ECN CAPITAL

Management Discussion & Analysis

MARCH 31, 2018

The following management discussion and analysis ("MD&A") provides information management believes is relevant to an assessment and understanding of the financial condition and results of operations of ECN Capital Corp. (the "Company" or "ECN Capital") as at and for the three months ended March 31, 2018, in comparison to the corresponding prior year period. This MD&A, which has been prepared as of May 8, 2018, is intended to supplement and complement the condensed unaudited interim consolidated financial statements and notes thereto, prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB"), for the three-month period ended March 31, 2018 (the "interim consolidated financial statements"), which readers are encouraged to review in conjunction with their review of this MD&A. This MD&A should be read in conjunction with the Company's audited consolidated financial statements for the two years year ended December 31, 2017 and 2016 and the related MD&A. Additional information relating to the Company, including the Company's Annual Information Form, is available on SEDAR at www.sedar.com and on the Company's website at www.ecncapitalcorp.com.

Changes in functional and presentation currency

Effective January 1, 2018, the Company changed its presentation and functional currency to U.S. dollars from Canadian dollars. These changes were made to better align the Company's reported results with it's current business activities and operating environment and coincided with the wind down and sale of its Canadian C&V Finance business in January 2018.

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

Cautionary Statement

This analysis has been prepared taking into consideration information available to May 8, 2018. 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, dependence on financing its business through funding commitments and the sale of loan portfolios to banks and other financial institutions, inability to recover receivables, competition, interest rates, regulation, demand for financing in the specialty finance sector, 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

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Overview

ABOUT ECN

ECN Capital Corp. [“ECN Capital” or the “Company”] is an independent financial services company that is an originator, asset manager and business adviser to United States ("U.S.") and Canadian based financial institutions (our "Bank Partners"). The Company's legacy businesses originate a broad range of equipment and capital assets by way of secured loans, financial leases, conditional sales contracts, and operating leases. Headquartered in Toronto, the registered office is located at 181 Bay Street, Suite 2830, Toronto, Ontario, Canada. ECN Capital has approximately 450 employees and operates in Canada and the United States. The Company is a public corporation and trades on the Toronto Stock Exchange under the symbol “ECN”.

As a result of the completion of the sale of the Company's Canada C&V Finance business in the first quarter of 2018 and the business acquisitions completed in 2017, the Company's business operations will be conducted primarily in U.S. dollars. Consequently, effective January 1, 2018, the Company has changed its functional and presentation currency to U.S. dollars. See note 2 of the March 31, 2018 interim condensed consolidated financial statements for further details.

CURRENT BUSINESSES

ECN Capital’s core business services is conducted through its Home Improvement and Manufactured Housing business segments. The Company also has two legacy business segments: Rail Finance and Aviation Finance. In addition, beginning in the first quarter of 2018, the Company has introduced a Corporate segment to reflect the operating results from the corporate office. Consequently, corporate office costs are not allocated to any of the business segments. This structure reflects the continuing strategic transformation of ECN Capital away from its legacy on balance sheet lending businesses to its new core asset light business model, providing business services to our Bank Partners and manufacturer and dealer partners. In addition, only interest expense on debt used directly in the business is reflected in the business segment results. Interest expense attributable to outstanding balances on the senior credit facility that has been used to fund acquisitions and other corporate development activity, as well as all standby charges on the facility, are reflected in the Corporate segment. The corporate office, which was previously integrated into the legacy businesses, is transitioning to a lean organizational structure that is focused on public company reporting and governance, treasury and capital allocation, managing the Company’s key capital markets relationships and ensuring value added synergies are realized in our core operating businesses. Our internal management reporting framework has been revised to reflect this operating model, and allows the Company to measure the performance of each business segment as a stand-alone business. This approach is intended to ensure that our business segments’ results include all applicable revenue and expenses associated with the conduct of their business and depicts how management views those results.

Business Services Segments:

Home Improvement

The Home Improvement segment is an important strategic business segment to the Company, and was formed on completion of the Service Finance Company LLC ("Service Finance") acquisition on September 7, 2017. Founded in 2004, Service Finance originates, sells and services primarily prime and super-prime retail installment contracts to finance home improvement projects in the U.S. Originations are sourced through national vendor programs with high quality manufacturers and dealers. Originations are subsequently sold to third party financial institutions without recourse, and Service Finance retains the exclusive right to service all retail installment contracts that it originates. Service Finance currently has 15 financial institutions as funding counterparties.

Manufactured Housing Finance

The Manufactured Housing segment was formed on December 29, 2017 in connection with the completion of the acquisition of Triad Financial Services, Inc. ("Triad"). Founded in 1959, Triad is the oldest manufactured housing finance company in the U.S. It originates, sells, and manages primarily prime and super-prime loans to consumers for the purchase of manufactured homes throughout the U.S. with limited recourse. Originations are sourced through a national network of dealers and manufacturers and are sold to an established network of over 40 banks and credit unions. In addition to originating prime loans, Triad manages manufactured housing portfolios for third party owners.

Legacy Business Segments:

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.

In Q3 2017, the Company completed two transactions in which it sold approximately US$1.15 billion of railcar assets, representing 65% of the Company's total rail portfolio ("Railcar Dispositions"). These dispositions have allowed the Company to right-size its railcar portfolio, which will continue to provide a core asset with strong after-tax cash flows, while releasing capital that can be redeployed into new businesses with the potential for higher yields. The Company discontinued its direct rail operation and rolled all of its internally managed railcar assets into a servicing agreement with Trinity Industries, Inc. ("Trinity"). Trinity is now responsible for performing operating maintenance and servicing on behalf of the Company in respect of all the Company's railcar assets. This will enable the Company to match its operating cost structure to the size of its portfolio going forward.

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. Following a strategic review of the Aviation Finance Business in February 2016, the Company decided to discontinue originations of aviation finance assets onto its balance sheet and to sell or manage to maturity its portfolio of assets. In 2018, the Company will continue to seek portfolio sale opportunities to accelerate the wind-down.

BUSINESS STRATEGY

Over the last year, the Company has executed on a new robust asset light business strategy. Specifically, the Company has transformed from a leading North American on balance sheet commercial finance business into an asset light business services provider to a growing base of US financial institution, manufacturer and dealer partners. Our Home Improvement and Manufactured Housing business segments originate, manage, service and advise on portfolios of prime consumer financial assets. These portfolios have yield and credit characteristics that have both delivered superior risk-adjusted returns to our Bank Partners and facilitate sales for our manufacturer and dealer partners. Our business strategy is driven by certain key parameters: (i) focus on business service providers that originate, manage and advise on prime US consumer financial assets;(ii) superior credit management; (iii) maintaining access to committed funding from our network of Bank Partners; and (iv) maintaining an asset light model with a core focus of partnership with financial institutions and not as competitors for financial assets that we originate.

Each of the Company's business acquisitions have been made within these parameters and have demonstrated each of the following value propositions:

- Established originator / manager / adviser of prime consumer credit with a history of strong performance across business cycles;
- Enduring barriers to entry through proprietary intellectual capital, strong long-term relationships with its Bank Partners and manufacturer and dealer partners, customer loyalty and regulatory constraints;
- Excellent credit quality history and history of excellence in providing managerial and advisory services;
- Capital-light businesses with solid growth profiles;
- Scalable platforms with established operations and information technology

To enhance the asset light business services strategy, the Company provides its core business segments with the capital, knowledge and scale to help grow their businesses within their large addressable markets. The Company is equally focused on expanding and deepening its relationships with its network of Bank Partners and ensuring that these partners are leveraged across each of our core businesses.

Key Business Developments

The Company remains committed to its strategy of divesting legacy businesses and redeploying capital into higher return, higher growth businesses that require less capital. Our key developments in support of this strategy are outlined below.

M&A DEVELOPMENTS

Acquisition of The Kessler Group

On May 10, 2018, the Company entered into a definitive agreement to invest in The Kessler Group ("Kessler"). Kessler is the market leader in managing, advising and structuring credit card and other consumer portfolios for credit card issuers, banks, credit unions, processors and payment networks. Under the terms of the agreement, the Company will invest $221.2 million in Kessler. In addition, the Company has entered into an incentive compensation plan with senior management that will be based on the achievement of a prescribed rate of return on average equity over the next five years.

Sale of Canada C&V Finance Assets

On January 31, 2018, the Company closed the previously announced sale of the Company's Canada C&V Finance assets to CWB Financial Group for cash proceeds of approximately C$850 million. The Company recorded a loss of C$10.7 million after-tax in the fourth quarter of 2017 as a result of the transaction, primarily due to the write-off of associated goodwill, break fees on financing arrangements and employee severance costs. In the first quarter of 2018, the Company recognized income from discontinued operations of approximately $1.6 million from these assets prior to the closing of the transaction.

CORPORATE FINANCE DEVELOPMENTS

Substantial Issuer Bid

On April 16, 2018 the Company completed its modified “Dutch auction” substantial issuer bid (“SIB”) to purchase for cancellation up to C$115 million of its outstanding common shares from shareholders for cash. The Company purchased 31,944,444 shares at a purchase price of C$3.60 per share for an aggregate purchase price of approximately C$115 million excluding fees and expenses. After giving effect to the SIB, the Company had approximately 330,149,996 shares issued and outstanding.

Normal Course Issuer Bid

In the first quarter of 2018, the Company purchased 15,543,538 common shares for a total of C$58.5 million or C$3.76 per common share pursuant to a Normal Course Issuer Bid ("NCIB") that was launched on June 29, 2017. Under the NCIB, the Company may repurchase up to 36,999,219 common shares, representing approximately 10% of the "public float" as at June 29, 2017. In total, the Company has repurchased 26,694,614 common shares under the NCIB for a total of C$101.5 million or $3.80 per common share.

Results of Operations

OPERATING HIGHLIGHTS FOR THE QUARTER

1. Adjusted net income[1] for the quarter ended March 31, 2018 was $7.5 million or $0.02 per share. Adjusted net income applicable to common shareholders was $0.01 per share for the quarter ended March 31, 2018 which was in line with our 2018 budget. Including the results of our Canada C&V Finance segment, adjusted net income applicable to common shareholders was $0.02 per share for the first quarter 2018.

2. Net income from continuing operations (before preferred dividends) in the first quarter on a reported basis was $2.2 million.

3. Total originations for the quarter ended March 31, 2018 were $349.2 million compared to $249.4 million in the fourth quarter of 2017. The increase primarily reflects the impact of the new Manufactured Housing Finance business segment, as well as an increase in originations in the Home Improvement segment.

4. Average earning assets - owned[2] for the quarter ended March 31, 2018 were $1,167 million, versus $2,460 million in the comparable quarter ended March 31, 2017. The decrease in average earning assets owned primarily reflects the Railcar Dispositions and, to a lesser extent, the Company's decision to no longer originate assets in the Aviation vertical. Average earning assets - managed[2] in the first quarter were $3,151 million, compared to $1,078 million in the fourth quarter of 2017. The increase is primarily due to the addition of Manufactured Housing Finance portfolio for a full quarter.

5. Book value per share was $3.58 (C$4.61)as at March 31, 2018 compared to $3.56 (C$ 4.47) as at December 31, 2017.

1. Adjusted net income is a non-IFRS measure. Please refer to the "Reconciliation of Non-IFRS to IFRS Measures" section in this MD&A for a reconciliation to net income

2. Average earning assets - owned and average earning assets - managed are non-IFRS measures. Please refer to the "Non-IFRS and Other Performance Measures" section of this MD&A for a definition of these measures.

The following table sets forth a summary of the Company's consolidated results from continuing operations for the three month periods ended March 31, 2018, December 31, 2017 and March 31, 2017 to be read with the Company's interim condensed consolidated financial statements for the same periods.

	For the three-month period ended		
	March 31, 2018	December 31, 2017	March 31, 2017
(in 000's for stated values, except percent, ratio and per share amounts)	$	$	$
Select metrics			
Originations	**349,166**	249,369	31,002
Average earning assets - Owned (1)	**1,167,430**	1,102,645	2,460,275
Average earning assets - Managed (1)	**3,151,081**	1,077,666	—
Average earning assets - Owned and Managed (1)	**4,318,511**	2,180,311	2,460,275
Period end earning assets - Owned	**1,259,534**	1,293,606	2,400,950
Period end earning assets - Managed	**3,221,523**	3,080,639	—
Period end earning assets - Owned and Managed	**4,481,057**	4,374,245	2,400,950
Net income			
Origination revenue	**13,432**	6,874	—
Servicing revenue	**8,580**	6,844	—
Interest income and rental revenue, net (1)	**14,126**	13,379	36,947
Other revenue	**3,120**	5,366	4,235
	39,258	32,463	41,182
Interest expense	**8,306**	7,974	19,220
	30,952	24,489	21,962
Provision for credit losses	**52**	57	88
Net financial income	**30,900**	24,432	21,874
Operating expenses	**21,771**	13,460	9,407
Adjusted operating income (1)	**9,129**	10,972	12,467
Non-operating items:			
Share-based compensation	**3,410**	4,611	1,616
Amortization of intangibles	**3,154**	2,615	—
Business acquisition costs	**250**	2,368	—
Separation and reorganization costs	**—**	5,113	1,947
Asset valuation reserve	**—**	19,694	—
	6,814	34,401	3,563
Net income (loss) before income taxes from continuing operations	**2,315**	(23,429)	8,904
Income tax expense (recovery)	**161**	(21,688)	1,144
Net income (loss) from continuing operations	**2,154**	(1,741)	7,760
Net income (loss) from discontinued operations	**1,137**	(6,513)	89,471
Net income (loss) for the period	**3,291**	(8,254)	97,231
Weighted Average number of shares outstanding [basic]	**366,016**	381,670	387,302
Earnings (Loss) per share [basic] - continuing operations	**$0.00**	-$0.01	$0.02
Non-IFRS Measures			
Adjusted operating results:			
Adjusted operating income before tax (1)	**9,129**	10,972	12,467
Adjusted net income (1)	**7,454**	10,842	10,805
Adjusted net income applicable to common shareholders (1)	**4,934**	8,335	9,203
Adjusted net income per share [basic] (1)	**$0.02**	$0.03	$0.03
Adjusted net income applicable to common shareholders per share [basic] (1)	**$0.01**	$0.02	$0.02

(1) For additional information, see descriptions in the "Non-IFRS and Other Performance Measures" section.

The following discussion relates to the results of operations for the three month periods ended March 31, 2018, December 31, 2017, and March 31, 2017, presented on a continuing operations basis.

Q1 2018 vs Q4 2017 AND Q1 2017

The Company reported consolidated net income of $3.3 million for the quarter ended March 31, 2018, which is comprised of income from continuing operations of $2.2 million and a income from discontinued operations of $1.1 million. This compares to the net loss of $8.3 million and net income of $97.2 million for the three-month periods ended December 31, 2017 and March 31, 2017, respectively. Net income from continuing operations in the current quarter includes $3.2 million in amortization of intangible assets related to the acquisitions of Service Finance and Triad. The net loss for the immediately preceding previous quarter reflected the after-tax asset valuation reserve of $14.5 million in Aviation Finance, an after-tax restructuring provision of $3.8 million related to the reduction of its corporate office due to the continuing transformation of the Company's business, the after-tax amortization of intangible assets related to the acquisition of Service Finance of $1.6 million and after-tax business acquisition costs of $1.5 million related to the Triad acquisition. Net income in the first quarter of the prior year largely reflects a pre-tax $141.1 million gain on the sale of our US C&V Finance business.

Adjusted net income[1] and adjusted net income per share[1] was $7.5 million or $0.02, respectively, for the quarter ended March 31, 2018, compared to $10.8 million or $0.03 for the immediately preceding quarter and $10.8 million and $0.03 for the same prior year quarter. Adjusted operating income before tax[1] was $9.1 million for the quarter ended March 31, 2018, compared to $11.0 million in the immediately preceding quarter and $12.5 million in the comparable prior year quarter. The decrease in adjusted operating income before tax[1] compared to the quarter ended December 31, 2017 reflects higher corporate costs and lower earnings from Rail Finance, largely offset by a full quarter of operating results from the Company's Manufactured Housing Finance segment.

The Company reported total originations of $349.2 million in the first quarter of 2018, compared to $249.4 million in the immediately preceding quarter and $31.0 million in the same prior year quarter. Current quarter originations include $241.7 million from the Home Improvement segment and $94.0 million from the Manufactured Housing Finance segment.

Net financial income of $30.9 million in the current quarter was up 26.5% compared to the immediately preceding quarter and up 41.3% from the same prior year quarter. The increase compared to the fourth quarter of 2017 primarily reflects the impact of the Manufactured Housing Finance segment. The increase from the first quarter of 2017 reflects the impact of the Company's Home Improvement and Manufactured Housing Finance segments, which more than offset lower earnings in Rail Finance and Aviation Finance.

Operating expenses were $21.8 million in the current quarter, compared to $13.5 million for the prior quarter and $9.4 million in the first quarter of 2017. Higher operating expenses compared to the fourth quarter 2017 are primarily due to the inclusion of a full quarter of Manufactured Housing Finance operating expenses, and higher corporate expenses as the Company continues to pursue M&A opportunities.

1. This is a non-IFRS measure. Please refer to "Non-IFRS and Other Performance Measures" in this MD&A for a reconciliation to net income.

The table below illustrates the Company's operating expenses for the first quarter 2018 and comparative periods:

	March 31, 2018	December 31, 2017	March 31, 2017
Home Improvement	**6,008**	5,250	—
Manufactured Housing	**6,055**	—	—
Rail	**1,418**	1,483	3,800
Aviation	**952**	1,422	2,102
Business unit operating expenses	**14,433**	8,155	5,902
Corporate operating expenses	**7,338**	5,305	3,505
Total operating expenses	**21,771**	13,460	9,407

Income tax expense was $0.2 million in the first quarter of 2018 for an effective tax rate of 7% compared to a tax recovery of $21.7 million, in the fourth quarter 2017 and tax expense of $1.1 million in the comparable prior year quarter. Our effective tax rate in the first quarter 2018 was impacted by U.S. tax legislation enacted on December 22, 2017, which reduced the federal corporate tax rate from 35% to 21% effective January 1, 2018, and also reflected the tax impact of non-operating items totaling $6.8 million in the quarter. The effective tax rate on adjusted operating income for first quarter 2018 is 18.35%.

Business Segment Results

RESULTS OF HOME IMPROVEMENT OPERATIONS

The following table sets forth a summary of the Company's select metrics and results from the Home Improvement operations, for the three-month periods ended March 31, 2018 and December 31, 2017.

	For the three-month period ended	
	March 31, 2018	December 31, 2017
(in 000's for stated values, except percent amounts)	**$**	$
Select metrics		
Originations	**241,700**	213,360
Managed Assets, Period End	**1,217,757**	1,122,088
Managed Assets, Period Average	**1,169,923**	1,077,666
Operating results		
Revenue	**14,759**	13,903
Operating expenses (excluding depreciation)	**5,952**	5,193
EBITDA	**8,807**	8,710
Interest & depreciation expense	**443**	120
Adjusted operating income before tax	**8,364**	8,590

Home Improvement Segment

In the first quarter, the Company's Home Improvement segment generated approximately $242 million in originations, which represents an increase of over 79% from what this segment did in the comparable quarter in 2017, and 144% higher than the comparable quarter in 2016, and an increase of over 13% compared to the seasonally higher fourth quarter of 2017. Total originations included solar originations for a discrete bank partner relationship launched in the first quarter.

Historically, originations have followed a seasonal pattern. This is illustrated in the table below which shows originations by quarter for 2016 through 2018:

Core Originations (US$ millions)[1]								
Q1, 2016	Q2, 2016	Q3, 2016	Q4, 2016	Q1, 2017	Q2, 2017	Q3, 2017	Q4, 2017	Q1, 2018
99	143	167	138	135	221	249	213	242

(1) Includes results from periods prior to the Company's acquisition of Service Finance on September 7, 2017.

EBITDA and adjusted operating income before tax were $8.8 million and $8.4 million respectively, compared to $8.7 million and $8.6 million recorded in the seasonally stronger fourth quarter of 2017, and in line with our internal forecast for the first quarter of 2018. Operating margins were down compared to the fourth quarter. As previously disclosed, revenue yields will vary by channel. Specifically, originations under the solar program have a lower fee structure than the core business, but add incremental profitability. Operating margins were also impacted by an increase in operating expenses related to the development and build out of new revenue origination channels.

Origination growth is an indicator of revenue and overall profitability, but the mix between core in-home originations and new channel originations will change over time. Adjusted operating income before tax remains the Company's main focus and measure of profitability and success of the business segment. The Company maintains its 2018 outlook of $1.365 billion in originations and $55 million in adjusted operating income before tax. Please see the table below for the Company's 2018 outlook for the Home Improvement segment.

Home Improvement Segment 2018 Outlook

Select Metrics (US$ millions)	
Core In-Home Originations	**1,135**
New Channels Originations	**230**
Total Originations	**1,365**
Managed Assets (Year-End)	**1,860**
Income Statement (US$ millions)	
Revenue	**81**
EBITDA	**59**
Adjusted Operating Income Before Tax	**55**

RESULTS OF MANUFACTURED HOUSING FINANCE OPERATIONS

The following table sets forth a summary of the Company's select metrics and results from the Manufactured Housing Finance operations, for the three-month periods ended March 31, 2018.

(in 000's for stated values, except percent amounts)	For the three-month period ended March 31, 2018 $
Select metrics	
Originations	**94,018**
Managed Assets, Period End	**2,003,766**
Managed Assets, Period Average	**1,981,159**
Operating results	
Revenue	**8,455**
Operating Expenses (excluding depreciation)	**5,941**
EBITDA	**2,514**
Interest and depreciation expense	**142**
Adjusted operating income before tax	**2,372**

Manufactured Housing Finance

Originations in the first quarter of 2018 were impacted by the fact that the U.S. Federal Emergency Management Agency ("FEMA") shipments, which played an important role in the recovery from hurricanes Harvey and Irma, absorbed a significant proportion of industry capacity to complete homes for the consumer. Under the Defense Production Act, FEMA has priority with manufacturers to assist with recovery efforts. Originations were also impacted by the severe winter weather in the U.S., which led to a significant delay in the completion and setup of homes. The loss of production capacity and the severe winter have led to a temporary buildup of approved and fully documented loans awaiting funding, which now totals approximately $22 million or double its normal balance. Despite these issues, the Manufactured Housing Finance segment generated approximately $94 million in loan originations, above the $92 million in originations in the comparable prior year quarter. The FEMA production supply and weather factors are now largely behind and we expect the backlog to clear by the end of the second quarter. Early indications are that the second quarter results will be positive as both originations and adjusted operating income before tax are up significantly compared to Triad's results in April 2017.

Traditionally, this business is impacted by seasonality. This is illustrated in the table below which shows originations by quarter for 2016 through 2018:

Core Originations (US$ millions)[1]								
Q1, 2016	Q2, 2016	Q3, 2016	Q4, 2016	Q1, 2017	Q2, 2017	Q3, 2017	Q4, 2017	Q1, 2018
74	113	117	104	92	126	129	119	94

(1) Includes results from periods prior to the Company's acquisition of Triad on December 29, 2017.

EBITDA and adjusted operating income before tax were $2.5 million and $2.4 million, in the first quarter of 2018. Revenue yields were in line with our expectations and we expect to meet our full year guidance for both originations and adjusted operating income before tax, as originations pick up in the traditionally busy second and third quarters. There is no change in the Company's 2018 outlook for the Manufactured Housing Finance segment.

Manufactured Housing Finance 2018 Outlook

Select Metrics (US$ millions)	
Total Originations	**530**
Managed assets, period end	**2,310**
Income Statement (US$ millions)	
Revenue	**46**
EBITDA	**21**
Adjusted Operating Income Before Tax[1]	**20**

(1) Not inclusive of interest expense

RESULTS OF RAIL FINANCE OPERATIONS

The following table sets forth a summary of the Company's select metrics and results from the Rail Finance operations, for the three-month periods ended March 31, 2018, December 31, 2017 and March 31, 2017.

	For the three-month period ended		
	March 31, 2018	December 31, 2017	March 31, 2017
(in 000's for stated values, except percent amounts)	**$**	$	$
Select metrics			
Originations	**13,448**	36,009	31,002
Average earning assets - Owned (1)	**687,541**	638,560	1,728,419
Operating results			
Net rental revenue	**8,073**	7,478	27,629
Other revenue	**26**	2,853	1,744
	8,099	10,331	29,373
Interest expense	**2,927**	2,957	12,810
	5,172	7,374	16,563
Provision for credit losses	**—**	—	—
Net financial income	**5,172**	7,374	16,563
Operating expenses	**1,418**	1,483	3,800
Adjusted operating income before tax	**3,754**	5,891	12,763
Select operating ratios (2)			
Net rental revenue	**4.70%**	4.68%	6.39%
Other revenue	**0.02%**	1.79%	0.40%
	4.71%	6.47%	6.80%
Interest expense	**1.70%**	1.85%	2.96%
Provision for credit losses	**—%**	—%	—%
Net financial income	**3.01%**	4.62%	3.83%
Operating expenses (1)	**0.82%**	0.93%	0.88%
Adjusted operating income before tax	**2.18%**	3.69%	2.95%

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

Rail Finance

The Company's Rail Finance business unit reported adjusted operating income before tax of $3.8 million for the quarter ended March 31, 2018 compared to $12.8 million for the comparable prior year period and $5.9 million for the immediately preceding quarter. The decrease in segment income compared to the same prior year period was primarily due to the impact of the sale of approximately 65% of our railcar portfolio in third quarter 2017. The decrease compared to the immediately preceding quarter is largely due to the fact that there was no syndication income in the first quarter of 2018. We expect to complete a syndication that will generate income during the second quarter.

ECN Capital continues to be disciplined in building its Rail portfolio. To this end, total originations in the Rail Finance segment were $13.4 million in the quarter ended March 31, 2018 compared to $31.0 million for the comparable prior year period and $36.0 million in the immediately preceding quarter. Average earning assets were $687.5 million in the quarter ended March 31, 2018 compared to the $1,728.4 million reported in the comparable prior year quarter and $638.6 million in the immediately preceding quarter. The increase in average earning assets from the fourth quarter of 2017 reflects the impact of the railcar purchases made in the fourth quarter of 2017 and in the first quarter of 2018. The decrease in average earning assets from the comparable prior year period is primarily due to the Railcar Dispositions.

Net rental revenue was $8.1 million in the quarter ended March 31, 2018 compared to $27.6 million in the comparable prior year period and $7.5 million in the immediately preceding quarter. The decrease in net interest and rental income in the more current periods was primarily due to the Railcar Dispositions, while the slight increase from the immediately preceding quarter reflects the increase in average earning assets that occurred between these periods. The decrease in yield, excluding syndication and other income, to 4.70% from 6.39% in the comparable prior year quarter is also primarily due to the impact of the Railcar Dispositions. These dispositions enabled the portfolio to transition from higher risk and higher yielding crude-by-rail tank cars to lower yielding freight cars. The current period yield was consistent with the 4.68% yield realized in the fourth quarter of 2017.

The new operations agreement with Trinity will enable the Company to right-size portfolio operating costs in 2018. The Company expects the current trend of rising car loads, declining new railcar production and fewer stored railcars to continue to reduce excess capacity, which should result in a gradual improvement in lease renewal rates relative to current renewal rates. There is no change in our 2018 outlook for the Rail Finance segment.

Rail Finance 2018 Outlook

Select Metrics (US$ millions)	
Average Earning Assets	**670**
Income Statement	
Net Financial Revenue[1]	**37**
Adjusted Operating Income Before Tax[2]	**21**

(1) Inclusive of syndication and other income
(2) Includes only securitized interest expense

RESULTS OF AVIATION FINANCE OPERATIONS

The following table sets forth a summary of the Company's select metrics and results from the Aviation Finance operations, for the three-month periods ended March 31, 2018, December 31, 2017 and March 31, 2017.

	For the three-month period ended		
	March 31, 2018	December 31, 2017	March 31, 2017
(in 000's for stated values, except percent amounts)	**$**	$	$
Select metrics			
Originations	**—**	—	—
Average earning assets - Owned (1)	**441,297**	464,085	731,856
Operating results			
Interest income and rental revenue, net	**6,053**	5,901	9,318
Other revenue	**(285)**	(484)	818
	5,768	5,417	10,136
Interest expense	**—**	168	591
	5,768	5,249	9,545
Provision for credit losses	**52**	57	88
Net financial income	**5,716**	5,192	9,457
Operating expenses	**952**	1,422	2,102
Adjusted operating income before tax	**4,764**	3,770	7,355
Select operating ratios (2)			
Interest income and rental revenue, net	**5.49 %**	5.09 %	5.09%
Other revenue	**(0.26)%**	(0.42)%	0.45%
	5.23 %	4.67 %	5.54%
Interest expense	**— %**	0.14 %	0.32%
Provision for credit losses	**0.05 %**	0.05 %	0.05%
Net financial income	**5.18 %**	4.48 %	5.17%
Operating expenses (1)	**0.86 %**	1.23 %	1.15%
Adjusted operating income before tax	**4.32 %**	3.25 %	4.02%

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

Aviation Finance

The Company's Aviation Finance business unit reported before-tax adjusted operating income of $4.8 million for the three-month period ended March 31, 2018 compared to $7.4 million for the comparable prior year periods and $3.8 million in the immediately preceding quarter. The decrease in segment income compared to the first quarter of 2017, primarily reflects the continued runoff of the aviation portfolio after the decision to discontinue new originations in the first quarter of 2016. The increase in the adjusted operating income before tax compared to the fourth quarter of 2017 reflects the impact of higher maintenance costs incurred in fourth quarter 2017 and the benefit of positive rate adjustments on various transactions in first quarter 2018.

There is no change for the Company's 2018 outlook for the Aviation Finance segment.

ECN CAPITAL

Aviation Finance 2018 Outlook

Select Metrics (US$ millions)	
Average Earning Assets	**460**
Income Statement	
Net Financial Revenue[1]	**22**
Adjusted Operating Income Before Tax [2]	**19**

(1) Inclusive of syndication and other income
(2) Not inclusive of interest expense

RESULTS OF CORPORATE SEGMENT

The following table sets forth a summary of the Company's select metrics and results from the Corporate segment, for the three-month periods ended March 31, 2018, December 31, 2017 and March 31, 2017.

	For the three-month period ended		
	March 31, 2018	December 31, 2017	March 31, 2017
(in 000's for stated values, except percent amounts)	**$**	**$**	**$**
Operating results			
Other revenue	**2,177**	2,812	1,673
	2,177	2,812	1,673
Interest expense	**4,964**	4,786	5,819
Net financial income	**(2,787)**	(1,974)	(4,146)
Operating expenses	**7,338**	5,305	3,505
Adjusted operating income before tax	**(10,125)**	(7,279)	(7,651)

(1) For additional information, see descriptions in the "Non-IFRS and Other Performance Measures" section.

Corporate

Other revenue was $2.2 million for the quarter compared to $2.8 million for fourth quarter 2017. Other revenue primarily consists of interest on non-core loans and leases and the decrease in the quarter reflects the wind-down of this portfolio.

The Company's Corporate operations for the three-month period ended March 31, 2018 included operating expenses of $7.3 million compared to operating expenses in the fourth quarter of 2017 of $5.3 million and $3.5 million in the first quarter of 2017. The increase in operating expenses compared to the fourth quarter of 2017 is generally a result of higher compensation expense and ongoing M&A activity. No transactions were closed in the first quarter of 2018, compared to one transaction in the fourth quarter of 2017, which resulted in a portion of the M&A costs being expensed as business acquisition costs.

Financial Position

The following tables set forth a summary of the Company's balance sheet, including a breakdown by vertical, as at March 31, 2018, December 31, 2017 and March 31, 2017.

	March 31, 2018					
(in 000's for stated values, except percentage amounts)	Home Improvement $	Manufactured Housing $	Rail $	Aviation $	Corporate $	Total $
Assets						
Finance assets						
Finance receivables	62,852	14,333	5,012	250,528	63,046	**395,771**
Asset held-for-sale	—	—	—	—	7,673	**7,673**
Equipment under operating leases	—	—	691,805	171,958	—	**863,763**
Total finance assets	62,852	14,333	696,817	422,486	70,719	**1,267,207**
Retained reserve interest	—	18,752	—	—	—	**18,752**
Goodwill and intangible assets	352,154	66,765	—	—	24	**418,943**
Deferred tax assets	—	—	—	—	32,495	**32,495**
Other assets and investments	39,501	37,505	60,492	93,706	126,929	**358,133**
Total Assets	**454,507**	**137,355**	**757,309**	**516,192**	**230,167**	**2,095,530**
Liabilities						
Debt	75,921	11,801	289,181	—	166,818	**543,721**
Other liabilities	1,948	23,057	3,856	1,967	79,367	**110,195**
Total Liabilities	**77,869**	**34,858**	**293,037**	**1,967**	**246,185**	**653,916**
Earning Assets - Owned and Managed						
Earning assets - owned	62,852	14,333	696,817	422,486	63,046	**1,259,534**
Earning assets - managed	1,217,757	2,003,766	—	—	—	**3,221,523**
Total Earning Assets - Owned and Managed	**1,280,609**	**2,018,099**	**696,817**	**422,486**	**63,046**	**4,481,057**

Total finance assets for continuing operations were $1,267 million on March 31, 2018 compared to $1,294 million at December 31, 2017, and $2,401 million at March 31, 2017. The decrease compared to the prior quarter reflects lower aviation assets due to the sale of an aircraft that was previously an operating lease and the continued pay down of finance receivables in the Corporate segment. The decrease compared to the prior year reflects the impact of the Railcar Dispositions and the runoff of the aviation portfolio.

Earning assets - managed of $3,222 million as at March 31, 2018 reflects servicing assets of $1,218 million in the Home Improvement segment and the $2,004 million off-balance sheet loan portfolio in the Manufacturing Housing Finance segment.

Debt from continuing operations of $544 million decreased by $1,760 million compared to March 31, 2017, largely reflecting the ERL II program being transferred to the purchaser as part of the Railcar Dispositions. Debt decreased $599 million over December 31, 2017 which reflects the Railcar Dispositions and the repayment of the senior facility with proceeds from the sale of the Canada C&V Finance business.

(in 000's for stated values, except percentage amounts)	Home Improvement $	Manufactured Housing $	Rail $	Aviation $	Corporate $	Continuing Operations $	Discontinued Operations $	Total $
	December 31, 2017							
Assets								
Finance assets								
Finance receivables	—	—	3,352	264,872	121,666	**389,890**	—	**389,890**
Asset held-for-sale	—	—	—	—	—	**—**	681,919	**681,919**
Equipment under operating leases	—	—	683,318	220,398	—	**903,716**	—	**903,716**
Total finance assets	—	—	686,670	485,270	121,666	**1,293,606**	681,919	**1,975,525**
Retained reserve interest	—	17,999		—	—	**17,999**	—	**17,999**
Goodwill and intangible assets	352,540	62,775	—	—	28	**415,343**	—	**415,343**
Deferred tax assets	—	—	—	—	29,835	**29,835**	—	**29,835**
Other assets and investments	59,334	33,336	55,375	73,085	133,284	**354,414**	—	**354,414**
Total Assets	**411,874**	**114,110**	**742,045**	**558,355**	**284,813**	**2,111,197**	**681,919**	**2,793,116**
Liabilities								
Debt	24,518	—	292,187	—	825,669	**1,142,374**	—	**1,142,374**
Other liabilities	1,408	13,789	2,390	9,305	125,458	**152,350**	—	**152,350**
Total Liabilities	**25,926**	**13,789**	**294,577**	**9,305**	**951,127**	**1,294,724**	**—**	**1,294,724**
Earning Assets - Owned and Managed								
Earning assets - owned	—	—	686,670	485,270	121,666	**1,293,606**	—	**1,293,606**
Earning assets - managed	1,122,088	1,958,551	—	—	—	**3,080,639**	—	**3,080,639**
Total Earning Assets - Owned and Managed	**1,122,088**	**1,958,551**	**686,670**	**485,270**	**121,666**	**4,374,245**	**—**	**4,374,245**

(in 000's for stated values, except percentage amounts)	Rail $	Aviation $	Corporate $	Continuing Operations $	Discontinued Operations $	Total $
	March 31, 2017					
Assets						
Finance assets						
Finance receivables	4,827	479,383	—	**484,210**	715,848	**1,200,058**
Equipment under operating leases	1,707,053	209,687	—	**1,916,740**	—	**1,916,740**
Total finance assets	1,711,880	689,070	—	**2,400,950**	715,848	**3,116,798**
Goodwill and intangible assets	—	—	3,480	**3,480**	—	**3,480**
Deferred tax assets	—	—	14,384	**14,384**	—	**14,384**
Other assets and investments	140,638	65,554	94,757	**300,949**	1,354,753	**1,655,702**
Total Assets	**1,852,518**	**754,624**	**112,621**	**2,719,763**	**2,070,601**	**4,790,364**
Liabilities						
Debt	1,056,061	(1,205)	1,249,290	**2,304,146**	859,920	**3,164,066**
Other liabilities	23,456	7,288	101,267	**132,011**	35,995	**168,006**
Total Liabilities	**1,079,517**	**6,083**	**1,350,557**	**2,436,157**	**895,915**	**3,332,072**

Book Value per Share

	Book value per share (C$)	Book value per share (US$)[1]
September 30, 2016	$4.42	$3.37
December 31, 2016	$4.47	$3.35
March 31, 2017	$4.75	$3.57
June 30, 2017	$4.70	$3.63
September 30, 2017	$4.51	$3.62
December 31, 2017	$4.47	$3.56
March 31, 2018	**$4.61**	**$3.58**

1 - Calculated by dividing the Canadian book value per share by the US$ to C$ exchange rate in effect as at the relevant balance sheet date, except March 31, 2018 the Canadian book value per share is calculated by multiplying the US$ book value per share by the US$ to C$ exchange rate in effect.

As a result of the completion of the sale of the Company's Canada C&V Finance business in the first quarter of 2018 and the acquisitions of Service Finance and Triad, the Company's business operations will be conducted primarily in US dollars. Consequently, effective the first quarter of 2018, the Company is presenting its results in US dollars. This will significantly reduce the impact of foreign exchange rate fluctuations between the Canadian and US dollar on the Company's book value per share.

Delinquencies

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

	March 31, 2018		December 31, 2017		March 31, 2017	
	$	**%**	$	%	$	%
Current	**317,200**	**98.91%**	390,337	99.74%	1,198,239	99.89%
31-60 days past due	**—**	**—%**	710	0.18%	1,097	0.09%
61-90 days past due (1)	**3,481**	**1.09%**	305	0.08%	161	0.01%
Greater than 90 days past due	**—**	**—%**	—	—%	143	0.01%
Total continuing operations	**320,681**	**100.00%**	391,352	100.00%	1,199,640	100.00%

(1) Subsequent to March 31, 2018, the Company has reached an agreement in principal with the borrower to restructure the terms of the loan such that payments will resume and additional collateral will be provided to further secure the loan.

We have one aviation account that went into arrears during the quarter and as at March 31, 2018 was in the 61-90 days past due category. Subsequent to quarter-end, the Company reached an agreement with the borrower to amend the terms of the loan, including the provision of additional collateral, which will allow for payments to resume. Consequently, we expect to recover the full amount of our principal and interest.

Allowance for Credit Losses

Credit losses 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, 2018** **$**	Year ended December 31, 2017 $
Allowance for credit losses, beginning of period	**2,160**	3,482
Opening balance sheet adjustment - IFRS 9	**6,951**	—
Provision for credit losses	**52**	1,639
Charge-offs, net of recoveries	**—**	(2,933)
Impact of foreign exchange	**—**	(28)
Allowance for credit losses, end of period	**9,163**	2,160
Allowance as a percentage of finance receivables	**2.86%**	0.55%

The Company's allowance for credit losses of $9.2 million as at March 31, 2018 represents 2.86% of the finance receivables outstanding, compared to the 0.55% reported at December 31, 2017. The increase during the quarter reflects the impact of the adoption of IFRS 9, effective January 1, 2018, which resulted in a $6.95 million ($5.1 million after tax) increase in provision primarily related to the Aviation Finance business and to a lesser extent, our non-core portfolio reported in our Corporate segment. 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; (iii) funding commitments from an established network of banks and credit unions; and (iv) 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, selling loans that we originate to our funding partners and, when additional capital is required, the Company has access to capital through the issuance of convertible debt, preferred or common shares. The Home Improvement and Manufactured Housing Finance segments have commitments in place to fund their total budgeted loan originations in 2018.

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, 2018, the Company's financial leverage ratio was 0.38:1; well within the most restrictive covenant of 4:1.

The Company's capitalization for continuing operations is calculated as follows:

		As at		
(in 000's for stated values, except for percentage amounts)		**March 31, 2018** **$**	December 31, 2017 $	March 31, 2017 $
Total debt	**(a)**	**543,721**	1,142,374	3,164,066
Shareholders' equity	**(b)**	**1,441,614**	1,498,392	1,458,292
Financial leverage	**(a)/(b)**	**0.38**	0.76	2.17
Goodwill and Intangibles	**(c)**	**418,943**	415,343	3,480
Tangible leverage	**(a)/[(b)-(c)]**	**0.53**	1.05	2.17

The decrease in financial and tangible leverage primarily reflects the repayment of the senior facility with proceeds from the sale of the Canadian C&V Finance business.

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, 2018	December 31, 2017	March 31, 2017
(in 000's)	**$**	$	$
Cash and cash equivalents	**15,928**	17,295	12,032
Senior Facilities			
Facilities	**2,200,000**	2,200,000	2,500,000
Utilized against Facility; Continuing operations	**267,888**	444,681	817,466
Utilized against Facility; Discontinued operations	**—**	—	443,241
	1,932,112	1,755,319	1,239,293
Life Insurance Company Term Funding Facilities			
Facilities	**—**	155,580	269,471
Utilized against Facility	**—**	115,806	186,376
	—	39,774	83,095
Securitization Programs			
Facilities	**—**	318,693	301,275
Facilities; Discontinued operations	**—**	—	675,002
Utilized against Facility	**—**	304,349	255,404
Utilized against Facility; Discontinued operations	**—**	—	420,707
	—	14,344	300,166
Public Asset-Backed Securities			
Facilities	**290,284**	293,481	1,073,233
Utilized against Facility	**290,284**	293,481	1,073,233
	—	—	—
Total available sources of capital, end of period	**1,948,040**	1,826,732	1,634,586
Unutilized Borrowing Facilities (i.e. excl. Cash & Equiv.)	**1,932,112**	1,809,437	1,622,554

The Company had available liquidity of approximately $1.9 billion at March 31, 2018 which was relatively consistent with December 31, 2017. Management believes that the available liquidity of $1.9 billion available to the Company is sufficient to fund operations and growth throughout 2018.

ECN CAPITAL

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, 2018. 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.

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; the timing of the major portfolio acquisitions including the railcar portfolios acquired in June 2015, September 2015, December 2015 and March 2016, and subsequent railcar dispositions in August 2017 and September 2017; syndications; the various new vendor and commercial finance programs and relationships entered into; the decision to discontinue originations of the Aviation Finance assets in February 2016; the sale of the U.S. C&V Finance business in March 2017; the acquisition of Service Finance on September 7, 2017; the acquisition of Triad on December 29, 2017, and the sale of the Canada C&V Finance business on January 21, 2018 and the related presentation of this business as a discontinued operation effective December 31, 2017.

(in $ 000's for stated values, except ratio and per share amounts)	**Q1, 2018**	Q4, 2017	Q3, 2017	Q2, 2017	Q1, 2017	Q4, 2016	Q3, 2016	Q2, 2016
Net financial income	**30,900**	24,432	17,190	19,050	21,874	25,168	24,736	25,791
Adjusted operating income before tax (1)	**9,129**	10,972	8,369	10,504	12,467	18,644	19,031	19,656
Amortization of intangibles	**3,154**	2,615	—	—	—	2,537	20,386	—
Asset valuation reserve	**—**	19,694	—	—	—	30,197	—	—
Share based compensation	**3,410**	4,611	1,370	2,300	1,616	1,276	1,887	1,120
Separation and reorganization costs	**—**	5,113	—	—	1,947	5,119	4,707	—
Business acquisition costs	**250**	2,368	14,940	—	—	—	—	—
Loss (gain) on business disposals	**—**	—	62,827	(1,724)	—	—	—	—
Net income / (loss) before income taxes	**2,315**	(23,429)	(70,769)	9,927	8,904	(20,485)	(7,949)	18,537
Net income, continuing operations	**2,154**	(1,741)	(43,108)	9,446	7,760	(16,369)	(470)	14,273
Net income, discontinuing operations	**1,137**	(6,513)	2,460	2,389	89,471	2,337	1,410	4,299
Net income / (loss) - total	**3,291**	(8,254)	(40,648)	11,836	97,231	(14,032)	939	18,573
Net earnings per share, basic, continuing operations	**$0.00**	-$0.01	-$0.12	$0.02	$0.02	-$0.04	$0.00	$0.04
Adjusted net income	**7,454**	10,842	15,342	9,674	10,805	26,946	14,558	15,037
Adjusted net income, per share (basic)	**$0.02**	$0.03	$0.04	$0.02	$0.03	$0.07	$0.04	$0.04
Adjusted net income applicable to common shareholders per share (basic)	**$0.01**	$0.02	$0.03	$0.02	$0.02	$0.07	$0.04	$0.04
Earning Assets - owned	**1,259,534**	1,293,607	1,156,556	2,408,940	2,400,950	2,469,864	2,525,048	2,710,410
Earning Assets - managed	**3,221,523**	3,080,639	1,022,854	—	—	—	—	—
Earning assets - total	**4,481,057**	4,374,246	2,179,410	2,408,940	2,400,950	2,469,864	2,525,048	2,710,410
Loan and lease originations, continuing operations	**349,166**	249,369	90,709	32,358	31,002	53,477	70,606	55,322
Allowance for credit losses	**9,163**	2,160	5,207	6,445	4,321	10,493	12,677	14,006
As a % of finance receivables	**2.86%**	0.55%	0.44%	0.53%	0.36%	0.41%	0.54%	0.56%
Term senior credit facility, total	**267,888**	444,681	284,012	357,000	1,260,707	1,299,611	1,233,499	1,190,220
Secured borrowings, total	**275,833**	697,693	735,344	1,468,582	1,903,360	2,055,264	2,020,699	2,205,294
Total Debt	**543,721**	1,142,374	1,019,356	1,825,582	3,164,066	3,354,875	3,254,198	3,395,514
Shareholders' Equity / Owners' Net Investment, total	**1,441,614**	1,498,392	1,537,232	1,557,588	1,458,292	1,360,819	1,304,012	1,209,830
Book value per share (excluding pref. shares), total (2)	**$ 3.58**	$ 3.56	$ 3.62	$ 3.63	$ 3.57	$ 3.35	$ 3.37	$ 3.12

(1) For additional information, see "Non-IFRS and Other Performance 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

Non-IFRS and Other Performance Measures

DESCRIPTION OF NON-IFRS MEASURES

The Company uses certain measures to assess our financial performance that are not generally accepted accounting principles measures under IFRS ("Non-IFRS measures"). The Company believes the non-IFRS measures described below are more reflective of our ongoing operating results and provide readers with a better understanding of the Company's operating performance through the eyes of management. Non-IFRS measures are intended to provide additional information only and do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. These measures should not be considered in isolation or as a substitute for measures of performance determined under IFRS.

The following discussion describes the non-IFRS measures we use in evaluating our operating results.

Adjusted operating income before tax and Adjusted net income applicable to common shareholders

Adjusted operating income before tax is net income excluding the impact of share-based compensation, separation and reorganization costs, business acquisition costs, loss (gain) on business disposals, impairment charges and asset valuation reserves, amortization of intangible assets acquired in business combinations, deferred purchase consideration, cumulative dividends on preferred shares, loss (income) from discontinued operations and income tax. Management believes it is appropriate to adjust for these items when evaluating the underlying performance of our business because amortization of intangible assets and share-based compensation are primarily non-cash in nature; separation and reorganization costs, business acquisition costs and loss (gain) on business disposals do not relate to continuing operating activities; deferred purchase consideration is considered part of the purchase price consideration for business acquisitions notwithstanding the accounting treatment which views all or a portion of the related payments, depending on how it is structured, to be an operating expense; dividends on preferred shares are a financing cost not related to operating activities; and income tax expense is managed at a corporate level and is a function of the jurisdictions in which the Company operates and not the underlying performance of our business segments.

Adjusted net income is adjusted operating income before tax less the provision for income taxes applicable to adjusted operating income before tax. Adjusted net income per share applicable to common shareholders is computed as adjusted net income less cumulative preferred share dividends.

Adjusted operating income before tax is a key operating measure used by management to assess the underlying operating performance of the Company's business segments, including the determination of amounts to be paid out pursuant to deferred purchase consideration plans and Performance Share Unit (PSU) plans. Management also uses this measure to prepare the internal budgets and forecasts that support the Company's public guidance. Adjusted net income provides a consolidated view of the Company's underlying financial performance attributable to the common shareholders. The presentation of these measures enables investors and analysts to better understand the underlying performance of our business segments.

Adjusted net income per share and Adjusted net income per share applicable to common shareholders

Adjusted net income per share is computed as adjusted net income divided by the basic weighted average number of common shares outstanding during the period. Adjusted net income per share applicable to common shareholders is computed as adjusted net income applicable to common shareholders divided by the basic weighted average number of common shares outstanding during the period.

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

Average earning assets - managed
Average earning assets - managed is the sum of average off balance sheet loan portfolio which the Company manages and/or services on behalf of third party banks in return for a fee and the average off balance sheet loan portfolio of the Manufacturing Housing Finance segment, for which the Company holds amounts in reserve accounts against potential loan losses or the impact of loan prepayments.

In addition, the Company utilizes the following performance measures, which are derived from amounts calculated in accordance with IFRS to assess performance:

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 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 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.

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.

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.

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.

Earnings before interest expense, taxes, depreciation and amortization ("EBITDA")
We define EBITDA as net income before interest expense, taxes, depreciation and amortization. We believe EBITDA is a key measure of the Company's operating performance over the long term and is a useful measure of the Company's ability to generate cash from operations to maintain and grow its business services segments. Investors and analysts also use EBITDA as a measure to

compare the operating performance of different businesses and to assess the enterprise value of a business as EBITDA eliminates the impact of financing decisions.

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.

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.

RECONCILIATION OF NON-IFRS TO IFRS MEASURES

The following table provides a reconciliation of non-IFRS to IFRS measures related to the Company's consolidated continuing results of operations for three month periods ended March 31, 2018, December 31, 2017 and March 31, 2017.

	For the three-month period ended		
	March 31, 2018	December 31, 2017	March 31, 2017
(in 000's for stated values, except percent amounts)	**$**	$	$
Reported and adjusted measures			
Net income (loss) from continuing operations	**2,154**	(1,741)	7,760
Adjustments:			
Share-based compensation	**3,410**	4,611	1,616
Amortization of intangibles	**3,154**	2,615	—
Business acquisition costs	**250**	2,368	—
Separation and reorganization costs	**—**	5,113	1,947
Asset valuation reserve	**—**	19,694	—
Provision (recovery)of income taxes	**161**	(21,688)	1,144
Adjusted operating income before tax	**9,129**	10,972	12,467
Provision/(Recovery) for taxes applicable to adjusted operating income	**1,675**	130	1,662
Adjusted net income	**7,454**	10,842	10,805
Cumulative preferred share dividends during the period	**2,520**	2,507	1,602
Adjusted net income attributable to common shareholders	**4,934**	8,335	9,203
Per share information			
Weighted Average number of shares outstanding [basic]	**366,015,740**	381,669,570	387,302,206
Adjusted net income per share [basic]	**$0.02**	$0.03	$0.03
Adjusted net income applicable to common shareholders per share [basic]	**$0.01**	$0.02	$0.02
Adjusted operating income before tax comprised of:			
Home Improvement	**8,364**	8,590	—
Manufactured Housing Finance	**2,372**	—	—
Rail Finance	**3,754**	5,891	12,763
Aviation Finance	**4,764**	3,770	7,355
Corporate	**(10,125)**	(7,279)	(7,651)
	9,129	10,972	12,467

Accounting and Internal Control Matters

Critical Accounting Policies and Estimates

The Company's significant accounting policies are described in note 2 of our 2017 Annual Consolidated Financial Statements. Certain of these policies, and related estimates and judgements have been identified as "critical" to the presentation of our financial condition and results of operations because they require us to make subjective and/or complex judgements about matters that are inherently uncertain; or there is a reasonable likelihood that material different amounts could be reported under different conditions or using different assumptions and estimates. Our significant accounting judgements, estimates and assumptions relate to inventory, allowances for credit losses, income taxes, useful lives and residual values of equipment under operating leases, goodwill and intangible assets, and derecognition of financial assets. Our critical accounting policies and estimates have been reviewed and approved by our Audit Committee, in consultation with management, as part of their review and approval of our significant accounting policies, judgements, estimates and assumptions. Please refer to note 3 of our 2017 Annual Consolidated Financial Statements for a description of each of our significant accounting judgements, estimates and assumptions.

Effective January 1, 2018, the Company made the following key changes to its significant accounting policies:

Presentation and Functional Currency Change

The Company changed its presentation and functional currency to U.S. dollars from Canadian dollars in accordance with IAS 21, *The Effects of Changes in Foreign Exchange Rates*. These changes were made to better align the Company's reported results with it's current business activities and operating environment and coincided with the wind down and sale of its Canadian C&V Finance business in January 2018.

Adoption of IFRS 9, IFRS 9, Financial Instruments ["IFRS 9"]

The Company adopted IFRS 9 in place of IAS 39, *Financial Instruments: Recognition and Measurement ["IAS 39"]*, as required by the International Accounting Standards Board. As permitted under IFRS 9, the Company did not restate its prior period comparative consolidated financial statements. Any changes to carrying amounts as a result of adopting IFRS 9 have been recognized in our opening January 1, 2018 retained earnings.

IFRS 15, Revenue from Contracts with Customers ["IFRS 15"]

The Company adopted IFRS 15 which 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. As a result, there were no financial adjustments or additional disclosures required to the Company's interim condensed consolidated financial statements.

Please refer to note 2 of our March 31, 2018 interim condensed consolidated financial statements for a detailed description of the accounting policy changes.

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

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 to ensure the effectiveness of the disclosure controls and internal controls over financial reporting.

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 8, 2018, the Company had 330,149,996 common shares, 31,085,840 options; 4,000,000 Series A preferred shares issued and outstanding; and 4,000,000 Series C preferred shares issued and outstanding.

This Management's Discussion and Analysis is dated as of the close of business on May 8, 2018.

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