and managing longer duration secured consumer loan portfolios for 50+ Partners. These assets are primarily prime and super-prime loans to consumers for the purchase of manufactured homes throughout the U.S. with limited recourse. Originations are sourced through a decades old national network of dealers and manufacturers. In addition to originating prime consumer loans, Triad Financial Services manages manufactured housing portfolios for third party owners and provides floor plan financing for select dealers and manufacturers. Triad Financial Services is headquartered in Jacksonville, Florida and is licensed in 44 States.

Key Business Developments

The Company is in the final stages of divesting its legacy businesses and will continue to redeploy capital into its three scalable business services platforms. Our key developments in support of this strategy are outlined below.

M&A CORPORATE DEVELOPMENT

The Kessler Group Leadership Transition

In the first quarter, Scott Shaw successfully transitioned to the role of Chief Executive Officer ("CEO") at the Kessler Group. In conjunction with this transition, two related events occurred:

- ECN acquired the 20% non-controlling interest held by Howard Kessler and restructured his employment contract. Mr. Kessler became Chairman Emeritus and founder, without any ongoing compensation, and will continue to manage a key client relationship, support the M&A business and provide leadership, coaching and mentoring support, as required, to Mr. Shaw and others on the Kessler Group management team.

- Mr. Shaw as the new CEO, undertook a detailed operations review, which resulted in the elimination of eight positions which, together with the elimination of compensation payments to Mr. Kessler, will reduce compensation costs by about $5 million on an ongoing basis.

As a result of the above, we now expect the Kessler Group adjusted operating income before tax to be in the range of $44 million to $48 million compared to our original guidance of $42 million to $45 million and ECN's share to be in the range of $42 million to $46 million compared to $32 million to $34 million previously.

OTHER CORPORATE DEVELOPMENTS

Completion of Transition of Head Office to South Florida

In April, 2019, the Company completed the relocation of its senior management team to South Florida. As part of the transition, the Board of Directors of ECN has agreed to an extension of Steven Hudson's employment arrangement through 2023, and Mr. Hudson will continue to serve as CEO through the term of the contract. Jim Nikopoulos has elected not to move to Florida and will retire from the Company effective May 8, 2019.

CORPORATE FINANCE DEVELOPMENTS

Substantial Issuer Bid

On January 15, 2019, the Company completed a second modified “Dutch auction” substantial issuer bid ("SIB") to purchase for cancellation up to C$265 million of its outstanding common shares (“Shares”) from shareholders for cash. The Company has taken up and paid for 70,666,666 Shares at a price of C$3.75 per share for an aggregate purchase price of approximately C$265 million ($US 201.3 million) including fees and expenses.

Results of Operations

OPERATING HIGHLIGHTS FOR THE QUARTER

1. Adjusted net income[1] for the quarter ended March 31, 2019 was $15.0 million. Adjusted net income applicable to common shareholders was $0.05 per share for the quarter ended March 31, 2019, exceeding our budget for the first quarter.

2. Adjusted EBITDA[2] in the first quarter of 2019 was $26.7 million, compared to $6.5 million in the first quarter of 2018. The significant increase reflects strong growth in our Service Finance and Triad Financial Services segments, the addition of the Kessler Group in the second quarter of 2018 and the repurchase of the 20% minority interest, which will be accretive for the rest of 2019.

3. Total originations for the quarter ended March 31, 2019 were $419.2 million compared to $335.7 million in the first quarter of 2018, which represents a year over year increase of 25%. The increase reflects the continued growth of the origination activity in both of our Service Finance and Triad Financial Services segments.

4. Managed and advisory portfolios totaled $31.9 billion as at March 31, 2019, compared to $31.1 billion for the immediately preceding quarter and just $3.2 billion in the first quarter of 2018. The increase reflects the growth in our Service Finance and Triad segments and the addition of the Kessler Group in the second quarter of 2018.

5. Completed a second SIB for purchase and cancellation of C$265 million of the Company's Shares from shareholders for cash. The Company has taken up and paid for 70,666,666 Shares at a price of C$3.75 per share for an aggregate purchase price of approximately C$265 million ($US 201.3 million) including fees and expenses. In conjunction with the first SIB and shares repurchased under our NCIB, the Company has reduced its shares outstanding by approximately 40% from the start of 2018.

1. Adjusted net income is a non-IFRS measure. Please refer to the "Reconciliation of Non-IFRS to IFRS Measures" section in this MD&A for a reconciliation to net income
2. This is a non-IFRS measures. Please refer to the "Non-IFRS and Other Performance Measures" section of this MD&A for a definition of these measures.

The following table sets forth a summary of the Company's consolidated results from continuing operations for the three-month periods ended March 31, 2019, December 31, 2018 and March 31, 2018 and is to be read in conjunction with the Company's interim condensed consolidated financial statements for the same periods.

	For the three-month period ended		
(in 000's for stated values, except percent, ratio and per share amounts)	**March 31, 2019** $	December 31, 2018 $	March 31, 2018 $
Select metrics			
Originations	**419,201**	463,120	335,718
Average earning assets - Owned (1)	**321,188**	369,341	38,592
Average earning assets - Managed and advisory (1)	**31,505,577**	29,925,922	3,151,082
Period end earning assets - Owned	**345,374**	402,418	140,231
Period end earning assets - Managed and advisory	**31,861,273**	31,118,671	3,221,523
Operating highlights:			
Portfolio origination services	**18,140**	22,261	13,432
Portfolio management services	**19,088**	27,610	8,580
Portfolio advisory services	**11,956**	4,255	—
Total portfolio revenue	**49,184**	54,126	22,012
Interest income	**6,449**	7,023	1,480
Other revenue	**985**	6,226	1,899
	56,618	67,375	25,391
Operating expenses	**29,882**	33,313	18,897
Adjusted EBITDA (1)	**26,736**	34,062	6,494
Depreciation & amortization	**610**	729	504
Interest expense	**6,298**	8,748	5,379
Adjusted operating income before tax (1)	**19,828**	24,585	611
Non-operating items:			
Share-based compensation	**6,160**	3,588	3,334
Amortization of intangibles	**6,453**	6,504	3,154
Accretion of deferred purchase consideration	**1,358**	—	—
Separation and corporate restructure	**12,549**	15,485	—
Purchase price premium on non-controlling interest	**28,138**	—	261
Unrealized (gain) loss on economic currency hedge	**(4,789)**	4,289	—
Non-controlling interest	**546**	4,045	—
	50,415	33,911	6,749
Net (loss) income before income taxes from continuing operations	**(30,587)**	(9,326)	(6,138)
Income tax expense (recovery)	**(9,806)**	(6,920)	(4,555)
Net (loss) income from continuing operations	**(20,781)**	(2,406)	(1,583)
Net income (loss) from discontinued operations	**(2,160)**	(102,727)	4,874
Net (loss) income for the period	**(22,941)**	(105,133)	3,291
Weighted Average number of shares outstanding [basic]	**250,289**	310,990	366,016
Earnings per share [basic] - continuing operations	**$(0.09)**	$(0.02)	$(0.01)
Non-IFRS Measures			
Adjusted operating results:			
Adjusted EBITDA (1)	**26,736**	34,062	6,494
Adjusted operating income before tax (1)	**19,828**	24,585	611
Non-controlling interest in the Kessler Group	**546**	2,566	—
Adjusted operating income before tax (1) - ECN share	**19,282**	22,019	611
Adjusted net income (1)	**15,040**	17,764	499
Adjusted net income applicable to common shareholders (1)	**12,635**	15,377	(2,021)
Adjusted net income per share [basic] (1)	**$0.06**	$0.06	$0.00
Adjusted net income applicable to common shareholders per share [basic] (1)	**$0.05**	$0.05	$(0.01)

(1) For additional information, see descriptions in the "Non-IFRS and Other Performance Measures" section.

ECN CAPITAL

The following discussion relates to the results of operations for the three-month period ended March 31, 2019 presented on a continuing operations basis.

Q1 2019 vs Q4 2018 vs Q1 2018

The Company reported a consolidated net loss of $22.9 million for the quarter ended March 31, 2019, compared to the net loss of $105.1 million and net income of $3.3 million for the three-month period ended December 31, 2018 and March 31, 2018, respectively. Net loss in the current quarter was primarily attributable to the purchase price premium plus associated transaction costs of $28.1 million ($20.8 million after-tax)to acquire the non-controlling interest in the Kessler Group and $12.5 million in restructuring charges related to the completion of the transition of the Company's head office to Florida and the associated retirement of Mr. Nikopoulos and staff reductions at the Kessler Group and Triad Financial Services, and $6.5 million in amortization of intangible assets related to the acquisitions of Service Finance and Triad Financial Services, and $6.2 million in share-based compensation expense. The net loss for the immediately preceding quarter reflects the $73.2 million after-tax loss on railcar assets held-for-sale and $15.5 million restructuring charge related to the relocation of the Company's head office to the U.S.

Adjusted net income[1] and adjusted net income applicable to common shareholders per share[1] was $15.0 million or $0.05 per share for the quarter ended March 31, 2019, compared to $17.8 million or $0.05 per share for the immediately preceding quarter and $0.5 million or -$0.01 per share for the first quarter in 2018. Adjusted operating income before tax[1] was $19.8 million for the quarter ended March 31, 2019, compared to $24.6 million in the immediately preceding quarter and $0.6 million for the same prior year period. The decrease in adjusted operating income before tax compared to the fourth quarter of 2018 primarily reflects the seasonal nature of the businesses. The year over year increase reflects the strong growth in both Service Finance and Triad Financial Services and the inclusion of the Kessler Group operating results.

The Company reported total originations of $419.2 million in the first quarter of 2019, compared to $463.1 million in the immediately preceding quarter and $335.7 million in the same prior year period. Current quarter originations include $301.5 million from Service Finance and $117.7 million from Triad Financial Services.

Adjusted EBITDA[1] of $26.7 million in the current quarter was down 21.5% compared to the immediately preceding quarter. The decrease compared to the prior quarter primarily reflects the seasonal nature our Service Finance and Triad Financial Services businesses, partially offset by strong performance by the Kessler Group. Compared to the first quarter of 2018, adjusted EBITDA was up significantly which reflects the strong growth in our Service Finance and Triad Financial Services segments as well as the addition of the Kessler Group in the second quarter of 2018.

Operating expenses were $29.9 million in the current quarter, compared to $33.3 million for the prior quarter, and $18.9 million in the first quarter of 2018. The decrease in business segment operating expenses compared to the immediately preceding quarter was primarily due to lower incentive compensation due to the decrease in operating earnings. The year over year increase reflects the continued growth at Service Finance and Triad and the inclusion of the Kessler Group. The decrease in corporate operating expenses reflects the benefits of the Company's restructuring and transition to the new head office in Florida. As a result of the retirement of Mr. Nikopoulos, we now expect corporate operating expense to be in the range of $19 million to $20 million, compared to our original guidance of $20 million to $21 million.

The table below illustrates the Company's operating expenses for the first quarter of 2019 and comparative periods:

(in 000's for stated values)	**March 31, 2019**	December 31, 2018	March 31, 2018
Service Finance	**7,477**	7,388	5,952
The Kessler Group	**10,128**	11,396	—
Triad Financial Services	**6,755**	7,485	5,941
Business segment operating expenses	**24,360**	26,269	11,893
Corporate operating expenses	**5,522**	7,044	7,004
Total operating expenses	**29,882**	33,313	18,897

The effective tax rate on adjusted operating income before tax increased from 19.3% in the fourth quarter of 2018 to 22.0% in the first quarter of 2019.

1. This is a non-IFRS measure. Please refer to "Non-IFRS and Other Performance Measures" in this MD&A for a definition of these measures.

Business Segment Results

RESULTS OF SERVICE FINANCE - UNSECURED CONSUMER LOAN PORTFOLIOS

The following table sets forth a summary of the Company's select metrics and results from the Service Finance segment, for the three-month periods ended March 31, 2019, December 31, 2018, and March 31, 2018.

	For the three-month period ended		
	March 31, 2019	December 31, 2018	March 31, 2018
(in 000's for stated values, except percent amounts)	**$**	$	$
Select metrics			
Originations	**301,510**	328,472	241,700
Managed Assets, Period End	**1,862,001**	1,768,375	1,217,757
Managed Assets, Period Average	**1,820,581**	1,686,360	1,169,923
Operating results			
Revenue	**19,758**	25,254	14,759
Operating expenses	**7,477**	7,388	5,952
Adjusted EBITDA (1)	**12,281**	17,866	8,807
Interest & depreciation expense	**1,772**	1,983	443
Adjusted operating income before tax (1)	**10,509**	15,883	8,364

(1) For additional information, see descriptions in the "Non-IFRS and Other Performance Measures" section.

Service Finance - Unsecured Consumer Loan Portfolios Segment

In the first quarter, Service Finance generated approximately $302 million in originations, which represents an increase of approximately 25% versus the comparable quarter in 2018, and a decrease of approximately 8% compared to the fourth quarter of 2018. Excluding PACE, originations increased 30% versus the comparable quarter in 2018, and decreased by approximately 7% compared to the fourth quarter of 2018.

Historically, originations have followed a seasonal pattern. This is illustrated in the table below which shows originations for each of the most recent quarters:

Originations (US$ millions)[2]								
Q1, 2017	Q2, 2017	Q3, 2017	Q4, 2017	Q1, 2018	Q2, 2018	Q3, 2018	Q4, 2018	Q1, 2019
135	221	249	213	242	355	362	328	302

Adjusted EBITDA and adjusted operating income before tax were $12.3 million and $10.5 million respectively, compared to $17.9 million and $15.9 million recorded in the prior quarter and $8.8 million and $8.4 million, respectively for the first quarter of 2018. Adjusted EBITDA margins decreased slightly to 62.2% in the first quarter of 2019, compared to 70.7% in the fourth quarter of 2018, primarily reflects the seasonal nature of the business.

(2) Includes results from periods prior to the Company's acquisition of Service Finance on September 7, 2017.

Service Finance is well positioned to continue growing in 2019 and we expect total originations in 2019 to exceed our 2018 origination results by approximately 30% in 2019. The Company maintains its 2019 outlook of $1.6 billion to $1.8 billion in originations and $62 million to $66 million in adjusted operating income before tax. Please see the table below for the Company's 2019 outlook for the Service Finance segment.

Service Finance - Unsecured Consumer Loan Portfolios 2019 Outlook

	2019 Forecast Range	
Select Metrics (US$ millions)		
Originations	**1,600**	**1,800**
Managed and advised portfolio (period end)	**2,500**	**2,700**
Income Statement (US$ millions)		
Revenue	**96**	**101**
Adjusted EBITDA	**66**	**70**
Adjusted Operating Income Before Tax	**62**	**66**
Adjusted EBITDA margin	**~69%**	**~69%**

RESULTS OF THE KESSLER GROUP - CONSUMER CREDIT CARD PORTFOLIOS

The following table sets forth a summary of the Company's select metrics and results from the Kessler Group segment, for the three-month period ended March 31, 2019 and December 31, 2018.

	For the three-month period ended	
	March 31, 2019	December 31, 2018
(in 000's for stated values, except percent amounts)	**$**	$
Operating results		
Revenue	**24,562**	23,066
Operating expenses	**10,128**	11,396
Adjusted EBITDA (1)	**14,434**	11,670
Interest and depreciation expense	**496**	591
Adjusted operating income before tax (1) - 100% basis	**13,938**	11,079
Non-controlling interest in the Kessler Group	**546**	2,566
Adjusted operating income before tax (1) - ECN Share	**13,392**	8,513

(1) For additional information, see descriptions in the "Non-IFRS and Other Performance Measures" section.

The Kessler Group - Consumer Credit Card Portfolios Segment

The Company's investment in the Kessler Group closed on May 31, 2018. Adjusted EBITDA was approximately $14.4 million and adjusted operating income before tax was about $13.9 million for the current quarter, compared to $11.7 million and $11.1 million, respectively for the prior quarter. The increase reflects strong performance from its portfolio advisory and strategic partnership business unit. The Company's share of the adjusted operating income before tax was $13.4 million for the quarter ended March 31, 2019, compared to $8.5 million for the prior quarter, and reflects the impact of the buyout of the 20% non-controlling interest, which was effective from January 1 from an operating earnings perspective. This represented a benefit of approximately $2.8 million in the quarter.

The Kessler Group - Consumer Credit Card Portfolios 2019 Outlook

The Company expects strong performance from the Kessler Group in 2019 as the segment entered into an expanded strategic partnership agreement with a significant long-term client and continued growth from the risk-based marketing business. Please see the table below for the Company's 2019 outlook for the Kessler Group segment. As a result of the cost reductions and ECN's buyout of the 20% non-controlling interest, we now expect adjusted operating income before tax to be in the range of $44million to $48 million and ECN's share is expected to increase to $42 million to $46 million.

	Original Budget		2019 Forecast Revised	
Income Statement (US$ millions)				
Revenue	**86**	**90**	**86**	**90**
Adjusted EBITDA	**45**	**48**	**46**	**49**
Adjusted Operating Income Before Tax (100%)	**42**	**45**	**44**	**48**
Adjusted Operating Income Before Tax (ECN share)	**32**	**34**	**42**	**46**
Adjusted EBITDA margin	**~52%**	**~53%**	**~53%**	**~54%**

RESULTS OF TRIAD FINANCIAL SERVICES - SECURED CONSUMER LOAN PORTFOLIOS

The following table sets forth a summary of the Company's select metrics and results from the Triad Financial Services segment, for the three-month periods ended March 31, 2019, December 31, 2018 and March 31, 2018.

	For the three-month period ended		
	March 31, 2019	December 31, 2018	March 31, 2018
(in 000's for stated values, except percent amounts)	**$**	$	$
Select metrics			
Originations	**117,691**	134,648	94,018
Managed Assets, Period End	**2,233,162**	2,165,520	2,003,766
Managed Assets, Period Average	**2,209,553**	2,163,765	1,981,159
Operating results			
Revenue	**11,634**	13,402	8,455
Operating expenses	**6,755**	7,485	5,941
Adjusted EBITDA (1)	**4,879**	5,917	2,514
Interest and depreciation expense	**792**	746	142
Adjusted operating income before tax (1)	**4,087**	5,171	2,372

(1) For additional information, see descriptions in the "Non-IFRS and Other Performance Measures" section.

Triad Financial Services - Secured Consumer Loan Portfolios Segment

Total originations in the first quarter of 2019 of $117.7 million represent an increase of 25.2% compared to the same quarter in 2018 and a decrease of 12.6% from the immediately preceding quarter, reflecting the seasonality of the business. The origination results reflect the strong underlying fundamentals of the manufactured housing industry.

Traditionally, this business is impacted by seasonality. This is illustrated in the table below which shows originations for each of the most recent quarters:

Originations (US$ millions)[2]								
Q1, 2017	Q2, 2017	Q3, 2017	Q4, 2017	Q1, 2018	Q2, 2018	Q3, 2018	Q4, 2018	Q1, 2019
92	126	129	119	94	150	147	135	118

(2) Includes results from periods prior to the Company's acquisition of Triad Financial Services on December 29, 2017.

Adjusted EBITDA and adjusted operating income before tax were $4.9 million and $4.1 million, in the first quarter of 2019 compared to $5.9 million and $5.2 million in the prior quarter and $2.5 million and $2.4 million, respectively for the first quarter of 2018. The decrease in adjusted EBITDA compared to the immediately preceding quarter primarily reflects the seasonal nature of the business.

The Company expects Triad Financial Services to provide consistent earnings contributions with the Floorplan initiatives leading to increased core market share, and new originations through increasing shipment rates in the Manufactured Housing Industry. Please see the table below for the Company's 2019 outlook for the Triad Financial Services segment.

Triad Financial Services - Secured Consumer Loan Portfolios 2019 Outlook

	2019 Forecast Range	
Select Metrics (US$ millions)		
Total Originations	**600**	**620**
Floorplan line utilized	**100**	**110**
Managed & advised portfolio (period end)	**2,500**	**2,600**
Income Statement (US$ millions)		
Revenue	**55**	**60**
Adjusted EBITDA	**26**	**30**
Adjusted Operating Income Before Tax	**22**	**25**
Adjusted EBITDA margin	**~47%**	**~50%**

RESULTS OF CORPORATE SEGMENT

The following table sets forth a summary of the Company's select metrics and results from the Corporate segment, for the three-month periods ended March 31, 2019, December 31, 2018 and March 31, 2018.

	For the three-month period ended		
	March 31, 2019	December 31, 2018	March 31, 2018
(in 000's for stated values, except percent amounts)	**$**	**$**	**$**
Operating results			
Interest income	**980**	1,380	974
Other revenue	**(316)**	4,273	1,203
	664	5,653	2,177
Operating expenses	**5,522**	7,044	7,004
Adjusted EBITDA (1)	**(4,858)**	(1,391)	(4,827)
Depreciation & amortization	**245**	359	334
Interest expense	**3,603**	5,798	4,964
Adjusted operating income before tax (1)	**(8,706)**	(7,548)	(10,125)

(1) For additional information, see descriptions in the "Non-IFRS and Other Performance Measures" section.

Corporate

Revenue was $0.7 million for the quarter compared to $5.7 million for fourth quarter of 2018. Revenue primarily consists of interest on legacy loans and leases and the decrease in the quarter reflects the wind-down of this portfolio.

Operating costs decreased compared to the prior quarter due to the corporate cost reduction initiatives that began to take effect in the first quarter of 2019. Interest expense decreased compared to the fourth quarter of 2018 as a result of a lower average balance during first quarter of $449.8 million compared to $602.8 million in the prior quarter, as well as the impact of lower stand by fees in the first quarter with the reduction of the senior facility to $1.0 billion on December 31, 2018.

Financial Position

The following tables set forth a summary of the Company's balance sheet, including a breakdown by vertical, as at March 31, 2019, December 31, 2018 and March 31, 2018.

	March 31, 2019						
(in 000's for stated values, except percentage amounts)	Service Finance $	The Kessler Group $	Triad Financial Services $	Corporate $	**Continuing Operations** **$**	Discontinued Operations $	**Total** **$**
Assets							
Finance assets							
Finance receivables	23,967	29,009	84,943	—	**137,919**	—	**137,919**
Held-for-trading financial assets	207,455	—	—	—	**207,455**	—	**207,455**
Equipment under operating leases	—	—	—	—	**—**	—	**—**
Total finance assets	231,422	29,009	84,943	—	**345,374**	—	**345,374**
Retained reserve interest	—	—	22,729	—	**22,729**	—	**22,729**
Goodwill and intangible assets	357,684	248,958	65,621	1,763	**674,026**	—	**674,026**
Deferred tax assets	—	—	—	46,260	**46,260**	—	**46,260**
Other assets and investments	72,422	74,922	54,806	119,581	**321,731**	46,669	**368,400**
Asset held-for-sale	—	—	—	—	**—**	280,241	**280,241**
Total Assets	**661,528**	**352,889**	**228,099**	**167,604**	**1,410,120**	**326,910**	**1,737,030**
Liabilities							
Debt	243,427	29,009	68,868	244,572	**585,876**	—	**585,876**
Other liabilities	15,363	125,015	33,921	79,468	**253,767**	17,352	**271,119**
Total Liabilities	**258,790**	**154,024**	**102,789**	**324,040**	**839,643**	**17,352**	**856,995**
Earning Assets - Owned and Managed							
Earning assets - owned	231,422	29,009	84,943	—	**345,374**	—	**345,374**
Earning assets - managed and advisory	1,862,001	27,766,110	2,233,162	—	**31,861,273**	—	**31,861,273**
Total Earning Assets - Owned and Managed and Advisory	**2,093,423**	**27,795,119**	**2,318,105**	**—**	**32,206,647**	**—**	**32,206,647**

Total finance assets for continuing operations were $345 million on March 31, 2019 compared to $402 million at December 31, 2018, and $140 million at March 31, 2018. The increase compared to the first quarter of the prior year reflects primarily the origination of loans at Service Finance that are held for trading. The total finance assets balance at March 31, 2019 includes $207.5 million in home improvement loans, which are classified as held for trading compared to $274.1 million at December 31, 2018. The decrease reflects the impact of 2 bulk portfolio sales that closed in the first quarter. Subsequent to quarter end , another $57 million in home improvement loans were sold and a letter of intent was entered into to sell an additional $75 million, reflecting the Company's commitment to sell through loans that it originates. Starting in March 2019, solar loans are part of the regular flow purchased by our Partners, and accordingly our on balance sheet loan portfolio is expected to decrease significantly in 2019. Total finance assets also includes finance receivables of $84.9 million attributable to secured floorplan loans issued by Triad Financial Services in order to drive growth in manufactured housing loan originations.

Earning assets - managed and advisory of $31.9 billion as at March 31, 2019 reflects servicing assets of $1.9 billion in Service Finance, $2.2 billion in managed loans in Triad Financial Services and $27.8 billion in managed and advisory assets in the Kessler Group.

Debt from continuing operations of $585.9 million increased by $331 million compared to March 31, 2018, largely reflecting the draw down on the senior facility to fund the Kessler Group acquisition, the NCIB and two SIB share repurchases.

	December 31, 2018						
(in 000's for stated values, except percentage amounts)	Service Finance $	The Kessler Group $	Triad Financial Services $	Corporate $	Continuing Operations $	Discontinued Operations $	Total $
Assets							
Finance assets							
Finance receivables	17,546	32,903	77,897	—	**128,346**	—	**128,346**
Held-for-trading financial assets	274,072	—	—	—	**274,072**	—	**274,072**
Equipment under operating leases	—		—	—	**—**	—	**—**
Total finance assets	291,618	32,903	77,897	—	**402,418**	—	**402,418**
Retained reserve interest	—	—	22,020	—	**22,020**	—	**22,020**
Goodwill and intangible assets	357,796	253,193	65,835	970	**677,794**	—	**677,794**
Deferred tax assets	—	—	—	35,467	**35,467**	—	**35,467**
Other assets and investments	34,582	64,692	44,472	74,926	**218,672**	59,099	**277,771**
Asset held-for-sale	—	—	—	—	**—**	333,963	**333,963**
Total Assets	**683,996**	**350,788**	**210,224**	**111,363**	**1,356,371**	**393,062**	**1,749,433**
Liabilities							
Debt	288,165	32,903	65,277	(50,909)	**335,436**	—	**335,436**
Other liabilities	2,016	185,076	22,127	80,573	**289,792**	17,228	**307,020**
Total Liabilities	**290,181**	**217,979**	**87,404**	**29,664**	**625,228**	**17,228**	**642,456**
Earning Assets - Owned and Managed and Advisory							
Earning assets - owned	291,618	32,903	77,897	—	**402,418**	—	**402,418**
Earning assets - managed and advisory	1,768,375	27,184,776	2,165,520	—	**31,118,671**	—	**31,118,671**
Total Earning Assets - Owned and Managed and Advisory	**2,059,993**	**27,217,679**	**2,243,417**	**—**	**31,521,089**	**—**	**31,521,089**

(in 000's for stated values, except percentage amounts)	March 31, 2018					
	Service Finance	Triad Financial Services	Corporate	Continuing Operations	Discontinued Operations	Total
	$	$	$	$	$	$
Assets						
Finance assets						
Finance receivables	62,852	14,333	63,046	**140,231**	255,540	**395,771**
Equipment under operating leases	—	—	—	**—**	863,763	**863,763**
Total finance assets	62,852	14,333	63,046	**140,231**	1,119,303	**1,259,534**
Retained reserve interest	—	18,752	—	**18,752**	—	**18,752**
Goodwill and intangible assets	352,154	66,765	24	**418,943**	—	**418,943**
Deferred tax assets	—	—	32,495	**32,495**	—	**32,495**
Other assets and investments	39,501	37,505	126,929	**203,935**	154,198	**358,133**
Asset held-for-sale	—	—	7,673	**7,673**	—	**7,673**
Total Assets	**454,507**	**137,355**	**230,167**	**822,029**	**1,273,501**	**2,095,530**
Liabilities						
Debt	75,921	11,801	166,818	**254,540**	289,181	**543,721**
Other liabilities	1,948	23,057	79,367	**104,372**	5,823	**110,195**
Total Liabilities	**77,869**	**34,858**	**246,185**	**358,912**	**295,004**	**653,916**

Book Value per Share

	Book value per share (C$)	Book value per share (US$)[1]
September 30, 2016	$4.42	$3.37
December 31, 2016	$4.47	$3.35
March 31, 2017	$4.75	$3.57
June 30, 2017	$4.70	$3.63
September 30, 2017	$4.51	$3.62
December 31, 2017	$4.47	$3.56
March 31, 2018	$4.61	$3.58
June 30, 2018	$4.77	$3.63
September 30, 2018	$4.48	$3.47
December 31, 2018	$4.28	$3.14
March 31, 2019	**$4.10**	**$3.07**

1 - Calculated by dividing the Canadian book value per share by the US$ to C$ exchange rate in effect as at the relevant balance sheet date, except March 31, 2018, June 30, 2018, September 30, 2018, December 31, 2018 and March 31, 2019 the Canadian book value per share is calculated by multiplying the US$ book value per share by the US$ to C$ exchange rate in effect.

As a result of the completion of the sale of the Company's Canada C&V Finance business in the first quarter of 2018 and the acquisitions of Service Finance, Triad Financial Services and the Kessler Group, the Company's business operations are conducted primarily in U.S. dollars. Consequently, the Company presents its operating results and financial position in U.S. dollars. This significantly reduces the impact of foreign exchange rate fluctuations between the Canadian and U.S. dollar on the Company's book value per share.

Delinquencies

The contractual delinquency of the net finance receivables at each reporting period is as follows:

	March 31, 2019		December 31, 2018		March 31, 2018	
	$	**%**	$	%	$	%
Current	**136,684**	**98.56%**	128,366	99.52%	317,200	98.91%
31-60 days past due	**931**	**0.67%**	369	0.29%	—	—%
61-90 days past due	**516**	**0.37%**	147	0.11%	3,481	1.09%
Greater than 90 days past due	**556**	**0.40%**	108	0.08%	—	—%
Total continuing operations	**138,687**	**100.00%**	128,990	100.00%	320,681	100.00%

Allowance for Credit Losses

Credit losses and provisions, as at and for each of the respective periods are as follows:

	Three-month period ended March 31, 2019	Year ended December 31, 2018
(in 000's except percentage amounts)	**$**	$
Allowance for credit losses, beginning of period	**644**	2,160
IFRS 9 transition adjustment	**—**	6,951
Provision for credit losses	**125**	844
Charge-offs, net of recoveries	**—**	(4,550)
Impact of foreign exchange	**—**	(108)
Stage transfers	**(1)**	—
Transfer to available for sale	**—**	(4,653)
Allowance for credit losses, end of period	**768**	644

The Company's allowance for credit losses was $0.8 million as at March 31, 2019, which is consistent when compared to the $0.6 million reported at December 31, 2018. Overall, the allowance is in-line with management's expectation of losses from the business and the current mix of assets.

Liquidity & Capital Resources

An important liquidity measure for the Company is its ability to maintain diversified funding sources to support its operations. The Company's primary sources of liquidity are: (i) cash flows from operating activities; (ii) the secured borrowing facilities; (iii) funding commitments from our Partners; and (iv) equity. The Company's primary use of cash is the funding of its capital allocation priorities, including funding organic growth initiatives for our new businesses, acquisition opportunities, and returning capital to shareholders. The Company manages its capital resources by utilizing the financial leverage available under its term funding and revolving facilities, selling loans that we originate to our Partners and, when additional capital is required, the Company has access to capital through the issuance of convertible debt, preferred or common shares. The Service Finance and Triad Financial Services segments have commitments in place to fund their total anticipated loan originations for the next 12 months.

The Company views its financial leverage as a key indicator of the strength of the Company's Consolidated Statements of Financial Position. As at March 31, 2019, the Company's financial leverage ratio was 0.67:1 and its tangible leverage ratio was 2.84:1; well within the covenant of 4:1.

The Company's capitalization for continuing operations is calculated as follows:

			As at	
(in 000's for stated values, except for percentage amounts)		**March 31, 2019** **$**	December 31, 2018 $	March 31, 2018 $
Total debt	**(a)**	**585,876**	335,436	543,721
Shareholders' equity	**(b)**	**880,035**	1,106,977	1,441,614
Financial leverage	**(a)/(b)**	**0.67**	0.30	0.38
Goodwill and Intangibles	**(c)**	**674,026**	677,794	418,943
Tangible leverage	**(a)/[(b)-(c)]**	**2.84**	0.78	0.53

The increase in total debt compared to the fourth quarter of 2018 is primarily due to the SIB share repurchase and purchase of the non-controlling interest in the Kessler Group.

DEBT AND CONTRACTUAL REPAYMENT OBLIGATIONS

The Company has significant resources available to continue funding projected growth. Finance receivables are securitized or sold to third party funding counterparties on a regular basis to ensure cash is available to fund new transactions. Cash levels are also monitored by management. In addition, the Company adheres to a strict policy of matching the maturities of owned finance assets and the related debt as closely as possible in order to manage its liquidity position.

The Company's available sources of financing are as follows:

		As at	
	March 31, 2019	December 31, 2018	March 31, 2018
(in 000's)	**$**	$	$
Cash and cash equivalents	**97,202**	51,992	15,928
Senior Facilities			
Facilities	**1,000,000**	1,000,000	2,200,000
Utilized against Facility; Continuing operations	**599,535**	350,000	267,888
	400,465	650,000	1,932,112
Public Asset-Backed Securities			
Facilities	**—**	—	290,284
Utilized against Facility	**—**	—	290,284
	—	—	—
Total available sources of capital, end of period	**497,667**	701,992	1,948,040
Unutilized Borrowing Facilities (i.e. excl. Cash & Equiv.)	**400,465**	650,000	1,932,112

The Company had available liquidity of approximately $0.5 billion at March 31, 2019, which was consistent with $0.7 billion at December 31, 2018. Management believes that the available liquidity of $0.5 billion is sufficient to fund operations and growth in 2019. This $0.5 billion in liquidity is in addition to the commitments in place to fund loan originations from our Service Finance and Triad Financial Services business segments.

Summary of Quarterly Information

The following table sets out selected financial information for each of the eight most recent quarters, the latest of which ended as at March 31, 2019. The information should be read in conjunction with ECN Capital's audited and interim unaudited, consolidated financial statements, the notes thereto and the related management discussion and analysis for the relevant periods.

Key factors that account for the fluctuation in the Company's quarterly results include the volume of leases and loans that the Company has originated; the timing of the major railcar dispositions in August 2017, September 2017 and November 2018; syndications; the various new vendor and commercial finance programs and relationships entered into; the decision to discontinue originations of the Aviation Finance assets in February 2016; the sale of the U.S. C&V Finance business in March 2017; the acquisition of Service Finance on September 7, 2017; the acquisition of Triad Financial Services on December 29, 2017, the sale of the Canada C&V Finance business on January 21, 2018 and the related presentation of this business as a discontinued operation effective December 31, 2017, the investment in the Kessler Group on May 31, 2018 , the purchase of the 20% non-controlling interest in the Kessler Group on March 21, 2019, and the classification of the Legacy Businesses as discontinued operations.

(in $ 000's for stated values, except ratio and per share amounts)	Q1, 2019	Q4, 2018	Q3, 2018	Q2, 2018	Q1, 2018	Q4, 2017	Q3, 2017	Q2, 2017
Adjusted operating income before tax (1)	**19,828**	24,585	27,548	10,989	611	1,311	(5,205)	(7,531)
Amortization of intangibles	**6,453**	6,504	4,287	3,037	3,154	2,615	—	—
Accretion of deferred purchase consideration	**1,358**	—	—	—	—	—	—	—
Share based compensation	**6,160**	3,588	4,882	2,534	3,334	4,251	1,039	1,817
Separation and reorganization costs	**12,549**	15,485	54	—	—	5,113	—	—
Purchase price premium on non-controlling interest	**28,138**	—	—	—	—	—	—	—
Business acquisition costs	**—**	—	—	13,143	261	2,350	14,940	—
Unrealized loss on economic currency hedge	**(4,789)**	4,289	—	—	—	—	—	—
Non-controlling interest	**546**	4,045	5,349	—	—	—	—	—
Net income / (loss) before income taxes	**(30,587)**	(9,326)	12,976	(7,726)	(6,138)	(13,018)	(21,184)	(9,348)
Net income, continuing operations	**(20,781)**	(2,406)	3,347	(1,993)	(1,583)	(1,573)	(2,561)	(1,129)
Net income, discontinuing operations	**(2,160)**	(102,727)	(60,830)	4,642	4,874	(6,681)	(38,088)	12,964
Net income / (loss) - total	**(22,941)**	(105,133)	(57,483)	2,649	3,291	(8,254)	(40,649)	11,835
Net earnings per share, basic, continuing operations	**$(0.09)**	$(0.02)	$0.00	$(0.01)	$(0.01)	$(0.01)	$(0.01)	$(0.01)
Adjusted net income	**15,040**	17,764	19,471	8,702	499	2,184	(3,981)	(6,125)
Adjusted net income, per share (basic)	**$0.06**	$0.06	$0.06	$0.02	$0.00	$0.01	$(0.01)	$(0.02)
Adjusted net income applicable to common shareholders per share (basic)	**$0.05**	$0.05	$0.05	$0.02	$(0.01)	$0.00	$(0.02)	$(0.02)
Earning Assets - owned	**345,374**	402,418	309,831	258,365	140,231	121,666	—	—
Earning Assets - managed and advisory	**31,861,273**	31,118,671	28,774,422	28,183,311	3,221,523	3,080,639	1,022,854	—
Earning assets - total	**32,206,647**	31,521,089	29,084,253	28,441,676	3,361,754	3,202,305	1,022,854	—
Loan and lease originations, continuing operations	**419,201**	463,120	508,950	505,210	335,718	213,360	49,021	—
Allowance for credit losses	**768**	644	4,688	4,620	9,163	2,160	5,207	6,445
As a % of finance receivables	**0.22%**	0.16%	1.04%	1.35%	2.86%	0.55%	0.44%	0.53%
Term senior credit facility, total	**599,535**	350,000	668,232	640,578	267,888	444,681	284,012	357,000
Secured borrowings, total	**(13,659)**	(14,564)	271,937	272,903	275,833	697,693	735,344	1,468,582
Total Debt	**585,876**	335,436	940,169	913,481	543,721	1,142,374	1,019,356	1,825,582
Shareholders' Equity / Owners' Net Investment, total	**880,035**	1,106,977	1,252,681	1,343,746	1,441,614	1,498,392	1,537,232	1,557,588
Book value per share (excluding pref. shares), total (2)	**$ 3.07**	$ 3.14	$ 3.47	$ 3.63	$ 3.58	$ 3.56	$ 3.62	$ 3.63

(1) For additional information, see "Non-IFRS and Other Performance Measures" section.

Non-IFRS and Other Performance Measures

DESCRIPTION OF NON-IFRS MEASURES

The Company uses certain measures to assess our financial performance that are not generally accepted accounting principles measures under IFRS ("Non-IFRS measures"). The Company believes the non-IFRS measures described below are more reflective of our ongoing operating results and provide readers with a better understanding of the Company's operating performance through the eyes of management. Non-IFRS measures are intended to provide additional information only and do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. These measures should not be considered in isolation or as a substitute for measures of performance determined under IFRS.

The following discussion describes the non-IFRS measures we use in evaluating our operating results.

Adjusted Earnings before interest expense, taxes, depreciation and amortization ("adjusted EBITDA")

We define adjusted EBITDA as net income before interest expense, income tax expense, depreciation and amortization. We believe adjusted EBITDA is a key measure of the Company's operating performance over the long term and is a useful measure of the Company's ability to generate cash from operations to maintain and grow its core business. Investors and analysts also use adjusted EBITDA as a measure to compare the operating performance of different businesses in the business services sector and to assess the enterprise value of a business as adjusted EBITDA eliminates the impact of financing decisions.

Adjusted operating income before tax and Adjusted net income applicable to common shareholders

Adjusted operating income before tax is net income excluding the impact of share-based compensation, separation and reorganization costs, business acquisition costs, loss (gain) on business disposals, impairment charges and asset valuation reserves, amortization of intangible assets acquired in business combinations, deferred purchase consideration, cumulative dividends on preferred shares, loss (income) from discontinued operations and income tax. Management believes it is appropriate to adjust for these items when evaluating the underlying performance of our business because amortization of intangible assets and share-based compensation are primarily non-cash in nature; separation and reorganization costs, business acquisition costs and loss (gain) on business disposals do not relate to continuing operating activities; deferred purchase consideration is considered part of the purchase price consideration for business acquisitions notwithstanding the accounting treatment which views all or a portion of the related payments, depending on how it is structured, to be an operating expense; dividends on preferred shares are a financing cost not related to operating activities; and income tax expense is managed at a corporate level and is a function of the jurisdictions in which the Company operates and not the underlying performance of our business segments.

Adjusted net income is adjusted operating income before tax less the provision for income taxes applicable to adjusted operating income before tax. Adjusted net income per share applicable to common shareholders is computed as adjusted net income less cumulative preferred share dividends.

Adjusted operating income before tax is a key operating measure used by management to assess the underlying operating performance of the Company's business segments, including the determination of amounts to be paid out pursuant to deferred purchase consideration plans and Performance Share Unit (PSU) plans. Management also uses this measure to prepare the internal budgets and forecasts that support the Company's public guidance. Adjusted net income provides a consolidated view of the Company's underlying financial performance attributable to the common shareholders. The presentation of these measures enables investors and analysts to better understand the underlying performance of our business segments.

Adjusted net income per share and Adjusted net income per share applicable to common shareholders

Adjusted net income per share is computed as adjusted net income divided by the basic weighted average number of common shares outstanding during the period. Adjusted net income per share applicable to common shareholders is computed as adjusted net income applicable to common shareholders divided by the basic weighted average number of common shares outstanding during the period.

Average earning assets - owned
Average earning assets - owned is the sum of the average finance receivables and average equipment under operating leases.

Average earning assets - managed and advisory
Average earning assets - managed and advisory is the sum of the asset portfolios in the Company's Service Finance, Triad Financial Services and the Kessler Group segments that the Company manages, services or advises on behalf of its Partners. The Company earns either servicing, portfolio advisory or reserve income from these portfolios.

In addition, the Company utilizes the following performance measures, which are derived from amounts calculated in accordance with IFRS to assess performance:

Allowance for credit losses as a percentage of finance receivables
Allowance for credit losses as a percentage of finance receivables is the allowance for credit losses at the end of the period divided by the finance receivables (gross of the allowance for credit losses) at the end of the period.

Average debt
Average debt is calculated as the daily weighted average borrowings outstanding under all of the Company's secured borrowings facilities throughout the period.

Average equipment under operating leases
Average equipment under operating leases is the daily weighted average equipment under operating leases outstanding during the period and is calculated net of accumulated depreciation.

Average finance receivables
Average finance receivables is the daily weighted average finance receivables net investment balance [gross investment less unearned income] outstanding during the period.

Cost of debt
Average cost of borrowing is equal to interest expense divided by the average debt outstanding during the period and is presented on an annualized basis. The average cost of borrowing provides an indication of the average interest rate that the Company pays on debt financing.

Finance assets or total finance assets
Finance assets are the sum of the total finance receivables and the total carrying value of the equipment under operating leases.

Financial leverage or financial leverage ratio
Financial leverage or financial leverage ratio is calculated as total debt (secured borrowings) outstanding at the end of the period, divided by total shareholders' equity outstanding at the end of the period. Financial leverage refers to the use of debt to acquire/finance additional finance receivables and provides an indication of future potential ability to increase the level of debt when compared to specific industry-standard and/or existing debt covenants.

Syndication and other income
Syndication and other income consist of syndication fees, capital advisory fees, and other income including gains/losses on foreign exchange.

Provision for credit loss as a percentage of average finance receivables
The provision for credit loss as a percentage of average finance receivables is the provision for credit losses during the period as recorded on the statements of operations divided by the average finance receivables outstanding throughout the period, presented on an annualized basis.

Tangible leverage ratio
The tangible leverage ratio has been computed as secured borrowings divided by the net of shareholders' equity less goodwill and intangible assets, at the period end. The tangible leverage ratio refers to the use of debt to acquire or finance additional finance receivables. Similar to the financial leverage ratios, the tangible leverage ratio provides an indication of the potential ability to increase the level of debt but based on tangible equity (excluding goodwill and intangible assets) within the Company.

RECONCILIATION OF NON-IFRS TO IFRS MEASURES

The following table provides a reconciliation of non-IFRS to IFRS measures related to the Company's consolidated continuing results of operations for three month periods ended March 31, 2019, December 31, 2018 and March 31, 2018.

	For the three-month period ended		
	March 31, 2019	December 31, 2018	March 31, 2018
(in 000's for stated values, except percent amounts)	**$**	$	$
Reported and adjusted measures			
Net (loss) income from continuing operations	**(20,781)**	(2,406)	(1,583)
Adjustments:			
Share-based compensation	**6,160**	3,588	3,334
Amortization of intangibles	**6,453**	6,504	3,154
Accretion of deferred purchase consideration	**1,358**	—	—
Business acquisition costs	**—**	—	261
Separation and reorganization costs	**12,549**	15,485	—
Purchase price premium on non-controlling interest	**28,138**	—	—
Unrealized loss on economic currency hedge	**(4,789)**	4,289	—
Non-controlling interest in the Kessler Group	**546**	4,045	—
Provision (recovery)of income taxes	**(9,806)**	(6,920)	(4,555)
Adjusted operating income before tax	**19,828**	24,585	611
Non-controlling interest in the Kessler Group	**546**	2,566	—
Adjusted operating income before tax - ECN share	**19,282**	22,019	611
Provision/(Recovery) for taxes applicable to adjusted operating income	**4,242**	4,255	112
Adjusted net income	**15,040**	17,764	499
Cumulative preferred share dividends during the period	**2,405**	2,387	2,520
Adjusted net income attributable to common shareholders	**12,635**	15,377	(2,021)
Per share information			
Weighted Average number of shares outstanding [basic]	**250,289,146**	310,989,803	366,015,740
Adjusted net income per share [basic]	**$0.06**	$0.06	$0.00
Adjusted net income applicable to common shareholders per share [basic]	**$0.05**	$0.05	-$0.01
Adjusted operating income before tax comprised of:			
Service Finance	**10,509**	15,883	8,364
The Kessler Group	**13,392**	8,513	—
Triad Financial Services	**4,087**	5,171	2,372
Corporate	**(8,706)**	(7,548)	(10,125)
	19,282	22,019	611

Accounting and Internal Control Matters

Critical Accounting Policies and Estimates

The Company's significant accounting policies are described in note 2 of our 2018 Annual Consolidated Financial Statements. Certain of these policies, and related estimates and judgements have been identified as "critical" to the presentation of our financial condition and results of operations because they require us to make subjective and/or complex judgements about matters that are inherently uncertain; or there is a reasonable likelihood that material different amounts could be reported under different conditions or using different assumptions and estimates. Our significant accounting judgements, estimates and assumptions relate to inventory, allowances for credit losses, income taxes, useful lives and residual values of equipment under operating leases, goodwill and intangible assets, and derecognition of financial assets. Our critical accounting policies and estimates have been reviewed and approved by our Audit Committee, in consultation with management, as part of their review and approval of our significant accounting policies, judgements, estimates and assumptions. Please refer to note 3 of our 2018 Annual Consolidated Financial Statements for a description of each of our significant accounting judgements, estimates and assumptions.

Effective January 1, 2019, the Company made the following key changes to its significant accounting policies:

Adoption of International Financial Reporting Standards 16 - Leases ["IFRS 16"]

On January 1, 2019, the Company adopted IFRS 16 which has replaced IAS 17, Leases ["IAS 17"]. The Company uses the modified retrospective approach and has implemented the following accounting policies in respect of right-of-use assets and lease liabilities as a result of the IFRS 16 adoption.

Right-of-Use Assets
The Company measures right-of-use assets at amortized cost less any accumulated depreciation and impairment charges. Right-of-use assets are recognized at the time that the underlying asset is available for use ("lease commencement date").

Lease Liabilities
Lease liabilities are measured at the discounted present value of lease payments over the term of the lease. Following initial recognition at the time of the lease commencement date, the Company increases the lease liability for accretion and reduces the lease liability for any payments made.

As a result of the adoption of IFRS 16, the Company recorded an asset of $18,416 and an offsetting liability to the lessor in the same amount.

Please refer to note 2 of our March 31, 2019 interim condensed consolidated financial statements for a detailed description of the accounting policy changes.

Internal Control over Financial Reporting

The Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") are responsible for designing disclosure controls and procedures to ensure that material information is being recorded, processed, summarized, and reported to senior management, including the certifying officers and other members of the Board of Directors, on a timely basis, so that appropriate decisions can be made regarding public disclosure. In addition, the CEO and CFO are responsible to design, or cause to be designed under their supervision, internal controls over financial reporting to a standard that provides reasonable assurance of the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

It should be noted that while the Company's CEO and CFO believe that the Company's internal control system and disclosure controls and procedures provide a reasonable level of assurance that the objectives of the control systems are met, they do not expect that the Company's control systems will prevent all errors and fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurances that any designs will succeed in achieving its stated goals under all potential conditions.

The Company has an established process in place to ensure the effectiveness of the disclosure controls and internal controls over financial reporting.

Updated Share Information

The Company is currently authorized to issue (i) an unlimited number of common shares without nominal or par value and (ii) an unlimited number of preferred shares, issuable in series.

As at May 8, 2019, the Company had 239,593,061 common shares, 21,395,249 options; 4,000,000 Series A preferred shares, and 4,000,000 Series C preferred shares issued and outstanding.

This Management's Discussion and Analysis is dated as of the close of business on May 8, 2019.

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