ECN CAPITAL

Management Discussion & Analysis

JUNE 30, 2017

The following management discussion and analysis ("MD&A") provides information management believes is relevant to an assessment and understanding of the consolidated financial condition and consolidated results of operations of ECN Capital Corp. (the "Company" or "ECN Capital") as at and for the three and six-months ended June 30, 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 August 2, 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.

Table of Contents

Overview	3
Strategy and Key Business Developments	4
Results of Consolidated Operations for the Three and Six-Month Period Ended June 30, 2017	7
Results of Segment Operations for the Three and Six-Month Period Ended June 30, 2017	14
Financial Position as at June 30, 2017	20
Liquidity and Capital Resources	25
Summary of Quarterly Information	27
IFRS to Non-IFRS Measures and Reconciliation	29
Updated Share Information	35

Overview

ECN Capital Corp. (the "Company" or "ECN Capital") is a financial services company that originates and services financial assets, principally in the vendor finance sector, 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 dealers as well as direct equipment users, distinguishing itself from traditional lenders such as banks and finance companies in that it:

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

The Company has organized its operations around three separate segments of equipment finance namely: Rail Finance, Aviation Finance and Commercial and Vendor Finance ("C&V Finance").

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 Financial Corporation 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.

Strategy and Key Business Developments

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, principally vendor finance, by originating and servicing portfolios of financial assets with yield, growth and credit characteristics that have consistently delivered superior risk-adjusted returns to shareholders. This strategy is comprised of four key drivers:

1. Capitalizing on organic and direct origination opportunities by leveraging established customer relationships and by continuing to "build out" existing capabilities;
2. Broadening strategic vendor relationships and programs with manufacturers and dealer networks;
3. Pursuing and completing strategically consistent acquisitions that can broaden the base of vendor and dealer relationships; and
4. Maintaining an investment grade rating.

The key differentiating factors that have enabled ECN Capital's team to successfully execute this strategy for over 30 years are as follows: (i) a consistent focus on vendor finance resulting in unequalled industry experience and relationships; (ii) superior credit management - no sub-prime exposure combined with traditional credit underwriting; (iii) maintaining optimal capital structures with matched and committed liquidity and broad access to debt and equity financing; (iv) partnering, not competing with banks; and (v) maintaining strategic flexibility to recognize and respond to market changes.

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.

KEY BUSINESS DEVELOPMENTS

Sale of Rail Finance Assets

Consistent with the Company's previously announced strategic plan, on August 4, 2017 ECN Capital closed a transaction to sell approximately 1,550 railcar assets to ITE Management L.P. for cash proceeds of approximately US$173 million, and effective on August 8, 2017 entered into a separate definitive purchase agreement to sell approximately 8,400 railcars (in its Element Rail Leasing II Portfolio) to Napier Park Global Capital US LP for cash proceeds of approximately US$935 million (collectively, the "Railcar Dispositions"). The total book value of the railcar assets to be sold is approximately US$1.15 billion and represent approximately 65% of the Company's railcar portfolio. These transactions will return approximately $400 million in equity capital. These transactions have allowed the Company to right-size its railcar portfolio, which will continue to provide a core asset with strong after-tax cash flows and underpin our investment grade credit ratings, while releasing capital that can be redeployed into new businesses with higher yields.

Normal Course Issuer Bid

On June 30, 2017, the Toronto Stock Exchange approved the Company's notice of intention to commence a Normal Course Issuer Bid ("NCIB"). Pursuant to 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. The NCIB period commenced on July 5, 2017 and will end on the earlier of July 4, 2018, and the completion of purchases under the NCIB.

Acquisition of Service Finance

On June 8, 2017, the Company announced that it has entered into a definitive agreement to acquire Service Finance Holdings, LLC ["Service Finance"] for cash consideration of $410 million (US$ 304 million). In addition, the Company has agreed to a deferred purchase price earn-out plan with the vendors that will be based on the achievement of prescribed return on average equity targets over the next five years.

Founded in 2004, Service Finance originates and services prime and super-prime installment contracts to finance home improvement projects in the U.S. Originations are sourced through exclusive national vendor programs with top manufacturers and dealers. Service Finance will represent a significant operating and growth segment for the Company.

Sale of Commercial Aviation Advisory Business

On May 31, 2017, the Company closed a transaction with Stellwagon Group, the commercial aviation finance advisory and asset management business of Acasta Enterprises Inc. ("Acasta"), to sell the Company's Commercial Aviation Advisory Business. As part of the transaction, certain key employees of the ECN Commercial Aviation Advisory and the office in Stamford, CT have transitioned to Acasta. In connection with the transaction, the Company received 3,037,500 common shares of Acasta and has recorded a gain of $2.3 million which is stated net of a reserve of approximately $8.0 million to reflect the impact of the twelve-month hold period on the value of the Acasta shares; transaction-related costs of $7.2 million; and transaction-related compensation expenses of $4.7 million for employees retained by Acasta.

Sale of U.S. C&V Finance Business

On February 21, 2017, the Company announced that it had entered into an agreement to sell the majority of its U.S. C&V Finance 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. C&V Finance business to another third party for total proceeds of US$208 million. The Company realized a gain of approximately $344 million as a result of the sale.

The gain on sale includes the realization of $155.2 million in accumulated other comprehensive income related to the US C&V Finance business, foreign exchange gains of $7.1 million relating to hedges entered into to reduce foreign exchange risk on the sale proceeds, transaction costs of

$24.5 million and transaction-related compensation expenses of $6.5 million for employees retained by purchasers of the US C&V Finance business.

Wind-Down of Aviation Finance Business

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, manage to maturity and/or transition to an aviation fund, its portfolio of assets.

ECN CAPITAL

Results of Operations

HIGHLIGHTS FOR THE QUARTER

1. Continued and consistent execution of the Company's strategic plan:
   i. Announced acquisition of Service Finance on June 8, 2017;
   ii. Subsequent to June 30, 2017, entered into an agreement to sell approximately 65% of its railcar assets, which will rightsize its railcar portfolio and release capital that can be redeployed in higher yielding businesses;
   iii. Continued pursuit of strategically consistent acquisition targets within our return and risk framework.
2. Earnings per share of $0.04 in the quarter on a reported basis with net income of 15.9 million.
3. After tax adjusted earnings per share (a described non-IFRS measure; refer to "IFRS to Non-IFRS Reconciliation in this MD&A) of $0.04 in the quarter on adjusted net income of $16.3 million.
4. Total originations from continuing operations were $165 million during the current quarter compared to $165 million for the immediate prior quarter and $188 million during the comparable quarter ended June 30, 2016. The reduction in originations compared to the second quarter of 2016 is primarily the result of the Company's decision to no longer originate assets in the Aviation vertical.
5. Average earning assets from continuing operations for the quarter ended June 30, 2017 were $4,030 million, compared to $4,170 million in the immediate prior quarter and $4,258 million in the comparable quarter ended June 30, 2016. The decrease in average assets primarily reflects the Company's decision to no longer originate assets in the Aviation vertical.
6. The Company continues to have a strong liquidity position with diversified funding sources and is well capitalized with a 1.17:1 tangible leverage ratio at June 30, 2017. More importantly, the Company has $3.0 billion of committed liquidity for organic and acquisition growth;
7. Book value per share was $4.70 as at June 30, 2017.

The following table sets forth a summary of the Company's consolidated results of operations for the three month periods ended June 30, 2017, March 31, 2017 and June 30, 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)		**June 30, 2017** **$**	March 31, 2017 $	June 30, 2016 $
Select metrics				
Originations		**164,671**	398,188	474,093
Average earning assets		**4,029,891**	5,904,572	5,537,405
Average debt		**2,409,970**	4,466,917	4,211,434
Average debt advance rate		**59.8%**	75.7%	76.1%
Net income and adjusted operating income				
Interest income and rental revenue, net		**62,341**	89,616	86,434
Interest expense		**27,307**	41,734	39,721
		35,034	47,882	46,713
Syndication and other income		**3,024**	10,207	6,912
		38,058	58,089	53,625
Provision for credit losses		**2,329**	6,066	5,815
Net financial income	a	**35,729**	52,023	47,810
Adjusted operating expenses	b	**15,629**	25,898	14,914
Share based compensation		**4,062**	3,809	1,815
Separation and reorganization costs		**—**	4,672	—
		19,691	34,379	16,729
Gain on sale of business		**2,318**	341,817	—
Net Income (loss) before income taxes		**18,356**	359,461	31,081
Income tax expense (recovery)		**2,442**	75,626	7,149
Net income for the period		**15,914**	283,835	23,932
Adjusted operating income (1)	a-b	**20,100**	26,125	32,896
Income tax expense		**3,754**	6,417	7,566
After-tax adjusted operating income (1)		**16,346**	19,708	25,330
Weighted Average number of shares outstanding [basic] (2)		**388,381**	387,302	386,282
Earnings (loss) per share [basic] (2)		**$0.04**	$0.73	$0.06
Before tax adjusted earnings per share [basic] (2)		**$0.05**	$0.07	$0.09
After tax adjusted earnings per share [basic] (2)		**$0.04**	$0.05	$0.07
Tangible leverage (1)		**1.17**	2.17	2.87

(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 June 30, 2017, March 31, 2017 and June 30, 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)		**June 30, 2017** **$**	March 31, 2017 $	June 30, 2016 $
Select metrics				
Originations		**164,671**	165,013	187,980
Average earning assets		**4,029,891**	4,170,440	4,258,176
Average debt		**2,409,970**	3,065,065	3,240,840
Average debt advance rate		**59.8%**	73.5%	76.1%
Net income and adjusted operating income				
Interest income and rental revenue, net		**62,341**	63,288	66,922
Interest expense		**27,307**	31,445	30,337
		35,034	31,843	36,585
Syndication and other income		**3,024**	5,615	4,170
		38,058	37,458	40,755
Provision for credit losses		**2,329**	117	(7,671)
Net financial income	a	**35,729**	37,341	48,426
Adjusted operating expenses	b	**15,629**	16,923	10,066
Share based compensation		**4,062**	2,838	1,497
Separation and reorganization costs		**—**	3,300	—
		19,691	23,061	11,563
Gain on sale of business		**2,318**	—	—
Net Income (loss) before income taxes		**18,356**	14,280	36,863
Income tax expense (recovery)		**2,442**	2,797	8,479
Net income for the period		**15,914**	11,483	28,384
Adjusted operating income (1)	a-b	**20,100**	20,418	38,360
Income tax expense		**3,754**	4,209	9,680
After-tax adjusted operating income (1)		**16,346**	16,209	28,680
Weighted Average number of shares outstanding [basic] (2)		**388,381**	387,302	386,282
Earnings (loss) per share [basic] (2)		**$0.04**	$0.03	$0.07
Before tax adjusted earnings per share [basic] (2)		**$0.05**	$0.05	$0.10
After tax adjusted earnings per share [basic] (2)		**$0.04**	$0.04	$0.08

(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 operations for the six-month period ended June 30, 2017 and June 30, 2016 to be read with the Company's interim condensed consolidated financial statements.

		For the six-month period ended	
(in 000's for stated values, except percent, ratio and per share amounts)		**June 30, 2017** **$**	June 30, 2016 $
Select metrics			
Originations		**562,858**	951,420
Average earning assets		**4,982,851**	5,676,260
Average debt		**3,443,976**	4,274,834
Average debt advance rate		**69.1%**	75.3%
Net income and adjusted operating income			
Interest income and rental revenue, net		**151,957**	180,447
Interest expense		**69,041**	80,124
		82,916	100,323
Syndication and other income		**13,231**	13,087
		96,147	113,410
Provision for credit losses		**8,395**	9,676
Net financial income	a	**87,752**	103,734
Adjusted operating expenses	b	**41,527**	33,395
Impairment and amortization of intangible assets from acquisitions		**—**	650
Asset valuation reserve		**—**	—
Share based compensation		**7,871**	3,885
Separation and reorganization costs		**4,672**	—
		54,070	37,930
Gain on sale of business		**344,135**	—
Net Income (loss) before income taxes		**377,817**	65,804
Income tax expense (recovery)		**78,068**	15,309
Net income for the period		**299,749**	50,495
Adjusted operating income (1)	a-b	**46,225**	70,339
Income tax expense		**10,171**	16,178
After-tax adjusted operating income (1)		**36,054**	54,161
Weighted Average number of shares outstanding [basic] (2)		**387,844**	386,211
Earnings (loss) per share [basic] (2)		**$0.76**	$0.13
Before tax adjusted earnings per share [basic] (2)		**$0.12**	$0.19
After tax adjusted earnings per share [basic] (2)		**$0.08**	$0.14
Tangible leverage (1)		**1.17**	2.87

The following table sets forth a summary of the Company's results of continuing operations for the six-month period ended June 30, 2017 and June 30, 2016 to be read with the Company's interim condensed consolidated financial statements.

		For the six-month period ended	
(in 000's for stated values, except percent, ratio and per share amounts)		**June 30, 2017** **$**	June 30, 2016 $
Select metrics			
Originations		**329,684**	435,427
Average earning assets		**4,118,665**	4,413,873
Average debt		**2,785,752**	3,303,129
Average debt advance rate		**67.6%**	74.8%
Net income and adjusted operating income			
Interest income and rental revenue, net		**125,629**	141,284
Interest expense		**58,752**	62,451
		66,877	78,833
Syndication and other income		**8,639**	8,068
		75,516	86,901
Provision for credit losses		**2,446**	2,869
Net financial income	a	**73,070**	84,032
Adjusted operating expenses	b	**32,552**	21,905
Impairment and amortization of intangible assets from acquisitions		**—**	650
Share based compensation		**6,900**	3,241
Separation and reorganization costs		**3,300**	—
		42,752	25,796
Gain on sale of business		**2,318**	
Net Income (loss) before income taxes		**32,636**	58,236
Income tax expense (recovery)		**5,239**	13,501
Net income for the period		**27,397**	44,735
Adjusted operating income (1)	a-b	**40,518**	62,127
Income tax expense		**7,963**	13,002
After-tax adjusted operating income (1)		**32,555**	49,125
Weighted Average number of shares outstanding [basic] (2)		**387,844**	386,211
Earnings (loss) per share [basic] (2)		**$0.06**	$0.12
Before tax adjusted earnings per share [basic] (2)		**$0.10**	$0.16
After tax adjusted earnings per share [basic] (2)		**$0.08**	$0.13

The following discussion relates to the results of operations for the three and six-month period ended June 30, 2017 presented on a consolidated basis.

Q2 2017 vs Q1 2017

Net income of $15.9 million or $0.04 per share for the quarter ended June 30, 2017 was down significantly compared to net income of $283.8 million or $0.73 per share for the first quarter of 2017. The decrease was primarily due to the gain realized on the sale of the Company U.S. C&V Finance business at the end of the first quarter combined with the loss of operating earnings from that business in the current quarter. Income from discontinued operations was $272.4 million in the first quarter of 2017 as a result of the sale. Adjusted operating income after-tax[1] from continuing operations of $16.3 million or $0.04 per share in the current quarter was consistent with the prior quarter results of $16.2 million or $0.04 per share.

The Company reported total originations from continuing operations of $164.7 million, which was in line with the $165.0 million in originations in the first quarter.

Net financial income from continuing operations of $35.7 million in the current quarter was down slightly compared to the $37.3 million reported in the prior quarter. The decrease was primarily due to lower other revenues, largely due to lower syndication fees, which was partially offset by higher net interest income. Net interest income for the second quarter was higher compared to the first quarter as lower interest income, primarily due to lower average earning assets, was more than offset by a reduction in interest expense as proceeds from the sale of the U.S. C&V Finance business were used to pay down debt at the beginning of the second quarter.

Operating expenses from continuing operations of $19.7 million in the second quarter were down from the $23.1 million recorded in the first quarter, primarily due to the impact of a $3.3 million separation accrual that was recorded in the prior quarter, which was partially offset by higher share-based compensation in the current quarter. Adjusted operating expenses[2] in the current quarter were $15.6 million, compared to $16.9 million in the prior quarter. The decrease is primarily due to lower salaries and wages in the current quarter, primarily due to the timing of variable compensation and benefits, which are seasonally higher in the first quarter; partially offset by higher general and administrative expenses. General and administrative expenses include professional services fees and travel costs related to potential acquisitions, and therefore will fluctuate based on the level of such activity.

In the current quarter, the Company realized a gain of approximately $2.3 million from the sale of its aviation advisory business to Acasta.

Income tax expense from continuing operations for the quarter was $2.4 million at an effective tax rate of 13.3% compared to the immediate prior quarter with income tax expense of $2.8 million and an effective tax rate of 19.6%. The decrease in the effective tax rate is the result of lower operating income in jurisdictions with higher tax rates and favorable tax treatment on capital gains from asset dispositions in the current quarter.

1. Adjusted operating income after-tax is a non-IFRS measure. Please refer to "IFRS to non-IFRS Reconciliations" in this MD&A for a reconciliation to net income.
2. Adjusted operating expenses is a non-GAAP IFRS measure. Please refer to "IFRS to non-IFRS Reconciliations" in this MD&A for a reconciliation to net income.

Q2 AND Q2 YTD 2017 VS Q2 AND Q2 YTD 2016

Net income from continuing operations for three and six-month periods ended June 30, 2017 was $15.9 million and $27.4 million, respectively, compared to $28.4 million and $44.7 million for the same prior year periods. The decrease in net income compared to the prior year quarter and year-to-date was primarily due to lower net financial income and higher operating expenses. Adjusted operating income after-tax[1] was $16.3 million and $32.6 million for the quarter and year-to-date periods ended June 30, 2017, respectively, compared to $28.7 million and $49.1 million for the comparable prior year periods. The decreases compared to the prior year reflect lower net financial income, primarily due to discontinued originations in the Aviation Finance business and a decreased contribution to consolidated net income from the Rail Finance business due to higher maintenance expenses and foreign exchange fluctuations.

Total originations from continuing operations for the three and six-month periods ended June 30, 2017 were $164.7 million and $329.7 million, respectively, compared to $188.0 million and $435.4 million for the comparable prior year periods. The decrease in originations is primarily due to the decision to discontinue originations of aviation finance assets commencing in February 2016; partially offset by higher originations in the C&V Canada Finance segment.

Net financial income from continuing operations of $35.7 million and $73.1 million for the quarter and year-to-date periods ended June 30, 2017, respectively, was lower than the $48.4 million and $84.0 million reported in the comparable prior year periods. The decreases reflect lower interest income due to lower average earning assets in the aviation finance segment and lower net rental revenue in the rail finance segment; partially offset by lower interest expense due to lower debt levels.

Operating expenses from continuing operations of $19.7 million and $42.8 million for the three and six-month periods ended June 30, 2017, respectively, were up significantly compared to the $11.6 million and $25.8 million reported for the same prior year periods. Adjusted operating expenses[2] from continuing operations for the current quarter and year-to-date were $15.6 million and $32.6 million, respectively, compared to $10.1 million and $21.9 million for the comparable prior year periods. Operating expenses and adjusted operating expenses in the prior year periods are derived from the historical financial statements of Element on a carve out basis as described on page 3 of this MD&A. Consequently, they are not comparable to the operating expenses and adjusted operating expenses incurred in the current year quarter and year-to-date periods.

One-time separation and related reorganization expenses of $4.7 million ($3.3 million attributable to continuing operations and $1.4 million attributable to discontinued operations) were incurred in the six-month period ending June 30, 2017 related to termination costs for corporate office space commitments. There were no separation and reorganization expenses in the comparable prior year period.

Income tax expense for the three and six-month periods ended June 30, 2017 were $2.4 million and $5.2 million for effective tax rates of 13.3% and 16.1%, respectively. This is compared to $8.5 million and $13.5 million and effective tax rates of 23.0% and 23.2% for the comparable prior year periods.

1. Adjusted operating income after-tax is a non-IFRS measure. Please refer to "IFRS to non-IFRS Reconciliations" in this MD&A for a reconciliation to net income.

2. Adjusted operating expenses is a non-GAAP IFRS measure. Please refer to "IFRS to non-IFRS Reconciliations" in this MD&A for a reconciliation to net income.

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 June 30, 2017, March 31, 2017 and June 30, 2016.

For the three month period ended June 30, 2017

(in 000's for stated values, except percent amounts)	Rail $	Aviation $	C&V Canada $	**Total $**	% change over March 31, 2017 %	% change over June 30, 2016 %
Select metrics						
Originations	43,508	—	121,163	**164,671**	(58.6)%	(65.3)%
Average earning assets	2,238,380	867,901	923,610	**4,029,891**	(31.7)%	(27.2)%
Average debt	1,538,812	187,219	683,939	**2,409,970**	(46.0)%	(42.8)%
Average debt advance rate	68.7 %	21.6%	74.1%	**59.8%**		
Vertical adjusted operating income						
Interest income and rental revenue, net	36,483	11,366	14,492	**62,341**	(30.4)%	(27.9)%
Interest expense	18,558	3,351	5,398	**27,307**	(34.6)%	(31.3)%
	17,925	8,015	9,094	**35,034**	(26.8)%	(25.0)%
Syndication and other income	(154)	680	2,498	**3,024**	(70.4)%	(56.3)%
	17,771	8,695	11,592	**38,058**	(34.5)%	(29.0)%
Provision for credit losses	—	1,790	539	**2,329**	(61.6)%	(59.9)%
Net financial income	17,771	6,905	11,053	**35,729**	(31.3)%	(25.3)%
Adjusted operating expenses (1)	8,219	3,273	4,137	**15,629**	(39.7)%	4.8 %
Vertical adjusted operating income before tax	9,552	3,632	6,916	**20,100**	(23.1)%	(38.9)%
Select operating ratios (2)						
Interest income and rental revenue, net	6.52 %	5.24%	6.28%	**6.19%**		
Interest expense	3.32 %	1.54%	2.34%	**2.71%**		
	3.20 %	3.69%	3.94%	**3.48%**		
Syndication and other income	(0.03)%	0.31%	1.08%	**0.30%**		
Provision for credit losses	— %	0.82%	0.23%	**0.23%**		
Net financial income	3.18 %	3.18%	4.79%	**3.55%**		
Adjusted operating expenses (1)	1.47 %	1.51%	1.79%	**1.55%**		
Vertical adjusted operating income before tax	1.71 %	1.67%	3.00%	**2.00%**		
Cost of debt (3)	4.61 %	4.82%	2.81%	**4.12%**		

(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. Cost of debt calculation excludes $2,497 in standby charges incurred in the second quarter related to the undrawn portion of the Company's term senior credit facility as they are not representative of the business segments cost of debt capital.

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 $**
Select metrics						
Originations	41,014	—	123,999	**165,013**	233,175	**398,188**
Average earning assets	2,286,595	968,201	915,644	**4,170,440**	1,734,132	**5,904,572**
Average debt	1,781,323	543,546	740,196	**3,065,065**	1,401,852	**4,466,917**
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**
Interest expense	19,783	5,179	6,483	**31,445**	10,289	**41,734**
	16,768	7,148	7,927	**31,843**	16,039	**47,882**
Syndication and other income	2,947	1,354	1,314	**5,615**	4,592	**10,207**
	19,715	8,502	9,241	**37,458**	20,631	**58,089**
Provision for credit losses	—	117	—	**117**	5,949	**6,066**
Net financial income	19,715	8,385	9,241	**37,341**	14,682	**52,023**
Adjusted operating expenses (1)	8,284	4,160	4,479	**16,923**	8,975	**25,898**
Vertical adjusted operating income before tax	11,431	4,225	4,762	**20,418**	5,707	**26,125**
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 June 30, 2016

(in 000's for stated values, except percent amounts)	Rail $	Aviation $	C&V Canada $	**Continuing Operations (4)** **$**	Discontinued Operations $	**Total** **$**
Select metrics						
Originations	16,647	54,638	116,695	**187,980**	286,113	**474,093**
Average earning assets	2,209,494	1,186,343	862,339	**4,258,176**	1,279,229	**5,537,405**
Average debt	1,804,458	739,039	697,343	**3,240,840**	970,594	**4,211,434**
Average debt advance rate	81.7%	62.3%	80.9 %	**76.1 %**	75.9 %	**76.1%**
Vertical adjusted operating income						
Interest income and rental revenue, net	36,386	16,700	13,836	**66,922**	19,512	**86,434**
Interest expense	16,672	5,966	7,699	**30,337**	9,384	**39,721**
	19,714	10,734	6,137	**36,585**	10,128	**46,713**
Syndication and other income	31	2,913	1,226	**4,170**	2,742	**6,912**
	19,745	13,647	7,363	**40,755**	12,870	**53,625**
Provision for credit losses	—	160	(7,831)	**(7,671)**	13,486	**5,815**
Net financial income	19,745	13,487	15,194	**48,426**	(616)	**47,810**
Adjusted operating expenses (1)	5,514	2,390	2,162	**10,066**	4,848	**14,914**
Vertical adjusted operating income before tax	14,231	11,097	13,032	**38,360**	(5,464)	**32,896**
Select operating ratios (2)						
Interest income and rental revenue, net	6.59%	5.63%	6.42 %	**6.29 %**	6.10 %	**6.24%**
Interest expense	3.02%	2.01%	3.57 %	**2.85 %**	2.93 %	**2.87%**
	3.57%	3.62%	2.85 %	**3.45 %**	3.17 %	**3.38%**
Syndication and other income	0.01%	0.98%	0.57 %	**0.39 %**	0.86 %	**0.50%**
Provision for credit losses	—%	0.05%	(3.63)%	**(0.72)%**	4.22 %	**0.42%**
Net financial income	3.57%	4.55%	7.05 %	**4.56 %**	(0.20)%	**3.46%**
Adjusted operating expenses (1)	1.00%	0.81%	1.00 %	**0.95 %**	1.52 %	**1.08%**
Vertical adjusted operating income before tax	2.58%	3.74%	6.04 %	**3.61 %**	(1.72)%	**2.39%**
Cost of debt (3)	3.70%	3.23%	4.42 %	**3.74 %**	3.87 %	**3.77%**

(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 June 30, 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 second quarter of 2016 results includes an allocated provision for credit losses in C&V Canada that is unusually low and in C&V U.S. that is unusually high, offsetting the provision for credit loss amounts in the first quarter of 2016. 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 table sets forth a summary of the Company's select metrics and combined results of operations, including a breakdown by vertical for the six month periods ended June 30, 2017 and June 30, 2016.

For the six month period ended June 30, 2017

(in 000's for stated values, except percent amounts)	Rail $	Aviation $	C&V Canada $	**Continuing Operations $**	Discontinued Operations $	**Total $**	% change over June 30, 2016 %
Select metrics							
Originations	84,522	—	245,162	**329,684**	233,175	**562,858**	(40.8)%
Average earning assets	2,278,641	920,375	919,649	**4,118,665**	864,186	**4,982,851**	(12.2)%
Average debt	1,694,596	390,687	700,469	**2,785,752**	658,224	**3,443,976**	(19.4)%
Average debt advance rate	74.4%	42.4%	76.2%	**67.6%**	76.2%	**69.1%**	
Vertical adjusted operating income							
Interest income and rental revenue, net	73,034	23,693	28,902	**125,629**	26,328	**151,957**	(15.8)%
Interest expense	38,341	8,530	11,881	**58,752**	10,289	**69,041**	(13.8)%
	34,693	15,163	17,021	**66,877**	16,039	**82,916**	(17.4)%
Syndication and other income	2,793	2,034	3,812	**8,639**	4,592	**13,231**	1.1 %
	37,486	17,197	20,833	**75,516**	20,631	**96,147**	(15.2)%
Provision for credit losses	—	1,907	539	**2,446**	5,949	**8,395**	(13.2)%
Net financial income	37,486	15,290	20,294	**73,070**	14,682	**87,752**	(15.4)%
Adjusted operating expenses (1)	16,503	7,433	8,616	**32,552**	8,975	**41,527**	24.4 %
Vertical adjusted operating income before tax	20,983	7,857	11,678	**40,518**	5,707	**46,225**	(34.3)%
Select operating ratios (2)							
Interest income and rental revenue, net	6.41%	5.15%	6.29%	**6.10%**	6.09%	**6.10%**	
Interest expense	3.37%	1.85%	2.58%	**2.85%**	2.38%	**2.77%**	
	3.05%	3.29%	3.70%	**3.25%**	3.71%	**3.33%**	
Syndication and other income	0.25%	0.44%	0.83%	**0.42%**	1.06%	**0.53%**	
Provision for credit losses	—%	0.41%	0.12%	**0.12%**	1.38%	**0.34%**	
Net financial income	3.29%	3.32%	4.41%	**3.55%**	3.40%	**3.52%**	
Adjusted operating expenses (1)	1.45%	1.62%	1.87%	**1.58%**	2.08%	**1.67%**	
Vertical adjusted operating income before tax	1.84%	1.71%	2.54%	**1.97%**	1.32%	**1.86%**	
Cost of debt (3)	4.53%	4.37%	3.39%	**4.22%**	3.13%	**4.01%**	

(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 six month period ended June 30, 2016

(in 000's for stated values, except percent amounts)	Rail $	Aviation $	C&V Canada $	**Continuing Operations $**	Discontinued Operations $	**Total $**
Select metrics						
Originations	67,982	174,114	193,331	**435,427**	515,993	**951,420**
Average earning assets	2,275,153	1,274,355	864,365	**4,413,873**	1,262,387	**5,676,260**
Average debt	1,791,709	794,781	716,639	**3,303,129**	971,705	**4,274,834**
Average debt advance rate	78.8 %	62.4%	82.9%	**74.8%**	77.0%	**75.3%**
Vertical adjusted operating income						
Interest income and rental revenue, net	76,651	36,516	28,117	**141,284**	39,163	**180,447**
Interest expense	33,873	13,617	14,961	**62,451**	17,673	**80,124**
	42,778	22,899	13,156	**78,833**	21,490	**100,323**
Syndication and other income	(78)	5,781	2,365	**8,068**	5,019	**13,087**
	42,700	28,680	15,521	**86,901**	26,509	**113,410**
Provision for credit losses	—	331	2,538	**2,869**	6,807	**9,676**
Net financial income	42,700	28,349	12,983	**84,032**	19,702	**103,734**
Adjusted operating expenses (1)	10,908	5,606	5,391	**21,905**	11,490	**33,395**
Vertical adjusted operating income before tax	31,792	22,743	7,592	**62,127**	8,212	**70,339**
Select operating ratios (2)						
Interest income and rental revenue, net	6.74 %	5.73%	6.51%	**6.40%**	6.20%	**6.36%**
Interest expense	2.98 %	2.14%	3.46%	**2.83%**	2.80%	**2.82%**
	3.76 %	3.59%	3.04%	**3.57%**	3.40%	**3.53%**
Syndication and other income	(0.01)%	0.91%	0.55%	**0.37%**	0.80%	**0.46%**
Provision for credit losses	— %	0.05%	0.59%	**0.13%**	1.08%	**0.34%**
Net financial income	3.75 %	4.45%	3.00%	**3.81%**	3.12%	**3.66%**
Adjusted operating expenses (1)	0.96 %	0.88%	1.25%	**0.99%**	1.82%	**1.18%**
Vertical adjusted operating income before tax	2.79 %	3.57%	1.76%	**2.82%**	1.30%	**2.48%**
Cost of debt (3)	3.78 %	3.43%	4.18%	**3.78%**	3.64%	**3.75%**

(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.

RESULTS OF OPERATIONS BY SEGMENTS

Rail Finance

The Company's Rail Finance business unit reported segment income of $9.6 million for the three-month period ended June 30, 2017 and $21.0 million for the six-month period ended June 30, 2017, compared to $14.2 million and $31.8 million for the comparable prior year periods. The decrease in segment income was primarily due to higher interest expense and higher adjusted operating expenses. Interest expense and adjusted operating expenses for the prior year were determined on a carve-out basis, as described on page 3 of this MD&A, and therefore is not comparable to the actual interest and adjusted operating expenses incurred in the current year.

Total originations in the Rail Finance segment were $43.5 million in the quarter ending June 30, 2017 and $84.5 million for the year-to-date ending June 30, 2017 compared to $16.6 million and $68.0 million for the comparable prior year periods. Average earning assets were $2,238.4 million and net interest income and rental revenue was $36.5 million in the quarter ended June 30, 2017 were in line with the $2,209.5 million and $36.4 million reported in the comparable prior year quarter. For the six-month period ended June 30, 2017, average earning assets were $2,278.6 million and net interest and rental revenue was $73.0 million compared to $2,275.2 and $76.7 million, respectively, for the same prior year periods. The decrease in net interest and rental income was primarily due to foreign exchange fluctuations and higher maintenance expenses.

Aviation Finance

The Company's Aviation Finance business unit reported segment income of $3.6 million for the three-month period ended June 30, 2017 and $7.9 million for the six-month period ended June 30, 2017, compared to $11.1 million and $22.7 million for the comparable prior year periods. The decrease in segment income primarily reflects the continued runoff of the aviation portfolio after the decision to discontinue new originations in the first quarter of 2016. Accordingly, average earning assets for the three and six-month periods ending June 30, 2017 were $867.9 million and $920.4 million, down from the $1,186.3 million and $1,274.4 million for the comparable prior year periods.

C&V Canada

The Company's C&V Canada business unit reported segment income of $6.9 million for the three-month period ended June 30, 2017 and $11.7 million for the six-month period ended June 30, 2017, compared to $13.0 million and $7.6 million for the comparable prior year periods. The decrease in segment income for the current quarter was primarily due to the reversal of a credit provision recorded in the prior year quarter. The increase in segment income for the current six-month period is primarily due to higher syndication income and lower credit losses compared to the same six-month period in the prior year.

Total originations in the C&V Canada segment were $121.2 million in the quarter ending June 30, 2017 and $245.2 million for the year-to-date ending June 30, 2017 compared to $116.7 million and $193.3 million for the comparable prior year periods. Average earning assets were $923.6 million and net interest income and rental revenue was $14.5 million in the quarter ended June 30, 2017 were in line with the $862.3 million and $13.8 million reported in the comparable prior year quarter. For the six-month period ended June 30, 2017, average earning assets were $919.6 million and net interest and rental revenue was $28.9 million compared to $864.4 and $28.1 million, respectively, for the same prior year periods.

Financial Position

The following tables set forth a summary of the Company's balance sheet, including a breakdown by vertical, as at June 30, 2017, March 31, 2017 and June 30, 2016.

	June 30, 2017					
	Rail	Aviation	C&V Canada	Total	Change over March 31, 2017	Change over June 30, 2016
(in 000's for stated values, except percentage amounts)	$	$	$	**$**	%	%
Assets						
Finance assets						
Finance receivables	9,291	535,326	1,046,943	**1,591,560**	(0.3)	(50.2)
Equipment under operating leases	2,322,807	255,526	—	**2,578,333**	1.1	1.3
Total finance assets	2,332,098	790,852	1,046,943	**4,169,893**	0.6	(27.4)
Goodwill and intangible assets	—	—	4,617	**4,617**	(0.2)	(85.6)
Other assets and investments	138,832	110,200	148,463	**397,495**	(82.1)	18.2
Total Assets	**2,470,930**	**901,052**	**1,200,023**	**4,572,005**	(28.2)	(25.2)
Liabilities						
Debt	1,506,818	184,511	675,356	**2,366,685**	(43.8)	(46.0)
Other liabilities	56,471	19,225	110,368	**186,064**	(16.7)	15.2
Total Liabilities	**1,563,289**	**203,736**	**785,724**	**2,552,749**	(42.4)	(43.9)

March 31, 2017

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

June 30, 2016

(in 000's for stated values, except percentage amounts)	Rail $	Aviation $	C&V Canada $	Continuing Operations $	Discontinued Operations $	Total $
Assets						
Finance assets						
Finance receivables	4,046	952,736	888,486	**1,845,268**	1,352,646	**3,197,914**
Equipment under operating leases	2,236,105	308,149	—	**2,544,254**	—	**2,544,254**
Total finance assets	2,240,151	1,260,885	888,486	**4,389,522**	1,352,646	**5,742,168**
Goodwill and intangible assets	—	26,987	4,560	**31,547**	406	**31,953**
Other assets and investments	77,159	67,353	121,747	**266,259**	69,894	**336,153**
Total Assets	**2,317,310**	**1,355,225**	**1,014,793**	**4,687,328**	**1,422,946**	**6,110,274**
Liabilities						
Debt	1,841,808	712,476	835,042	**3,389,326**	996,659	**4,385,985**
Other liabilities	54,788	32,269	11,760	**98,817**	62,734	**161,551**
Total Liabilities	**1,896,596**	**744,745**	**846,802**	**3,488,143**	**1,059,393**	**4,547,536**

Total finance assets for continuing operations were $4,146 million on March 31, 2017 compared to $4,145 million at March 31, 2017, and $5,742 million at June 30, 2016.

Rail assets of $2,332 million increased $55 million compared to March 31, 2017 and $92 million compared to the prior year at June 30, 2016. The Company continues to selectively participate in the Railcar business given market conditions.

Aviation assets of $791million decreased $125 million over the previous quarter and $470 million over the prior year reflecting the continued run-off of this business.

In C&V Canada assets of $1,047 million increased $95 million over the previous quarter and $159 million over the prior year comparative quarter on strong originations and new vendor relationships.

Debt from continuing operations of $2,367 million decreased by $697 million compared to March 31, 2017 and $1,022 million over June 30, 2016 which largely reflects the repayment of the US $902.6 million of the senior facility with proceeds from the sale of the U.S. C&V Finance business.

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 62% of the portfolio, while Canada represents 37% and Other geographies represents 1% at June 30, 2017. In comparison, the portfolio geographic split at March 31,2017 and June 30, 2016 was 63% and 71% in the United States, 35% and 28% 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:

June 30, 2017

	Rail	Aviation	CV Canada	Continuing Operations	Discontinuing Operations	Total
United States	2,025,566	547,061	—	2,572,627	—	**2,572,627**
Canada	260,223	234,493	1,046,944	1,541,660	—	**1,541,660**
Other	46,308	9,298	—	55,606	—	**55,606**
Total	**2,332,097**	**790,852**	**1,046,944**	**4,169,893**	**—**	**4,169,893**

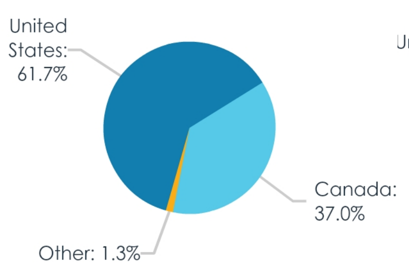
March 31, 2017

	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**

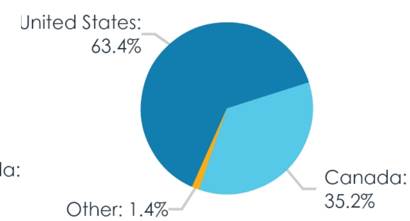
June 30, 2016

	Rail	Aviation	C&V	Continuing Operations	Discontinuing Operations	Total
United States	1,974,694	742,177	—	2,716,871	1,364,620	**4,081,491**
Canada	216,209	530,364	890,084	1,636,657	—	**1,636,657**
Other	47,469	9,743	—	57,212	—	**57,212**
Total	**2,238,372**	**1,282,284**	**890,084**	**4,410,740**	**1,364,620**	**5,775,360**

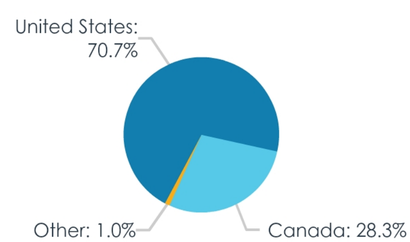
Geographic Distribution - June 30, 2017



Geographic Distribution - March 31, 2017



Geographic Distribution - June 30, 2016



Delinquencies and Losses

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

	June 30, 2017		March 31, 2017		June 30, 2016	
	$	%	$	%	$	%
Current	**1,583,684**	**99.49%**	1,593,538	99.63%	1,772,609	94.97%
31-60 days past due	**2,061**	**0.13%**	1,459	0.09%	1,456	0.08%
61-90 days past due	**114**	**0.01%**	214	0.01%	430	0.02%
Greater than 90 days past due	**550**	**0.03%**	190	0.01%	—	—%
Impaired Receivables	**5,400**	**0.34%**	4,049	0.26%	91,991	4.93%
Total continuing operations	**1,591,809**	**100.00%**	1,599,450	100.00%	1,866,486	100.00%

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

	Six-month period ended June 30, 2017	Year ended December 31, 2016
(in 000's except percentage amounts)	$	$
Allowance for credit losses continuing operations, beginning of period	**4,377**	8,122
Provision for credit losses	**7,742**	4,719
Charge-offs, net of recoveries	**(3,787)**	(8,444)
Impact of foreign exchange	**23**	(20)
Allowance for credit losses continuing operations, end of period	**8,355**	4,377
Allowance as a % of finance receivables	**0.53%**	0.27%

Allowance for Credit Losses

The Company's allowance for credit losses of $8.4 million as at June 30, 2017 represents 0.53% of the finance receivables outstanding, higher than the 0.27% reported at December 31, 2016, which reflects an increase in provision for the Aviation Finance business of approximately $1.7 million. 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 June 30, 2017, the Company's financial leverage ratio was 1.17:1; 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)		**June 30, 2017** **$**	March 31, 2017 $	June 30, 2016 $
Total debt	**(a)**	**2,366,685**	4,207,892	4,385,985
Shareholders' equity	**(b)**	**2,019,256**	1,939,382	1,562,738
Financial leverage	**(a)/(b)**	**1.17**	2.17	2.81
Goodwill and Intangibles	**(c)**	**4,617**	4,628	31,953
Tangible leverage	**(a)/[(b)-(c)]**	**1.17**	2.17	2.87

The decrease in financial and tangible leverage reflects the repayment of the US $902.6 million of the senior facility with proceeds from the sale of the U.S. 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	
	June 30, 2017	March 31, 2017	June 30, 2016
(in 000's)	**$**	$	$
Cash and cash equivalents	**9,041**	16,001	—
Senior Facilities			
Facilities	**3,241,000**	3,324,750	1,537,407
Utilized against Facility; Continuing operations	**462,815**	1,087,148	1,273,577
Utilized against Facility; Discontinued operations	**—**	589,466	263,830
	2,778,185	1,648,136	—
Life Insurance Company Term Funding Facilities			
Facilities	**352,039**	358,370	481,761
Utilized against Facility	**212,945**	247,862	348,273
	139,094	110,508	133,488
Securitization Programs			
Facilities; Continuing operations	**400,648**	400,665	1,542,320
Facilities; Discontinued operations	**—**	897,685	
Utilized against Facility; Continuing operations	**354,534**	339,662	362,035
Utilized against Facility; Discontinued operations	**—**	559,498	732,828
	46,114	399,190	447,457
Public Asset-Backed Securities			
Facilities	**1,375,438**	1,427,292	1,434,542
Utilized against Facility	**1,375,438**	1,427,292	1,434,542
	—	—	—
Total available sources of capital, end of period	**2,972,434**	2,173,835	580,945
Unutilized Borrowing Facilities (i.e. excl. Cash & Equiv.)	**2,963,393**	2,157,834	580,945

The Company had available liquidity of approximately $3.0 billion at June 30, 2017. The increase in liquidity compared to March 31, 2017 is due to the fact that 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. Management believes that the available liquidity of $3 billion 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 June 30, 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.

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, 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; and the sale of the U.S. C&V Finance business in March 2017.

(in $ 000’s for stated values, except ratio and per share amounts)	**Q2, 2017**	Q1, 2017	Q4, 2016	Q3, 2016	Q2, 2016	Q1, 2016	Q4, 2015	Q3, 2015
Net financial income continuing operations	**35,729**	37,341	41,489	38,672	48,426	35,607	54,103	40,732
Net financial income discontinued operations	**—**	14,682	13,347	9,872	(616)	20,318	6,857	12,656
Net financial income, total	**35,729**	52,023	54,836	48,544	47,810	55,925	60,960	53,388
Adjusted operating income before tax continuing operations (1)	**20,100**	20,418	28,473	28,163	38,360	23,767	44,705	29,931
Adjusted operating income before tax, discontinued operations (1)	**—**	5,707	5,012	2,924	(5,464)	13,676	(1,138)	5,047
Adjusted operating income before tax, total (1)	**20,100**	26,125	33,485	31,087	32,896	37,443	43,567	34,978
Impairment and amortization of intangible assets from acquisitions - total	**—**	—	43,665	26,605	—	650	299	377
Share based compensation - total	**4,062**	3,809	2,871	3,089	1,815	2,070	2,390	2,796
Separation and reorganization costs - total	**—**	4,672	13,208	10,250	—	—	—	—
Gain on sale of business	**2,318**	341,817	—	—	—	—	—	—
Net income / (loss) before income taxes - total	**18,356**	359,461	(26,259)	(8,857)	31,081	34,723	40,878	31,805
Net income / (loss) - total	**15,914**	283,835	(18,717)	1,225	23,932	26,563	31,598	24,849
Net earnings per share, basic, continuing operations	**$0.04**	$0.03	-$0.05	$0.00	$0.07	$0.05	$0.09	$0.07
Net earnings per share, basic, discontinued operations	**$0.00**	$0.70	$0.00	$0.00	-$0.01	$0.03	-$0.01	$0.01
Net earnings per share, basic, total	**$0.04**	$0.73	-$0.05	$0.00	$0.06	$0.08	$0.08	$0.08
After tax adjusted earnings per share, basic, continuing operations	**$0.04**	$0.04	$0.06	$0.06	$0.08	$0.05	$0.08	$0.08
After tax adjusted earnings per share, basic, discontinued operations	**$0.00**	$0.01	$0.01	$0.01	-$0.01	$0.02	$0.00	$0.01

ECN CAPITAL

After tax adjusted earnings per share, basic, total	**$0.04**	$0.05	$0.07	$0.07	$0.07	$0.07	$0.08	$0.09
Total Earning Assets, continuing operations	**4,169,893**	4,145,030	4,255,955	4,213,493	4,389,522	4,433,332	4,668,118	4,257,455
Total Earning Assets, discontinued operations	**—**	—	1,749,082	1,417,505	1,352,646	1,225,085	1,182,692	1,009,235
Earning Assets, total	**4,169,893**	4,145,030	6,005,037	5,630,998	5,742,168	5,658,417	5,850,810	5,266,690
Loan and lease originations, continuing operations	**164,671**	165,013	227,863	214,172	187,980	247,447	602,756	562,825
Loan and lease originations, discontinued operations	**—**	233,175	305,969	192,843	286,113	229,880	253,365	204,401
Loan and lease originations, total	**164,671**	398,188	533,832	407,015	474,093	477,327	856,121	767,226
Allowance for credit losses	**8,355**	5,746	14,089	16,629	18,092	17,855	20,394	17,542
As a % of finance receivables	**0.53%**	0.36%	0.41%	0.54%	0.56%	0.58%	0.65%	0.62%
Term senior credit facility, total	**462,815**	1,676,614	1,744,988	1,617,980	1,537,407	1,504,501	2,029,816	1,598,939
Secured borrowings, total	**1,903,870**	2,531,278	2,759,603	2,650,551	2,848,578	2,879,375	2,441,576	2,467,468
Total Debt	**2,366,685**	4,207,892	4,504,591	4,268,531	4,385,985	4,383,876	4,471,392	4,066,407
Shareholders' Equity / Owners' Net Investment, total	**2,019,256**	1,939,382	1,827,171	1,710,473	1,562,738	1,502,001	1,591,411	1,380,309
Book value per share (excluding pref. shares), total (2)	**$ 4.70**	$ 4.75	$ 4.47	$ 4.42	$ 4.04	$ 3.89	$ 4.12	$ 4.52

(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

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 June 30, 2017 and December 31, 2016, the results of operations, comprehensive income and cash flows for the three months ended June 30, 2017, March 31, 2017 and June 30, 2016.

Management uses both IFRS and Non-IFRS Measures to monitor and assess the operating performance of the Company's operations. Throughout this MD&A, management uses the following terms and ratios which do not have a standardized meaning under IFRS and are unlikely to be comparable to similar measures presented by other organizations:

Adjusted operating expenses
Adjusted operating expenses are equal to Salaries, wages and benefits and, General and administration expenses. 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's consolidated results:

		For the three months ended		
(in 000's)		**June 30, 2017**	**March 31, 2017**	**June 30, 2016**
Reported and adjusted income measures				
Net income (loss)	A	**15,914**	283,835	23,932
Adjustments:				
Share-based compensation		**4,062**	3,809	1,815
Separation and reorganization costs		**—**	4,672	—
Gain on sale of business		**(2,318)**	(341,817)	—
Provision (recovery) of income taxes		**2,442**	75,626	7,149
Adjusted operating income before tax	B	**20,100**	26,125	32,896
Provision for taxes applicable to adjusted operating income	C	**3,754**	6,417	7,566
After-tax adjusted operating income	D = B - C	**16,346**	19,708	25,330
Cumulative preferred share dividends during the period	E	**2,241**	2,119	—
After-tax adjusted operating income attributable to common shareholders	F = D - E	**14,105**	17,589	25,330
Selected statement of financial position amounts				
Finance receivables, before allowance for credit losses	G	**1,599,915**	1,601,703	3,216,006
Allowance for credit losses	H	**8,355**	5,746	18,092
Earning assets				
Net investment in finance receivable	I	**1,586,409**	1,595,401	3,118,144
Equipment under operating leases	J	**2,578,333**	2,549,073	2,554,254
Total earning assets	K = I + J	**4,164,742**	4,144,474	5,672,398
Average earning assets, net	L	**4,029,891**	5,904,572	5,537,405
Goodwill and intangible assets	M	**4,617**	4,628	31,953
Accounts payable and accrued liabilities	N	**86,245**	124,554	77,702
Secured borrowings	O	**2,366,685**	4,207,892	4,385,985
Average debt	P	**2,409,970**	4,466,917	4,211,434
Total shareholders' equity	Q	**2,019,256**	1,939,382	1,562,738
Preferred shares	R	**194,719**	97,315	—
Common shareholders' equity	S = Q - R	**1,824,537**	1,842,067	1,562,738
Key operating ratios				
Leverage ratios				
Financial leverage ratio	O/Q	**1.17**	2.17	2.81
Tangible leverage ratio	O/(Q-M)	**1.17**	2.17	2.87
Other key operating ratios				
Allowance for credit losses as a percentage of finance receivables	H/G	**0.53%**	0.36%	0.56%
Adjusted operating income before tax annualized on average earning assets	B/L	**2.00%**	1.77%	2.38%
Per share information				
Weighted average number of shares outstanding [basic]	T	**388,380,693**	387,302,206	386,282,325
Net income per share [basic]	(A-E)/T	**$0.04**	$0.73	$0.06
Before tax adjusted income per share [basic]	B/T	**$0.05**	$0.07	$0.09
After-tax adjusted income per share [basic]	D/T	**$0.04**	$0.05	$0.07

ECN CAPITAL

(in 000's)		For the six months ended June 30, 2017	June 30, 2016
Reported and adjusted income measures			
Net income (loss)	A	**299,749**	50,495
Adjustments:			
Share-based compensation		**7,871**	3,885
Separation and reorganization costs		**4,672**	—
Gain on sale of business		**(344,135)**	—
Provision (recovery) of income taxes		**78,068**	15,309
Adjusted operating income before tax	B	**46,225**	70,339
Provision for taxes applicable to adjusted operating income	C	**10,171**	16,178
After-tax adjusted operating income	D = B - C	**36,054**	54,161
Cumulative preferred share dividends during the period	E	**4,360**	—
After-tax adjusted operating income attributable to common shareholders	F = D - E	**31,694**	54,161
Selected statement of financial position amounts			
Finance receivables, before allowance for credit losses	G	**1,599,915**	3,216,006
Allowance for credit losses	H	**8,355**	18,092
Earning assets			
Net investment in finance receivable	I	**1,586,409**	3,118,144
Equipment under operating leases	J	**2,578,333**	2,554,254
Total earning assets	K = I + J	**4,164,742**	5,672,398
Average earning assets, net	L	**4,982,851**	5,676,260
Goodwill and intangible assets	M	**4,617**	31,953
Accounts payable and accrued liabilities	N	**86,245**	77,702
Secured borrowings	O	**2,366,685**	4,385,985
Average debt	P	**3,443,976**	4,274,834
Total shareholders' equity	Q	**2,019,256**	1,562,738
Preferred shares	R	**194,719**	—
Common shareholders' equity	S = Q - R	**1,824,537**	1,562,738
Key operating ratios			
Leverage ratios			
Financial leverage ratio	O/Q	**1.17**	2.81
Tangible leverage ratio	O/(Q-M)	**1.17**	2.87
Other key operating ratios			
Allowance for credit losses as a percentage of finance receivables	H/G	**0.53%**	0.56%
Adjusted operating income before tax annualized on average earning assets	B/L	**1.86%**	2.48%
Per share information			
Weighted average number of shares outstanding [basic]	T	**387,844,429**	386,210,635
Net income per share [basic]	(A-E)/T	**$0.76**	$0.13
Before tax adjusted income per share [basic]	B/T	**$0.12**	$0.19
After-tax adjusted income per share [basic]	D/T	**$0.08**	$0.14

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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 August 4, 2017, the Company had 388,535,216 common shares, 32,267,683 options; 4,000,000 Series A preferred shares issued and outstanding; and 4,000,000 Series preferred shares issued and outstanding.

This Management's Discussion and Analysis is dated as of the close of business on August 4, 2017.

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