Management Discussion and Analysis

September 30, 2017

The following management discussion and analysis ("MD&A") provides information management believes is relevant to an assessment and understanding of the consolidated financial condition and consolidated results of operations of Element Fleet Management Corp. (the "Company" or "Element") (formerly, Element Financial Corporation) as at and for the three and nine-month periods ended September 30, 2017 and should be read in conjunction with the Company's unaudited interim condensed consolidated financial statements as at and for the three and nine-month periods ended September 30, 2017 and the MD&A and audited consolidated financial statements and accompanying notes for the year ended December 31, 2016. Additional information relating to the Company is available on SEDAR at www.sedar.com and on the Company's website at www.elementfleet.com

CAUTIONARY STATEMENT

THIS ANALYSIS HAS BEEN PREPARED TAKING INTO CONSIDERATION INFORMATION AVAILABLE TO NOVEMBER 8, 2017. CERTAIN STATEMENTS CONTAINED IN THIS REPORT CONSTITUTE "FORWARD LOOKING STATEMENTS". IN SOME CASES THE FORWARD-LOOKING STATEMENTS CAN BE IDENTIFIED BY WORDS OR PHRASES SUCH AS "MAY", "WILL", "EXPECT", "PLAN", "ANTICIPATE", "INTEND", "POTENTIAL", "ESTIMATE", "BELIEVE" OR THE NEGATIVE OF THESE TERMS, OR OTHER SIMILAR EXPRESSIONS INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS, INCLUDING, AMONG OTHERS, STATEMENTS REGARDING ELEMENT'S BUSINESS GROWTH, DEVELOPING STRATEGY, ELEMENT'S ABILITY TO CREATE VALUE FOR SHAREHOLDERS, THE TRANSITION OF THE NATURE OF ELEMENT'S BUSINESS, THE AVAILABILITY OF FUNDS FROM OPERATIONS AND CAPITAL ALLOCATION, BUSINESS INTEGRATION AND THE XCELERATE PLATFORM, THE EVOLUTION OF OPERATIONS AND THE DEVELOPMENT OF PERFORMANCE INDICATORS, AND OTHER FINANCIAL PERFORMANCE AND METRICS. 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, TECHNOLOGICAL DEVELOPMENT, RELIANCE ON DEBT FINANCING, DEPENDENCE ON BORROWERS, INABILITY TO SUSTAIN RECEIVABLES, COMPETITION, INTEREST RATES, REGULATION, INSURANCE, FAILURE OF KEY SYSTEMS, DEBT SERVICE, FUTURE CAPITAL NEEDS AND SUCH OTHER RISKS OR FACTORS DESCRIBED FROM TIME TO TIME IN REPORTS OF ELEMENT.

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.

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Overview

Element Fleet Management Corp. ("Element" or the "Company") is a leading global fleet management company, providing world class services and financing solutions for commercial vehicle fleets. Element is North America's largest publicly traded fleet management company. With more than $17.6 billion in assets, unprecedented scale, scope, focus and experience, the Company has transformed from a fleet financing and management business to a leading fleet-focused business services provider, driven by technology and advanced analytics, and benefiting from a large-scale stable leasing and integrated services platform. Element is investing in people, processes and technology to drive dynamic long-term growth and lead the transformation of the fleet management industry.

Element was founded in 2007, as Element Financial Corporation ("Element Financial"), an independent financial services company that originated, co-invested in and managed asset-based financings and related services programs. Through solid business execution over the years and a series of transformational acquisitions, Element Financial had over $25 billion in assets by the end of 2015. On February 16, 2016, the board of directors of Element Financial approved a plan to separate Element Financial into two publicly traded companies (the "Separation"): ECN Capital Corp. and the Company. The Separation was implemented through a court approved plan of arrangement and was approved at a special meeting of Element Financial shareholders on September 20, 2016, and received final court approval on September 21, 2016. The Separation became effective on October 3, 2016 and the Company was renamed Element Fleet Management Corp.

Element's mission is to ensure that its customers' fleets and their drivers are safer, smarter and more productive, with a suite of services that spans the total fleet lifecycle, from acquisition and financing to program management and remarketing – helping our customers optimize performance and improve productivity.

Operating Segments

While the Separation has resulted in the Company being one of the world's leading fleet management companies, certain assets remained with Element after the Separation that are not considered "pure fleet" assets and/or the typical earning assets of a pure fleet management company. Some were retained in order to provide fleet services, while others remained with Element for various commercial and legal structuring reasons or requirements. In addition, certain assets were opportunistically acquired post the Separation. The related strategy for each asset is dependent upon many factors including, but not limited to, cross-selling opportunities with core fleet services, current and expected market conditions impacting valuation, overall risk relative to the size of the Company, and the passage of time related to the separation activities and other post separation activities.

Commencing Q2 2017, Element determined that it would be more informative to separate management discussions and analysis between those assets that are related to core fleet management services ("Fleet Management") and those assets that are not (collectively, "Non-Core"). In addition, the notes to the Interim Condensed Consolidated Financial Statements have been updated to reflect the two operating segments described herein.

Impact of Foreign Currency Exchange Rate Changes

As we have indicated in previous quarters, the Company is exposed to fluctuations in certain foreign currencies as a result of the operations it conducts in Australia, New Zealand, Mexico and, predominantly, the United States where, as at September 30, 2017, 7.8%, 3.8%, 2.7% and 75.4% of the net finance receivables and equipment under operating leases were located, respectively. While the Company hedges for currencies, assets and liabilities do fluctuate as a result of fluctuation in these currencies against the reporting currency, being the Canadian dollar. Fluctuations in these currencies also affect the reported income when foreign operating results are then converted back to the Canadian dollar.

During the third quarter of 2017, the weighted average changes in average exchange rates of the Company's operating currencies against the Canadian dollar affected adjusted operating income negatively by approximately 4.62% and 2.96% over the immediately preceding quarter and the third quarter in 2016, respectively.

The following table sets forth a summary of the Company's results from both Fleet Management and Non-Core operations on a **constant currency** basis:

	For the three-month periods ended			For the nine-month periods ended	
	September 30, 2017	June 30, 2017	September 30, 2016	**September 30, 2017**	September 30, 2016
(in $000's for stated values)	**$**	$	$	**$**	$
Fleet Management net revenue	**219,066**	213,442	219,537	**655,521**	670,013
Non-Core net revenue	**17,218**	21,956	18,390	**66,718**	91,032
Consolidated net revenue	**236,284**	235,398	237,927	**722,239**	761,045
Fleet Management adjusted operating income	**100,674**	98,088	105,861	**301,707**	320,252
Non-Core adjusted operating income	**15,788**	20,418	16,601	**62,245**	85,465
Consolidated adjusted operating income	**116,462**	118,506	122,462	**363,952**	405,717

Changes in Presentation

Prior to Q1 2017, Element reported Service and other revenue net of internal operating expenses directly related to providing certain fleet services, as disclosed in the footnotes to the Company's historical consolidated financial statements. To enhance the presentation of its financial statements, the Company decided to remove these expenses from the revenue line and add them to Salaries, wages, and benefits, as well as General and administrative expenses, as appropriate. This reclassification was implemented retroactively, and the prior periods were adjusted accordingly.

Consolidated Results of Continuing Operations

The following table sets forth a summary of the Company's consolidated results of continuing operations:

	For the three-month periods ended			For the nine-month periods ended	
	September 30, 2017	June 30, 2017	September 30, 2016	**September 30, 2017**	September 30, 2016
(in $000's for stated values, except per share amounts)	**$**	$	$	**$**	$
Net revenue					
Service and other revenue (1)	**141,086**	153,556	143,128	**442,158**	435,229
Net interest income and rental revenue (2)	**191,423**	188,496	190,848	**559,903**	587,364
	332,509	342,052	333,976	**1,002,061**	1,022,593
Interest expense	**96,225**	94,509	88,306	**279,822**	257,779
Net revenue	**236,284**	247,543	245,670	**722,239**	764,814
Operating expenses					
Salaries, wages and benefits	**80,838**	79,271	75,832	**235,041**	222,207
General and administrative expenses	**38,984**	43,847	43,257	**123,246**	136,649
Adjusted operating expenses (3)	**119,822**	123,118	119,089	**358,287**	358,856
Amortization of convertible debenture synthetic discount	**3,313**	3,260	3,103	**9,779**	9,159
Share-based compensation	**5,800**	3,589	7,109	**15,425**	19,635
Total operating expenses	**128,935**	129,967	129,301	**383,491**	387,650
Business acquisition costs					
Amortization of intangibles from acquisition	**13,975**	14,773	15,443	**43,569**	46,742
Transaction and integration costs	**1,059**	31,315	71,608	**68,420**	124,155
Total business acquisition costs	**15,034**	46,088	87,051	**111,989**	170,897
Share of loss from and provision in joint venture (5)	**9,108**	40,875	—	**60,227**	—
Net income (loss) before taxes	**83,207**	30,613	29,318	**166,532**	206,267
Income tax expense (recovery)	**16,032**	(6,474)	(6,326)	**10,425**	20,017
Net income for the period from continuing operations	**67,175**	37,087	35,644	**156,107**	186,250
Earnings (loss) per share [basic] - continuing operations	**0.15**	0.07	0.07	**0.33**	0.41
Earnings (loss) per share [diluted] - continuing operations	**0.15**	0.07	0.07	**0.32**	0.41
Adjusted operating results (3)					
Net revenue (1)	**236,284**	247,543	245,670	**722,239**	764,814
Adjusted operating expenses (1) (3)	**119,822**	123,118	119,089	**358,287**	358,856
Adjusted operating income - continuing operations (3)	**116,462**	124,425	126,581	**363,952**	405,958
Provision for taxes applicable to adjusted operating income - continuing operations	**24,725**	24,672	21,603	**72,437**	84,135
After-tax adjusted operating income - continuing operations (3) (4)	**91,737**	99,753	104,978	**291,515**	321,823
Weighted average number of shares outstanding [basic]	**384,939**	388,958	386,742	**387,194**	386,389
Before-tax adjusted operating income per share [basic] - continuing operations (3)	**0.27**	0.29	0.30	**0.86**	0.98
After-tax adjusted operating income per share [basic] - continuing operations (3)	**0.21**	0.23	0.25	**0.67**	0.76

(1) The comparative periods have been reclassified to reflect removing internal expenses related to service delivery from service and other revenue to operating expenses (salaries, wages and benefits, and general and administrative expenses).
(2) Net interest income and rental revenue is equal to interest income, less provision for credit losses and rental income earned on equipment under operating leases, less depreciation on equipment under operating leases.
(3) For additional information, see "Description of Non-IFRS Measures" section.
(4) For reconciliation from IFRS Net Income to After-tax adjusted operating income, see page 30.
(5) For the three and nine-month periods ended September 30, 2017, the share of loss derived from the reported results of the joint venture was $9.1 million and $60.2 million, respectively. The Company also recognized $5.6 million of losses on certain assets recognized in the joint venture which were applied against the reserve of $30.0 million provided for during the second quarter of 2017.

As shown in the tables above, overall net revenue was $236.3 million for the current quarter, a decrease of 3.8% compared to the same period in the prior year and a decrease of 4.5% compared to the immediately preceding quarter. On a sequential basis, services and other revenue decreased by 8.1% while net interest income and rental revenue increased by 1.6%. Compared to Q3 2016, service and other revenue declined by 1.4%, while net interest and rental revenue was relatively flat. Changes to revenue line items are explained below as they relate to Fleet Management and to Non-Core assets.

Adjusted operating expenses have decreased by 2.7% and increased by 0.6% compared to Q2 2017 and Q3 2016, respectively. Changes to adjusted operating expenses will also be described in sections below.

Share-based compensation, included in total operating expenses, decreased to $5.8 million for Q3 2017 compared to $7.1 million for the comparable quarter of 2016 and increased from $3.6 million for Q2 2017. The decrease over the comparative quarter in 2016 was primarily due to the cessation of the amortization of stock compensation expenses related to employees who became employees of ECN Capital on the Separation, and offset by new grants in late 2016 and early 2017. The increase over the immediately preceding quarter was primarily due to changes to the fair value of the un-hedge portions of PSU liabilities and lower forfeitures.

Amortization of the convertible debenture synthetic discount, also included in total operating expenses, represented the accretion of the convertible debenture discount created from the bifurcation of the convertible debentures between debt and share capital.

Transaction, integration and separation costs were $1.1 million in Q3 2017, compared to $71.6 million in Q3 2016 and $31.3 million in Q2 2017. During the current quarter, the Company began the integration of CEI Group Inc., which was acquired on December 30, 2016. Management estimates that the total integration cost will be between $6.0 million and $8.0 million, and which will be incurred over the next three quarters. Transaction, integration and separation costs incurred in Q2 2017 were related to the post IT migration activities in the US and Q3 2016 costs were primarily related to the Separation.

The amortization of intangibles acquired as part of business acquisitions was $14.0 million in Q3 2017, down from the $15.4 million and $14.8 million in Q3 2016 and Q2 2017, respectively.

The Company's share of loss from and provision in joint venture from its investment in the 19th Capital Group LLC joint venture (a Non-Core investment) entered into on December 30, 2016 was $9.1 million before taxes for Q3 2017 compared to $40.9 million for Q2 2017. The Company's share of operating losses was $9.1 million in Q3 2017, up from $8.2 million in Q2 2017 mainly due to increased maintenance cost, in relation to expediting the transfer of vehicles from owner operators to corporate fleets.

For the nine-month period ended September 30, 2017, net revenue was $722.2 million, a decrease of 5.6% compared to the same period in the prior year. Service and other revenue increased by 1.6% as a decline in Fleet Management was offset by an increase in Non-Core operations over the prior year, while net interest and rental revenue decreased due to various factors related to both Fleet Management as well as Non-Core Assets, as detailed below. Adjusted operating expenses were largely consistent with a decrease of 0.2% over the same period in 2016. Other expenses for the nine-month period ended 2017 as compared to the same period in 2016 were impacted by the same factors as noted in the quarterly periods.

Results of Fleet Management Operations

The following table sets forth a summary of the Company's results of Fleet Management operations; for greater clarity, this table excludes assets and earnings that have been deemed by the Company as Non-Core (see "Operating Segment"):

	For the three-month periods ended			For the nine-month periods ended	
	September 30, 2017	June 30, 2017	September 30, 2016	**September 30, 2017**	September 30, 2016
(in $000's for stated values, except per share amounts)	**$**	$	$	**$**	$
Net revenue					
Service and other revenue	**134,902**	143,392	142,762	**406,737**	412,405
Net interest and rental revenue	**84,164**	81,060	83,482	**248,784**	263,493
Net revenue	**219,066**	224,452	226,244	**655,521**	675,898
Adjusted operating expenses					
Salaries, wages and benefits	**79,980**	78,287	75,506	**232,411**	221,215
General and administrative expenses	**38,412**	43,191	41,723	**121,403**	132,128
Adjusted operating expenses	**118,392**	121,478	117,229	**353,814**	353,343
Adjusted operating income - continuing operations	**100,674**	102,974	109,015	**301,707**	322,555
Provision for taxes applicable to adjusted operating income - continuing operations	**21,141**	21,625	22,893	**63,358**	67,737
After-tax adjusted operating income - continuing operations	**79,533**	81,349	86,122	**238,349**	254,818
Less: Cumulative preferred share dividends	**11,068**	10,253	8,912	**30,233**	26,736
After-tax adjusted operating income from continuing operations attributable to common shareholders	**68,465**	71,096	77,210	**208,116**	228,082
Weighted average number of shares outstanding [basic]	**384,939**	388,958	386,742	**387,194**	386,389
Before-tax adjusted operating income per share [basic] - continuing operations	**0.23**	0.24	0.26	**0.70**	0.77
After-tax adjusted operating income per share [basic] - continuing operations	**0.18**	0.18	0.20	**0.54**	0.59

Service and other revenue for Q3 2017 was $134.9 million, a decrease of 5.5% and 5.9% from those reported in Q3 2016 and Q2 2017, respectively. On a constant currency basis, service and other revenue decreased by 2.7% and 1.0% compared to those reported in Q3 2016 and Q2 2017, respectively. The decrease over Q3 2016, was primarily due to one-time items in Q3 2016, excluding which, service and other revenue increased approximately 1.2% or 4.5% on a constant currency basis. The decrease over Q2 2017 was primarily due to lower maintenance, fuel and training services activity compared the prior quarter, and also due to relatively higher remarketing activity as discussed in the previous quarter.

Net interest and rental revenue for Q3 2017 was $84.2 million, an increase of 0.8% from the $83.5 million reported in Q3 2016, and an increase of 3.8% from the $81.1 million reported in Q2 2017. On a constant currency basis, net interest and rental revenue increased by 4.0% and 9.1% compared to what was reported in Q3 2016 and Q2 2017, respectively. The increase compared to Q3 2016 and Q2 2017 was primarily due to increased lease activations and decreased interim funding as post IT migration activity backlogs continued to be cleared. The increase also resulted in the average debt advance rate (average debt divided by average earning assets) decreasing to 103.2% compared to 104.5% during Q2 2017.

The following table sets out Net interest and rental revenue margin ("NIM") calculation for Fleet Management operations, together with references to key benchmarks and metrics:

	For the three-month periods ended			For the nine-month periods ended	
	September 30, 2017	June 30, 2017	September 30, 2016	**September 30, 2017**	September 30, 2016
(in $000's for stated values)	**%**	%	%	**%**	%
Net interest income and rental revenue	**5.60**	5.28	5.00	**5.35**	5.08
Interest expense	**2.83**	2.68	2.39	**2.67**	2.31
Net interest and rental revenue margin or NIM (1)	**2.77**	2.60	2.61	**2.68**	2.77
Average cost of debt (Interest expense / average debt) (1)	**2.74**	2.56	2.42	**2.59**	2.31
Average 1-Month LIBOR rates	**1.23**	1.09	0.51	**1.04**	0.46
Total average earning assets (1) (2)	**$ 12,130,819**	$ 12,447,924	$ 12,807,528	**$ 12,359,946**	$ 12,843,381
Total earning assets at period end (1)	**$ 12,110,284**	$ 12,390,991	$ 12,747,768	**$ 12,110,284**	$ 12,747,768
Average debt outstanding (1)	**$ 12,518,163**	$ 13,004,536	$ 12,640,679	**$ 12,736,242**	$ 13,005,323
New originations	**$ 1,441,839**	$ 1,908,496	$ 1,361,275	**$ 4,729,335**	$ 4,654,314

(1) For additional information, see "Description of Non-IFRS Measures" section.
(2) Prior to the second quarter of 2017, total average earning assets were calculated using monthly average balances; comparative periods have not been adjusted as the impact on historical periods was determined to be insignificant.

NIM was 2.8% during the three-month period ended September 30, 2017, an increase from both the 2.6% reported for Q3 2016 and the 2.6% reported in Q2 2017. The increases were due to the factors discussed above.

Average cost of debt increased to 2.7% during the quarter, from 2.4% in Q3 2016 and 2.6% from the immediately preceding quarter. The higher rate was partially due to both an increased allocation of convertible debentures to the segment in the current quarter and also to the general increase in underlying reference rates.

Adjusted operating expenses were $118.4 million for Q3 2017, relatively flat compared to Q3 2016, and a decrease of $3.1 million on a sequential basis. On a constant currency basis, operating expenses increased by 4.2% compared to Q3 2016 and by 2.6% compared to Q2 2017. The increases on a constant currency basis from Q3 2016 and Q2 2017 were primarily due to an increase in employee costs related to the Company's post migration support to customers while automation of various processes are being completed. The increase over Q3 2016, also reflected the impact of the acquisition of CEI Capital Group, Inc. at the end of Q4 2016. This increase was partially offset by a decline in general and administrative expenses, mainly due to lower training services activity.

Adjusted operating income from Fleet Management operations for Q3 2017 was $100.7 million, a decrease of $8.3 million or 7.7% over the amount reported for Q3 2016 and a decrease of $2.3 million or 2.2% over the amount reported during the immediately preceding quarter. On a constant currency basis, adjusted operating income decreased by 4.9% compared to Q3 2016 and increased by 2.6% compared to Q2 2017. The decrease over the Q3 2016 comparative quarter was mainly related to the combination of lower services and other revenue and an increase in adjusted operating expenses, as discussed above.

For the nine-month period ended September 30, 2017, net revenue was $655.5 million, a decrease of 3.01% compared to the comparative period in the prior year. On a constant currency basis, net revenue decreased by 2.2%. The decrease was mainly attributed to declines in both service and other revenue as discussed above and in net interest and rental revenue, from higher debt advance rates in the first half of 2017 due to higher interim fundings arising during integration activities. Adjusted operating expenses were $353.8 million for the current period, as compared to $353.3 million in the comparative period in prior year, largely consistent period over period. Overall, adjusted operating income was $301.7 million for the nine-month period ended September 30, 2017, a decline of 6.5% compared to $322.6 million in the comparative period in prior year. On a constant currency basis, adjusted operating income decreased by 5.8%. The decline was consistent with the decrease in service and other revenue as previously discussed.

Results of Non-Core Operations

The following table sets forth a summary of the Company's results from Non-Core operations:

	For the three-month periods ended			For the nine-month periods ended	
	September 30, 2017	June 30, 2017	September 30, 2016	**September 30, 2017**	September 30, 2016
(in $000's for stated values, except per share amounts)	**$**	$	$	**$**	$
Net revenue					
Service and other revenue	**6,184**	10,164	366	**35,421**	22,824
Net interest and rental revenue	**11,034**	12,927	19,060	**31,297**	66,092
Net revenue	**17,218**	23,091	19,426	**66,718**	88,916
Adjusted operating expenses					
Salaries, wages and benefits	**858**	984	326	**2,630**	992
General and administrative expenses	**572**	656	1,534	**1,843**	4,521
Adjusted operating expenses	**1,430**	1,640	1,860	**4,473**	5,513
Adjusted operating income - continuing operations	**15,788**	21,451	17,566	**62,245**	83,403
Provision for taxes applicable to adjusted operating income - continuing operations	**3,584**	3,047	(1,290)	**9,079**	16,398
After-tax adjusted operating income - continuing operations	**12,204**	18,404	18,856	**53,166**	67,005
Weighted average number of shares outstanding [basic]	**384,939**	388,958	386,742	**387,194**	386,389
Before-tax adjusted operating income per share [basic] - continuing operations	**0.04**	0.06	0.05	**0.12**	0.22
After-tax adjusted operating income per share [basic] - continuing operations	**0.03**	0.05	0.05	**0.11**	0.17

Overall, net revenue for Non-Core operations was $17.2 million, a decline of 11.4% compared to Q3 2016 and a decline of 25.4% on a sequential basis.

Service and other revenue within this segment was primarily related to fees delivered in connection with various services provided to non-fleet customers. By nature of the various commercial arrangements, such fees are not recurring in nature and will fluctuate from time to time.

Net interest and rental revenue for Q3 2017 was $11.0 million, a decrease of 42.1% from the $19.1 million reported in Q3 2016, and a decrease of 14.6% from the $12.9 million reported in Q2 2017. The decrease compared to Q3 2016 was as expected, and related to the run-off nature of the equipment finance portfolio in New Zealand, which was acquired as part of the GE Fleet transaction, as well as the structure of the joint venture with 19th Capital and the sale of certain Non-Core assets during Q3 2017. The decrease from Q2 2017 was primarily due to the sale of certain Non-Core assets during the quarter and the declining revenue from the depleting equipment finance portfolio in New Zealand, as previously mentioned.

The following table sets out Net interest and rental revenue margin ("NIM") calculation, together with references to key benchmarks and metrics:

	For the three-month periods ended			For the nine-month periods ended	
	September 30, 2017	June 30, 2017	September 30, 2016	**September 30, 2017**	September 30, 2016
(in $000's for stated values)	**%**	%	%	**%**	%
Net interest income and rental revenue	**7.53**	7.37	9.33	**7.25**	10.23
Interest expense	**3.67**	3.43	3.56	**3.68**	3.34
Net interest and rental revenue margin or NIM (1)	**3.86**	3.94	5.77	**3.57**	6.89
Average cost of debt (Interest expense / average debt) (1)	**3.90**	3.73	4.28	**3.85**	4.33
Total average earning assets (1)	**$ 1,143,472**	$ 1,312,030	$ 1,323,119	**$ 1,167,990**	$ 1,279,649
Total earning assets at period end (1)	**$ 995,078**	$ 1,261,779	$ 1,224,745	**$ 995,078**	$ 1,224,745
Average debt outstanding (1)	**$ 1,076,425**	$ 1,206,033	$ 1,102,114	**$ 1,115,752**	$ 985,958
New originations	**$ —**	$ —	$ 211,340	**$ 296,841**	$ 257,562

(1) For additional information, see "Description of Non-IFRS Measures" section.
(2) Prior to the second quarter of 2017, total average earning assets were calculated using monthly average balances; comparative periods have not been adjusted as the impact on historical periods was determined to be insignificant.

NIM was 3.9% during the three-month period ended September 30, 2017, a decrease from the 5.8% and consistent with the 3.9% reported for Q3 2016 and Q2 2017, respectively. The decrease compared to Q3 2016 was due to factors discussed previously.

Average cost of debt decreased to 3.9% during the three-month period ended September 30, 2017, from 4.3% in Q3 2016 and increased from 3.7% from the immediately preceding quarter. The decrease and increase compared to Q3 2016 and Q2 2017, respectively, were primarily related to changes in asset mix within Non-Core that impacted the allocation of interest from the senior line and unsecured convertible debentures.

Adjusted operating expenses were $1.4 million for Q3 2017 compared to $1.9 million for the comparable quarter of 2016 and $1.6 million for the immediate preceding quarter. The adjusted operating expenses in Q3 2017 and Q2 2017 were a corporate allocation of expenses of approximately 50 bps annualized of average earning assets. The adjusted operating expenses in Q3 2016 were primarily related to carve-out operating expenses related to the operations of a portfolio of class 8 trucks; these assets were contributed to the 19th Capital joint venture on December 30, 2016.

Adjusted operating income from continuing operations for Q3 2017 was $15.8 million, a decrease of $1.8 million or 10.1% over the amount reported for Q3 2016 and a decrease of $5.7 million or 26.4% over the amount reported during the immediately preceding quarter. The decreases over Q3 2016 and Q2 2017 were primarily the result of decreases in the Non-Core portfolio.

For the nine-month period ended September 30, 2017, net revenue was $66.7 million, a decline of 25.0% compared to the comparative period in prior year. Overall, adjusted operating income was $62.2 million for the nine-month period ended September 30, 2017, compared to $83.4 million in the comparative period in prior year. The decrease was mainly attributed to the run-off nature of the equipment finance portfolio in New Zealand, and the creation of the 19th Capital joint venture, as previously discussed.

Consolidated Financial Position

The following table presents a summary of the comparative consolidated financial position, as at:

(in $000's for stated values)	**September 30, 2017** **$**	June 30, 2017 $	December 31, 2016 $
Assets			
Fleet Management finance assets			
Finance receivables	**12,002,525**	12,780,472	12,555,776
Equipment under operating leases	**1,524,674**	1,523,396	1,421,637
Fleet Management finance assets	**13,527,199**	14,303,868	13,977,413
Non-Core finance receivables	**883,148**	1,100,318	898,235
Total finance assets	**14,410,347**	15,404,186	14,875,648
Non-Core other earning assets	**122,346**	161,623	170,889
Non-Core investment in joint venture	**69,045**	81,425	135,846
Other assets			
Fleet Management	**985,964**	1,058,554	1,065,844
Non-core	**24,330**	34,038	9,374
Total other assets	**1,010,294**	1,092,592	1,075,218
Goodwill and intangible assets	**2,014,689**	2,094,729	2,163,063
Total assets	**17,626,721**	18,834,555	18,420,664
Liabilities			
Fleet Management debt			
Secured borrowings	**11,722,895**	12,437,229	12,378,221
Convertible debentures	**535,544**	507,979	456,126
Total Fleet Management debt	**12,258,439**	12,945,208	12,834,347
Non-Core debt			
Secured borrowings	**624,239**	813,260	605,314
Convertible debentures	**335,198**	357,668	399,562
Total Non-Core debt	**959,437**	1,170,928	1,004,876
Total debt	**13,217,876**	14,116,136	13,839,223
Other liabilities	**622,652**	705,517	600,087
Total liabilities	**13,840,528**	14,821,653	14,439,310
Shareholders' equity	**3,786,193**	4,012,902	3,981,354
Total liabilities and shareholders' equity	**17,626,721**	18,834,555	18,420,664

Total assets and liabilities of continuing operations decreased by 4.3% and 4.1%, respectively, over December 31, 2016, mainly as a result of decrease in the US dollar compared to the Canadian dollar. The Company was also exposed to other currencies that primarily appreciated against the Canadian dollar during the period. The net impact of these currency variations flows as Other Comprehensive Income through Shareholders' Equity.

Fleet Management Portfolio Finance Asset Details
Finance Receivables

The following table sets forth a breakdown of the Company's Fleet Management finance receivables, as at:

(in $000's for stated values, except ratios)	**September 30, 2017** **$**	June 30, 2017 $	December 31, 2016 $
Net investment in finance receivables	**10,585,610**	10,867,595	11,472,746
Impaired receivables - at net realizable value	**4,762**	5,996	2,507
	10,590,372	10,873,590	11,475,253
Unamortized origination costs and subsidies	**(107,293)**	(119,629)	(129,521)
Net finance receivables	**10,483,079**	10,753,962	11,345,732
Prepaid lease payments and Security deposits	**(102,454)**	(138,786)	(27,568)
Interim funding	**751,343**	1,258,853	483,079
Fleet management service receivables	**694,097**	719,161	623,848
Other	**182,294**	193,277	136,766
	12,008,358	12,786,467	12,561,857
Allowance for credit losses	**5,833**	5,995	6,081
Total finance receivables of continuing operations	**12,002,525**	12,780,472	12,555,776
Ratios			
Allowance for credit losses as a percentage of finance receivables	**0.05%**	0.05%	0.05%

Fleet Management finance receivables have decreased by 4.4% compared to December 31, 2016 and by 6.1% compared to June 30, 2017, primarily from the US dollar retraction compared to the Canadian dollar as mentioned previously.

Allowance for credit losses

Management maintains an allowance for credit losses, which it establishes to provide for impairment of individual or groups of assets. Individual impairment is assessed by examining contractual delinquency, and the individual borrower's financial condition, such as the identification of a borrower entering bankruptcy, or the company being in the process of legal or collateral repossession proceedings with a debtor. Accounts over 120 days past due are automatically considered to be impaired and are fully provisioned net of any anticipated recoveries and are presented at their net realizable value. Accounts that are contractually delinquent less than 120 days are provisioned by applying probability-weighted assumptions consistent with industry standards and the Company's own experience with respect to the probability of an identified account resulting in a borrower default. The amount of allowance for credit losses is measured as the difference between the carrying amounts of the assets on the consolidated statements of financial position and the present value of the estimated future cash flows on the financial receivables, discounted at the finance receivables' original effective interest rate.

The Company's policy is to assess credit risk related to specific customer defaults by performing detailed assessments on the value of the underlying security, the customer's financial condition and ability to service the debt, both at loan inception and throughout the term of the loan.

The Company's allowance for credit losses was $5.8 million as at September 30, 2017, a decrease of $0.2 million or 4.08% over the $6.1 million reported at December 31, 2016 and a decrease of $0.16 million or 2.70% over the immediately preceding quarter ended. The allowance for credit losses as a percentage of finance receivables as at September 30, 2017 was 0.05%, remaining consistent with 0.05% as at December 31, 2016 and 0.05% as at June 30, 2017.

Please refer to sections titled “Fleet Management Geographic Portfolio Segmentation”, "Fleet Management Asset Class Portfolio Distribution" and “Fleet Management Delinquencies” of this MD&A for additional information.

Fleet Management delinquencies

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

	September 30, 2017		June 30, 2017		December 31, 2016	
(in $000's for stated values)	**$**	**%**	$	%	$	%
Current	**10,473,702**	**99.91**	10,744,470	99.91	11,341,052	99.96
31 to 60 days	**3,272**	**0.03**	2,831	0.03	1,664	0.01
61 to 90 days	**982**	**0.01**	273	—	149	—
91 to 120 days	**361**	**—**	392	—	360	—
Impaired receivables	**4,762**	**0.05**	5,996	0.06	2,507	0.03
Total	**10,483,079**	**100.00**	10,753,962	100.00	11,345,732	100.00

Fleet Management credit losses and provisions, as at and for each of the respective periods are as follows:

	Nine-month period ended September 30, 2017	Year ended December 31, 2016
(in $000's for stated values, except ratios)	**$**	$
Allowance for credit losses, beginning of period	**6,081**	13,397
Provision for (recovery of) credit losses	**287**	(3,834)
Charge-offs, net of recoveries	**(286)**	(2,654)
Impact of foreign exchange rates	**(249)**	(828)
Allowance for credit losses, end of period	**5,833**	6,081
Allowance for credit losses as a percentage of finance receivables	**0.05%**	0.05%

Fleet Management allowance for credit losses of $5.8 million as at September 30, 2017 represented 0.05% of the finance receivables outstanding, consistent with the 0.05% reported at December 31, 2016. The charge offs, net of recoveries during the 2016 fiscal year, reflected the realization of amounts that were specifically provided for as part of the GE Acquisition, and excluding these amounts there would have been a net recovery of $0.3 million. Overall, the allowance was in-line with management's expectation of losses from the business and the mix of assets, including the addition of finance receivables acquired from the GE Acquisition.

Fleet Management Equipment Under Operating Leases

The following table sets forth the Company's Fleet Management equipment under operating leases for continuing operations:

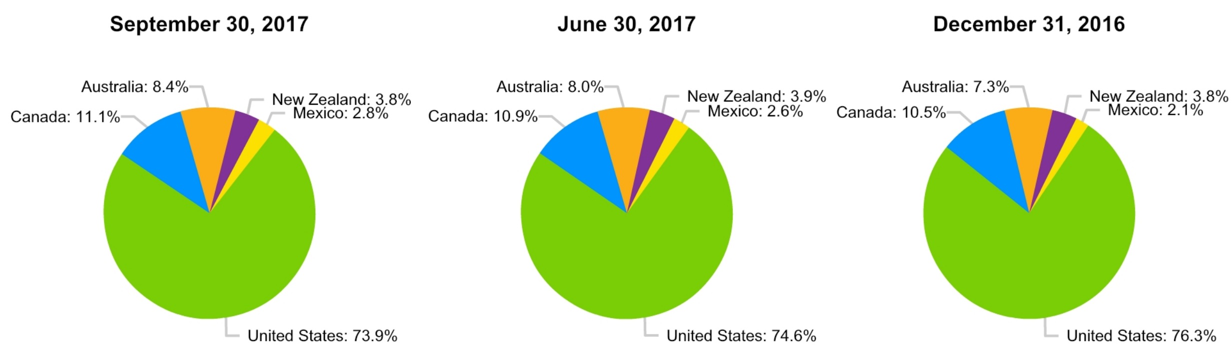
(in $000's for stated values)	**September 30, 2017** **$**	June 30, 2017 $	December 31, 2016 $
Equipment under operating leases, net			
Fleet Vehicles	**1,524,674**	1,523,396	1,421,637
	1,524,674	1,523,396	1,421,637

Fleet Management Portfolio Distribution

Fleet Management Geographic Portfolio Segmentation

The table below sets forth the geographical distribution of the Company's portfolio of Fleet Management net finance receivables and equipment under operating leases, as at:

	September 30, 2017		June 30, 2017		December 31, 2016	
(in $000's for stated values)	**$**	**%**	$	%	$	%
United States	**8,875,382**	**73.9**	9,164,897	74.6	9,736,272	76.3
Canada	**1,329,230**	**11.1**	1,335,465	10.9	1,344,546	10.5
Australia	**1,003,301**	**8.4**	982,566	8.0	931,482	7.3
New Zealand	**456,850**	**3.8**	479,817	3.9	483,818	3.8
Mexico	**342,990**	**2.8**	314,613	2.6	271,252	2.1
Total	**12,007,753**	**100.0**	12,277,358	100.0	12,767,370	100.0
Allocated as:						
Net finance receivables	**10,483,079**	**87.3**	10,753,962	87.6	11,345,733	88.9
Equipment under operating leases, net	**1,524,674**	**12.7**	1,523,396	12.4	1,421,637	11.1
Total	**12,007,753**	**100.0**	12,277,358	100.0	12,767,370	100.0



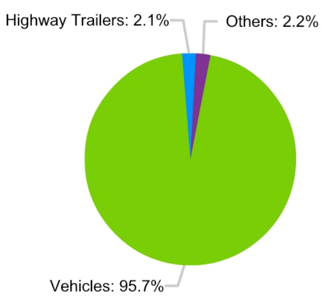
As noted in the table and chart above, approximately 74% of the Company's Fleet Management net finance receivables and equipment under operating leases are in the US.

Fleet Management Asset Class Portfolio Distribution

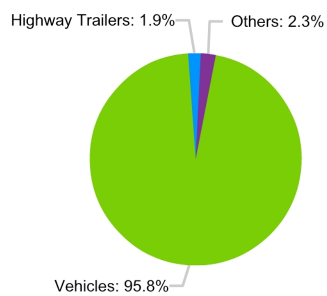
The distribution of the Fleet Management net finance receivables and equipment under operating leases by asset classes was as follows:

	September 30, 2017		June 30, 2017		December 31, 2016	
(in $000's for stated values)	**$**	**%**	$	%	$	%
Vehicles	**11,489,429**	**95.7**	11,763,880	95.8	12,246,927	95.9
Highway Tractors and Trailers	**249,134**	**2.1**	233,957	1.9	257,082	2.0
Others	**269,190**	**2.2**	279,521	2.3	263,361	2.1
	12,007,753	**100.0**	12,277,358	100.0	12,767,370	100.0

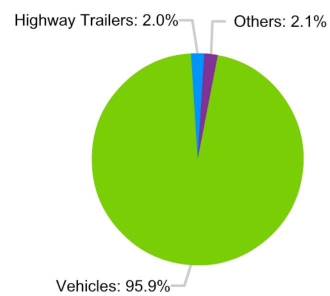
September 30, 2017



June 30, 2017



December 31, 2016



Non-Core Portfolio Finance Asset Details

Non-Core Finance Receivables

The following table sets forth a breakdown of the Company's Non-Core finance receivables, as at:

(in $000's for stated values)	**September 30, 2017** **$**	June 30, 2017 $	December 31, 2016 $
Net investment in finance receivables	**872,732**	1,100,155	899,787
Impaired receivables - at net realizable value	**4,344**	584	656
	877,076	1,100,740	900,443
Unamortized origination costs and subsidies	**14**	2,309	(308)
Net finance receivables	**877,090**	1,103,048	900,135
Prepaid lease payments and Security deposits	**2,549**	(1,021)	—
Other	**3,508**	(1,709)	(1,900)
Total finance receivables of continuing operations	**883,148**	1,100,318	898,235

Total Non-Core finance receivables from continuing operations have decreased by 1.7% compared to December 31, 2016 and decreased by 19.7% compared to June 30, 2017. The decrease over the prior year-end was due to the run-off nature of Non-Core portfolios and changes in foreign exchange rates. The decrease over the immediately preceding quarter was due to the sale of the Rail portfolio and a portion of an opportunistic portfolio purchased at the end of the first quarter of 2017.

Please refer to sections titled “Non-Core Geographic Portfolio Segmentation”, "Non-Core Asset Class Portfolio Distribution" and “Non-Core Delinquencies and Losses” of this MD&A for additional information.

Non-core delinquencies

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

	September 30, 2017		June 30, 2017		December 31, 2016	
(in $000's for stated values)	**$**	**%**	$	%	$	%
Current	**863,406**	**98.44**	1,089,813	98.80	898,985	99.87
31 to 60 days	**6,220**	**0.71**	5,891	0.53	393	0.04
61 to 90 days	**1,299**	**0.15**	4,443	0.40	101	0.01
91 to 120 days	**1,821**	**0.21**	2,317	0.21	—	—
Impaired receivables	**4,344**	**0.49**	584	0.06	656	0.08
Total	**877,090**	**100.00**	1,103,048	100.00	900,135	100.00

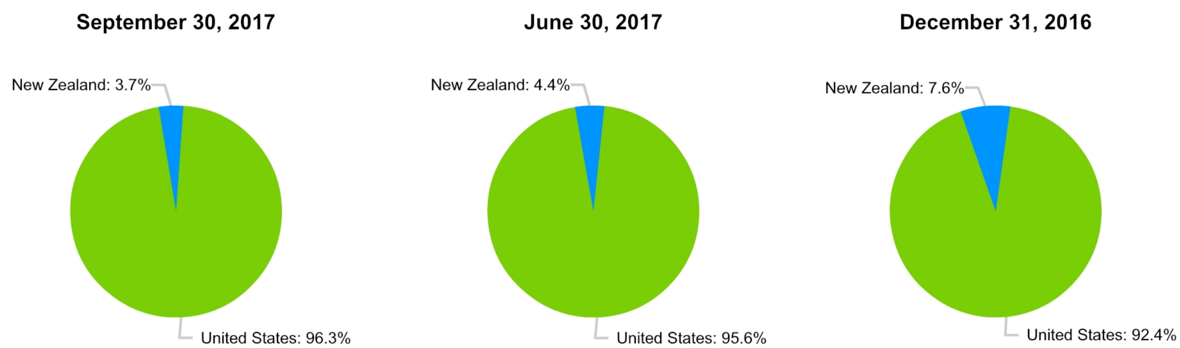
Contractual delinquencies have increased from December 31, 2016, partially related to an acquired portfolio in Q1 2017 that contributed to an increase in delinquencies. The Company maintains a cash holdback/reserve pool funded by the seller to cover for losses in this portfolio.

Non-Core Portfolio Distribution

Non-Core Geographic Portfolio Segmentation

The table below sets forth the geographical distribution of the Company's Non-Core portfolio of net finance receivables, as at:

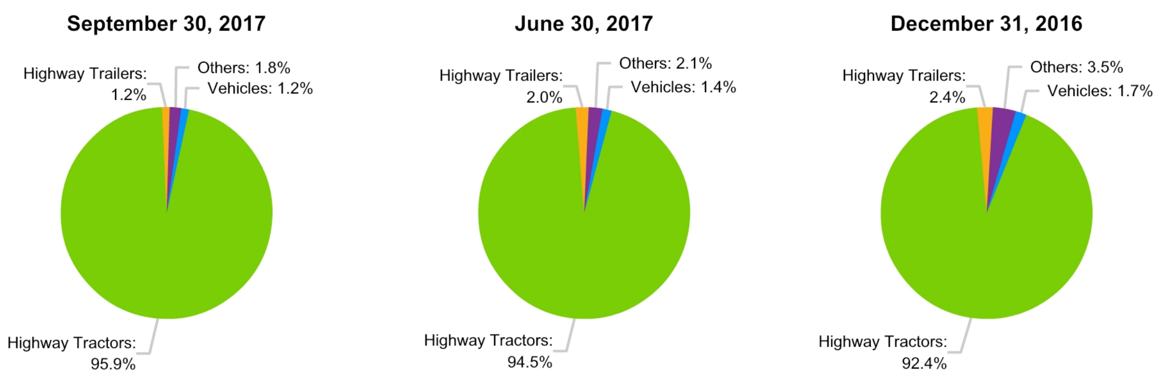
	September 30, 2017		June 30, 2017		December 31, 2016	
(in $000's for stated values)	**$**	**%**	$	%	$	%
United States	**844,207**	**96.3**	1,054,061	95.6	831,693	92.4
New Zealand	**32,883**	**3.7**	48,987	4.4	68,441	7.6
Total	**877,090**	**100.0**	1,103,048	100.0	900,134	100.0



Non-Core Asset Class Portfolio Distribution

The distribution of the net finance receivables and equipment under operating leases by asset classes was as follows:

	September 30, 2017		June 30, 2017		December 31, 2016	
(in $000's for stated values)	**$**	**%**	$	%	$	%
Vehicles	**10,340**	**1.2**	15,457	1.4	15,205	1.7
Highway Tractors	**840,874**	**95.9**	1,042,646	94.5	831,693	92.4
Highway Trailers	**10,382**	**1.2**	21,812	2.0	21,749	2.4
Others	**15,494**	**1.8**	23,133	2.1	31,487	3.5
	877,090	**100.1**	1,103,048	100.0	900,134	100.0



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, and (iii) equity. The Company's primary use of cash is the funding of finance receivables and the funding of working capital. The Company manages its capital resources by utilizing the financial leverage available under its term funding and revolving facilities and, when additional capital is required, the Company has access to capital through the issuance of convertible debt, preferred or common shares.

Management believes that the liquidity available to the Company of $4,574.0 million at September 30, 2017 plus the cash flow internally generated from the repayment of leases and loans is sufficient to fund the Company's operations throughout 2017, as well as to pay dividends to all preferred and common shareholders.

On March 9, 2017, the board of directors approved a capital allocation policy that focuses on capital efficiency, and balances prudent investment in the growth of the business, both organically and through acquisitions, with disciplined balance sheet management and attractive returns to the shareholders. Under such plan, the Board of Directors approved an increase in annual dividend to $0.30 per common share, effective Q1 2017, up from $0.10 per common share (or $0.075 per common share per quarter, up from $0.025 per common share per quarter).

The Company views both financial and tangible leverage as key indicators of the strength of the Company's Consolidated Statements of Financial Position. As at September 30, 2017, the Company's financial leverage ratio was 3.49:1 and the Company's tangible leverage was 7.46:1. In the medium term, the Company targets a tangible leverage ratio of 7.0 to 7.5:1.

The Company's capitalization is calculated as follows:

		As at
		September 30, 2017
(in $000's, except ratios)		**$**
Secured borrowings		**12,347,134**
Convertible debentures		**870,743**
Total debt	**(a)**	**13,217,877**
Total shareholders' equity	**(b)**	**3,786,193**
		17,004,070
Goodwill and intangible assets	**(c)**	**2,014,689**
Financial leverage	**(a)/(b)**	**3.49**
Tangible leverage	**(a)/[(b)-(c)]**	**7.46**

Cash flow and liquidity

On a year to date basis, overall corporate cash has increased from $12.6 million at December 31, 2016 to $37.8 million at September 30, 2017.

During the three-month period ended September 30, 2017, cash provided by operating activities from continuing operations was $559.0 million, an increase of $626.6 million over the $67.6 million used in operating activities from continuing operations during the comparative period ended September 30, 2016. During the nine-month period ended September 30, 2017, cash used in operating activities from continuing operations was $104.2 million, a decrease of $413.3 million over the $309.1 million provided by operating activities during the comparative nine-month period ended September 30, 2016. The increase and decrease over the comparative three and nine-month periods, respectively, was primarily due to timing of cash inflow and outflow from investment and repayments of finance receivables and equipment under operating leases, in line with the changes in finance receivables and equipment under operating leases excluding the impact of changes in foreign exchange rates during the periods.

During the three-month period ended September 30, 2017, cash provided by investing activities from continuing operations was $36.3 million compared to $54.8 million used for the comparative period ended September 30, 2016, an increase of $91.1 million. During the nine-month period ended September 30, 2017, cash provided by investing activities from continuing operations was $44.9 million compared to $305.0 million used in the comparative nine-month period ended September 30, 2016, an increase of $349.9 million. The higher utilization during the prior periods is primarily due to investment in restricted funds.

Cash used in financing activities from continuing operations for the three-month period ended September 30, 2017 was $582.4 million, compared to $159.9 million cash provided in the comparative three-months ended September 30, 2016, a decrease of $742.3 million. Cash provided by financing activities from continuing operations for the nine-month period ended September 30, 2017 was $85.7 million, compared to $44.6 million provided in the comparative period ended September 30, 2016, an increase of $41.1 million. The decrease over the comparative three-month period ended is primarily due to repayment of secured borrowings and repurchase of common shares in the current period. The increase over the comparative nine-month period ended is due to issuances of preferred shares, offset by repayment of secured borrowings and repurchase of common shares, as previously mentioned.

The table below is a summary adjusted cash flow statement that more closely reflects the key cashflows from operations, presented in a model more applicable to a fleet management company:

	For the nine-month periods ended	
	September 30, 2017	September 30, 2016
(in $000's for stated values)	**$**	$
CASH PROVIDED BY ADJUSTED OPERATING ACTIVITIES		
After-tax adjusted operating income	**291,515**	321,823
Cash taxes paid	**(28,345)**	(18,710)
Items not affecting cash		
Income taxes on adjusted operating income	**72,437**	84,135
Amortization, depreciation and provisions and other	**38,535**	53,162
Cash provided by adjusted operating activities	**374,142**	440,410
CASH USED IN ADJUSTED INVESTING ACTIVITIES		
Principal repayments of finance receivables and depreciation of equipment under operating leases	**4,103,690**	4,847,777
Syndications of finance receivables	**471,906**	289,497
Purchase of finance assets and equipment under operating leases	**(5,026,176)**	(4,911,876)
Others	**15,878**	(662,578)
Cash used in adjusted investing activities	**(434,702)**	(437,180)
CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		
Issuance of share capital from exercise of stock options	**154,387**	2,288
Shares repurchased	**(78,917)**	—
Issuance of secured borrowings, net	**105,004**	97,992
Dividends paid	**(94,753)**	(55,711)
Cash provided by (used in) financing activities	**85,721**	44,569
Net changes in cash provided by distributed operations	**—**	(101,819)
Net increase (decrease) in adjusted cash during the period	**25,161**	(54,020)
Cash, beginning of period	**12,638**	56,764
Cash, end of period	**37,799**	2,744

Debt and contractual repayment obligations

With nearly $4.6 billion in available sources of financing, we have significant resources available to continue funding projected growth. Finance receivables are securitized on a regular basis to ensure cash is always available to fund new transactions. 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 for continuing operations were as follows:

			As at
	September 30, 2017	June 30, 2017	December 31, 2016
(in $000's for stated values)	**$**	$	$
Cash	**37,799**	25,579	12,638
Term Senior Facility			
Facility amount	**4,050,800**	4,213,105	4,699,450
Utilized against facility	**3,163,214**	3,758,274	2,978,122
	887,586	454,831	1,721,328
Vehicle Management Asset-Backed Debt			
Facilities	**12,885,467**	12,450,348	14,207,887
Utilized against available facilities	**9,236,805**	9,545,137	10,051,059
	3,648,662	2,905,211	4,156,828
Total available sources of capital for continuing operations	**4,574,047**	3,385,621	5,890,794

During the nine-month period ended September 30, 2017, the Company reduced the available capacity from vehicle management asset-backed debt to expected medium term funding needs, as it combined the programs.

The Company was in compliance with all of the terms of its credit facilities and loan agreements throughout the period and as at September 30, 2017.

Distributed Operations - ECN Capital Corp.

On October 3, 2016, Element completed the separation of its C&V Finance, Aviation Finance and Rail Finance verticals ("Distributed Operations") into ECN Capital Corp. ("ECN Capital"), implemented by way of a plan of arrangement.

The Distributed Operations have been presented and accounted for using IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*, and IFRIC 17, *Distribution of Non-Cash Assets to Owners.* Under this guidance, a distribution dividend of $1,710.5 million was recorded. The dividend was based on the fair value of the distribution as determined using independent valuators and approved by the Company's Board of Directors.

The following table presents the results of Element's Distributed Operations for the reported period, and on or before the date of separation and has been derived from the historical consolidated financial statements of Element and is presented on a carved-out basis as if ECN Capital had operated on a stand-alone basis throughout the period.

	For the three-month period ended	For the nine-month period ended
	September 30, 2016	September 30, 2016
(in $000's for stated values)	$	$
Net revenue	48,544	152,279
Net income (loss) before taxes	(8,857)	56,948
Net income for the period	1,225	51,721
Adjusted operating income (1)	31,087	101,426
After-tax adjusted operating income (1)	27,444	81,605

(1) For additional information, see "Description of Non-IFRS Measures" section.

Summary of Consolidated Quarterly Information

The following table sets out selected financial information for each of the eight most recent quarters, the latest of which ended September 30, 2017. This information has been prepared on the same basis as the Company's audited consolidated financial statements as adjusted to reflect the distinction between continuing and distributed operations, and all necessary adjustments have been included in the amounts stated below to present fairly the unaudited quarterly results when read in conjunction with the audited consolidated financial statements of the Company and the related notes to those statements.

(in $ 000's for stated values, except per share amounts)	**Q3, 2017**	**Q2, 2017**	Q1, 2017	Q4, 2016	Q3, 2016	Q2, 2016	Q1, 2016	Q4, 2015
Net revenue from continuing operations (2)	**236,284**	247,543	238,412	233,546	245,670	249,345	269,799	240,697
Adjusted operating income from continuing operations (1)	**116,462**	124,425	123,065	119,942	126,581	133,920	145,457	117,971
Adjusted operating income from distributed operations (1)	**—**	—	—	—	31,087	32,896	37,443	43,567
Total adjusted operating income (1)	**116,462**	124,425	123,065	119,942	157,668	166,816	182,900	161,538
After-tax adjusted operating income continuing ops (1)	**91,737**	99,753	100,025	99,914	104,978	105,382	111,163	109,931
After-tax adjusted operating income from distributed operations (1)	**—**	—	—	—	27,444	25,330	28,831	33,547
Total after-tax adjusted operating income (1)	**91,737**	99,753	100,025	99,914	132,422	130,712	139,994	143,478
Net income / (loss) from continuing operations	**67,175**	37,087	51,845	4,014	35,644	75,900	74,706	72,835
Net income / (loss) from distributed operations	**—**	—	—	171,354	1,225	23,933	26,563	31,598
Total net income / (loss)	**67,175**	37,087	51,845	175,368	36,869	99,833	101,269	104,433
Earnings per share from continuing operations, basic	**0.15**	0.07	0.11	(0.01)	0.07	0.17	0.17	0.17
Earnings per share from distributed operations, basic	**—**	—	—	0.44	—	0.06	0.07	0.08
Total earnings (loss) per share, basic	**0.15**	0.07	0.11	0.43	0.07	0.24	0.24	0.25
Earnings per share from continuing operations, diluted	**0.15**	0.07	0.11	(0.01)	0.07	0.17	0.17	0.16
Earnings per share from distributed operations, diluted	**—**	—	—	0.44	—	0.06	0.07	0.08
Total earnings (loss) per share, diluted	**0.15**	0.07	0.11	0.43	0.07	0.23	0.24	0.24
Adjusted operating income per share (basic) - from continuing operations (1)	**0.27**	0.29	0.29	0.29	0.30	0.32	0.35	0.28
After-tax adjusted operating income per share (basic) - from continuing operations (1)	**0.21**	0.23	0.24	0.24	0.25	0.25	0.26	0.26
After-tax pro forma diluted adjusted operating income per share - from continuing operations (1)	**0.20**	0.22	0.22	0.22	0.24	0.24	0.26	0.25
Total earning assets - continuing operations	**13,105,362**	13,652,770	13,706,744	13,973,475	13,985,366	13,817,529	13,879,718	14,619,209
Loan and lease originations - continuing operations	**1,441,839**	1,908,496	1,675,841	1,652,023	1,572,615	1,702,789	1,636,472	1,689,441
Allowance for credit losses - continuing operations	**5,833**	5,995	5,978	6,081	8,388	7,199	11,875	13,397
As a % of finance receivables	**0.05**	0.04	0.04	0.05	0.06	0.05	0.09	0.09
Senior revolving credit facility - continuing operations	**3,163,214**	3,758,274	3,494,105	2,978,122	3,002,178	2,834,324	3,109,079	3,214,024
Secured borrowings - continuing operations	**9,183,920**	9,492,215	9,777,661	10,005,413	9,926,109	9,961,891	9,532,109	10,176,622
Convertible debentures - continuing operations	**870,743**	865,647	860,629	855,688	850,822	846,031	841,312	836,472

(1) For additional information, see "Description of Non-IFRS Measures" section.
(2) The comparative periods have been reclassified to reflect removing internal expenses related to service delivery from service and other revenue to operating expenses (salaries, wages and benefits, and general and administrative expenses).

Key factors that account for the fluctuation in the Company's quarterly results from continuing operations included the volume of leases and loans that the Company has originated and activated as well as the timing of the GE Acquisition. Variations in the quarterly results from distributed operations, included the timing of the acquisition of (i) the railcar portfolios acquired in December 2015 and March 2016, (ii) the various new vendor and commercial finance programs and relations entered into during the intervening periods, (iii) the run-off of the aviation finance portfolio, (iv) the gain recognized on the distribution of ECN Capital to shareholders of the Company on October 3, 2016.

Other Disclosures

Related Party Transactions

The Company's related parties include the following persons and/or entities: (a) associates, or entities which are controlled or significantly influenced by the Company; (b) key management personnel, which are comprised of directors and/or officers of the Corporation and those persons having authority and responsibility for planning, directing and controlling the activities of the Company; (c) entities controlled by key management personnel. The Company's policies and procedures and nature of its related party transactions have not changed materially from December 31, 2016, as described under "Related-Party Transactions" in the Company's 2016 Annual MD&A.

In addition to the related party transactions described above, the Company acquired a 49.99% interest in 19th Capital Group LLC on December 30, 2016, a joint venture involved in the leasing of highway tractors in the U.S. The Company has provided $777,167 in loans to the joint venture that have a weighted average fixed interest rate of 5.50% [December 31, 2016 - $829,976 at 5.28% interest rate].

Risk Management

The Company's approach to the management of risk has not changed significantly from that described in the "Risk Management" section of the Company's 2016 Annual MD&A, but with the creation of the new segments, the following enhanced discussion of risks in the non-core segment is provided below:

Non-Core portfolio risks

Credit and operational risks associated with the Non-Core portfolio differ from those in the core Fleet Management portfolio. The Non-Core portfolio generates risks in the following primary areas:

Credit risk

Non-Core portfolios are generally assessed for credit risk by third parties. Despite following accepted credit risk assessment processes similar to those in the Fleet Management portfolio, the credit profile of underlying borrowers is not as consistently high as in the Fleet Management portfolio, and the underlying collateral, consisting mainly of highway tractors and trailers, aircraft and railcars, is subject to market forces that may affect eventual collectability. Provisions are established as required under accepted credit risk assessment processes.

The Non-Core portfolio also involves increased concentration risk, as Non-Core investments are in individual entities. While those entities have diversified obligors, the Non-Core investments result in exposure that is less diversified than typical Fleet Management portfolio individual exposures.

Counter-party operational risk

The Non-Core portfolio includes joint venture partners and outsourced servicers which are not encountered in the Fleet Management portfolio, which could negatively impact the Company's operational control. This risk is particularly important for the investment in 19th Capital, as the joint venture structure precludes the Company from making unilateral decisions. As the joint venture is undertaking a business realignment, the risk of delayed or compromised decisions could impact future operations. Although the Company monitors the actions and financial condition of these parties, future changes could impact the timing and amounts of cash flows from the Non-Core portfolio.

Additional discussion of certain Risk Factors is disclosed in the Company's 2016 Annual Information Form.

Outlook and Economic Conditions

The Company's principal objective is a continuation of managed growth by developing quality new business opportunities in fleet management while maintaining high underwriting standards. The Company is well positioned to capitalize on market opportunities and to address increased competition through its experienced management and staff, and investment in technology, coupled with its substantial capital and borrowing capacity. The Company continues to look for opportunities to introduce new products and services to benefit its customers and generate increased net revenues.

Normal Course Issuer Bid

On June 8, 2017, the TSX approved the Company's notice of intention to commence a Normal Course Issuer Bid [the "NCIB"]. The NCIB allows the Company to repurchase on the open market [or as otherwise permitted], at its discretion during the period commencing on June 12, 2017 and ending on the earlier of June 11, 2018 and the completion of purchases under the NCIB, up to 38,582,483 common shares of the Company, subject to the normal terms and limitations of such bids. Under this bid during the three and nine-month periods ended September 30, 2017, 7,754,800 and 9,014,600 common shares have been repurchased for cancellation for $67.8 million and $78.9 million at a volume weighted average price of $8.7458 and $8.7544 per common share, respectively. Security holders may obtain a copy of the NCIB notice, without charge, by contacting the Company

Critical Accounting Policies and Estimates

Management's discussion and analysis of financial conditions and results of operations are made with reference to the unaudited interim condensed consolidated financial statements for the three-month period ended September 30, 2017. A summary of the Company's significant accounting policies are presented in Note 2 to audited consolidated financial statements for the year ended December 31, 2016. Some of the Company's accounting policies, as required by IFRS, require management to make subjective, complex judgments and estimates to matters that are inherently uncertain. Accounting policies that require management's judgment and estimates are described in the "Critical Accounting Policies and Estimates" section of the December 31, 2016 MD&A.

Future Accounting Changes

All accounting standards effective for periods beginning on or after January 1, 2017 have been adopted by the Company. The following new IFRS pronouncements have been issued but are not yet effective and may have a future impact on the Company's financial statements.

IFRS 9, Financial Instruments ["IFRS 9"], was issued in November 2009 and amended in October 2010, November 2013, and July 2014, and is effective for years beginning on or after January 1, 2018, to be applied retrospectively, or on a modified retrospective basis. It is intended to replace IAS 39. The project has been divided into three phases: classification and measurement, impairment of financial assets, and hedge accounting. IFRS 9's classification and measurement methodology provides that financial assets are measured at either amortized cost or fair value on the basis of the entities business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The classification and measurement for financial liabilities remains generally unchanged. The new standard replaces the existing incurred loss model used for measuring the allowance for credit losses with an expected loss model. The standard introduces a new hedge accounting model, together with corresponding disclosures about risk management activity for those applying hedge accounting. Management is currently evaluating the potential impact that the adoption of IFRS 9 will have on the Company's consolidated financial statements.

IFRS 15, Revenue from Contracts with Customers ["IFRS 15"] was issued in May 2014 and is effective for years beginning on or after January 1, 2018, to be applied retrospectively or on a modified retrospective basis. IFRS 15 clarifies revenue recognition principles, provides a robust framework for recognizing revenue and cash flows arising from contracts with customers and enhances qualitative and quantitative disclosure requirements. IFRS 15 does not apply to lease contracts, financial instruments and other related contractual rights and obligations and insurance contracts. Management is currently evaluating the potential impact that the adoption of IFRS 15 will have on the Company's consolidated financial statements.

IFRS 16, Leases ["IFRS 16"], will replace IAS 17, Leases ["IAS 17"]. IFRS 16 substantially carry forward IAS 17 accounting requirements for lessor accounting, with additional disclosure requirements. For lessee accounting, the new standard will result in almost all leases being accounted for similar to finance leases under IAS 17, including leases previously accounted for as operating leases. IFRS 16 is to be effective for fiscal years beginning on or after January 1, 2019. Management is currently evaluating the potential impact that the adoption of IFRS16 will have on the Company's consolidated financial statements.

Internal Control over Disclosure and 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 provide reasonable assurance of the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

Limitations on the effectiveness of disclosure controls and internal controls over financial reporting

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 which includes the continuous testing and reporting of the results to senior management and the Board of Directors on the effectiveness of the disclosure controls and internal controls over financial reporting.

Selected Consolidated Financial Information and Financial Ratios

The table below sets out key financial metrics that show operating results together with related per share figures, for continuing operations as well as those that include the contribution of Distributed Operations:

	As at and for the three-month periods ended			As at and for the nine-month periods ended	
(in $000's for stated values, except ratios and per share amounts)	**September 30, 2017**	June 30, 2017	September 30, 2016	**September 30, 2017**	September 30, 2016
	$	$	$	**$**	$
Net revenue from continuing operations (3)	**236,284**	247,543	245,670	**722,239**	764,814
Net income from continuing operations	**67,175**	37,087	35,644	**156,107**	186,250
Net income	**67,175**	37,087	36,869	**156,107**	237,971
Total assets (1) (2)	**17,626,721**	18,834,555	24,314,162	**17,626,721**	24,314,162
Total debt (2)	**13,217,877**	14,116,136	18,047,640	**13,217,877**	18,047,640
Earnings (loss) per share from continuing operations					
Basic	**0.15**	0.07	0.07	**0.33**	0.41
Diluted	**0.15**	0.07	0.07	**0.32**	0.41
Earnings per share					
Basic	**0.15**	0.07	0.07	**0.33**	0.55
Diluted	**0.15**	0.07	0.07	**0.32**	0.54
Dividends declared, per share					
Common share	**0.07500**	0.07500	0.02500	**0.22500**	0.07500
Preferred Shares, Series A	**0.41250**	0.41250	0.41250	**1.23750**	1.23750
Preferred Shares, Series C	**0.40625**	0.40625	0.40625	**1.21875**	1.21875
Preferred Shares, Series E	**0.40000**	0.40000	0.40000	**1.20000**	1.20000
Preferred Shares, Series G	**0.40625**	0.40625	0.40625	**1.21875**	1.21875
Preferred Shares, Series I	**0.58288**	—	—	**0.58288**	—

(1) September 30, 2016 has been retrospectively adjusted to reflect finalization of the assessment of the fair value of assets acquired and liabilities assumed at the acquisition date of the GE Fleet Operations.

(2) Total assets and debt includes assets and debt included in distributed operations for September 30, 2016; excluding distributed operations, total assets were $18.2 billion and total debt was $13.8 billion.

(3) The comparative periods have been reclassified to reflect removing internal expenses related to service delivery from service and other revenue to operating expenses (salaries, wages and benefits, and general and administrative expenses).

IFRS to Non-IFRS Reconciliations

The following table provides a reconciliation of IFRS to non-IFRS measures related to the consolidated continuing operations of the Company:

		As at and for the three-month periods ended			As at and for the nine-month periods ended	
(in $000's for stated values)		**September 30, 2017**	June 30, 2017	September 30, 2016	**September 30, 2017**	September 30, 2016
Reported and adjusted income measures						
Continuing operations						
Net income	A	**67,175**	37,087	35,644	**156,107**	186,250
Adjustments:						
Amortization of debenture synthetic discount		**3,313**	3,260	3,103	**9,779**	9,159
Share-based compensation		**5,800**	3,589	7,109	**15,425**	19,635
Amortization of intangible assets from acquisitions		**13,975**	14,773	15,443	**43,569**	46,742
Transaction, integration and separation costs		**1,059**	31,315	71,608	**68,420**	124,155
Provision (recovery) of income taxes		**16,032**	(6,474)	(6,326)	**10,425**	20,017
Share of loss from joint venture		**9,108**	40,875	—	**60,227**	
Before-tax adjusted operating income	B	**116,462**	124,425	126,581	**363,952**	405,958
Provision for taxes applicable to adjusted operating income	C	**24,725**	24,672	21,603	**72,437**	84,135
After-tax adjusted operating income	D=B-C	**91,737**	99,753	104,978	**291,515**	321,823
Cumulative preferred share dividends during the period	Y	**11,068**	10,253	8,912	**30,233**	26,736
After-tax adjusted operating income attributable to common shareholders	D1= D-Y	**80,669**	89,500	96,066	**261,282**	295,087
Selected statement of financial position amounts, continuing operations						
Finance receivables, before allowance for credit losses	E	**12,891,506**	13,886,785	13,549,639	**12,891,506**	13,549,639
Allowance for credit losses	F	**5,833**	5,995	8,388	**5,833**	8,388
Earning assets						
Net investment in finance receivable	G	**11,458,342**	11,967,750	12,412,384	**11,458,342**	12,412,384
Equipment under operating leases	H	**1,524,674**	1,523,396	1,395,696	**1,524,674**	1,395,696
Other earning assets	H1	**122,346**	161,624	177,286	**122,346**	177,286
Total earning assets	I=G+H +H1	**13,105,362**	13,652,770	13,985,366	**13,105,362**	13,985,366
Average earning assets, net (2)	J	**13,274,291**	13,759,954	14,130,647	**13,527,936**	14,123,030
Average interim funding	J1	**985,027**	1,238,203	482,759	**967,396**	633,825
Average funded assets	J2=J+J1	**14,259,318**	14,998,157	14,613,406	**14,495,332**	14,756,855
Goodwill and intangible assets (1)	K	**2,014,689**	2,094,729	2,076,818	**2,014,689**	2,076,818
Average goodwill and intangible assets	L	**2,037,996**	2,152,114	2,056,023	**2,108,038**	2,098,780
Secured borrowings	M	**12,347,134**	13,250,489	12,928,287	**12,347,134**	12,928,287
Unsecured convertible debentures	N	**870,743**	865,647	850,822	**870,743**	850,822
Total debt	O=M+N	**13,217,877**	14,116,136	13,779,109	**13,217,877**	13,779,109
Average debt	P	**13,594,588**	14,210,569	13,742,793	**13,851,994**	13,991,281
Total shareholders' equity (1)	Q	**3,786,193**	4,012,902	3,857,711	**3,786,193**	3,857,711
Preferred shares	R	**680,412**	680,736	533,656	**680,412**	533,656
Common shareholders' equity	S=Q-R	**3,105,781**	3,332,166	3,324,055	**3,105,781**	3,324,055
Average common shareholders' equity (1)	T	**3,179,576**	3,462,996	4,983,181	**3,340,822**	4,991,138
Average total shareholders' equity (1)	U	**3,860,168**	4,069,933	5,516,837	**3,947,857**	5,524,794
Average net investment in ECN Capital	U1	**—**	—	1,636,606	**—**	1,591,656

(1) Comparative periods have been retrospectively adjusted to reflect finalization of the assessment of the fair value of assets acquired and liabilities assumed at the acquisition date of the GE Fleet Operations.

(2) Prior to the second quarter of 2017, total average earning assets were calculated using monthly average balances; comparative periods have not been adjusted as the impact on historical periods was determined to be insignificant.

Non-IFRS and IFRS key annualized consolidated operating ratios and per share information of the continuing operations of the Company:

		As at and for the three-month periods ended			As at and for the nine-month periods ended	
(in $000's for stated values, except ratios and per share amounts)		**September 30, 2017**	June 30, 2017	September 30, 2016	**September 30, 2017**	September 30, 2016
Key annualized operating ratios						
Leverage ratios						
Financial leverage ratio	O/Q	**3.49**	3.52	3.57	**3.49**	3.57
Tangible leverage ratio	O/(Q-K)	**7.46**	7.36	7.74	**7.46**	7.74
Average financial leverage ratio	P/U	**3.52**	3.49	2.49	**3.51**	2.53
Average tangible leverage ratio	P/(U-L)	**7.46**	7.41	3.97	**7.53**	4.08
Other key operating ratios						
Allowance for credit losses as a percentage of finance receivables	F/E	**0.05%**	0.04%	0.06%	**0.05%**	0.06%
Adjusted operating income on average earning assets	B/J	**3.51%**	3.62%	3.58%	**3.59%**	3.83%
After-tax adjusted operating income on average tangible total equity of Element Fleet	D/(U-L-U1)	**20.14%**	20.81%	23.02%	**21.13%**	23.39%
Per share information						
Number of shares outstanding	V	**380,011**	387,763	386,756	**380,011**	386,756
Weighted average number of shares outstanding [basic]	W	**384,939**	388,958	386,742	**387,194**	386,389
Pro forma diluted average number of shares outstanding	X	**442,222**	446,146	435,689	**444,477**	435,336
Cumulative preferred share dividends during the period	Y	**$ 11,068**	$ 10,253	$ 8,912	**$ 30,233**	$ 26,736
Other effects of dilution adjusted operating income basis	Z	**$ 9,041**	$ 9,017	$ 8,972	**$ 27,070**	$ 27,008
Net income (loss) per share [basic]	(A-Y)/W	**$ 0.15**	$ 0.07	$ 0.07	**$ 0.33**	$ 0.41
Net income (loss) per share [diluted]		**$ 0.15**	$ 0.07	$ 0.07	**$ 0.32**	$ 0.41
Book value per share	S/V	**$ 8.17**	$ 8.59	$ 8.59	**$ 8.17**	$ 8.59
Before tax adjusted operating income per share [basic]	**(B-Y)/W**	**$ 0.27**	$ 0.29	$ 0.30	**$ 0.86**	$ 0.98
After-tax adjusted operating income per share [basic]	**(D1)/W**	**$ 0.21**	$ 0.23	$ 0.25	**$ 0.67**	$ 0.76
After-tax pro forma diluted adjusted operating income per share	**(D1+Z)/X**	**$ 0.20**	$ 0.22	$ 0.24	**$ 0.65**	$ 0.74

The following table provides a reconciliation of the consolidated after-tax adjusted operating income per share and the after-tax pro forma diluted adjusted operating income per share of the continuing operations of the Company for the three-month period ended September 30, 2017:

(in $000's for stated values, except per share amounts)	Amount $	Weighted average number of shares outstanding applicable	Amount per share $
Adjusted operating income before taxes	116,462		0.30
Less:			
Income taxes related to adjusted operating income	(24,725)		(0.06)
Preferred share dividends	(11,068)		(0.03)
After-tax adjusted operating income attributable to common shareholders	80,669	384,939	0.21
Dilution items:			
Employee stock option plan	—	1,777	—
Convertible debentures (after-tax net interest expense)	9,041	55,506	(0.01)
After-tax pro forma diluted adjusted operating income	89,710	442,222	0.20

Description of Non-IFRS Measures

Our consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the accounting policies we adopted in accordance with IFRS. These consolidated financial statements reflect all adjustments that are, in the opinion of management, necessary to present fairly our financial position as at September 30, 2017 and December 31, 2016, the results of operations, comprehensive income and cash flows for the three and nine-month periods ended September 30, 2017 and September 30, 2016.

Management uses both IFRS and Non-IFRS Measures to monitor and assess the operating performance of the Company's operations. Throughout this MD&A, management uses the following 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:

Adjusted operating expenses

Adjusted operating expenses are equal to salaries, wages and benefits and, general and administration expenses. Management believes adjusted operating expenses provide the most appropriate measure of operating costs during the period as they exclude synthetic discount amortization and share-based compensation.

Adjusted operating income or Before-tax adjusted operating income

Adjusted operating income reflects Income before income taxes, business acquisition costs, amortization of convertible debenture synthetic discount, share-based compensation, and share of loss from joint venture. Management believes that this measure is the most appropriate operating measure of the Company's performance as it excludes business acquisition costs, synthetic discount amortization, share-based compensation, and share of loss from joint venture which do not relate to maintaining operating activities.

Adjusted operating income on average earning assets

Adjusted operating income on average earning assets is the adjusted operating income for the period divided by the average earning assets outstanding throughout the period, presented on an annualized basis.

After-tax adjusted operating income

After-tax adjusted operating income reflects the adjusted operating income after the application of the Company's effective tax rates.

After-tax adjusted operating income attributable to common shareholders

After-tax adjusted operating income attributable to common shareholders is computed as after-tax adjusted operating income less the cumulative preferred share dividends for the period.

After-tax adjusted operating income per share

After-tax adjusted operating income per share is computed as the after-tax adjusted operating income attributable to common shareholders for the period, divided by the basic weighted average number of common shares outstanding during the period.

After-tax adjusted operating income on average tangible total equity of Element Fleet

After-tax adjusted operating income on average tangible equity of Element Fleet is the after-tax adjusted operating income for the period, divided by the net of the average total shareholders' equity outstanding throughout the period, less average goodwill and intangible assets and less the Company's average net investment in ECN Capital, presented on an annualized basis.

After-tax pro forma diluted adjusted operating income per share

After-tax pro forma diluted adjusted operating income per share computes the diluted after-tax adjusted operating income per share for the period on the assumption that all outstanding options at the end of the period that have an exercise price less than the closing market value on that day, are fully vested on that day and are fully exercised at their exercise price, and a corresponding number of shares are repurchased at the closing market value on that day using the cash proceeds from these option exercises. Convertible debentures are assumed to be converted at the beginning of the period (or at issuance if issued during the period on a time weighted basis) with the other effects of dilution adjusted operating income basis added to the adjusted operating income, if they are dilutive.

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 cost of borrowing or average cost of debt

Average cost of borrowing or average cost of debt 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.

Average debt advance rate

Debt advance rate is computed as average debt outstanding divided by average earning assets during the period.

Average debt outstanding

Average debt outstanding is calculated as the monthly average borrowings outstanding under all of the Company's secured borrowings facilities and convertible debentures throughout the period.

Average common shareholders' equity

Average common shareholders' equity is calculated as the monthly average common shareholders' equity during the period.

Average financial leverage or average financial leverage ratio

Average financial leverage or average financial leverage ratio is calculated as average debt outstanding during the period, divided by average total shareholders' equity outstanding during 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.

Average net investment in ECN Capital

Average net investment in ECN Capital is the average of the quarter end balances of the net assets of ECN Capital during the period.

Average outstanding earning assets or average earning assets

Average outstanding earning assets or average earning assets is the sum of the average outstanding finance receivable, average equipment under operating leases and average other earning assets. Average outstanding finance receivables or average finance receivables is the sum of [i] the average finance receivables net investment balance [gross investment less unearned income] outstanding during the period and [ii] the average investment in managed fund during the period. Average equipment under operating leases is the monthly average equipment under operating leases outstanding during the period and is calculated net of accumulated depreciation. Average other earning assets is the monthly average of other earning assets outstanding during the period.

Average goodwill and intangible assets

Average goodwill and intangible assets is the monthly average balances of goodwill and intangible assets during the period.

Average shareholders' equity

Average shareholders' equity is calculated as the monthly average balances of shareholders' equity during the period.

Average tangible leverage ratio

The average tangible leverage ratio has been computed as the sum of the average secured borrowings and average convertible debentures, divided by the net of total average shareholders' equity less average goodwill and intangible assets during the period.

Common shareholders' equity

Common shareholders' equity is total shareholders' equity less principal face value of the preferred shares outstanding.

Earning assets or total earning assets or finance earning assets

Earning assets are the sum of the total net investment in finance receivables, total carrying value of the equipment under operating leases and carrying value of other earning assets.

Finance assets or total finance assets

Finance assets are the sum of the total finance receivables and 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 (the sum of secured borrowings and convertible debentures) 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.

Net interest and rental revenue

Net interest and rental revenue is calculated as the sum of net interest income, rental revenue net of depreciation, less interest expense. Net interest and rental revenue refers to net financing income earned from finance receivables, equipment under operating leases, and other earning assets, after considering financing costs and provision for credit losses.

Net interest and rental revenue margin or NIM

Net interest and rental revenue yield to average earning assets or NIM is calculated as net interest and rental revenue divided by average earning assets outstanding throughout the period on an annualized basis.

Operating expense ratio

The operating expense ratio is calculated as total operating expenses divided by average earning assets outstanding throughout the period on an annualized basis. The operating expense ratio is used by the Company to assess the efficiency of the management of the Company's finance receivables portfolio and equipment under operating leases.

Other earning assets

Other earning assets are other yield generating assets that are not finance receivables or equipment under operating leases.

Other effects of dilution adjusted operating income basis

Other effects of dilution adjusted operating income basis represents, if dilutive, the add back of the after-tax convertible debt interest and the amortization of deferred financing costs related to the convertible debt, and excludes the add back of the after-tax amortization of the synthetic discount of the convertible debt (which is included on an IFRS basis).

Pro forma diluted average number of shares outstanding

Pro forma diluted average number of shares outstanding is the basic weighted average number of shares outstanding, plus the assumption that all outstanding options at the end of the period that have an exercise price less than the closing market value on that day, are fully vested on that day and are fully exercised at their exercise price, and a corresponding number of shares are repurchased at the closing market value on that day using the cash proceeds from these option exercises.

Rental revenue, net

Rental revenue, net is equal to rental income earned on equipment under operating leases, less depreciation.

Tangible leverage ratio

The tangible leverage ratio has been computed as the sum of secured borrowings and convertible debentures divided by the net of total shareholders' equity less goodwill and intangible assets at the period end.

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 November 8, 2017, the Company had 380,021,088 common shares issued and outstanding. In addition, 21,803,235 options were issued and outstanding under the Company's stock option plan as at November 8, 2017. These convertible securities are convertible into, or exercisable for common shares of the Company of which 15,010,337 are exercisable at September 30, 2017 for proceeds to the Company upon exercise of $150.3 million. In addition, the Company had extendible convertible debentures outstanding that are convertible into an aggregate of 55,506,386 common shares.

As at November 8, 2017, the Company had 4,600,000 Preferred Shares, Series A, 5,126,400 Preferred Shares, Series C, 5,321,900 Preferred Shares, Series E, 6,900,000 Preferred Shares, Series G and 6,000,000 Preferred Shares, Series I issued and outstanding.

This Management's Discussion and Analysis is dated as of the close of business on November 8, 2017.