ECN CAPITAL

Management Discussion & Analysis

MARCH 31, 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 ECN Capital Corp. (the "Company" or "ECN Capital") as at and for the three months ended March 31, 2017, and should be read in conjunction with the Company's audited consolidated financial statements as at and for the year ended 2016. Additional information relating to the Company is available on SEDAR at www.sedar.com and on the Company's website at www.ecncapitalcorp.com.

All amounts set forth in this MD&A are in Canadian dollars unless otherwise noted.

Cautionary Statement

This analysis has been prepared taking into consideration information available to May 10, 2017. Certain statements contained in this report constitute "forward looking statements". When used in this report, the words "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "estimate", "expect", and similar expressions, as they relate to the company, or its management, are intended to identify forward looking statements. Such statements reflect our current views with respect to future events and are subject to inherent risks, uncertainties and numerous assumptions, including, without limitation, general economic conditions, reliance on debt financing, dependence on borrowers, 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 ECN Capital.

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

ECN CAPITAL

Table of Contents

Overview	3
Current Businesses and Strategy	4
Results of Operations for the three month period ended March 31, 2017	7
Financial Position as at March 31, 2017	17
Liquidity and Capital Resources	23
Summary of Quarterly Information	25
IFRS to Non-IFRS Measures and Reconciliation	28
Updated Share Information	35

Overview

ECN Capital Corp. (the "Company" or "ECN Capital") is an independent financial services company that originates and services portfolios of financial assets with operations in the United States ("US") and Canada. The Company originates the financing of a broad range of equipment and capital assets by way of secured loans, financial leases, conditional sales contracts and operating leases.

ECN Capital originates its financings through its employee sales force, equipment vendors and direct equipment users, distinguishing itself from traditional lenders such as banks and finance companies in that it:

- Originates primarily through its manufacturer relationships; and
- Funds its activities through commitments from institutional investors rather than accepting deposits from the public.

On February 16, 2016, the Board of Directors of Element Financial Corporation ["Element"] approved a plan to separate Element into two publicly-traded companies (the "Separation"). The plan involved the separation of the portion of Element and its subsidiaries comprising the Commercial and Vendor ("C&V") Finance, Rail Finance and Aviation Finance verticals from the existing corporate structure into ECN Capital Corp., a newly created publicly-traded company. The Fleet Management vertical continues to operate within the Element corporate structure which was renamed Element Fleet Management Corp. ("Element Fleet").

The separation of Element into ECN Capital and Element Fleet was implemented through a court approved plan of arrangement and was approved at a special meeting of the Element shareholders on September 20, 2016 and received final approval from the Ontario Supreme Court of Justice on September 21, 2016. The Separation was effective on October 3, 2016.

In the first quarter of 2017, the Company entered into two separate transactions resulting in the sale of its Commercial and Vendor Finance business in the United States. The transactions have been recorded in the first quarter results and cover in the aggregate, the totality of the Company's C&V US finance business, assets and operations.

Financial information prior to October 3, 2016 included in this Management Discussion and Analysis has, unless otherwise indicated, been derived from the historical consolidated financial statements of Element on a carve-out basis and is presented as if the Company's C&V Finance, Rail Finance and Aviation Finance segments had always operated as a stand-alone entity. The financial information post October 3, 2016 represents the actual results of the Company post Separation.

Current Businesses

The Company has organized its operations around three separate segments of equipment finance namely: Rail Finance, Aviation Finance and Commercial and Vendor Finance.

RAIL FINANCE

The Rail Finance segment focuses on vendor relationships with rail manufacturers to provide railcar financing and other secured financing for the North American rail industry. Financing opportunities are sourced through both the Company's direct origination channel and participation in the secondary market.

In 2013, the Company first entered the Rail Finance market through a strategic alliance agreement with Trinity Industries, Inc. ("Trinity"), a leading North American manufacturer of railcars. The agreement initially provided the Company with lease financing for up to US$2 billion worth of railcars over two years. The leases included financing for newly manufactured railcars, existing railcars and secondary market purchases from third parties identified by Trinity, and were based on predetermined diversification criteria, including limits on railcar type, use, lease duration, average age and credit quality of the lessee. Under the agreement, Trinity also provided the Company with new business and general advisory services, including assisting with analyzing the operating and financial performance of the railcar assets and advising the Company on the status of the railcar and railcar leasing markets. In addition, Trinity was and continues to be responsible for performing operating maintenance and servicing on behalf of the Company in respect of the railcar assets. The strategic alliance with Trinity enabled the Company to enter the railcar financing segment with limited investment in overhead and a low operating expense base to grow and manage the portfolio. On October 14, 2015, the Company renewed its strategic alliance agreement with Trinity to provide for the purchase of up to US$1 billion of leased railcars from Trinity over the next four years.

The Company, starting in 2015, also established direct origination capabilities through the creation of a dedicated rail investment team operating out of offices in Toronto, Montréal and Chicago. The group’s mandate is to internally source railcar asset investment opportunities that consist of newly manufactured railcars, existing railcars and secondary market purchases from third parties. Railcar asset lease structures, terms and lessee counter-parties are subject to the same prudent diversification and investment criteria as the Trinity alliance agreement. The Company, through an agreement with a third party, performs operating, maintenance and servicing in respect of the railcar assets purchased through the direct origination channel.

AVIATION FINANCE

Historically, the Aviation Finance segment provided leases and other secured financing arrangements for corporate airplanes and helicopters and financing ranging in size from approximately $5 million to $150 million. The Company originated these larger, longer-duration aviation financing transactions through its teams of knowledgeable aviation finance specialists who have established networks of contacts with both manufacturers and end-users of various types of equipment.

Following a strategic review of the aviation business in February 2016, the Company decided to discontinue originations of aviation finance assets onto its balance sheet and to sell, manage to maturity and/or transition to an aviation fund, its portfolio of aviation assets.

COMMERCIAL & VENDOR FINANCE

The Commercial and Vendor Finance segment serves the mid-ticket finance segment of the equipment finance industry. Commercial and Vendor Finance, in conjunction with manufacturers and distributors, delivers financing and leasing solutions to end-user customers in the transportation, construction, commercial, industrial, health care, franchise, technology, office products and energy sectors. The mid-ticket finance segment involves financing for the acquisition of equipment ranging in value from approximately $10 thousand to $10 million. In general, the Canadian and US equipment finance industry is served by three main industry participants: independent lease finance companies, captive finance companies owned by manufacturers and distributors, and banks.

The Company primarily originates its equipment finance assets directly through its relationships or programs with equipment vendors. Unlike many of its competitors, the Company does not rely on third party brokers to originate its business. To further assure the quality of its equipment finance assets, ECN Capital emphasizes the creditworthiness of the ultimate lessee or borrower, the value of the financed assets and the creditworthiness of the vendor. The Commercial and Vendor Finance segment has assembled an industry-leading sales force, and has employees across Canada with offices in Mississauga, Montréal, and Calgary.

On February 21, 2017, the Company announced that it had entered into an agreement to sell the majority of its U.S. Commercial and Vendor business to PNC Financial Services Group for cash proceeds of approximately US$1.253 billion. As part of the transaction, PNC agreed to offer employment to all of the employees of the business as well as retaining the property lease on the existing operating office. On March 31, 2017 the Company sold the remaining assets of the U.S. Commercial and Vendor business to another third party for total proceeds of US$208 million.

Strategy

For over 30 years, ECN Capital's management has pursued a strategy of successfully deploying capital within asset classes that comprise the specialty finance sector. This strategy is comprised of four key drivers:

1. Building robust specialty finance businesses that have grown and prospered even in difficult cycles and acting opportunistically within a specific framework to maximize returns through the cycle;
2. Originating and servicing portfolios of financial assets with yield, growth and credit characteristics that have consistently delivered superior risk-adjusted returns to shareholders;
3. Scaling robust businesses organically and through acquisitions that are competitively positioned to complement banks and institutional investors; and
4. Designing optimal capital structures that provide broad access to debt and equity funding sources.

The Company's growth strategy relating to its business is based on four broad initiatives: (i) capitalizing on organic and direct origination opportunities by leveraging established customer relationships and by continuing to "build out" its existing capabilities; (ii) developing new strategic vendor relationships and programs with manufacturers, dealers and distributors; (iii) pursuing and completing acquisitions that can broaden the base of vendor and dealer relationships; and (iv) capitalizing on opportunities to monetize assets when valuations are favorable.

The Company believes it is well positioned to capitalize on opportunities to expand its business through potential acquisition and partnership opportunities. The market dislocation that began in 2008 and the regulatory response to that dislocation as it affected regulated financial institutions created opportunities to acquire attractive portfolios and seasoned businesses at favorable prices, to expand its origination staff by hiring experienced teams with well-established origination relationships and to pursue other strategic and accretive acquisition opportunities. The Company believes that opportunities currently exist similar to those created by the market dislocation in 2008 which will present acquisition and partnership opportunities going forward. With access to capital, a highly experienced management team and a broad network of relationships, the Company has the capability to opportunistically complete accretive transactions and develop long-term strategic partnerships.

Results of Operations

HIGHLIGHTS

- ECN Capital successfully completed the sale of its U.S. Commercial and Vendor Finance business for a net pretax gain of C$342 million including the release of Accumulated Other Comprehensive Income (AOCI) and transaction costs. The sale harvests capital at a premium to book value, strengthens the balance sheet and substantially increases the Company's tangible book value per share.
- Earnings per share of $0.73 in the quarter on a reported basis with net income of $284 million. The reported net income includes both the gain on sale and the $155 million pretax release of AOCI as a result of the sale.
- After tax adjusted earnings per share (a described non-IFRS measure; refer to "IFRS to Non-IFRS Reconciliation in this MD&A) of $0.05 in the quarter on adjusted net income of $20 million.
- Total originations were $398 million during the current quarter compared to $534 million for the immediate prior quarter and $477 million during the comparable quarter ended March 31, 2016. The reduction in originations compared to the first quarter of 2016 reflect the Company's decision to no longer originate assets in the Aviation vertical combined with slightly lower originations in the Rail segment.
- Average earning assets for the quarter ended March 31, 2017 were $5,905 million, an increase of $126 million or 2.2% over the amounts reported during the previous quarter ended December 31, 2016 and an increase of $99 million or 1.7% over the amounts reported during the comparable quarter of 2016, driven by increases in the U.S. Commercial and Vendor Finance business.
- Net financial income was $52.0 million for the current quarter, in line with the net financial income in comparative periods.
- The Company recorded during the quarter an additional separation charge of $4.7 million relating to the termination of corporate office space commitments.
- The company continues to have a strong liquidity position with diversified funding sources and is well capitalized with a 2.17:1 tangible leverage ratio at March 31, 2017.

The following table sets forth a summary of the Company's consolidated results of operations for the three month periods ended March 31, 2017, December 31, 2016 and March 31, 2016 to be read with the Company's interim condensed consolidated financial statements.

		For the three-month period ended		
(in 000's for stated values, except percent, ratio and per share amounts)		**March 31, 2017** **$**	December 31, 2016 $	March 31, 2016 $
Select metrics				
Originations		**398,188**	533,832	477,327
Average earning assets		**5,904,572**	5,778,545	5,805,852
Average debt		**4,466,917**	4,383,449	4,324,573
Average debt advance rate		**75.7%**	75.9%	74.5%
Net income and adjusted operating income				
Interest income and rental revenue, net		**89,616**	86,891	94,013
Interest expense		**41,734**	41,928	40,403
		47,882	44,963	53,610
Syndication and other income		**10,207**	16,560	6,175
		58,089	61,523	59,785
Provision for credit losses		**6,066**	6,687	3,861
Net financial income	a	**52,023**	54,836	55,924
Adjusted operating expenses	b	**25,898**	21,351	18,481
Impairment and amortization of intangible assets from acquisitions		**—**	3,384	650
Asset valuation reserve		**—**	40,281	—
Share based compensation		**3,809**	2,871	2,070
Separation and reorganization costs		**4,672**	13,208	—
		34,379	81,095	21,201
Gain on sale of business		**341,817**	—	—
Net Income (loss) before income taxes		**359,461**	(26,259)	34,723
Income tax expense (recovery)		**75,626**	(7,542)	8,160
Net income for the period		**283,835**	(18,717)	26,563
Adjusted operating income (1)	a-b	**26,125**	33,485	37,443
Income tax expense		**6,417**	8,261	8,612
After-tax adjusted operating income (1)		**19,708**	25,224	28,831
Weighted Average number of shares outstanding [basic] (2)		**387,302**	386,929	386,135
Earnings (loss) per share [basic] (2)		**$0.73**	-$0.05	$0.08
Before tax adjusted earnings per share [basic] (2)		**$0.07**	$0.09	$0.10
After tax adjusted earnings per share [basic] (2)		**$0.05**	$0.07	$0.07
Tangible leverage (1)		**2.17**	2.47	2.98

(1) For additional information, see descriptions in the "IFRS to Non-IFRS Measures" section.
(2) For periods prior to Separation, book value per share is based on the Element shares outstanding as the Separation resulted in the issuance of one Company share for each Element share.

The following table sets forth a summary of the Company's consolidated results of continuing operations for the three month periods ended March 31, 2017, December 31, 2016 and March 31, 2016 to be read with the Company's interim condensed consolidated financial statements.

		For the three-month period ended		
		March 31, 2017	December 31, 2016	March 31, 2016
(in 000's for stated values, except percent, ratio and per share amounts)		**$**	$	$
Select metrics				
Originations		**165,013**	227,863	247,447
Average earning assets		**4,170,440**	4,211,134	4,564,314
Average debt		**3,065,065**	3,092,669	3,354,920
Average debt advance rate		**73.5%**	73.4%	73.5%
Net income and adjusted operating income				
Interest income and rental revenue, net		**63,288**	63,875	74,362
Interest expense		**31,445**	32,478	32,114
		31,843	31,397	42,248
Syndication and other income		**5,615**	11,522	3,898
		37,458	42,919	46,146
Provision for credit losses		**117**	1,430	10,540
Net financial income	a	**37,341**	41,489	35,606
Adjusted operating expenses	b	**16,923**	13,016	11,839
Impairment and amortization of intangible assets from acquisitions		**—**	3,384	650
Asset valuation reserve		**—**	40,281	—
Share based compensation		**2,838**	2,197	1,744
Separation and reorganization costs		**3,300**	8,651	—
		23,061	67,529	14,233
Net Income (loss) before income taxes		**14,280**	(26,040)	21,373
Income tax expense (recovery)		**2,797**	(5,916)	5,022
Net income for the period		**11,483**	(20,124)	16,351
Adjusted operating income (1)	a-b	**20,418**	28,473	23,767
Income tax expense		**4,209**	6,322	3,322
After-tax adjusted operating income (1)		**16,209**	22,151	20,445
Weighted Average number of shares outstanding [basic] (2)		**387,302**	386,929	386,135
Earnings (loss) per share [basic] (2)		**$0.03**	-$0.05	$0.05
Before tax adjusted earnings per share [basic] (2)		**$0.05**	$0.07	$0.06
After tax adjusted earnings per share [basic] (2)		**$0.04**	$0.06	$0.05

(1) For additional information, see descriptions in the "IFRS to Non-IFRS Measures" section.
(2) For periods prior to Separation, book value per share is based on the Element shares outstanding as the Separation resulted in the issuance of one Company share for each Element share.

RESULTS OF OPERATIONS BY SEGMENTS

The following table sets forth a summary of the Company's select metrics and combined results of operations, including a breakdown by vertical for the 3 month periods ended March 31, 2017, December 31, 2016 and March 31, 2016.

For the three month period ended March 31, 2017

(in 000's for stated values, except percent amounts)	Rail $	Aviation $	C&V Canada $	**Continuing Operations** $	Discontinued Operations $	**Total** $	% change over December 31, 2016 %	% change over March 31, 2016 %
Select metrics								
Originations	41,014	—	123,999	**165,013**	233,175	**398,188**	(25.4)%	(16.6)%
Average earning assets	2,286,595	968,201	915,644	**4,170,440**	1,734,132	**5,904,572**	2.2 %	1.7 %
Average debt	1,781,323	543,546	740,196	**3,065,065**	1,401,852	**4,466,917**	1.9 %	3.3 %
Average debt advance rate	77.9%	56.1%	80.8%	**73.5%**	80.8%	**75.7%**		
Vertical adjusted operating income								
Interest income and rental revenue, net	36,551	12,327	14,410	**63,288**	26,328	**89,616**	3.1 %	(4.7)%
Interest expense	19,783	5,179	6,483	**31,445**	10,289	**41,734**	(0.5)%	3.3 %
	16,768	7,148	7,927	**31,843**	16,039	**47,882**	6.5 %	(10.7)%
Syndication and other income	2,947	1,354	1,314	**5,615**	4,592	**10,207**	(38.4)%	65.3 %
	19,715	8,502	9,241	**37,458**	20,631	**58,089**	(5.6)%	(2.8)%
Provision for credit losses	—	117	—	**117**	5,949	**6,066**	(9.3)%	57.1 %
Net financial income	19,715	8,385	9,241	**37,341**	14,682	**52,023**	(5.1)%	(7.0)%
Adjusted operating expenses (1)	8,284	4,160	4,479	**16,923**	8,975	**25,898**	21.3 %	40.1 %
Vertical adjusted operating income before tax	11,431	4,225	4,762	**20,418**	5,707	**26,125**	(22.0)%	(30.2)%
Select operating ratios (2)								
Interest income and rental revenue, net	6.39%	5.09%	6.30%	**6.07%**	6.07%	**6.07%**		
Interest expense	3.46%	2.14%	2.83%	**3.02%**	2.37%	**2.83%**		
	2.93%	2.95%	3.47%	**3.05%**	3.70%	**3.24%**		
Syndication and other income	0.52%	0.56%	0.57%	**0.54%**	1.06%	**0.69%**		
Provision for credit losses	—%	0.05%	—%	**0.01%**	1.37%	**0.41%**		
Net financial income	3.45%	3.46%	4.04%	**3.58%**	3.39%	**3.52%**		
Adjusted operating expenses (1)	1.45%	1.72%	1.96%	**1.62%**	2.07%	**1.75%**		
Vertical adjusted operating income before tax	2.00%	1.74%	2.08%	**1.96%**	1.32%	**1.77%**		
Cost of debt (3)	4.44%	3.81%	3.50%	**4.10%**	2.94%	**3.74%**		

(1) For additional information, see descriptions in the "IFRS to Non-IFRS Measures" section.
(2) Yield as a percent of average earning assets.
(3) Yield as a percent of average debt.

For the three month period ended December 31, 2016

(in 000's for stated values, except percent amounts)	Rail $	Aviation $	C&V Canada $	**Continuing Operations** **$**	Discontinued Operations $	**Total** **$**
Select metrics						
Originations	71,336	—	156,527	**227,863**	305,969	**533,832**
Average earning assets	2,319,577	1,003,519	888,038	**4,211,134**	1,567,411	**5,778,545**
Average debt	1,795,071	566,289	731,309	**3,092,669**	1,290,780	**4,383,449**
Average debt advance rate	77.4%	56.4%	82.4%	**73.4%**	82.4%	**75.9%**
Vertical adjusted operating income						
Interest income and rental revenue, net	35,884	14,011	13,980	**63,875**	23,016	**86,891**
Interest expense	20,224	5,688	6,566	**32,478**	9,450	**41,928**
	15,660	8,323	7,414	**31,397**	13,566	**44,963**
Syndication and other income	7,724	1,989	1,809	**11,522**	5,038	**16,560**
	23,384	10,312	9,223	**42,919**	18,604	**61,523**
Provision for credit losses	—	123	1,307	**1,430**	5,257	**6,687**
Net financial income	23,384	10,189	7,916	**41,489**	13,347	**54,836**
Adjusted operating expenses (1)	5,732	2,971	4,313	**13,016**	8,335	**21,351**
Vertical adjusted operating income before tax	17,652	7,218	3,603	**28,473**	5,012	**33,485**
Select operating ratios (2)						
Interest income and rental revenue, net	6.19%	5.58%	6.30%	**6.07%**	5.87%	**6.01%**
Interest expense	3.49%	2.27%	2.96%	**3.08%**	2.41%	**2.90%**
	2.70%	3.31%	3.34%	**2.99%**	3.46%	**3.11%**
Syndication and other income	1.33%	0.79%	0.81%	**1.09%**	1.29%	**1.15%**
Provision for credit losses	—%	0.05%	0.59%	**0.14%**	1.34%	**0.46%**
Net financial income	4.03%	4.05%	3.56%	**3.94%**	3.41%	**3.80%**
Adjusted operating expenses (1)	0.99%	1.18%	1.94%	**1.24%**	2.13%	**1.48%**
Vertical adjusted operating income before tax	3.04%	2.87%	1.62%	**2.70%**	1.28%	**2.32%**
Cost of debt (3)	4.51%	4.02%	3.59%	**4.20%**	2.93%	**3.83%**

(1) For additional information, see descriptions in the "IFRS to Non-IFRS Measures" section.
(2) Yield as a percent of average earning assets.
(3) Yield as a percent of average debt.

For the three-month period ended March 31, 2016

(in 000's for stated values, except percent amounts)	Rail $	Aviation $	C&V Canada $	**Continuing Operations (4)** **$**	Discontinued Operations $	**Total** **$**
Select metrics						
Originations	51,335	119,476	76,636	**247,447**	229,880	**477,327**
Average earning assets	2,335,673	1,362,250	866,391	**4,564,314**	1,241,538	**5,805,852**
Average debt	1,768,335	850,650	735,935	**3,354,920**	969,653	**4,324,573**
Average debt advance rate	75.7 %	62.4%	84.9 %	**73.5%**	78.1 %	**74.5%**
Vertical adjusted operating income						
Interest income and rental revenue, net	40,265	19,816	14,281	**74,362**	19,651	**94,013**
Interest expense	17,201	7,651	7,262	**32,114**	8,289	**40,403**
	23,064	12,165	7,019	**42,248**	11,362	**53,610**
Syndication and other income	(109)	2,868	1,139	**3,898**	2,277	**6,175**
	22,955	15,033	8,158	**46,146**	13,639	**59,785**
Provision for credit losses	—	171	10,369	**10,540**	(6,679)	**3,861**
Net financial income	22,955	14,862	(2,211)	**35,606**	20,318	**55,924**
Adjusted operating expenses (1)	5,395	3,216	3,228	**11,839**	6,642	**18,481**
Vertical adjusted operating income before tax	17,560	11,646	(5,439)	**23,767**	13,676	**37,443**
Select operating ratios (2)						
Interest income and rental revenue, net	6.90 %	5.82%	6.59 %	**6.52%**	6.33 %	**6.48%**
Interest expense	2.95 %	2.25%	3.35 %	**2.81%**	2.67 %	**2.78%**
	3.95 %	3.57%	3.24 %	**3.71%**	3.66 %	**3.70%**
Syndication and other income	(0.02)%	0.84%	0.53 %	**0.34%**	0.73 %	**0.43%**
Provision for credit losses	— %	0.05%	4.79 %	**0.92%**	(2.15)%	**0.27%**
Net financial income	3.93 %	4.36%	(1.02)%	**3.13%**	6.54 %	**3.86%**
Adjusted operating expenses (1)	0.92 %	0.94%	1.49 %	**1.04%**	2.14 %	**1.27%**
Vertical adjusted operating income before tax	3.01 %	3.42%	(2.51)%	**2.09%**	4.40 %	**2.59%**
Cost of debt (3)	3.89 %	3.60%	3.95 %	**3.83%**	3.42 %	**3.74%**

(1) For additional information, see descriptions in the "IFRS to Non-IFRS Measures" section.
(2) Yield as a percent of average earning assets.
(3) Yield as a percent of average debt.
(4) The March 31, 2016 financial results were derived from the historical consolidated financial statements of Element on a carve-out basis. A further allocation methodology was used to split the historical C&V Finance segment into C&V Canada as part of continuing operations and C&V U.S. as discontinued operations. The first quarter of 2016 results includes an allocated provision for credit losses in C&V Canada that is unusually high and in C&V U.S. that is unusually low. In the second quarter of 2016 this anomaly reverses. The provision for credit losses for the year ended December 31, 2016 for C&V Canada and C&V U.S. were $4,118 and $19,482, respectively.

The following discussion relates to the results of operations for the three-month period ended March 31, 2017 presented on both a consolidated and segmented basis.

Q1 2017 VS Q4 2016

Net income of $284 million reported for the quarter ended March 31, 2017 compared to a loss of $19 million in the fourth quarter of 2016. The current quarter included a gain primarily related to the sale of the Company's U.S. Commercial and Vendor business including the realization of accumulated other comprehensive income related to the business. The gain on sale also includes transaction costs, transaction-related compensation expenses for employees retained by the purchasers and the impact of foreign exchange hedges entered into to reduce foreign exchange risk on the sale proceeds. Adjusted operating income after tax (a non-IFRS measure, refer to "IFRS to Non-IFRS Reconciliations" in this MD&A for a reconciliation to net income) of $20 million for the current quarter declined $5 million compared to the fourth quarter primarily driven by timing of expenses. Earnings per share on after-tax adusted operating income of $0.05 for the quarter decreased $0.02 compared to the fourth quarter but in line with management's expectations.

The Company is reporting total originations of $398.2 million for the quarter ended March 31, 2017 compared to $533.8 million during the immediately preceding quarter ended December 31, 2016 with lower originations across all verticals. On a continuing operations basis, originations were $165.0 million compared to $227.9 million in the fourth quarter with lower originations in both Rail and C&V Canada.

Interest income and rental revenue, net of depreciation of $89.6 million increased $2.7 million or 3.1% driven by a higher contribution from discontinued operations. On a continuing operations basis, interest income and rental revenue, net of depreciation of $63.3 million decreased by $0.6 million or 0.9%. Yields for continuing operations were constant at 6.07% for each quarter. Average earning assets for continuing operations were $4,170 million, down $41 million or 1.0% from the fourth quarter.

In Rail Finance, interest income and net rental revenue of $36.6 million increased $0.7 million from the fourth quarter as higher yields were partly reduced by lower average earning assets. In Aviation Finance, interest income and net rental revenue of $12.3 million declined $1.7 million as the portfolio continues to runoff. In C&V Canada, interest income and net rental revenue of $14.4 million increased $0.4 million driven by higher average earning assets with yields stable.

Interest expense of $41.7 million for the quarter ended March 31, 2017, was consistent with the $41.9 million for the December 31, 2016 quarter. On a continuing operations basis, interest expense of $31.4 million was slightly better than the $32.5 million in the fourth quarter. Interest expense as a percent of average earning assets was slightly better at 3.02% compared to 3.08% and the cost of debt was also better at 4.10% compared to the fourth quarter at 4.20%.

Syndication and other revenue of $10.2 million for the quarter ended March 31, 2017, a decrease of $6.4 million from the amount reported for December 31, 2016, driven by lower Syndication fees in the Company's Rail segment. Transactions are typically syndicated in instances where the Company wants to manage credit exposures or concentrations by selling transactions to another funder on a non-recourse basis. For continuing operations, Syndications and other revenue of $5.6 million declined by $5.9 million with lower Syndication fees, capital advisory fees of $1.0 million consistent with the prior quarter's $1.1 million and prepayment charges of $1.2 million down slightly from the $1.6 million in the fourth quarter. Other revenue categories are volume dependent and not necessarily correlated with average earning assets. Other revenue in the current quarter also includes a $5.9 million foreign currency loss from hedges offset by $5.2 million of foreign currency gains.

Adjusted operating expenses (a non-IFRS measure, refer to "IFRS to Non-IFRS Reconciliations" in this MD&A for a reconciliation to net income) were $25.9 million for the quarter ended March 31, 2017, an increase of $4.5 million compared to the $21.4 million for the quarter ended December 31, 2016 due to higher salaries and wages expenses and general and administrative expenses. Salaries and wages increased primarily due to timing of variable compensation and benefit costs which are seasonally higher in the first quarter. General and administrative expenses increased primarily due to costs incurred related to potential acquisitions and small increases across a number of expense categories.

There were no impairment charges or amortization of intangible assets from acquisitions in the quarter. The fourth quarter of 2016 included a charge related to the amortization of the remaining Aviation goodwill as the Company is running off it's current book of aviation assets.

In the fourth quarter, the Company recorded an asset valuation reserve of $40.3 million in connection with a number of helicopters recovered from customers due to manufacturer defects. The Company continues to pursue recovery through a number of initiatives including litigation, insurance claims and marketing re-leasing efforts.

One-time separation and related reorganization expenses were $4.7 million during the quarter consisting of termination costs for corporate office space commitments. The fourth quarter separation and related reorganization costs primarily reflected executive employment contract future obligations and organizational restructuring charges.

Share-based compensation expense of $3.8 million for the quarter ended March 31, 2017 increased by $0.9 million primarily due to the acceleration of vesting related to the reorganization changes. Share-based compensation represents the recognition of the non-cash fair value attributed to the options granted to the Company's employees and directors, and the value of the deferred share units (DSU's) granted during the quarter. Options expense are recognized on a proportionate basis consistent with the vesting period of such options.

In the current quarter, the Company realized a $342 million gain on the U.S. Commercial and Vendor business sale consisting of a $214 million premium on the assets sold, $155 million related to the realization of accumulated other comprehensive income in the business offset in part by $27 million from a combination of transaction costs, employee related retention costs and the impact of foreign exchange hedges entered into to reduce risk on the sale proceeds.

Q1 2017 VS Q1 2016

Net income of $284 million reported for the quarter ended March 31, 2017 compared to net income of $27 million in the prior year first quarter ended March 31,2016. The current quarter included the gain related to the sale of the Company's U.S. Commercial and Vendor business and the realization of accumulated other comprehensive income related to that business. Adjusted operating income after tax (a non-IFRS measure, refer to "IFRS to Non-IFRS Reconciliations" in this MD&A for a reconciliation to net income) of $20 million for the current quarter declined $9 million compared to prior year primarily driven by higher expenses. Earnings per share on after-tax adusted operating income of $0.05 for the quarter decreased $0.02 compared to the prior year.

The Company is reporting total originations of $398.2 million for the quarter ended March 31, 2017 compared to $477.3 million in the prior year. The decrease year-over-year was driven by the Company's decisions in the first half of 2016 to no longer originate assets in the Aviation vertical and to reduce originations in the Rail vertical. Originations were up significantly year-over-year in the Canadian C&V Finance business and stable in the discontinued U.S. C&V Finance business.

Interest income and rental revenue, net of depreciation of $89.6 million decreased $4.4 million or 4.7% with declines in Aviation and Rail from the runoff of higher yielding assets net of significant growth in the U.S. C&V business from higher average earning assets. On a continuing operations basis, interest income and rental revenue, net of depreciation of $63.3 million decreased by $11.1 million or 14.9% due to Aviation and Rail. The C&V Canada interest income and rental revenue net of depreciation was stable year over year as higher average earning assets offset lower yields. Yields for continuing operations at 6.07% declined from 6.52% in the prior year primarily from Aviation and Rail. Average earning assets for continuing operations were $4,170 million, down $394 million or 8.6% from the prior year.

In Rail Finance, interest income and net rental revenue of $36.6 million decreased $3.7 million from the prior year driven by lower yields and lower average earning assets. In Aviation Finance, interest income and net rental revenue of $12.3 million declined $7.5 million as the portfolio continues to runoff higher yielding assets. In C&V Canada, interest income and net rental revenue of $14.4 million increased $0.1 million driven by higher average earning assets net of lower yields.

Interest expense of $41.7 million for the quarter ended March 31, 2017, increased $1.3 million compared to the quarter ended March 31, 2016. On a continuing operations basis, interest expense of $31.4 million was slightly better than the $32.1 million in the prior year driven by lower average earning assets offset by a higher cost of debt. Interest expense as a percent of average earning assets at 3.02% increased compared to 2.81% and the cost of debt was also higher at 4.10% compared to 3.83% in the prior year.

Syndication and other revenue of $10.2 million for the quarter ended March 31, 2017, increased $4.0 million year-over-year from a combination of higher syndication fees, prepayment charges and other revenue. Other revenue in the current quarter also includes a $5.9 million foreign currency loss from hedges offset by $5.2 million of foreign currency gains. For continuing operations, Syndications and other revenue of $5.6 million increased by $1.7 million with Syndication fees, prepayment charges and other revenues all higher net of modestly lower capital advisory fees.

Adjusted operating expenses (a non-IFRS measure, refer to "IFRS to Non-IFRS Reconciliations" in this MD&A for a reconciliation to net income) were $25.9 million for the quarter ended March 31, 2017, an increase of $7.4 million compared to prior year quarter ended March 31, 2016. Salaries and wages increased $4.2 million and general and administrative expenses increased $3.2 million. For continuing operations, adjusted operating expenses of $16.9 million were up $5.1 million as salaries and wages increased $2.9 million and general and administrative expenses increased $2.2 million. Corporate expenses were allocated on a different basis pre-Separation and are not fully comparable post Separation.

There was no expense in the current quarter for impairment and amortization of intangible assets from acquisitions. The first quarter of 2016 included a small charge related to the amortization of the Aviation intangible assets from acquisitions.

One-time separation and related reorganization expenses of $4.7 million were incurred during the current quarter related to termination costs for corporate office space commitments. There were no separation and reorganization expenses in the prior year.

Share-based compensation expense of $3.8 million for the quarter ended March 31, 2017 increased by $1.7 million primarily due to the acceleration of vesting related to the reorganization changes and options issued for the new company as part of employee retention efforts.

In the current quarter, the Company realized a $342 million gain on the business sale.

Financial Position

The following tables set forth a summary of the Company's balance sheet, including a breakdown by vertical, as at March 31, 2017, December 31, 2016 and March 31, 2016.

	March 31, 2017							
(in 000's for stated values, except percentage amounts)	**Rail** $	**Aviation** $	**C&V Canada** $	**Continuing Operations** $	**Discontinued Operations** $	**Total** $	Change over December 31, 2016 %	Change over March 31, 2016 %
Assets								
Finance assets								
Finance receivables	6,419	637,532	952,006	**1,595,957**	—	**1,595,957**	(52.9)	(48.6)
Equipment under operating leases	2,270,210	278,863	—	**2,549,073**	—	**2,549,073**	(2.7)	(0.1)
Total finance assets	2,276,629	916,395	952,006	**4,145,030**	—	**4,145,030**	(31.0)	(26.7)
Goodwill and intangible assets	—	—	4,628	**4,628**	—	**4,628**	(11.0)	(85.2)
Other assets	202,881	101,250	115,230	**419,361**	1,801,686	**2,221,047**	423.1	685.4
Total Assets	**2,479,510**	**1,017,645**	**1,071,864**	**4,569,019**	**1,801,686**	**6,370,705**	(1.0)	6.7
Liabilities								
Debt	1,725,964	503,746	834,574	**3,064,284**	1,143,608	**4,207,892**	(6.6)	(4.0)
Other liabilities	92,951	36,408	46,202	**175,561**	47,870	**223,431**	113.6	168.0
Total Liabilities	**1,818,915**	**540,154**	**880,776**	**3,239,845**	**1,191,478**	**4,431,323**	(3.9)	(0.8)

(in 000's for stated values, except percentage amounts)	Rail	Aviation	C&V Canada	Continuing Operations	Discontinued Operations	Total
	December 31, 2016					
	$	$	$	$	%	$
Assets						
Finance assets						
Finance receivables	7,347	690,328	934,420	**1,632,095**	1,755,884	**3,387,979**
Equipment under operating leases	2,346,242	272,370	—	**2,618,612**	—	**2,618,612**
Total finance assets	2,353,589	962,698	934,420	**4,250,707**	1,755,884	**6,006,591**
Goodwill and intangible assets	—	—	4,628	**4,628**	572	**5,200**
Other assets	188,913	88,352	86,883	**364,148**	60,415	**424,563**
Total Assets	**2,542,502**	**1,051,050**	**1,025,931**	**4,619,483**	**1,816,871**	**6,436,354**
Liabilities						
Debt	1,793,583	534,053	933,450	**3,261,086**	1,243,505	**4,504,591**
Other liabilities	43,428	14,522	8,243	**66,193**	38,399	**104,592**
Total Liabilities	**1,837,011**	**548,575**	**941,693**	**3,327,279**	**1,281,904**	**4,609,183**

(in 000's for stated values, except percentage amounts)	Rail	Aviation	C&V Canada	Continuing Operations	Discontinued Operations	Total
	March 31, 2016					
	$	$	$	$	$	$
Assets						
Finance assets						
Finance receivables	3,820	990,027	884,747	**1,878,594**	1,225,440	**3,104,034**
Equipment under operating leases	2,230,425	320,753	—	**2,551,178**	—	**2,551,178**
Total finance assets	2,234,245	1,310,780	884,747	**4,429,772**	1,225,440	**5,655,212**
Goodwill and intangible assets	—	26,215	4,560	**30,775**	488	**31,263**
Other assets	67,882	47,235	120,125	**235,242**	47,532	**282,774**
Total Assets	**2,302,127**	**1,384,230**	**1,009,432**	**4,695,789**	**1,273,460**	**5,969,249**
Liabilities						
Debt	1,866,093	678,660	779,795	**3,324,548**	1,059,328	**4,383,876**
Other liabilities	16,451	18,554	5,892	**40,897**	42,475	**83,372**
Total Liabilities	**1,882,544**	**697,214**	**785,687**	**3,365,445**	**1,101,803**	**4,467,248**

Total finance assets for continuing operations were $4,145 million on March 31, 2017 compared to $4,251 million at December 31, 2016, and $4,430 million at March 31, 2016.

Rail assets of $2,277 million decreased $77 million compared to December 31, 2016 and $42 million compared to the prior year at March 31, 2016. The Company continues to selectively participate in the Railcar business given market conditions.

Aviation assets of $916 million decreased $46 million over the previous quarter and $394 million over the prior year reflecting the continued run-off of this business.

In C&V Canada assets of $952 million increased $18 million over the previous quarter and $67 million over the prior year on strong originations and new vendor relationships.

The discontinued operations assets at March 31, 2017 represents an amount receivable in connection with the sale of the U.S. C&V business which was subsequently paid in cash on April 3, 2017. The cash from the sale was used to repay the U.S. securitization program debt and a portion of the term senior credit facility. The debt included in discontinued operations includes the U.S. securitization program specifically related to the U.S. C&V business and an allocated portion of the term senior credit facility. For financial statement presentation purposes, both the assets and liabilities shown in the discontinued operations at March 31, 2017 were included in the continuing operations of the Company.

Debt from continuing operations of $3,064 million decreased by $197 million compared to December 31, 2016 and $260 million over March 31, 2016.

Geographical Portfolio Segmentation

ECN Capital's portfolio of net finance receivables (inclusive of impaired receivables and deferred origination costs and subsidies) and operating leases continues to be weighted to the United States although at a lower proportion than previous quarters after the sale of the U.S. C&V business. The U.S. accounted for 63% of the portfolio, while Canada represents 35% and Other geographies represents 2% at March 31, 2017. In comparison, the portfolio geographic split at December 31, 2016 and March 31, 2016 was 75% and 70% in the United States, 24% and 29% in Canada and 1% in both periods for Other geographies respectively.

The geographic distribution of the Company's net finance receivables at the indicated periods and by the ultimate obligor is as follows:

March 31, 2017

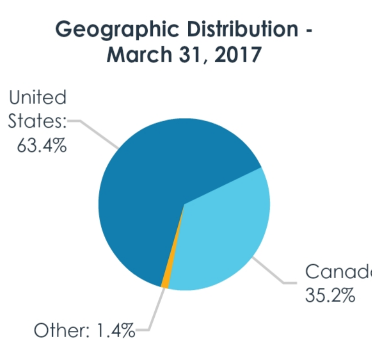
	Rail	Aviation	CV Canada	Continuing Operations	Discontinuing Operations	Total
United States	1,986,049	651,708	—	2,637,757	—	**2,637,757**
Canada	238,808	274,666	950,113	1,463,587	—	**1,463,587**
Other	48,399	9,661	—	58,060	—	**58,060**
Total	**2,273,256**	**936,035**	**950,113**	**4,159,404**	**—**	**4,159,404**

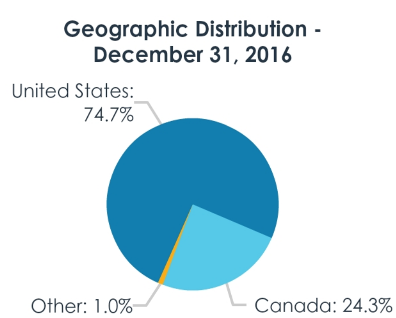
December 31, 2016

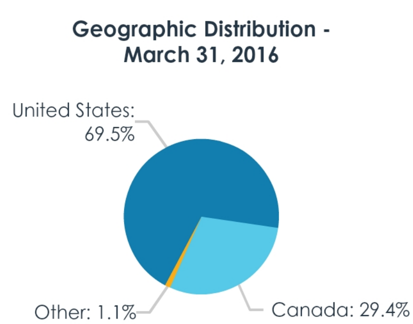
	Rail	Aviation	CV Canada	Continuing Operations	Discontinuing Operations	Total
United States	2,059,984	684,524	—	2,744,508	1,765,601	**4,510,109**
Canada	240,570	292,294	933,313	1,466,177	—	**1,466,177**
Other	48,514	9,879	—	58,393	—	**58,393**
Total	**2,349,068**	**986,697**	**933,313**	**4,269,078**	**1,765,601**	**6,034,679**

March 31, 2016

	Rail	Aviation	C&V	Continuing Operations	Discontinuing Operations	Total
United States	1,966,340	748,599	—	2,714,939	1,237,799	**3,952,738**
Canada	218,448	567,177	883,116	1,668,741	—	**1,668,741**
Other	47,876	15,787	—	63,663	—	**63,663**
Total	**2,232,664**	**1,331,563**	**883,116**	**4,447,343**	**1,237,799**	**5,685,142**







Delinquencies and Losses

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

	March 31, 2017		December 31, 2016		March 31, 2016	
	$	**%**	$	%	$	%
Current	**1,593,538**	**99.63%**	1,633,887	99.60%	1,876,820	99.42%
31-60 days past due	**1,459**	**0.09%**	2,589	0.16%	2,515	0.13%
61-90 days past due	**214**	**0.01%**	582	0.04%	284	0.02%
Greater than 90 days past due	**190**	**0.01%**	284	0.02%	689	0.04%
Impaired Receivables	**4,049**	**0.26%**	2,985	0.18%	7,322	0.39%
Total continuing operations	**1,599,450**	**100.00%**	1,640,327	100.00%	1,887,630	100.00%

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

(in 000's except percentage amounts)	**Three-month period ended March 31, 2017** **$**	Year ended December 31, 2016 $
Allowance for credit losses continuing operations, beginning of period	**4,377**	8,122
Provision for credit losses	**117**	4,719
Charge-offs, net of recoveries	**1,255**	(8,444)
Impact of foreign exchange	**(3)**	(20)
Allowance for credit losses continuing operations, end of period	**5,746**	4,377
Allowance as a % of finance receivables	**0.36%**	0.27%

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 chances 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 statement of financial position and the present value of the estimated future cash flows on the finance receivables, discounted at the original effective interest rate of the finance receivable.

According to the Company's underwriting policies and procedures, the Company assesses 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 of $5.7 million as at March 31, 2017 represents 0.36% of the finance receivables outstanding, slightly higher than the 0.27% reported at December 31, 2016. Overall, the allowance is in-line with management's expectation of losses from the business and the current mix of assets.

Liquidity & Capital Resources

An important liquidity measure for the Company is its ability to maintain diversified funding sources to support its operations. The Company's primary sources of liquidity are: (i) cash flows from operating activities; (ii) the secured borrowing facilities; and (iii) equity. The Company's primary use of cash is the funding of finance receivables, equipment under operating leases 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.

The Company views its financial leverage as a key indicator of the strength of the Company's Consolidated Statements of Financial Position. As at March 31, 2017, the Company's financial leverage ratio was 2.17:1. As at the same date, the Company's tangible leverage ratio was also 2.17:1 and well within the most restrictive covenant of 4:1.

The Company's capitalization is calculated as follows:

		As at		
(in 000's for stated values, except for percentage amounts)		**March 31, 2017** **$**	December 31, 2016 $	March 31, 2016 $
Total debt	**(a)**	**4,207,892**	4,504,591	4,383,876
Shareholders' equity	**(b)**	**1,939,382**	1,827,171	1,502,001
Financial leverage	**(a)/(b)**	**2.17**	2.47	2.92
Goodwill and Intangibles	**(c)**	**4,628**	5,200	31,263
Tangible leverage	**(a)/[(b)-(c)]**	**2.17**	2.47	2.98

DEBT AND CONTRACTUAL REPAYMENT OBLIGATIONS

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

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

		As at	
	March 31, 2017	December 31, 2016	March 31, 2016
(in 000's)	**$**	$	$
Cash and cash equivalents	**16,001**	45,849	34,059
Senior Facilities			
Facilities	**3,324,750**	3,356,750	1,504,501
Utilized against Facility; Continuing operations	**1,087,148**	1,210,226	1,080,133
Utilized against Facility; Discontinued operations	**589,466**	534,762	424,368
	1,648,136	1,611,762	—
Life Insurance Company Term Funding Facilities			
Facilities	**358,370**	389,906	618,105
Utilized against Facility	**247,862**	262,363	390,462
	110,508	127,543	227,643
Securitization Programs			
Facilities; Continuing operations	**400,665**	464,846	592,145
Facilities; Discontinued operations	**897,685**	906,323	778,257
Utilized against Facility; Continuing operations	**339,662**	372,495	424,367
Utilized against Facility; Discontinued operations	**559,498**	715,297	635,744
	399,190	283,377	310,291
Public Asset-Backed Securities			
Facilities	**1,427,292**	1,457,569	1,458,562
Utilized against Facility	**1,427,292**	1,457,569	1,458,562
	—	—	—
Total available sources of capital, end of period	**2,173,835**	2,068,531	571,993
Unutilized Borrowing Facilities (i.e. excl. Cash & Equiv.)	**2,157,834**	2,022,682	537,934

The Company had available liquidity of approximately $2.2 billion at March 31, 2017. Subsequent to March 31, 2017 the Company fully repaid and terminated the discontinued securitization facility and repaid US$902,595 of the senior facility with proceeds from the sale of the US C&V Finance business. After these repayments, available liquidity increased to approximately $3.0 billion. Management believes that the available liquidity available to the Company is sufficient to fund operations and growth throughout 2017.

Summary of Quarterly Information

The following table sets out selected financial information for each of the eight most recent quarters, the latest of which ended as at March 31, 2017. Financial information prior to Q4, 2016 has been derived from the historical carve-out combined financial statements of the Company and is prepared as if ECN Capital had operated as a stand-alone entity throughout the reporting periods. The information should be read in conjunction with ECN Capital's audited and interim unaudited, consolidated financial statements, the notes thereto and the related management discussion and analysis for the relevant periods.

(in $ 000's for stated values, except ratio and per share amounts)	**Q1, 2017**	Q4, 2016	Q3, 2016	Q2, 2016	Q1, 2016	Q4, 2015	Q3, 2015	Q2, 2015
Net financial income continuing operations	**37,341**	41,489	38,672	48,426	35,607	54,103	40,732	43,888
Net financial income discontinued operations	**14,682**	13,347	9,872	(615)	20,318	6,857	12,656	8,805
Net financial income, total	**52,023**	54,836	48,544	47,811	55,925	60,960	53,388	52,693
Adjusted operating income before tax continuing operations (1)	**20,418**	28,473	28,163	38,360	23,767	44,705	29,931	34,562
Adjusted operating income before tax, discontinued operations (1)	**5,707**	5,012	2,924	(5,464)	13,676	(1,138)	5,047	2,405
Adjusted operating income before tax, total (1)	**26,125**	33,485	31,087	32,896	37,443	43,567	34,978	36,967
Impairment and amortization of intangible assets from acquisitions - total	**—**	43,665	26,605	—	650	299	377	780
Share based compensation - total	**3,809**	2,871	3,089	1,814	2,070	2,390	2,796	2,887
Separation and reorganization costs - total	**4,672**	13,208	10,250	—	—	—	—	—
Gain on sale of business	**341,817**	—	—	—	—	—	—	—
Net income / (loss) before income taxes - total	**359,461**	(26,259)	(8,857)	31,082	34,723	40,878	31,805	33,300
Net income / (loss) - total	**283,835**	(18,717)	1,225	23,933	26,563	31,598	24,849	26,017
Net earnings per share, basic, continuing operations	**$0.03**	-$0.05	$0.00	$0.07	$0.05	$0.09	$0.07	$0.09
Net earnings per share, basic, discontinued operations	**$0.70**	$0.00	$0.00	-$0.01	$0.03	-$0.01	$0.01	$0.01
Net earnings per share, basic, total	**$0.73**	-$0.05	$0.00	$0.06	$0.08	$0.08	$0.08	$0.10
After tax adjusted earnings per share, basic, continuing operations	**$0.04**	$0.06	$0.06	$0.08	$0.05	$0.08	$0.08	$0.09
After tax adjusted earnings per share, basic, discontinued operations	**$0.01**	$0.01	$0.01	-$0.01	$0.02	$0.00	$0.01	$0.01
After tax adjusted earnings per share, basic, total	**$0.05**	$0.07	$0.07	$0.07	$0.07	$0.08	$0.09	$0.10
Total Earning Assets, continuing operations	**4,145,030**	4,255,955	4,213,493	4,311,891	4,433,332	4,668,118	4,257,455	3,380,202
Total Earning Assets, discontinued operations	**—**	1,749,082	1,417,505	1,350,509	1,225,085	1,182,692	1,009,235	867,124
Earning Assets, total	**4,145,030**	6,005,037	5,630,998	5,662,400	5,658,417	5,850,810	5,266,690	4,747,326
Loan and lease originations, continuing operations	**165,013**	227,863	214,172	187,980	247,447	602,756	562,825	552,041
Loan and lease originations, discontinued operations	**233,175**	305,969	192,843	286,113	229,880	253,365	204,401	201,478
Loan and lease originations, total	**398,188**	533,832	407,015	474,093	477,327	856,121	767,226	753,519
Allowance for credit losses	**14,089**	14,089	16,629	18,092	17,855	20,394	17,542	16,861
As a % of finance receivables	**0.42%**	0.41%	0.54%	0.56%	0.58%	0.65%	0.62%	0.60%
Term senior credit facility, total	**1,676,614**	1,744,988	1,617,980	1,537,407	1,504,501	2,029,816	1,598,939	994,316
Secured borrowings, total	**2,531,278**	2,759,603	2,650,551	2,848,578	2,879,375	2,441,576	2,467,468	2,657,734
Total Debt	**4,207,892**	4,504,591	4,268,531	4,385,985	4,383,876	4,471,392	4,066,407	3,652,050
Shareholders' Equity / Owners' Net Investment, total	**1,939,382**	1,827,171	1,710,473	1,562,738	1,502,001	1,591,411	1,380,309	1,307,151
Book value per share (excluding pref. shares), total (2)	**$ 4.75**	$ 4.47	$ 4.42	$ 4.04	$ 3.89	$ 4.12	$ 4.52	$ 4.92

(1) For additional information, see "Description of Non-IFRS Measures" section.
(2) Book value per share prior to the Separation is based on the Element shares outstanding as the Separation resulted in the issuance of 1 Company share for each Element share

Key factors that account for the fluctuation in the Company's quarterly results include the volume of leases and loans that the Company has originated as well as the timing of the major portfolio acquisitions including the railcar portfolios acquired in June 2015, September 2015, December 2015 and March 2016, syndications, and the various new vendor and commercial finance programs and relations entered into during the intervening periods.

IFRS to Non-IFRS Measures

DESCRIPTION OF NON-IFRS MEASURES

The Company's 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 March 31, 2017 and December 31, 2016, the results of operations, comprehensive income and cash flows for the three months ended March 31, 2017 and March 31, 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. Adjusted operating expenses excludes Impairment and amortization of intangible assets from acquisitions, Share-based compensation, and Separation and reorganization costs. Management believes Adjusted operating expenses is a useful supplementary measure of operating costs incurred during the period because Impairment and amortization of intangible assets from acquisitions and Share-based compensation are primarily non-cash in nature while separation and reorganization costs do not relate to maintaining operating activities. Impairment and amortization of intangible assets from acquisitions, Share-based compensation and Separation and reorganization costs are isolated by management and assessed separately from Salaries, wages and benefits and General and administrative expenses and are discussed quantitatively and qualitatively elsewhere in this document.

Adjusted operating income or Before-tax adjusted operating income
Adjusted operating income reflects Income before income taxes, Impairment and amortization of intangible assets from acquisitions, Share-based compensation, and Separation and reorganization costs. Management believes adjusted operating income is a useful supplementary measure of operating results during the period because Impairment and amortization of intangible assets from acquisitions and Share-based compensation are primarily non-cash in nature while Separation and reorganization costs do not relate to maintaining operating activities. Impairment and amortization of intangible assets from acquisitions, Share-based compensation and Separation and reorganization costs are isolated by management and assessed separately from Salaries, wages and benefits and General and administrative expenses and are discussed quantitatively and qualitatively elsewhere in this document.

Adjusted operating expense ratio
Adjusted operating expense ratio is calculated as the adjusted operating expenses divided by average earning assets outstanding throughout the period. The adjusted operating expense ratio, presented on an annualized basis, is used by the Company to assess the efficiency of the management of the Company's earning assets.

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 earnings per share
After-tax adjusted earnings 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.

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

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

Average net financial income margin yield
Average net financial income margin yield is the net financial income divided by average earning assets outstanding during the period provided on an annualized basis. Average net financial income margin yield provides an indication of the effective net yield generated on the earning assets before deductions for all other operating expenses and of the net margin generated on the portfolio of earning assets.

Average portfolio yield
Average portfolio yield is financial revenue divided by average earning assets in the period. Average portfolio yield provides an indication of the effective yield generated on the earning assets before deductions for financial, operating, transaction costs and income tax expenses.

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

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

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

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

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

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

Gross average yield
Gross average yield is equal to financial revenues before provision for credit losses divided by average earning assets outstanding throughout the period, and is presented on an annualized basis. Gross average yield provides an indication of the yield earned on earning assets before consideration of credit losses.

Net interest income and rental revenue, net before provisions for credit losses
Net interest income and rental revenue, net before provisions for credit losses is equal to total interest income and total rental revenue, net less total interest expense and excludes provisions for credit losses as reported for the period. Net interest income and rental revenue before provisions for credit losses provides an indication of the gross interest and rental revenues from earning assets, before consideration of credit losses.

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

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

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

IFRS TO NON-IFRS RECONCILIATIONS

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

(in 000's)		*For the 3 months ended* March 31, 2017	December 31, 2016	March 31, 2016
Reported and adjusted income measures				
Net income (loss)	A	**283,835**	(18,717)	26,563
Adjustments:				
Impairment and amortization of intangible assets from acquisition and separation costs		**—**	43,665	650
Share-based compensation		**3,809**	2,871	2,070
Separation and reorganization costs		**4,672**	13,208	—
Gain on sale of business		**(341,817)**		
Provision (recovery) of income taxes		**75,626**	(7,542)	8,160
Adjusted operating income before tax	B	**26,125**	33,485	37,443
Provision for taxes applicable to adjusted operating income	C	**6,417**	8,261	8,612
After-tax adjusted operating income	D = B - C	**19,708**	25,224	28,831
Cumulative preferred share dividends during the period	E	**2,119**	—	—
After-tax adjusted operating income attributable to common shareholders	F = D - E	**17,589**	25,224	28,831
Selected statement of financial position amounts				
Finance receivables, before allowance for credit losses	G	**1,601,703**	3,402,068	3,121,889
Allowance for credit losses	H	**5,746**	14,089	17,855
Earning assets				
Net investment in finance receivable	I	**1,595,401**	3,386,425	3,107,239
Equipment under operating leases	J	**2,549,073**	2,618,612	2,551,178
Total earning assets	K = I + J	**4,144,474**	6,005,037	5,658,417
Average earning assets, net	L	**5,904,572**	5,778,545	5,805,852
Goodwill and intangible assets	M	**4,628**	5,200	31,263
Accounts payable and accrued liabilities	N	**124,554**	84,252	49,311
Secured borrowings	O	**4,207,892**	4,504,591	4,383,876
Average debt	P	**4,466,917**	4,383,449	4,324,573
Total shareholders' equity	Q	**1,939,382**	1,827,171	1,502,001
Preferred shares	R	**97,315**	97,315	—
Common shareholders' equity	S = Q - R	**1,842,067**	1,729,856	1,502,001
Key operating ratios				
Leverage ratios				
Financial leverage ratio	O/Q	**2.17**	2.47	2.92
Tangible leverage ratio	O/(Q-M)	**2.17**	2.47	2.98
Other key operating ratios				
Allowance for credit losses as a percentage of finance receivables	H/G	**0.36%**	0.41%	0.57%
Adjusted operating income before tax annualized on average earning assets	B/L	**1.77%**	2.32%	2.58%
Per share information				
Weighted average number of shares outstanding [basic]	T	**387,302,206**	386,928,634	386,134,550
Net income per share [basic]	(A-E)/T	**$0.73**	-$0.05	$0.07
Before tax adjusted income per share [basic]	B/T	**$0.07**	$0.09	$0.10
After-tax adjusted income per share [basic]	D/T	**$0.05**	$0.07	$0.07

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

(in 000's)		For the three-month period ended March 31, 2017	December 31, 2016	March 31, 2016
Reported and adjusted income measures on continuing operations				
Net income (loss)	A	**11,483**	(20,124)	16,351
Adjustments:				
Impairment and amortization of intangible assets from acquisition and separation costs		**—**	43,665	650
Share-based compensation		**2,838**	2,197	1,744
Separation and reorganization costs		**3,300**	8,651	—
Provision (recovery) of income taxes		**2,797**	(5,916)	5,022
Adjusted operating income before tax	B	**20,418**	28,473	23,767
Provision for taxes on adjusted operating income	C	**4,209**	6,322	3,322
After-tax adjusted operating income	D = B - C	**16,209**	22,151	20,445
Cumulative preferred share dividends during the period	E	**2,119**	—	—
After-tax adjusted operating income attributable to common shareholders	F = D - E	**14,090**	22,151	20,445
Average earning assets, net	L	**4,170,440**	4,211,134	4,564,314
Adjusted operating income before tax annualized on average earning assets ratio	B/L	**1.96%**	2.70%	2.08%
Per share information				
Weighted average number of shares outstanding [basic]	T	**387,302,206**	386,928,634	386,134,550
Net income per share [basic]	(A-E)/T	**$0.03**	-$0.05	$0.05
Before-tax adjusted income per share [basic]	B/T	**$0.05**	$0.07	$0.06
After-tax adjusted income per share [basic]	D/T	**$0.04**	$0.06	$0.05

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

		For the three-month period ended		
(in 000's)		**March 31, 2017**	**December 31, 2016**	**March 31, 2016**
Reported and adjusted income measures on discontinued operations				
Net income (loss)	A	**272,352**	1,407	10,212
Adjustments:				
Impairment and amortization of intangible assets from acquisition and separation costs		**(341,817)**	—	—
Share-based compensation		**971**	674	326
Separation and reorganization costs		**1,372**	4,557	—
Provision (recovery) of income taxes		**72,829**	(1,626)	3,138
Adjusted operating income before tax	B	**5,707**	5,012	13,676
Provision for taxes on adjusted operating income	C	**2,208**	1,939	5,290
After-tax adjusted operating income	D = B - C	**3,499**	3,073	8,386
Cumulative preferred share dividends during the period	E	**—**	—	—
After-tax adjusted operating income attributable to common shareholders	F = D - E	**3,499**	3,073	8,386
Average earning assets, net	L	**1,734,132**	1,567,411	1,241,538
Adjusted operating income before tax annualized on average earning assets ratio	B/L	**1.32%**	1.28%	4.41%
Per share information				
Weighted average number of shares outstanding [basic]	T	**387,302,206**	386,928,634	386,134,550
Net income per share [basic]	(A- E)/T	**$0.70**	$0.00	$0.03
Before tax adjusted income per share [basic]	B/T	**$0.02**	$0.02	$0.04
After tax adjusted income per share [basic]	D/T	**$0.01**	$0.01	$0.02

ECN CAPITAL

Updated Share Information

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

As at May 10, 2017, the Company had 388,346,383 common shares, 32,185,805 options and 4,000,000 Series A preferred shares issued and outstanding.

This Management's Discussion and Analysis is dated as of the close of business on May 10, 2017.

ecncapitalcorp.com