

Truist expands point-of-sale platform with acquisition of leading home improvement lender Service Finance Company, LLC

CHARLOTTE, N.C., Aug. 10, 2021 [/PRNewswire/](#) -- Truist Financial Corporation (NYSE: TFC) today announced that its wholly owned bank subsidiary, Truist Bank, has signed a definitive agreement to acquire Service Finance Company, LLC (Service Finance), a leading national provider of point-of-sale (POS) financing solutions for the home improvement industry, for \$2 billion. The acquisition of Service Finance expands Truist's POS lending business, which currently includes Sheffield Financial, a leading POS lender in the power equipment, power sports, trailer and other consumer products segments. Service Finance and Sheffield will serve more than 250 manufacturers, associations and other sponsors spanning approximately 29,000 contractors and dealers—making Truist a leading national provider of POS lending solutions.

Based in Boca Raton, Florida, Service Finance uses proprietary technology to deliver innovative payment solutions to more than 14,000 home improvement dealers and contractors, helping them provide prime and super-prime borrowers with financing for a wide range of home improvement products and projects.

"The acquisition of Service Finance expands the scale and capabilities of our wholesale payments businesses, enabling Truist to deliver innovative financing solutions to Service Finance's nationwide network of dealers and serve homeowners across the country," said Mike Maguire, head of National Consumer Finance and Payments at Truist. "This acquisition significantly strengthens Truist's leadership position in the rapidly growing POS industry, and we're excited to partner with Mark Berch and the entire Service Finance team."

"Service Finance's client-centric model, coupled with Truist's financial strength and commitment to POS lending, perfectly position us to continue to provide distinctive, secure and successful client experiences," said Jeff McKay, head of Truist's POS lending unit. "Just like Sheffield, Service Finance partners with leading brand names in their industry and has earned a reputation for unparalleled client service and delivering innovative solutions."

"As a former home improvement contractor, I know how important it is to help contractors and their customers get access to convenient and attractive financing so our end-customers can spend more time enjoying the moments that matter, in the place that matters the most—their homes," said Mark Berch, president and founder of Service Finance. "This is a dynamic market with tremendous potential, and joining Truist only improves our outlook for growth."

More than 80% of Service Finance's loan applications are completed on its mobile application, offering homeowners a simple, fast and paperless experience. Originations are expected to exceed \$2.5 billion in 2021 and have grown at approximately 30% annually over the past three years, making Service Finance a top-three home improvement POS finance company. Truist has a strong historical relationship with Service Finance and significant experience in the home improvement industry, including having purchased more than \$2 billion of loans from Service Finance since 2018.

In addition to being highly strategic, the acquisition is also financially attractive:

- Strong profitability profile generating greater than 3% cash return on assets (ROA) (run-rate), with low credit risk (average FICO greater than 760)
- Allows Truist to deploy its strong capital and substantial liquidity position (approximately 50 bps reduction in Truist's Common Equity Tier 1 ratio anticipated)
 - Service Finance currently maintains relationships with funding partners that purchase its loans; however, under Truist's ownership, the vast majority of loans will be held on Truist's balance sheet
- Strong return on invested capital: Mid-teens IRR
- Earnings-per-share (EPS) accretion:
 - Assuming the acquisition replaces planned share repurchases (capital neutral), approximately 1% cash EPS dilution in year two
 - Assuming the acquisition uses excess capital, approximately 2% cash EPS accretion in year two
- Long-term, accretive to Truist's already strong profitability metrics: ROA, return on tangible common equity, efficiency ratio and EPS growth

Berch and the Service Finance team will join the POS lending unit of Truist's National Consumer Finance and Payments group and continue to be based out of Boca Raton, Florida. Service Finance is a wholly owned subsidiary of Canadian-based ECN Capital Corp. Truist is targeting a late 2021 close for the acquisition, subject to standard licensing and regulatory approvals, and satisfaction of customary closing conditions.

Davis Polk & Wardwell LLP served as legal counsel, and Truist Securities served as financial advisor to Truist. Cravath, Swain

& Moore LLP served as legal counsel to ECN Capital Corp.

About Truist

Truist Financial Corporation is a purpose-driven financial services company committed to inspiring and building better lives and communities. Formed by the historic merger of equals of BB&T and SunTrust, Truist has leading market share in many high-growth markets in the country. The company offers a wide range of services including retail, small business and commercial banking; asset management; capital markets; commercial real estate; corporate and institutional banking; insurance; mortgage; payments; specialized lending; and wealth management. Headquartered in Charlotte, North Carolina, Truist is a top 10 U.S. commercial bank with total assets of \$522 billion as of June 30, 2021. Truist Bank, Member FDIC. Learn more at [Truist.com](https://www.truist.com).

About Sheffield

Winston-Salem, N.C.- based Sheffield Financial is a division of Truist Bank, Member FDIC, which is a subsidiary of Truist Corporation (NYSE: TFC). Sheffield, which has financed more than \$30 billion in loans since its founding in 1992, currently services approximately 15,000 outdoor power equipment, power sports and trailer dealers nationwide. The company provides retail financing options in all 50 states for outdoor power equipment, trailers and power sports equipment, such as snowmobiles, all-terrain vehicles, side by side vehicles, motorcycles and personal watercraft. For more information about Sheffield Financial, visit [SheffieldFinancial.com](https://www.sheffieldfinancial.com).

About Service Finance Company

Service Finance Company, LLC ("SFC") is a subsidiary of ECN Capital Corp. (TSX: ECN), a publicly traded vendor and finance company. SFC provides financing solutions which include promotional and standard installment terms for home improvement contractors enrolled in the SFC Financing Program. SFC is an FHA Title I Lender and is authorized to conduct business as a sales finance company and third-party servicer in all fifty states and the District of Columbia.

About ECN Capital Corp.

With managed and advised assets of US\$33 billion, ECN Capital Corp. (TSX: ECN) is a leading provider of business services to North American based banks, credit unions, life insurance companies, pension funds and investment funds (collectively our "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. Our 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.

To learn more about ECN Capital Corp. and Service Finance, review the 2021 Investor Day presentation dated Feb. 4, 2021.

SOURCE Truist Financial Corporation

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