



# Interim Condensed Consolidated Financial Statements

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SEPTEMBER 30, 2021

## Interim condensed consolidated statements of financial position

[unaudited, in thousands of United States dollars]

	September 30, 2021	December 31, 2020
	\$	\$
<b>Assets</b>		
Cash	33,066	37,977
Restricted funds [note 5]	5,416	9,226
Finance receivables [note 4]	252,147	374,025
Accounts receivable	113,153	78,779
Other assets [note 9]	83,043	99,891
Retained reserve interest	31,857	29,390
Continuing involvement asset	192,848	164,188
Notes receivable [note 10]	33,401	35,933
Derivative financial instruments [note 11]	38,084	10,406
Leasehold improvements and other equipment	16,897	18,893
Intangible assets	96,767	257,931
Deferred tax assets	46,819	60,445
Goodwill	186,887	422,353
<b>Total assets excluding assets held-for-sale</b>	<b>1,130,385</b>	<b>1,599,437</b>
Assets held-for-sale [note 3]	660,627	106,768
<b>Total assets</b>	<b>1,791,012</b>	<b>1,706,205</b>
<b>Liabilities and shareholders' equity</b>		
<b>Liabilities</b>		
Accounts payable and accrued liabilities [note 9]	182,582	151,953
Continuing involvement liability	192,848	164,188
Derivative financial instruments [note 11]	4,854	8,868
Borrowings on term senior credit facility [note 5]	458,639	462,083
Senior unsecured debentures [note 5]	55,848	55,109
Other liabilities [note 13]	25,583	41,443
<b>Total liabilities excluding liabilities held-for-sale</b>	<b>920,354</b>	<b>883,644</b>
Liabilities held-for-sale [note 3]	47,123	—
<b>Total liabilities</b>	<b>967,477</b>	<b>883,644</b>
<b>Shareholders' equity</b>	<b>823,535</b>	<b>822,561</b>
	<b>1,791,012</b>	<b>1,706,205</b>

See accompanying notes

On behalf of the Board:

(signed) "William W. Lovatt"

William W. Lovatt

Director

(signed) "Steven K. Hudson"

Steven K. Hudson

Director

## Condensed consolidated statements of operations

[unaudited, in thousands of United States dollars, except for per share amounts]

	Three-month period ended September 30, 2021	Three-month period ended September 30, 2020	Nine-month period ended September 30, 2021	Nine-month period ended September 30, 2020
	\$	\$	\$	\$
<b>Revenues</b>				
Portfolio origination services	21,794	12,614	54,198	34,292
Portfolio management services	17,065	17,328	56,493	47,313
Portfolio advisory services	2,000	999	4,000	6,459
Marketing services	3,478	2,959	9,064	6,085
<b>Total portfolio revenue</b>	<b>44,337</b>	33,900	<b>123,755</b>	94,149
Interest income	5,760	4,540	16,089	12,612
Other revenue <i>[note 8]</i>	5,477	308	12,060	1,128
	<b>55,574</b>	38,748	<b>151,904</b>	107,889
<b>Operating expenses and other</b>				
Compensation and benefits	15,229	14,087	50,738	40,260
General and administrative expenses	10,719	6,230	32,181	21,988
Interest expense	4,986	4,575	15,491	13,515
Depreciation and amortization	2,397	1,345	6,261	4,116
Share-based compensation <i>[note 7]</i>	5,642	5,956	15,530	12,451
Other expenses <i>[note 8]</i>	5,556	5,671	16,727	19,273
	<b>44,529</b>	37,864	<b>136,928</b>	111,603
Income (loss) before income taxes from continuing operations	11,045	884	14,976	(3,714)
Provision for (recovery of) income taxes	1,431	227	2,515	(1,069)
<b>Net income (loss) from continuing operations</b>	<b>9,614</b>	657	<b>12,461</b>	(2,645)
Net income from discontinued operations <i>[note 3]</i>	13,556	7,382	36,411	16,218
<b>Net income for the period</b>	<b>23,170</b>	8,039	<b>48,872</b>	13,573
<b>Earnings (loss) per common share - Basic</b>				
Continuing operations <i>[note 12]</i>	0.03	(0.01)	0.02	(0.04)
Discontinued operations <i>[note 12]</i>	0.06	0.03	0.15	0.07
<b>Total basic earnings per share <i>[note 12]</i></b>	<b>0.09</b>	0.02	<b>0.17</b>	0.03
<b>Earnings (loss) per common share - Diluted</b>				
Continuing operations <i>[note 12]</i>	0.03	(0.01)	0.02	(0.04)
Discontinued operations <i>[note 12]</i>	0.05	0.03	0.14	0.07
<b>Total diluted earnings per share <i>[note 12]</i></b>	<b>0.08</b>	0.02	<b>0.16</b>	0.03

See accompanying notes

## Interim condensed consolidated statements of comprehensive income (loss)

[unaudited, in thousands of United States dollars]

	Three-month period ended September 30, 2021	Three-month period ended September 30, 2020	Nine-month period ended September 30, 2021	Nine-month period ended September 30, 2020
	\$	\$	\$	\$
<b>Net income for the period</b>	<b>23,170</b>	8,039	<b>48,872</b>	13,573
<b>Other comprehensive income (loss)</b>				
Cash flow hedges <i>[note 11]</i>	<b>3,406</b>	6,285	<b>8,544</b>	(13,422)
Net unrealized foreign exchange (loss) gain	<b>(5,474)</b>	2,063	<b>(3,968)</b>	(3,267)
Deferred tax benefit (expense)	<b>549</b>	3,572	<b>(1,218)</b>	3,572
<b>Total other comprehensive (loss) income</b>	<b>(1,519)</b>	11,920	<b>3,358</b>	(13,117)
<b>Comprehensive income for the period</b>	<b>21,651</b>	19,959	<b>52,230</b>	456

See accompanying notes

## Interim condensed consolidated statements of changes in shareholders' equity

[unaudited, in thousands of United States dollars]

	Common share capital	Preferred share capital	Contributed surplus	Retained earnings (deficit)	Accumulated other comprehensive loss	Total shareholders' equity
	\$	\$	\$	\$	\$	\$
<b>Balance, December 31, 2019</b>	615,530	144,918	107,136	24,875	(13,433)	879,026
Employee stock options exercised	82	—	—	—	—	82
Employee stock option expense	—	—	377	—	—	377
Stock options adjustment	(1,177)	—	—	—	—	(1,177)
Common share repurchases	(4,076)	—	—	—	—	(4,076)
Preferred shares issued	—	(2,660)	—	—	—	(2,660)
Comprehensive income (loss) for the period	—	—	—	13,573	(13,117)	456
Dividends – preferred shares	—	—	—	(7,052)	—	(7,052)
Dividends – common shares	—	—	—	(13,223)	—	(13,223)
<b>Balance, September 30, 2020</b>	<b>610,359</b>	<b>142,258</b>	<b>107,513</b>	<b>18,173</b>	<b>(26,550)</b>	<b>851,753</b>
<b>Balance, December 31, 2020</b>	<b>608,707</b>	<b>139,143</b>	<b>107,961</b>	<b>(16,056)</b>	<b>(17,194)</b>	<b>822,561</b>
Employee stock options exercised <i>[note 6]</i>	<b>374</b>	—	—	—	—	<b>374</b>
Employee stock options expense	—	—	<b>3,262</b>	—	—	<b>3,262</b>
Exchange of consideration for stock option settlement	—	—	<b>(4,103)</b>	—	—	<b>(4,103)</b>
Common share repurchases <i>[note 6]</i>	<b>(24,213)</b>	—	—	—	—	<b>(24,213)</b>
Preferred share repurchases <i>[note 6]</i>	—	<b>(1,883)</b>	—	—	—	<b>(1,883)</b>
Comprehensive income for the period	—	—	—	<b>48,872</b>	<b>3,358</b>	<b>52,230</b>
Dividends – preferred shares <i>[note 6]</i>	—	—	—	<b>(7,234)</b>	—	<b>(7,234)</b>
Dividends – common shares <i>[note 6]</i>	—	—	—	<b>(17,459)</b>	—	<b>(17,459)</b>
<b>Balance, September 30, 2021</b>	<b>584,868</b>	<b>137,260</b>	<b>107,120</b>	<b>8,123</b>	<b>(13,836)</b>	<b>823,535</b>

See accompanying notes

## Interim condensed consolidated statements of cash flows

[unaudited, in thousands of United States dollars]

	Nine-month period ended September 30, 2021 \$	Nine-month period ended September 30, 2020 \$
<b>Operating activities</b>		
Net income for the period from continuing operations	12,461	(2,645)
Items not affecting cash:		
Depreciation and amortization	6,261	4,116
Share-based compensation	15,530	12,451
Amortization of intangible assets	13,783	13,634
Amortization of deferred financing costs	2,671	1,924
Deferred purchase price consideration	2,944	4,153
	<b>53,650</b>	<b>33,633</b>
Changes in operating assets and liabilities:		
Change in finance receivables, net	(1,814)	(33,540)
Other operating assets and liabilities	(12,205)	(65,366)
<b>Cash provided by (used in) operating activities - continuing operations</b>	<b>39,631</b>	<b>(65,273)</b>
<b>Investing activities</b>		
Decrease in restricted funds	3,737	(8,035)
Decrease (increase) in notes receivable	1,100	(1,042)
Purchase of property, equipment and leasehold improvements	(4,028)	(3,278)
Proceeds from equipment financing	10,954	—
<b>Cash provided by (used in) investing activities - continuing operations</b>	<b>11,763</b>	<b>(12,355)</b>
<b>Financing activities</b>		
Option exercises	374	82
Common share repurchases	(24,213)	(4,076)
Preferred share repurchases	(1,883)	(2,660)
Payment for stock option settlement	(4,103)	—
Payments of lease liabilities	(2,092)	(2,094)
Payments of deferred financing costs	(2,575)	(3,379)
Borrowings on term senior credit facility, net of repayments	(3,000)	74,410
Issuance of senior unsecured debentures	—	56,311
Dividends paid	(24,693)	(25,232)
<b>Cash (used in) provided by financing activities - continuing operations</b>	<b>(62,185)</b>	<b>93,362</b>
<b>Net changes in cash provided by discontinued operations</b>	<b>5,880</b>	<b>(20,861)</b>
Net decrease in cash during the period	(4,911)	(5,127)
Cash, beginning of period	37,977	51,720
<b>Cash, end of period</b>	<b>33,066</b>	<b>46,593</b>
<b>Supplemental cash flow information</b>		
Cash taxes paid, net	5,902	9,774
Cash interest paid	14,056	15,914

See accompanying notes

## ECN Capital Corp.

### Notes to interim condensed consolidated financial statements

[in thousands of U.S. dollars, except where otherwise noted and per share amounts]

September 30, 2021

## 1. Corporate Information

ECN Capital Corp. ("ECN Capital" or the "Company") is a leading provider of business services to North American based banks, credit unions, life insurance companies, pension funds and investment funds (collectively its "Partners"). ECN Capital originates, manages and advises on credit assets on behalf of its Partners, specifically unsecured loan portfolios, secured loan portfolios and credit card portfolios. Its Partners are seeking high quality assets to match with their deposits or other liabilities. These services are offered through three operating businesses: Service Finance, Triad Financial Services and The Kessler Group ("KG"). Headquartered in South Florida and Toronto, the registered office is located at 161 Bay Street, Suite 2800, Toronto, Ontario, Canada. ECN Capital has approximately 400 employees and operates principally in the U.S. The Company is a public corporation and trades on the Toronto Stock Exchange ("TSX") under the symbol "ECN".

On August 10, 2021, the Company announced that it had entered into a definitive agreement to sell its Service Finance business. See Note 3 for further information.

## 2. Basis of Presentation and Summary of Significant Accounting Policies

### Statement of compliance

These interim condensed consolidated financial statements are prepared in accordance with *International Accounting Standard 34, Interim Financial Reporting*, as issued by the International Accounting Standards Board.

These interim condensed consolidated financial statements do not include all the information and disclosures required in annual financial statements. They should be read in conjunction with the consolidated financial statements of the Company as at and for the year ended December 31, 2020, which include information necessary or useful to understanding the Company's business and financial statement presentation.

These interim condensed consolidated financial statements are presented in thousands of U.S. dollars, except where otherwise noted.

These interim condensed consolidated financial statements were authorized for issuance by the Board of Directors of the Company on November 10, 2021.

### Critical accounting estimates and use of judgments

The preparation of financial statements in accordance with IFRS requires management to make estimates and exercise judgments that affect the reported amounts of assets and liabilities at the date of the interim condensed consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. The estimates and judgments are made based on information available as at the date the interim condensed consolidated financial statements are issued.

**Notes to interim condensed consolidated financial statements**

[in thousands of U.S. dollars, except where otherwise noted and per share amounts]

September 30, 2021

As at September 30, 2021, due to the emergence of the novel coronavirus identified as COVID-19, we are subject to a greater degree of uncertainty in making the estimates and judgments required to apply our significant accounting policies. The ultimate impacts of COVID-19 on our business will depend on a number of factors, including, but not limited to, the duration and severity of the pandemic, which are highly uncertain and cannot be predicted. The uncertainty of future results and cash flows may impact our estimates and judgments underlying the carrying values of our finance receivables, held-for-trading financial assets, goodwill, intangible assets and retained reserve interest asset, the adequacy of our credit loss provisions, the fair value of our assets held-for-sale and the realization of our deferred tax assets. We continue to update the Company's forecasts, assumptions, valuation models and other analyses that support the current carrying value of these assets. Accordingly, actual results may be materially different from those recorded amounts.

The Company is involved in various lawsuits, claims and proceedings incident to the operation of its businesses. Although the outcome of litigation cannot be predicted with certainty and some lawsuits, claims or proceedings may be disposed of unfavorably to us, it is management's opinion that none of these will have a material adverse effect on the Company's financial position, results of operations or cash flows.

**Comparative figures**

Certain comparative figures have been reclassified to conform to the current period's presentation.

**3. Business Acquisitions and Disposals**

**Service Finance**

On August 10, 2021, the Company announced that it had entered into a definitive agreement with Truist Bank, the wholly owned bank subsidiary of Truist Financial Corporation, to sell all of the issued and outstanding equity interests in each of Service Finance Company, LLC and Service Finance Holdings, LLC (together "Service Finance"), each wholly-owned indirect subsidiaries of the Company, for cash proceeds of approximately US\$2 billion, subject to adjustment as set forth in the Transaction Agreement (the "Transaction"). Accordingly, as at September 30, 2021, Service Finance assets and liabilities are each classified as held-for-sale in the Company's consolidated balance sheet, and operating results attributable to Service Finance are presented as discontinued operations in the Company's consolidated statements of operations. No gain or loss was recognized as a result of the held-for-sale classification, as the estimated fair value of the Service Finance assets less costs to sell exceeded the carrying value.

The Transaction is subject to receipt of required regulatory approvals, the expiry of applicable regulatory waiting periods, and satisfaction of other customary closing conditions and is expected to close late in the fourth quarter of 2021.



**Notes to interim condensed consolidated financial statements**

[in thousands of U.S. dollars, except where otherwise noted and per share amounts]

September 30, 2021

**Aviation Finance, Rail Finance, and Canada and U.S. Commercial and Vendor Finance**

In 2017, the Company announced its strategic plan to redeploy capital from sales of the Company's Aviation Finance, Rail Finance, and Canada and U.S. C&V Finance business segments ("the Legacy Businesses") into higher yield businesses. The Company has largely executed this strategic plan. Furthermore, the Company's Board of Directors approved management's formal proposal to accelerate the wind-down and sale of the remaining Aviation and Rail finance businesses. Accordingly, as at September 30, 2021 and December 31, 2020, the remaining Legacy Businesses assets that are highly probable to be sold within one year have been classified as held-for-sale in the Company's consolidated statements of financial position.

**Assets held-for-sale and liabilities held-for-sale**

The following table presents the Company's assets held-for-sale:

	September 30, 2021	December 31, 2020
<b>Service Finance assets held-for-sale</b>		
Goodwill and intangible assets	388,029	—
Finance receivables	123,692	—
Other assets	52,147	—
	<b>563,868</b>	<b>—</b>
<b>Legacy Businesses assets held-for-sale</b>		
Aviation finance	54,826	64,844
Rail finance	35,879	32,837
C&V Canada	6,054	9,087
	<b>96,759</b>	<b>106,768</b>
<b>Total assets held-for-sale</b>	<b>660,627</b>	<b>106,768</b>

The following table presents the Company's liabilities held-for-sale:

	September 30, 2021	December 31, 2020
<b>Service Finance liabilities held-for-sale</b>		
Accounts payable and accrued liabilities	14,332	—
Accrued payroll and share-based compensation liabilities	14,745	—
Other liabilities	18,046	—
<b>Total liabilities held-for-sale</b>	<b>47,123</b>	<b>—</b>

**Discontinued operations**

Discontinued operations for the three and nine-month periods ended September 30, 2021 include the results of the Company's Service Finance business. Discontinued operations for the three and nine-month periods ended September 30, 2020 include the results of the Company's Service Finance business and the results of the Company's Legacy Businesses. The results of operations of the Legacy Businesses were not material to the Company's consolidated results of operations for the three and nine-month periods ended September 30, 2021.

**Notes to interim condensed consolidated financial statements**

[in thousands of U.S. dollars, except where otherwise noted and per share amounts]

September 30, 2021

	Three-month period ended		Nine-month period ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
	\$	\$	\$	\$
<b>Revenues</b>	<b>43,247</b>	31,193	<b>113,076</b>	84,656
<b>Operating expenses and other costs</b>				
Compensation and benefits	<b>9,589</b>	6,400	<b>23,868</b>	19,154
Other operating expenses	<b>8,516</b>	8,307	<b>19,732</b>	28,774
Interest expense	<b>1,322</b>	1,870	<b>3,330</b>	4,190
Depreciation and amortization	<b>725</b>	311	<b>2,952</b>	850
Share-based compensation	<b>1,615</b>	799	<b>4,523</b>	1,441
Amortization of intangibles	<b>1,690</b>	3,513	<b>9,359</b>	7,330
Accretion of deferred purchase consideration	—	81	—	81
	<b>23,457</b>	21,281	<b>63,764</b>	61,820
Income from discontinued operations before income taxes	<b>19,790</b>	9,912	<b>49,312</b>	22,836
Provision for income taxes	<b>6,234</b>	2,530	<b>12,901</b>	6,618
<b>Net income from discontinued operations</b>	<b>13,556</b>	7,382	<b>36,411</b>	16,218

**Notes to interim condensed consolidated financial statements**

[in thousands of U.S. dollars, except where otherwise noted and per share amounts]

September 30, 2021

**4. Finance Receivables**

As a result of the Transaction, finance receivables related to the Company's Service Finance business are reported as assets held-for-sale as at September 30, 2021 (see note 3). The following table presents the Company's finance receivables based on the type of contract:

	<b>September 30, 2021</b>	<b>December 31, 2020</b>
	\$	\$
Manufactured housing loans	<b>159,465</b>	113,817
Dealer advances	—	54,584
Credit card portfolio structured loans	<b>37,827</b>	56,242
Gross finance receivable at amortized cost	<b>197,292</b>	224,643
Allowance for credit losses	<b>(266)</b>	(868)
Net finance receivables at amortized cost	<b>197,026</b>	223,775
Held-for-trading financial assets	<b>55,121</b>	150,250
<b>Total finance receivables</b>	<b>252,147</b>	374,025

**Manufactured housing loans and dealer advances**

Manufactured housing loans are primarily comprised of secured floorplan loans issued by Triad Financial Services to finance dealer inventory. Dealer advances consist primarily of staged fundings with respect to committed home improvement loans to key dealers of Service Finance.

**Credit card portfolio structured loans**

Credit card portfolio structured loans are comprised of secured loans to participate in the acquisition of credit card receivables in partnership with institutional investors as part of the Company's strategy to build a credit card asset management platform. These loans were purchased as part of syndicated arrangements with institutional investors through unconsolidated structured entities.

**Held-for-trading financial assets**

The loans balance as at September 30, 2021 includes \$55.1 million (December 31, 2020 - \$57.1 million) in manufactured housing loans, which are classified as held-for-trading. Finance receivables are classified as held-for-trading if the related loans were originated with the intention of selling the instrument in the near term. Held-for-trading finance receivables are measured on the consolidated financial statements at fair value through profit and loss. These loans are considered Level 3 assets and the Company measures the fair value of these loans based on a valuation model using internal inputs. Upon origination, the Company's internal valuation may determine a fair value that is in excess of the origination or transaction value of the loan. In these circumstances, the Company will not recognize such gains until the fair value estimated by the internal model is substantiated by a market-observable event such as an executed sales contract.

**Notes to interim condensed consolidated financial statements**

[in thousands of U.S. dollars, except where otherwise noted and per share amounts]

September 30, 2021

The following table presents the delinquency status of the net investment in finance receivables of continuing operations, by contract balance:

	September 30, 2021		December 31, 2020	
	\$	%	\$	%
31 - 60 days past due	—	—	3	—
61 - 90 days past due	—	—	—	—
Greater than 90 days past due	—	—	—	—
Total past due	—	—	3	—
Current	197,292	100.00	224,640	100.00
<b>Total net investment</b>	<b>197,292</b>	<b>100.00</b>	<b>224,643</b>	<b>100.00</b>

The following table presents selected characteristics of the finance receivables of continuing operations:

	September 30, 2021	December 31, 2020
	\$	\$
Net investment, continuing operations	\$197,292	\$224,643
Weighted average interest rate	8.58 %	6.70 %

The following tables provide net investments in finance receivables segregated by Stage:

	September 30, 2021			
	Stage 1	Stage 2	Stage 3	Total
	(Performing)	(Under-performing)	(Non-performing)	
	\$	\$	\$	\$
Low risk	66,368	—	—	66,368
Medium risk	130,507	—	—	130,507
High risk	417	—	—	417
Default	—	—	—	—
Gross carrying amount	197,292	—	—	197,292
	December 31, 2020			
	Stage 1	Stage 2	Stage 3	Total
	(Performing)	(Under-performing)	(Non-performing)	
	\$	\$	\$	\$
Low risk	113,901	—	—	113,901
Medium risk	110,600	—	—	110,600
High risk	—	84	58	142
Default	—	—	—	—
Gross carrying amount	224,501	84	58	224,643

## Notes to interim condensed consolidated financial statements

[in thousands of U.S. dollars, except where otherwise noted and per share amounts]

September 30, 2021

**Low risk:** Loans that have below average probability of default with credit risk that is lower than the Company's risk appetite and risk tolerance levels. While the Company does originate loans under this category, these loans may have lower yield due to high credit quality.

**Medium risk:** Loans that have an average probability of default with credit risk that is within the Company's risk appetite and risk tolerance. The Company actively originates loans under this category due to higher yields.

**High risk:** Loans that were originated within the Company's risk appetite but have subsequently experienced an increase in credit risk that is outside of the Company's typical risk appetite and risk tolerance levels. The Company will generally not originate loans in this category.

**Default:** Loans that are over 120 days past due or loans for which there is objective evidence of impairment.

## Notes to interim condensed consolidated financial statements

[in thousands of U.S. dollars, except where otherwise noted and per share amounts]

September 30, 2021

### Allowance for credit losses

The Company's allowance for credit losses is shown in the table below:

	Stage 1 (Performing)	Stage 2 (Under- performing)	Stage 3 (Non- performing)	Total
	\$	\$	\$	\$
<b>Balance as at December 31, 2019</b>	433	—	75	508
Provision for credit losses	119	—	—	119
Stage transfers	10	—	(10)	—
<b>Balance as at March 31, 2020</b>	562	—	65	627
Provision for credit losses	309	20	4,370	4,699
Charge-offs, net of recoveries	—	—	5	5
Stage transfers	(350)	—	350	—
<b>Balance as at June 30, 2020</b>	521	20	4,790	5,331
Provision for credit losses	109	5	1,420	1,534
Charge-offs, net of recoveries	—	—	(1)	(1)
Stage transfers	—	(25)	25	—
<b>Balance as at September 30, 2020</b>	630	—	6,234	6,864
<b>Balance as at December 31, 2020</b>	<b>829</b>	<b>2</b>	<b>37</b>	<b>868</b>
Provision for credit losses	<b>(85)</b>	<b>25</b>	<b>81</b>	<b>21</b>
Charge-offs, net of recoveries	—	—	5	5
Stage transfers	<b>35</b>	<b>(2)</b>	<b>(33)</b>	—
<b>Balance as at March 31, 2021</b>	<b>779</b>	<b>25</b>	<b>90</b>	<b>894</b>
Provision for credit losses	<b>167</b>	<b>13</b>	<b>33</b>	<b>213</b>
Charge-offs, net of recoveries	—	—	<b>(75)</b>	<b>(75)</b>
<b>Balance as at June 30, 2021</b>	<b>946</b>	<b>38</b>	<b>48</b>	<b>1,032</b>
Provision for credit losses	<b>(66)</b>	—	—	<b>(66)</b>
Transfer to assets held-for-sale	<b>(614)</b>	<b>(38)</b>	<b>(48)</b>	<b>(700)</b>
<b>Balance as at September 30, 2021</b>	<b>266</b>	—	—	<b>266</b>

**Notes to interim condensed consolidated financial statements**

[in thousands of U.S. dollars, except where otherwise noted and per share amounts]

September 30, 2021

**5. Borrowings**

**Term senior credit facility**

The Company is party to a \$1,100,000 term senior credit facility, amended June 30, 2021, which is syndicated to a group of eight Canadian, U.S. and international banks with a maturity date of June 30, 2025. The facility bears interest at the prime rate plus 0.70% or one-month bankers' acceptance rate plus 1.70% per annum on outstanding Canadian denominated balances and US base rate plus 0.70% per annum or one-month LIBOR rate plus 1.70% per annum on outstanding US denominated balances. The term senior credit facility is secured by a general security agreement in favor of the lenders consisting of a first priority interest on all property. The following table summarizes the Company's outstanding balance on its term senior credit facility:

	September 30, 2021		December 31, 2020	
	Balance outstanding	Weighted average interest rate <sup>[1]</sup>	Balance outstanding	Weighted average interest rate <sup>[1]</sup>
	\$	%	\$	%
Term senior credit facility	470,000	2.91	473,000	2.91
Deferred financing costs	(11,361)		(10,917)	
<b>Total secured borrowings</b>	<b>458,639</b>		<b>462,083</b>	

[1] Represents the weighted average stated interest rate of outstanding debt at period-end, excludes amortization of deferred financing costs, premiums or discounts and stand-by fees and includes the effects of hedging.

As at September 30, 2021, the unutilized balance of the facility was \$630,000 (December 31, 2020 - \$527,000).

**Senior unsecured debentures**

On September 4, 2020, the Company issued C\$75 million (US\$57.1 million) aggregate principal amount of listed senior unsecured debentures due December 31, 2025 (the "Debentures") at a price of C\$1,000 per Debenture. The Debentures will bear interest at a rate of 6.0% per annum, payable semi-annually in arrears on June 30 and December 31 of each year, commencing December 31, 2020.

The Debentures will not be redeemable by the Company prior to December 31, 2023 (the "First Call Date"). On and after the First Call Date and prior to December 31, 2024, the Debentures will be redeemable, in whole or in part, at the Company's option at a redemption price equal to 103.0% of the principal amount of the Debentures redeemed plus accrued and unpaid interest. On and after December 31, 2024 and prior to the maturity date of December 31, 2025, the Debentures will be redeemable, in whole or in part, at the Company's option at par plus accrued and unpaid interest. The Company has the option to satisfy its obligations to repay the principal amount of the Debentures due at redemption or maturity by issuing and delivering that number of common shares in the capital of the Company in accordance with the terms of the indenture.

**Notes to interim condensed consolidated financial statements**

[in thousands of U.S. dollars, except where otherwise noted and per share amounts]

September 30, 2021

The following table summarizes the outstanding balance of the Company's Debentures:

	<b>September 30, 2021</b>	<b>December 31, 2020</b>
	\$	\$
Senior unsecured debentures	<b>59,138</b>	58,939
Deferred financing costs	<b>(3,290)</b>	(3,830)
<b>Total unsecured debentures</b>	<b>55,848</b>	55,109

The Company was in compliance with all financial and reporting covenants with all of its lenders as at September 30, 2021.

**Restricted funds**

Restricted cash in collection accounts as at September 30, 2021 was \$5,416 (December 31, 2020 - \$9,226) and represents cash we have collected on behalf of certain counterparties where an offsetting liability is recorded in accounts payable and accrued liabilities.



**Notes to interim condensed consolidated financial statements**

[in thousands of U.S. dollars, except where otherwise noted and per share amounts]

September 30, 2021

**6. Share Capital**

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.

The following table summarizes the Company's outstanding common shares:

	Common shares	
	Shares #	Amount \$
<b>Balance, December 31, 2019</b>	240,127,585	615,530
Common share repurchases	(1,273,624)	(4,076)
Exercise of options	848,656	82
Share issuance for purchase of non-controlling interest in KG <sup>[1]</sup>	2,990,737	—
Stock options adjustment	—	(1,177)
<b>Balance, September 30, 2020</b>	<b>242,693,354</b>	<b>610,359</b>
<b>Balance, December 31, 2020</b>	244,540,489	608,707
Common share repurchases	<b>(3,381,876)</b>	<b>(24,213)</b>
Exercise of options	<b>1,473,269</b>	<b>374</b>
<b>Balance, September 30, 2021</b>	<b>242,631,882</b>	<b>584,868</b>

[1] Effective December 31, 2019, the Company acquired the remaining 4% non-controlling interest of KG for share consideration of approximately \$11.1 million, or 2,990,737 common shares, representing the fair value of the non-controlling interest liability previously recorded in conjunction with the initial investment in KG. These common shares were issued during the first quarter of 2020.

The following tables summarize the Company's outstanding preferred share capital:

	Preferred shares - Series A	
	Shares #	Amount \$
<b>Balance, December 31, 2020</b>	3,892,200	70,614
Preferred share repurchases	<b>(49,100)</b>	<b>(955)</b>
<b>Balance, September 30, 2021</b>	<b>3,843,100</b>	<b>69,659</b>

	Preferred shares - Series C	
	Shares #	Amount \$
<b>Balance, December 31, 2020</b>	3,760,800	68,529
Preferred share repurchases	<b>(48,400)</b>	<b>(928)</b>
<b>Balance, September 30, 2021</b>	<b>3,712,400</b>	<b>67,601</b>

**Notes to interim condensed consolidated financial statements**

[in thousands of U.S. dollars, except where otherwise noted and per share amounts]

September 30, 2021

**Normal Course Issuer Bids**

On September 14, 2021, the TSX approved the renewal of the Company's Normal Course Issuer Bid (the "Common Share Bid") for common shares of the Company and the Company's notice of intention to commence a Normal Course Issuer Bid (the "Preferred Share Bid" and, together with the Common Share Bid, the "NCIBs") for the Company's Series A 6.50% Rate Reset Preferred Shares (the "Series A Preferred Shares") and Series C 6.25% Rate Reset Preferred Shares (the "Series C Preferred Shares") for commencement on September 17, 2021. Pursuant to the NCIBs, the Company may repurchase up to an additional 22,455,925 common shares, 384,210 Series A Preferred Shares and 371,040 Series C Preferred Shares, representing approximately 10% of the public float of each of the common shares, the Series A Preferred Shares and Series C Preferred Shares. The NCIBs will end on the earlier of September 16, 2022 or the completion of purchases under the applicable NCIB.

During the three and nine-month periods ended September 30, 2021, the Company purchased 1,913,438 and 3,381,876 common shares, respectively, for a total of \$15.0 million (C\$19.1 million) and \$24.2 million (C\$30.7 million), respectively, or C\$10.00 and C\$9.09 per common share, respectively, pursuant to the Common Share Bid.

During the three and nine-month periods ended September 30, 2021, the Company purchased nil and 49,100 Series A Preferred Shares, respectively, for a total of nil and \$1.0 million (C\$1.2 million), respectively, or C\$24.56 per share. During the three and nine-month periods ended September 30, 2021, the Company purchased nil and 48,400 Series C Preferred Shares, respectively, for a total of nil and \$0.9 million (C\$1.2 million), respectively, or C\$24.21 per share pursuant to the Preferred Share Bid.

**Common share dividends**

During the three and nine-month periods ended September 30, 2021, the Company declared \$5,704 and \$17,459 or C\$0.03 and C\$0.09 per common share in dividends, respectively (September 30, 2020 - \$4,533 and \$13,223 or C\$0.025 and C\$0.075 per common share).

**Preferred share dividends**

During the three and nine-month periods ended September 30, 2021, the Company paid \$1,234 and \$3,751 or C\$0.40625 and C\$1.21880 per Series A share in dividends. During the three and nine-month periods ended September 30, 2020, the Company paid \$1,220 and \$3,596 or C\$0.40625 and C\$1.21875 per Series A share in preferred share dividends.

During the three and nine-month periods ended September 30, 2021, the Company paid \$1,146 and \$3,483 or C\$0.390625 and C\$1.171875 per Series C share in dividends. During the three and nine-month periods ended September 30, 2020, the Company paid \$1,173 and \$3,456 or C\$0.390625 and C\$1.171875 per Series C share in preferred share dividends.

**Notes to interim condensed consolidated financial statements**

[in thousands of U.S. dollars, except where otherwise noted and per share amounts]

September 30, 2021

**7. Share-Based Compensation**

**Share-based compensation expense**

Share-based compensation expense consists of the following for the three and nine-month periods ended September 30, 2021 and September 30, 2020:

	Three-month period ended		Nine-month period ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
	\$	\$	\$	\$
Performance share units and restricted share units	<b>4,224</b>	5,137	<b>10,699</b>	10,667
Stock options	<b>1,026</b>	186	<b>3,231</b>	376
Deferred share units	<b>392</b>	633	<b>1,600</b>	1,408
<b>Share-based compensation - continuing operations</b>	<b>5,642</b>	5,956	<b>15,530</b>	12,451

During the three and nine-month periods ended September 30, 2021, the Company granted nil and 783,478 PSUs to senior executives and employees of the Company.

During the three and nine-month periods ended September 30, 2021, the Company granted nil and 3,938,525 stock options to employees with a weighted average exercise price of nil and C\$7.26 per share, respectively.

During the three and nine-month periods ended September 30, 2021, the Company granted 26,362 and 237,898 DSUs to members of the Company's Board of Directors.

**Notes to interim condensed consolidated financial statements**

[in thousands of U.S. dollars, except where otherwise noted and per share amounts]

September 30, 2021

**8. Other Revenue and Other Expenses**

Other revenue consists of the following for the periods ended September 30, 2021 and September 30, 2020:

	Three-month period ended		Nine-month period ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
	\$	\$	\$	\$
Legacy Businesses revenue	1,288	—	4,764	—
Other fees	240	47	812	(87)
Foreign exchange and other	3,922	1,197	6,498	1,731
Gain (loss) on corporate investments	27	(936)	37	(516)
(Loss) income from sale of equipment	—	—	(51)	—
<b>Total other revenue - continuing operations</b>	<b>5,477</b>	<b>308</b>	<b>12,060</b>	<b>1,128</b>

During the three-month period ended September 30, 2021, the Company entered into a foreign exchange forward agreement to economically hedge the distribution to shareholders that the Company intends to make from the net proceeds of the Transaction, resulting in an unrealized gain of \$2.9 million. The foreign exchange forward agreement will settle in the fourth quarter of 2021.

Other expenses consist of the following for the periods ended September 30, 2021 and September 30, 2020:

	Three-month period ended		Nine-month period ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
	\$	\$	\$	\$
Amortization of intangible assets	4,594	4,545	13,783	13,634
Accretion of deferred purchase consideration	962	1,126	2,944	4,153
Restructuring costs	—	—	—	1,486
<b>Total other expenses - continuing operations</b>	<b>5,556</b>	<b>5,671</b>	<b>16,727</b>	<b>19,273</b>

**Notes to interim condensed consolidated financial statements**

[in thousands of U.S. dollars, except where otherwise noted and per share amounts]

September 30, 2021

**9. Other Assets and Accounts Payable and Accrued Liabilities**

The following table presents the assets reported in other assets:

	<b>September 30, 2021</b>	<b>December 31, 2020</b>
	\$	\$
Corporate investments	<b>42,322</b>	46,812
Prepaid expenses and other assets	<b>18,483</b>	29,100
Taxes receivable	<b>22,238</b>	23,979
<b>Total</b>	<b>83,043</b>	99,891

Equity accounted investments are included in corporate investments and are equity accounted private company investments with a carrying value of approximately \$27.0 million.

The following table presents the liabilities reported in accounts payable and accrued liabilities:

	<b>September 30, 2021</b>	<b>December 31, 2020</b>
	\$	\$
Accounts payable and accrued liabilities	<b>56,428</b>	52,096
Accrued payroll and share-based compensation liabilities	<b>66,012</b>	50,376
Unearned revenue <sup>[1]</sup>	<b>49,918</b>	44,699
Dealer liability - restricted cash	<b>10,224</b>	4,782
<b>Total</b>	<b>182,582</b>	151,953

[1] Represents upfront payments received from Partners of the Company for future management and advisory services.

**Notes to interim condensed consolidated financial statements**

[in thousands of U.S. dollars, except where otherwise noted and per share amounts]

September 30, 2021

**10. Related Party Transactions**

**Notes receivable**

Notes receivable of \$33,401 as at September 30, 2021 (December 31, 2020 - \$35,933) represent loans to certain employees and officers of the Company granted in order to help finance the purchase of the Company's shares. Interest is accrued on the loans based on applicable U.S. interest rates and the principal is payable on demand in the event of non-payment of interest. The notes receivable are secured by ECN Capital shares purchased with full recourse to the employee/officer.

The changes in notes receivable for the nine-month periods ended September 30, 2021 and September 30, 2020 were as follows:

	<b>September 30, 2021</b>	<b>September 30, 2020</b>
	\$	\$
<b>Notes receivable, beginning of period</b>	<b>47,553</b>	42,067
Additions	<b>20</b>	2,835
Interest income	<b>711</b>	451
Repayments (interest and principal)	<b>(1,917)</b>	(681)
Reclassifications to short-term receivables and other assets (non-related party) <sup>[1]</sup>	<b>—</b>	(2,237)
Foreign exchange	<b>86</b>	(813)
	<b>46,453</b>	41,622
Defeased amounts	<b>(13,052)</b>	(10,851)
<b>Notes receivable, end of period</b>	<b>33,401</b>	30,771

[1] These amounts primarily include loans to former employees that are being repaid pursuant to a fixed repayment schedule and remain secured by ECN Capital shares. As at September 30, 2021, \$4.7 million of these loans remained outstanding.

**Notes to interim condensed consolidated financial statements**

[in thousands of U.S. dollars, except where otherwise noted and per share amounts]

September 30, 2021

**11. Derivative Financial Instruments****Cash flow hedging relationships**

In the normal course of business, and consistent with its risk management program, the Company enters into interest rate derivatives to manage interest rate risk and foreign exchange forward agreements to manage foreign currency exposure. During the three-month period ended September 30, 2021, the Company entered into a foreign exchange forward agreement of approximately \$1.3 billion to economically hedge the distribution to shareholders that the Company expects to make from the net proceeds of the Transaction. With the exception of the foreign exchange forward agreement entered into with respect to the Transaction, all derivative instruments are designated in hedging relationships.

**Total return swaps**

The Company enters into total return swaps to hedge the variability in cash flows associated with forecasted future obligations to members of the Company's Board of Directors, senior executives and eligible employees on vesting of DSUs, RSUs and PSUs attributable to changes in the Company's stock price related to its liability with respect to these instruments. These derivatives are designated as hedges for accounting purposes, and as such, the gains or losses of the hedging derivative are offset by the gains or losses of the hedged item.

The following table presents the fair value changes related to the cash flow hedges included in the Company's results for the three and nine-month periods ended September 30, 2021 and September 30, 2020:

	Three-month period ended		Nine-month period ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
	\$	\$	\$	\$
Foreign exchange agreements recorded in other revenue	<b>3,922</b>	1,197	<b>5,769</b>	1,731
Fair value gains (losses) recorded in other comprehensive income	<b>3,406</b>	6,285	<b>8,544</b>	(13,422)

**Notes to interim condensed consolidated financial statements**

[in thousands of U.S. dollars, except where otherwise noted and per share amounts]

September 30, 2021

**Notional amounts and fair values of derivative instruments**

The following table summarizes the notional principal and fair values of the derivative financial instruments outstanding:

	September 30, 2021		December 31, 2020	
	Notional principal	Fair value	Notional principal	Fair value
	\$	\$	\$	\$
Derivative assets				
Foreign exchange agreements	1,492,050	3,990	38,000	201
Total return swaps	47,770	34,094	34,705	10,205
	<b>1,539,820</b>	<b>38,084</b>	72,705	10,406
Derivative liabilities				
Interest rate contracts	400,000	4,854	400,000	8,463
Foreign exchange agreements	—	—	79,782	405
	<b>400,000</b>	<b>4,854</b>	479,782	8,868



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[in thousands of U.S. dollars, except where otherwise noted and per share amounts]

September 30, 2021

**12. Earnings Per Share**

	Three-month period ended		Nine-month period ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
	\$	\$	\$	\$
Net income from continuing operations	9,614	657	12,461	(2,645)
Cumulative dividends on preferred shares	2,380	2,393	7,234	7,052
Net income (loss) from continuing operations attributable to common shareholders	7,234	(1,736)	5,227	(9,697)
Net income from discontinued operations attributable to common shareholders	13,556	7,382	36,411	16,218
<b>Total net income attributable to common shareholders</b>	<b>20,790</b>	<b>5,646</b>	<b>41,638</b>	<b>6,521</b>
Weighted average number of common shares outstanding - basic	243,333,819	242,466,770	243,768,609	241,336,305
Basic earnings (loss) per share from continuing operations	\$ 0.03	\$ (0.01)	\$ 0.02	\$ (0.04)
Basic earnings per share from discontinued operations	\$ 0.06	\$ 0.03	\$ 0.15	\$ 0.07
<b>Total basic earnings per share</b>	<b>\$ 0.09</b>	<b>\$ 0.02</b>	<b>\$ 0.17</b>	<b>\$ 0.03</b>
Weighted average number of common shares outstanding - diluted	251,208,423	247,530,554	251,197,694	246,005,427
Diluted earnings (loss) per share from continuing operations	\$ 0.03	\$ (0.01)	\$ 0.02	\$ (0.04)
Diluted earnings per share from discontinued operations	\$ 0.05	\$ 0.03	\$ 0.14	\$ 0.07
<b>Total diluted earnings per share</b>	<b>\$ 0.08</b>	<b>\$ 0.02</b>	<b>\$ 0.16</b>	<b>\$ 0.03</b>

**Notes to interim condensed consolidated financial statements**

[in thousands of U.S. dollars, except where otherwise noted and per share amounts]

September 30, 2021

**13. Capital Disclosures**

The Company's objectives when managing capital are to ensure sufficient liquidity to support its financial objectives and strategic plans, to ensure its financial covenants are met and to maximize shareholder value.

The Company's capitalization is as follows:

	September 30, 2021	December 31, 2020
	\$	\$
Borrowings on term senior credit facility	458,639	462,083
Senior unsecured debentures	55,848	55,109
Accounts payable and accrued liabilities	182,582	151,953
Other liabilities <sup>[1]</sup>	25,583	41,443
Liabilities held-for-sale	47,123	—
	<b>769,775</b>	710,588
Shareholders' equity	<b>823,535</b>	822,561
	<b>1,593,310</b>	1,533,149

[1] Other liabilities primarily include a \$14.0 million (2020 - \$14.6 million) lease liability.

**14. Segmented Information**

**Operating segments**

ECN Capital's operating results of continuing operations are categorized into two core operating segments and a Corporate segment. The Company's core operating segments consist of: (a) Triad Financial Services - Manufactured Home Loans; and (b) KG - Consumer Credit Card Portfolios and Related Financial Products. The Company's Chief Operating Decision Maker, the CEO, reviews the operating results, assesses performance and makes capital allocation decisions at the business segment level. Therefore, each of the Company's business segments is an operating and reporting segment for financial reporting purposes.

The financial reporting of ECN Capital's two core business segments is consistent with the manner in which management currently evaluates the operating segment performance.

The interim condensed consolidated statements of operations by segment for the three and nine-month periods ended September 30, 2021 and September 30, 2020 are shown in the following tables:

**Notes to interim condensed consolidated financial statements**

[in thousands of U.S. dollars, except where otherwise noted and per share amounts]

September 30, 2021

	For the three-month period ended September 30, 2021			
	Triad Financial Services - Manufactured Home Loans	KG- Consumer Credit Card Portfolios & Related Financial Products	Corporate	Total
	\$	\$	\$	\$
<b>Revenues</b>	<b>31,023</b>	<b>19,258</b>	<b>5,293</b>	<b>55,574</b>
<b>Operating and other expenses</b>				
Compensation and benefits	8,804	3,842	2,583	15,229
General and administrative expenses	4,733	2,616	3,370	10,719
Interest expense	951	228	3,807	4,986
Depreciation and amortization	366	325	1,706	2,397
Share-based compensation	1,142	1,709	2,791	5,642
Other expenses	310	4,784	462	5,556
	<b>16,306</b>	<b>13,504</b>	<b>14,719</b>	<b>44,529</b>
<b>Income (loss) before income taxes from continuing operations</b>	<b>14,717</b>	<b>5,754</b>	<b>(9,426)</b>	<b>11,045</b>

**Notes to interim condensed consolidated financial statements**

[in thousands of U.S. dollars, except where otherwise noted and per share amounts]

September 30, 2021

	For the nine-month period ended September 30, 2021			
	Triad Financial Services - Manufactured Home Loans	KG- Consumer Credit Card Portfolios & Related Financial Products	Corporate & Other	Total
	\$	\$	\$	\$
<b>Revenues</b>	<b>78,509</b>	<b>60,547</b>	<b>12,848</b>	<b>151,904</b>
<b>Operating expenses</b>				
Compensation and benefits	23,447	16,067	11,224	50,738
General and administrative expenses	14,891	5,756	11,534	32,181
Interest expense	2,779	882	11,830	15,491
Depreciation and amortization	999	966	4,296	6,261
Share-based compensation	1,766	4,635	9,129	15,530
Other expenses	930	14,353	1,444	16,727
	<b>44,812</b>	<b>42,659</b>	<b>49,457</b>	<b>136,928</b>
<b>Income (loss) before income taxes from continuing operations</b>	<b>33,697</b>	<b>17,888</b>	<b>(36,609)</b>	<b>14,976</b>

**Notes to interim condensed consolidated financial statements**

[in thousands of U.S. dollars, except where otherwise noted and per share amounts]

September 30, 2021

	For the three-month period ended September 30, 2020			
	Triad Financial Services - Manufactured Home Loans	KG- Consumer Credit Card Portfolios & Related Financial Products	Corporate	Total continuing operations
	\$	\$	\$	\$
<b>Revenues</b>	18,548	19,297	903	38,748
<b>Operating and other expenses</b>				
Compensation and benefits	5,647	5,598	2,842	14,087
General and administrative expenses	2,865	1,333	2,032	6,230
Interest expense	804	351	3,420	4,575
Depreciation and amortization	296	443	606	1,345
Share-based compensation	675	1,909	3,372	5,956
Other expenses	310	4,610	751	5,671
	10,597	14,244	13,023	37,864
<b>Income (loss) before income taxes from continuing operations</b>	7,951	5,053	(12,120)	884

**Notes to interim condensed consolidated financial statements**

[in thousands of U.S. dollars, except where otherwise noted and per share amounts]

September 30, 2021

	For the nine-month period ended September 30, 2020			
	Triad Financial Services - Manufactured Home Loans \$	KG- Consumer Credit Card Portfolios & Related Financial Products \$	Corporate \$	Total continuing operations \$
<b>Revenues</b>	50,251	54,545	3,093	107,889
<b>Operating and other expenses</b>				
Compensation and benefits	16,264	16,024	7,972	40,260
General and administrative expenses	8,778	4,410	8,800	21,988
Interest expense	2,617	1,410	9,488	13,515
Depreciation and amortization	894	1,329	1,893	4,116
Share-based compensation	2,084	4,207	6,160	12,451
Other expenses	930	13,829	4,514	19,273
	31,567	41,209	38,827	111,603
<b>Income (loss) before income taxes from continuing operations</b>	18,684	13,336	(35,734)	(3,714)

**Notes to interim condensed consolidated financial statements**

[in thousands of U.S. dollars, except where otherwise noted and per share amounts]

September 30, 2021

**15. Subsequent Events**

**Sale of KG Credit Card Portfolio Structured Loans**

On October 13, 2021, the controlling shareholder of certain credit card portfolios, in which the Company had a minority equity position, entered into an agreement to sell these portfolios to a third party institutional investor. As a result, the Company disposed of its equity interests and structured loans in these portfolios for proceeds of approximately \$59 million.

**Issuance of Senior Unsecured Debentures**

On October 28, 2021, the Company issued C\$75 million aggregate principal amount of listed unsecured debentures due December 31, 2026 (the "2026 Debentures") at a price of C\$1,000 per Debenture. The 2026 Debentures will bear interest at a rate of 6.0% per annum, payable semi-annually in arrears on June 30 and December 31 of each year, commencing December 31, 2021. The Company also granted the syndicate of underwriters an option to purchase up to an additional C\$11.25 million aggregate principal amount of the 2026 Debentures, on the same terms and conditions for a period of 30 days following the closing of the debenture offering, which was exercised in full on November 5, 2021, resulting in total proceeds of C\$86.25 million.

