

# 2022 Investor Day ESG Update

## FINANCIAL INDUSTRY SOLUTIONS

**\$30B**

Managed &  
Advised Credit  
Portfolios

**100+**

US Financial  
Partners

# Disclaimer

Certain information in this presentation is forward-looking and related to anticipated financial performance, events and strategies. When used in this context, words such as “will”, “anticipate”, “believe”, “plan”, “intend”, “target” and “expect” or similar words suggest future outcomes. Forward-looking statements relate to, among other things, ECN Capital Corp.'s (“ECN Capital”) objectives and strategy; future cash flows, financial condition, operating performance, financial ratios, projected asset base and capital expenditures; anticipated cash needs, capital requirements and need for and cost of additional financing; future assets; demand for services; ECN Capital's competitive position; expected growth in originations; and anticipated trends and challenges in ECN Capital's business and the markets in which it operates; and the plans, strategies and objectives of ECN Capital for the future.

The forward-looking information and statements contained in this presentation reflect several material factors and expectations and assumptions of ECN Capital including, without limitation: that ECN Capital will conduct its operations in a manner consistent with its expectations and, where applicable, consistent with past practice; ECN Capital's continued ability to successfully execute on its strategic transition; the general continuance of current or, where applicable, assumed industry conditions; the continuance of existing (and in certain circumstances, the implementation of proposed) tax and regulatory regimes; certain cost assumptions; the continued availability of adequate debt and/or equity financing and cash flow to fund its capital and operating requirements as needed; and the extent of its liabilities. ECN Capital believes the material factors, expectations and assumptions reflected in the forward-looking information and statements are reasonable but no assurance can be given that these factors, expectations and assumptions will prove to be correct.

By their nature, such forward-looking information and statements are subject to significant risks and uncertainties, which could cause the actual results and experience to be materially different than the anticipated results. Such risks and uncertainties include, but are not limited to, operating performance, regulatory and government decisions, competitive pressures and the ability to retain major customers, rapid technological changes, availability and cost of financing, availability of labor and management resources, the performance of partners, contractors and suppliers.

Readers are cautioned not to place undue reliance on forward-looking statements as actual results could differ materially from the plans, expectations, estimates or intentions expressed in the forward-looking statements. Except as required by law, ECN Capital disclaims any intention and assumes no obligation to update any forward-looking statement, whether as a result of new information, future events or otherwise.

# Disclaimer

ECN Capital's condensed unaudited interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and the accounting policies we adopted in accordance with IFRS. In this presentation, management has used certain terms, including adjusted operating income before tax, adjusted operating income after tax, adjusted operating income after tax EPS and managed assets, which do not have a standardized meaning under IFRS and are unlikely to be comparable to similar measures presented by other organizations. ECN Capital believes that certain non-IFRS Measures can be useful to investors because they provide a means by which investors can evaluate ECN Capital's underlying key drivers and operating performance of the business, exclusive of certain adjustments and activities that investors may consider to be unrelated to the underlying economic performance of the business of a given period. Throughout this presentation, management used a number of terms and ratios which do not have a standardized meaning under IFRS and are unlikely to be comparable to similar measures presented by other organizations. A full description of these measures can be found in the Management Discussion & Analysis that accompanies the financial statements for the three and nine-month periods ended September 30, 2021. Disclosures related to Covid-19 can be found in ECN Capital's Management Discussion & Analysis for the three and nine-month periods ended September 30, 2021 and are incorporated herein by reference. ECN Capital's management discussion and analysis for the three and nine-month periods ended September 30, 2021 has been filed on SEDAR ([www.sedar.com](http://www.sedar.com)) and is available under the investor section of the ECN Capital's website ([www.ecncapitalcorp.com](http://www.ecncapitalcorp.com)).

This presentation and, in particular the information in respect of ECN Capital's prospective originations, revenues, operating income, adjusted operating income, and adjusted operating income EPS may contain future oriented financial information ("FOFI") within the meaning of applicable securities laws. The FOFI has been prepared by management to provide an outlook on ECN Capital's proposed activities and potential results and may not be appropriate for other purposes. The FOFI has been prepared based on a number of assumptions, including the assumptions discussed above, and assumptions with respect to operating costs, foreign exchange rates, general and administrative expenses and expected originations growth. ECN Capital and management believe that the FOFI has been prepared on a reasonable basis, reflecting management's best estimates and judgments, however, the actual results of operations of ECN Capital and the resulting financial results may vary from the amounts set forth herein and such variations may be material. FOFI contained in this presentation was made as of the date of this presentation and ECN Capital disclaims any intention or obligation to update or revise any FOFI contained in this presentation, whether as a result of new information, future events or otherwise, unless required pursuant to applicable law.

# Business Overview



Origination & Management Services for Financial Institutions

**30+** Years commercial finance experience

**\$32B+** Managed credit portfolios

**90+** Financial institution partners

Investment grade rated



Origination & Management of Prime Manufactured Housing Loans

**1959** Founded

**\$2B+** Managed credit portfolios

**50+** Bank and Credit union partners

**3,000+** Network of manufactured housing dealers



Origination & Management of Prime Marine & Recreational Vehicle Loans

**1999** Founded

**30+** Bank and Credit Union partners

**2,000+** Network of RV & Marine Dealers



Origination & Advisory Services for Credit Card Portfolios

**1978** Founded

**\$28B** Managed credit card portfolios

**25+** Financial Institution partners

**6,000+** Credit card partnerships created



# ESG Update



# 2021 ESG Accomplishments



# ESG Commitment

## ECN MANAGEMENT AND THE BOARD OF DIRECTORS ARE COMMITTED TO CONTINUOUSLY IMPROVING ESG POLICY, IMPACT, AND THE DISCLOSURE OF THESE ISSUES TO OUR STAKEHOLDERS

- ECN formally established the ESG management committee in 2020 to address ECN's ESG impacts and disclosure
- The ESG management committee worked with the Board of Directors to establish ESG objectives and priorities for 2021 which included Sustainalytics successfully reviewing Service Finance and Triad's loan programs from an ESG perspective
- ECN and the Board continue to have ongoing engagement with stakeholders to enhance our ESG disclosure
  - Shareholders
  - Standard setters (SASB, GRI)
  - Rating agencies (Sustainalytics, MSCI)
  - Sustainability organizations/pledges (30% Club, CEO Action for Diversity & Inclusion)
  - ESG experts (Corporate Citizenship)

**ECN will continually work with all our stakeholders to enhance and evolve our ESG commitment**

# Sustainalytics Review – Service Finance

- In early 2021 prior to the sale of SFC, ECN engaged Sustainalytics to review and evaluate SFC’s loan origination programs from an ESG perspective
- Sustainalytics certified:
  - Large majority of SFC’s originations materially improve energy efficiency and environmental impact of the home
  - SFC’s loan origination program contributes to two United Nations Sustainable Development Goals



**SUSTAINALYTICS**

a Morningstar company

Second-Party Opinion  
**Service Finance Company, LLC**  
**Sustainable and Energy Efficient Home**  
**Improvement Loans Framework**



**Evaluation Summary**

Sustainalytics has reviewed the Service Finance Company Sustainable and Energy Efficient Home Improvement Loans Framework (the "Framework") and is of the opinion that the components of the Framework are credible and that Service Finance's program for financing eligible projects under the framework (the "Financing Program") will fund impactful environmental projects. Sustainalytics is of the opinion that the principles of impact and transparency that underlie the sustainable investment industry, as well as many of its norms and standards, are applicable to the Financing Program, and that the use of funds in eligible projects aligns with those principles, while noting one substantial limitation. This opinion is based on the following:

**IMPACT** Service Finance will invest in projects across the environmental theme of Energy Efficiency. The geographic focus of the investments will be primarily in the U.S. Energy efficiency projects have accounted for 70 to 80% of the loans originated by Service Finance since 2017. Majority of the home improvement equipment used within eligible projects is produced using ENERGY STAR rated components. Sustainalytics considers these investments to deliver overall social and environmental benefits. The remaining portfolio could include other projects such as home remodeling where the Company has communicated that identifying directly attributable efficiency gains is difficult. Sustainalytics considers financing of such projects to be a substantial limitation to the Framework.

**TRANSPARENCY** ECN demonstrates the principle of transparency through both its process for management of proceeds and commitment to ongoing reporting. The Company intends to facilitate financing for energy efficient home improvements across the U.S. The Company has adequate processes in place to ensure sound management of the Financing Program and to mitigate key social and environmental risks associated with projects. Furthermore, the Company intends to report annually on the Financing Program which will include the breakdown of loans originated and number of energy efficient projects financed by type and geography, and the distribution of originations volume by consumer FICO scores. The reporting will be made available on ECN's website within 60 days of the end of each calendar year. Sustainalytics considers this as aligned with market practice.

Evaluation Date July 6, 2021  
 Issuer Location Toronto, Canada

The Sustainable Deposits contribute to the following SDGs:



<sup>1</sup> [https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/published-projects/project/ecn-capital-service-finance-home-improvement-loans-second-party-opinion/ecn-capital-service-finance-home-improvement-loans-second-party-opinion-\(2021\)/ecn-capital-service-finance-home-improvement-loans-second-party-opinion-\(2021\)](https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/published-projects/project/ecn-capital-service-finance-home-improvement-loans-second-party-opinion/ecn-capital-service-finance-home-improvement-loans-second-party-opinion-(2021)/ecn-capital-service-finance-home-improvement-loans-second-party-opinion-(2021))



# Sustainalytics Review – Triad

- As part of ongoing commitment to ESG, ECN again engaged Sustainalytics to review and evaluate Triad's loan origination program from an ESG perspective
- Sustainalytics certified Triad's origination program:
  - Finances the purchase of affordable manufactured homes, the majority of which satisfy the requirements of the US Federal Community Reinvestment Act ("CRA")
  - Delivers positive social benefits by serving low- and moderate-income populations
  - Contributes to the United Nations Sustainable Development Goals
- Report can be found on Sustainalytics website<sup>1</sup>

<sup>1</sup> [https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/published-projects/project/triad-financial-services/triad-financial-services-affordable-home-framework-second-party-opinion-\(2021\)-\(english\)/triad-financial-services-affordable-home-framework-second-party-opinion-\(2021\)-\(english\)](https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/published-projects/project/triad-financial-services/triad-financial-services-affordable-home-framework-second-party-opinion-(2021)-(english)/triad-financial-services-affordable-home-framework-second-party-opinion-(2021)-(english))



Second-Party Opinion  
**Triad Financial Services Affordable Home Loans Framework**

**SUSTAINALYTICS**  
a Morningstar company

**SECOND-PARTY OPINION**

**Evaluation Summary**

Evaluation Date: October 28, 2021  
Issuer Location: Jacksonville, Florida, US

Sustainalytics has reviewed the Triad Financial Services Affordable Home Loans Framework and is of the opinion that the components of the Framework are credible and that Triad Financial Services' programme for financing eligible projects under the Framework will fund impactful social projects. Sustainalytics is of the opinion that the principles of impact and transparency that underlie the sustainable investment industry, as well as many of its norms and standards, are applicable to the Financing Program, and that the use of funds in eligible projects aligns with those principles. This opinion is based on the following:

**IMPACT** Triad originates loans with a social impact theme, namely Affordable Housing. The geographic focus of the originations will be primarily in the US and they will serve low- and moderate-income populations. Sustainalytics considers these originations to deliver overall social benefits.

**TRANSPARENCY** Triad demonstrates the principle of transparency through both its process for management of proceeds and commitment to ongoing reporting. Triad intends to facilitate financing for affordable manufactured housing across the US. The Company has adequate processes in place to ensure sound management of the Financing Programme and to mitigate key social and environmental risks associated with projects. Furthermore, Triad intends to report annually on the Financing Programme, including the percentage of eligible loans under the US Federal Community Reinvestment Act, the percentage of loans for homes with Energy Star rating and the distribution of originations volume by geography and consumer FICO scores. The reporting will be made available on ECN's website within 60 days of the end of each calendar year. Sustainalytics considers this as aligned with market expectation.

The Sustainable Deposits contribute to the following SDGs:



# Environmental Benefits



# Manufactured Homes – Environmental Impact

- Triad finances sustainable housing construction with minimal waste compared to traditional site-built homes
- Compared with conventional site-built homes, manufactured homes have a lower environmental impact:
  - Constructed in efficient factories, majority of which are ENERGY STAR rated, that consume less materials
  - Generate ~2.5x or ~4,320 pounds less waste per home<sup>1</sup>
  - Consume 5% less energy over its life cycle<sup>1</sup>
- ENERGY STAR rated manufactured homes save homeowners ~\$500/year on average<sup>2</sup>
- Since 2016, Triad has financed almost 60,000 manufactured homes
- Estimate 1/3<sup>rd</sup> of manufactured homes financed by Triad are ENERGY STAR rated



<sup>1</sup> Sun Communities ESG Report and National Association of Home Builders; calculated using 1,800 sq. ft home

<sup>2</sup> US Department of Energy

# Other Environmental Initiatives

## OTHER KEY ENVIRONMENTAL INITIATIVES

- Implementing procedures to reduce paper consumption across all business units
  - Triad offers paperless application process
  - S1 moving to paperless process
  - All KG record keeping and document preparation processes are paperless
- Recycling programs in all offices
- Conversion to LED lighting in all offices

# Social Impact & Diversity



# Affordable Housing - CRA Eligible Loans

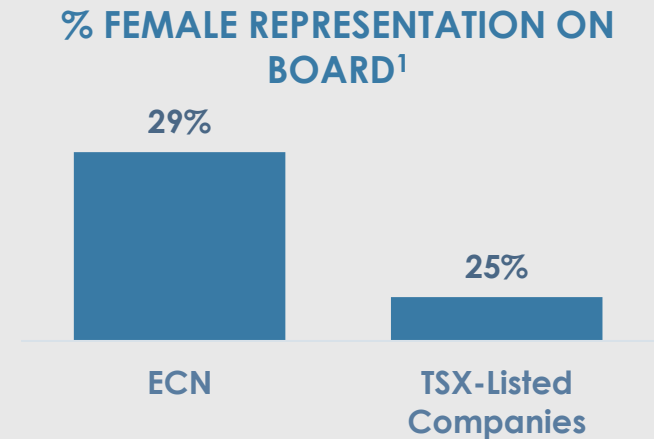
## TRIAD LOANS SATISFY CRA REQUIREMENTS

- The Community Reinvestment Act (CRA) is a U.S. federal law designed to encourage banks to help meet the needs of low- and moderate-income borrowers
  - To enforce the statute, federal regulatory agencies examine banking institutions for CRA compliance
  - CRA credit is given primarily for loans to low- and moderate-income borrowers, which is designated as below 80% of an area's median income
  - Each bank must meet specific requirements that vary by institution to satisfy CRA
- Approximately 70% of Triad's 2020 loans satisfied CRA requirements
  - Both Chattel and Land-Home loans qualify for CRA Credit
  - Reiterates Triad's support for affordable housing solutions (Social consideration for ESG)
  - Supports our Bank partners by delivering a high percentage of CRA eligible loans

1. Source: U.S. Department of Housing and Urban Development; <https://www.huduser.gov/portal/datasets/il/il20/Medians2020r.pdf>

# 30% Club Commitment

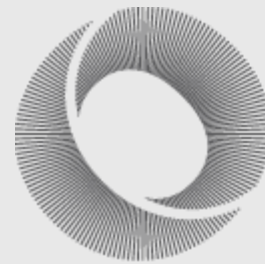
- Our CEO is a founding member of the Canadian chapter of the 30% Club
- The 30% Club's mission is for women to represent at least 30% of all boards and C-suites globally
- Since 2017, ~30% of ECN's Board members are female, above the average for other TSX-listed companies<sup>1</sup>



<sup>1</sup> Source: CIBC Capital Markets; all TSX-listed companies with market capitalization equal to or below \$1.5B as of January 24, 2022

# Black Opportunity Fund

- ECN is a proud supporter and contributor to the Black Opportunity Fund<sup>1</sup> (“BOF”)
- Established in 2020, the BOF is led by a team of diverse Black Canadians and established a \$1.5B fund, one of the largest in the world, designed to dismantle structural barriers and foster cultural, economic, and political growth to enable Canada’s institutions, governments, and businesses to embrace greater diversity
- The fund is focused on improving the quality of life of the Black community focusing on education, healthcare, women and youth, social justice, immigration, technology, entrepreneurship, and government



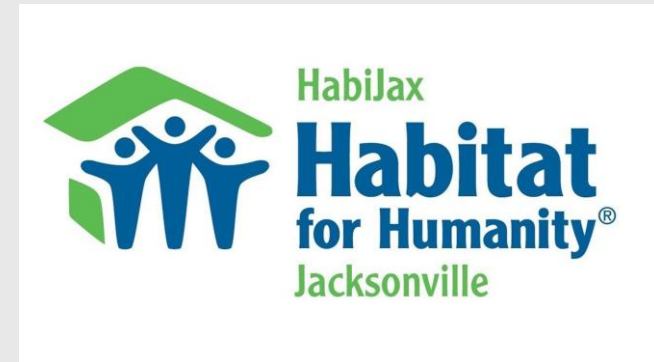
**Black  
Opportunity  
Fund**

<sup>1</sup> <http://www.blackopportunityfund.ca/>



# Habitat for Humanity Jacksonville

- Triad is a proud supporter and active volunteer with Habitat for Humanity Jacksonville<sup>1</sup> (“HabiJax”)
- Founded in 1988, HabiJax is one of 1,300 Habitat for Humanity affiliates across the US which advocate for affordable housing and fair housing policies
- HabiJax has provided homeownership opportunities and other housing services to over 2,300 families in Jacksonville’s downtown core



<sup>1</sup> <https://www.habijax.org/>

# Rosie's Place

- Kessler is a proud volunteer and active fundraiser with Rosie's Place<sup>1</sup> in Boston, MA
- Rosie's Place was founded in 1974 as the first women-only shelter in the United States
- What began as a women-only homeless shelter, has now grown into a community center providing wide-ranging support, education, and outreach services that help 12,000 women a year maintain dignity, seek opportunity, and find security in their lives



<sup>1</sup> <https://www.rosiesplace.org/>

# Team Demographics

As of Dec 2021	Total	Corporate	Source One	Triad	KG
# Employees	462	29	35	343	55
% Female	63%	44%	37%	71%	40%
% Minority	29%	28%	6%	32%	25%
% Earning Above US Real Median Personal Income <sup>1</sup>	91%	100%	89%	89%	98%

As of Dec 2020	Total	Corporate	SFC	Triad	KG
# Employees	570	29	242	248	51
% Female	56%	41%	50%	69%	35%
% Minority	45%	28%	68%	31%	18%
% Earning Above US Real Median Personal Income <sup>1</sup>	81%	100%	75%	83%	90%

<sup>1</sup> Federal Reserve Bank of St. Louis, \$35,805 in 2021 and \$35,977 in 2020

# Employee Growth & Commitment

- Employee training, development and continued learning programs
  - Robust onboarding and new employee training programs
  - Tuition reimbursement and financial support for continuing education
- Donations and matching of employee donations in support of several local and national charities
- The management teams and employees at ECN and its subsidiaries take pride in engaging, participating and supporting numerous community volunteer programs and organizations

# Governance, Regulatory Oversight and Responsible Lending



# Regulatory Oversight

## TRIAD'S COMPLIANCE & PRIVACY STANDARDS MEET THE STRICTEST HURDLES

- Triad and its partners are overseen by:
  - Office of the Comptroller of Currency (OCC)
  - Federal Deposit Insurance Corporation (FDIC)
  - Consumer Financial Protection Bureau (CFPB)
  - National Credit Union Administration (NCUA)
  - Nationwide Multistate Licensing System & Registry (NMLS)
- In addition, Triad is fully licensed to conduct business in all the states in which they operate
  - Regularly audited by State licensing agencies
- Triad is also subject to regular audits and reviews by their bank, life insurance, pension plan and credit union funding partners
- Triad has received zero objections or negative comments during and formal examinations

# Governance

	Triad	KG
<b>Policy</b>	<ul style="list-style-type: none"> <li>• Anti-Money Laundering Act (AML)</li> <li>• Truth In Lending Act (TILA)</li> <li>• Unfair, Deceptive, or Abusive Acts or Practices (UDAAP)</li> <li>• Fair Debt Collection Practices Act</li> <li>• SOC 2 – SSAE 16/18 Type II Audit</li> <li>• Gramm-Leach-Bliley Act</li> </ul>	<p>KG does not directly ever receive personal information or directly interact with end customers</p>
<b>Other Key Policies &amp; Procedures</b>	<ul style="list-style-type: none"> <li>• Non-discrimination and anti-harassment</li> <li>• Information technology</li> <li>• Cybersecurity and safeguarding of personal information</li> <li>• Business continuity/disaster recovery</li> <li>• Social media</li> <li>• Internal controls</li> <li>• Whistleblower</li> <li>• And others</li> </ul>	

# Responsible Lending

- Triad provides homeowners with a high-quality, truthful and transparent borrowing experience, as evidenced by the negligible number of CFPB complaints received
- 100% of all CFPB complaints received were promptly and successfully resolved with the homeowner



2017-2021	Triad
# of Applications	~285,000
# of CFPB Complaints	46
CFPB Complaints as % of Applications	1 bps
% Successfully Resolved	100%



# SASB Data



# Sustainability Accounting Board Standards (“SASB”)

- ECN follows SASB guidelines for the consumer finance industry
- SASB published a collection of 77 industry-specific guidelines providing guidance on : (1) disclosure topics (2) accounting metrics (3) technical protocols and (4) activity metrics
- ECN complies with the disclosure standards set forth in the SASB consumer finance industry standard, which address (1) customer privacy (2) data security and (3) selling practices
  - See attached slides for list of applicable SASB consumer finance standards cross-referenced with ECN disclosure





# SASB – Customer Privacy

Standards Code	Description	Triad	KG
FN-CF-220a.1	# of account holders whose information used for secondary purposes	None	None
FN-CF-220a.2	Total amount of monetary losses as a result of legal proceedings associated with customer privacy	None	None

We will add & update SASB data on Source One in 2022



# SASB – Data Security

Standards Code	Description	Triad	KG
<b>FN-CF-230a.1</b>	(1) # of data breaches (2) % involving personally identifiable information (3) # of account holders affected	(1) None (2) None (3) None	(1) None (2) None (3) None
<b>FN-CF-230a.2</b>	Card-related fraud losses from (1) card-not-present fraud and (2) card-present and other fraud	(1) None (2) None	(1) None (2) None
<b>FN-CF-230a.3</b>	Description of approach to identifying and addressing data security risks	<p>Annual penetration test, quarterly vulnerability tests and annual internal control audits (SOC1 and SOC2) are performed</p> <p>Several tools in place such as (but not limited to) firewall email monitoring, networking monitoring as well as active threat protection</p> <p>All network equipment is updated and patched on a timely basis</p> <p>Maintains comprehensive data breach policy, and customers and law enforcement are notified when necessary</p>	<p>Overseen by EVP Finance and General Counsel, program includes business continuity policies, IT security policies, and physical security policies and procedures</p> <p>Policies routinely reviewed by bank partner IT and security staff, who are subject to bank oversight rules</p> <p>Multi-layered approach to data security includes using IT firms to administer systems, conduct routine testing, 3<sup>rd</sup>-party system monitoring, penetration testing, VPN authentication</p>



# SASB – Selling Practices

Standards Code	Description	Triad	KG
FN-CF-270a.1	% of total remuneration that is variable and linked to amount sold	Regional managers, 83%	No direct sales to consumers; some executives paid bonus based on revenues associated with client they service or originated
FN-CF-270a.2	Approval rate for (1) credit and (2) pre-paid products for applicants with FICO <660	35% of approvals from applicants with FICO <660  (1) 16.0% (2) None	None
FN-CF-270a.3	(1) Average fee from add-on projects (2) average APR (3) average age of accounts (4) average annual fees for prepaid products for customers with FICO <660	35% of originations from applicants with FICO <660  (1) None (2) 8.53% (3) ~18-year term (4) None	None
FN-CF-270a.4	(1) # complaints filed with CFPB (2) % with monetary or non-monetary relief (3) % disputed by customer (4) % resulting in investigation by CFPB	(1) 46 over last 5 years (2) 0% (3) 0% (4) 0%	None
FN-CF-270a.5	Total amount of monetary losses as a result of legal proceedings associated with selling and servicing of products	None	None