BY SEDAR

November 21, 2016

Dear Sirs/Madames:

RE: ECN Capital 2016 Third Quarter Management's Discussion and Analysis

On November 14, 2016, ECN Capital Corp. (ECN Capital) released its 2016 Third Quarter Management's Discussion and Analysis (the "MD&A"). Subsequent to the release, ECN Capital amended the MD&A to provide enhanced descriptions of non-IFRS measures and some additional discussion on financial results. An updated version of the MD&A is attached hereto. Please contact ECN's Investor Relations department with any questions you may have.

Yours truly,
ECN Capital Corp.

ECN CAPITAL

Management Discussion and Analysis

SEPTEMBER 30, 2016

The following management discussion and analysis ("MD&A") provides information management believes is relevant to an assessment and understanding of the carve-out combined statements of financial condition and results of operations of ECN Capital Corp. as at and for the three and nine months ended September 30, 2016, following the Separation of Element into Element Fleet Management Corp. ("Element Fleet") and ECN Capital Corp.(the "Company" or "ECN Capital") on the effective date of October 3, 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

CAUTIONARY STATEMENT

THIS ANALYSIS HAS BEEN PREPARED TAKING INTO CONSIDERATION INFORMATION AVAILABLE TO NOVEMBER 14, 2016. 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 ELEMENT.

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Overview

With more than $7.5 billion in owned and managed assets, ECN Capital Corp. (the "Company" or "ECN Capital") is a major force in the commercial finance sector operating across North America in three verticals – Commercial & Vendor Finance, Rail Finance and Commercial Aviation Finance.

The Company is an equipment finance company that originates, co-invests in and manages asset-based financings and related service programs with operations in the United States ("US") and Canada. The Company originates the financing of a broad range of equipment and capital assets by way of secured loans, financial leases, conditional sales contracts and operating leases. ECN Capital originates its financings through its employee sales force, equipment vendors and direct equipment users, distinguishing itself from traditional lenders such as banks and finance companies in that it:

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

Backed by the industry leaders and funding partners who built Element Financial Corporation ("Element") into North America's largest independent equipment finance company, ECN Capital is proud to continue that legacy of innovation, determination and service in support of its customers. The Company has established strong platforms across multiple lines of business in the asset and equipment finance market place. The Company plans to continue to grow its business organically, but will also continue to capitalize on new opportunities where the Company believes it is beneficial and accretive to earnings.

For over 30 years, ECN Capital's management has pursued a strategy of successfully deploying capital within the sectors that comprise the specialty finance sector. This strategy is comprised of four key drivers: i) building robust specialty finance businesses that have grown even in difficult cycles, ii) building portfolios of financial assets with yield, growth and appropriate credit risk profile, iii) building businesses that are competitively positioned to complement banks and institutional investors and, iv) building capital structures that provide broad access to debt and equity markets.

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

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

On July 25, 2016, the Company announced a definitive agreement with INFOR Acquisition Corp. ("IAC") whereby ECN Capital was to acquire all the issued and outstanding shares in the capital of IAC following the completion of the Separation, providing the Company with additional cash equity estimated at $223 million. On October 12, 2016, the Company announced that by mutual agreement, IAC and ECN Capital had terminated the previously announced qualifying transaction that would have resulted in the acquisition of all of the outstanding IAC shares. While an attractively priced incremental option to capitalize on the Company's growth strategy, ECN Capital continues to be well positioned to access adequate internal and external funding sources to execute on its business plan and growth strategy.

Information included in this Management Discussion and Analysis has, unless otherwise indicated, been derived from the historical consolidated financial statements of Element for each of the relevant periods and is presented on a carve-out basis from such historical consolidated financial statements of Element as if ECN Capital had operated as a stand-alone entity throughout the reporting periods. The information should be read in conjunction with Element's annual audited, and interim unaudited, financial statements, the notes thereto and the related management discussion and analysis for the relevant periods.

Results of Operations – For the three months ended September 30, 2016, June 30, 2016 and September 30, 2015 and nine months ended September 30, 2016 and 2015

The following table presents the carve-out combined results of ECN Capital for the reported periods derived from the historical consolidated financial statements of Element and is presented as if ECN Capital had operated on a stand-alone basis throughout the periods.

		For the three-month period ended			For the nine-month period ended	
(in 000's for stated values, except percent and per share amounts)		September 30, 2016 $	June 30, 2016 $	September 30, 2015 $	September 30, 2016 $	September 30, 2015 $
Select metrics						
Originations		407,015	474,093	767,226	1,358,435	2,168,582
Average earning assets		5,723,270	5,537,405	4,939,990	5,693,115	4,494,887
Average debt		4,537,920	4,211,433	3,639,481	4,367,148	3,345,641
Average debt advance rate		79.3%	76.1%	73.7%	76.7%	74.4%
Segment adjusted operating income						
Interest income and rental revenue, net		87,353	86,434	82,403	267,800	222,760
Interest expense		41,544	39,721	32,671	121,668	92,111
		45,809	46,713	49,732	146,132	130,649
Syndication and other income		10,574	6,912	8,584	23,661	38,147
		56,383	53,625	58,316	169,793	168,796
Provision for credit losses		7,839	5,814	4,928	17,514	12,088
Net financial income	a	48,544	47,811	53,388	152,279	156,708
Adjusted operating expenses (1)	b	17,457	14,915	18,410	50,853	47,729
Impairment of intangible assets from acquisitions		26,605	—	377	27,255	1,420
Share based compensation		3,089	1,814	2,796	6,973	7,976
		1,393	31,082	31,805	67,198	99,583
Separation costs		10,250	—	—	10,250	—
Net income (loss) before taxes		(8,857)	31,082	31,805	56,948	99,583
Income tax expense		(10,082)	7,149	6,956	5,227	21,410
Net income for the period		1,225	23,933	24,849	51,721	78,173
Adjusted operating income (1)	a-b	31,087	32,896	34,978	101,426	108,979
Income tax expense		3,643	7,566	8,045	19,821	25,065
After-tax adjusted operating income (1)		27,444	25,330	26,933	81,605	83,914
Weighted average number of shares outstanding [basic] (2)		386,742	386,282	305,273	386,389	278,035
Earnings per share [basic] (2)		$0.00	$0.07	$0.08	$0.16	$0.28
Before tax adjusted earnings per share [basic] (2)		$0.08	$0.09	$0.11	$0.29	$0.39
After tax adjusted earnings per share [basic] (2)		$0.07	$0.07	$0.09	$0.24	$0.30
Tangible leverage (1)		2.51	2.87	3.01	2.51	3.01

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

(2) Book value per share is based on the Element shares outstanding as the Separation will result in the issuance of one Company share for each Element share.

Opening Consolidated Financial Position as at September 30, 2016

The following table presents the ECN Capital Corp. carved out combined statement of financial position as at September 30, 2016 following the Separation of Element into Element Fleet Management Corp. and ECN Capital Corp. on the effective date of October 3, 2016.

	As at September 30, 2016 $
Assets	
Cash	**47,204**
Restricted funds	**166,747**
Finance receivables	**3,074,674**
Equipment under operating leases	**2,559,235**
Accounts receivable and other assets	**221,720**
Derivative financial instruments	**692**
Property, equipment and leasehold improvements	**1,393**
Deferred tax assets	**11,599**
Intangible assets	**335**
Goodwill	**7,890**
Total assets	**6,091,489**
Liabilities	
Accounts payable and accrued liabilities	**78,351**
Derivative financial instruments	**22,724**
Secured borrowings	**4,268,531**
Deferred tax liabilities	**11,410**
Total liabilities	**4,381,016**
Net assets of distributed operations	**1,710,473**

Results of Operations – For the three months ended September 30, 2016, June 30, 2016 and September 30, 2015

The following table sets forth a summary of the Company's select metrics and carve-out combined results of operations, including a breakdown by vertical for the three months ended September 30, 2016, June 30, 2016 and September 30, 2015.

For the three month period ended September 30, 2016

(in 000's for stated values, except percent amounts)	Rail Finance $	Aviation $	C&V $	ECN Capital $	% change over June 30, 2016 $	% change over September 30, 2015 $
Select metrics						
Originations	**92,149**	**—**	**314,866**	**407,015**	(14.1)%	(46.9)%
Average earning assets	**2,308,617**	**1,121,297**	**2,293,356**	**5,723,270**	3.4 %	15.9 %
Average debt	**1,905,548**	**760,140**	**1,872,232**	**4,537,920**	7.8 %	24.7 %
Average debt advance rate	**82.5%**	**67.8%**	**81.6%**	**79.3%**		
Vertical adjusted operating income						
Interest income and rental revenue, net	**36,767**	**15,364**	**35,222**	**87,353**	1.1 %	6.0 %
Interest expense	**17,109**	**4,997**	**19,438**	**41,544**	4.6 %	27.2 %
	19,658	**10,367**	**15,784**	**45,809**	(1.9)%	(7.9)%
Syndication and other income	**3,282**	**3,524**	**3,768**	**10,574**	53.0 %	23.2 %
	22,940	**13,891**	**19,552**	**56,383**	5.1 %	(3.3)%
Provision for credit losses	**—**	**147**	**7,692**	**7,839**	34.8 %	59.1 %
Net financial income	**22,940**	**13,744**	**11,860**	**48,544**	1.5 %	(9.1)%
Adjusted operating expenses (1)	**4,953**	**2,494**	**10,010**	**17,457**	17.0 %	(5.2)%
Vertical adjusted operating income before tax	**17,987**	**11,250**	**1,850**	**31,087**	(5.5)%	(11.1)%
Select operating ratios (2)						
Interest income and rental revenue, net	**6.37%**	**5.48%**	**6.14%**	**6.11%**		
Interest expense	**2.96%**	**1.78%**	**3.39%**	**2.90%**		
	3.41%	**3.70%**	**2.75%**	**3.20%**		
Syndication and other income	**0.57%**	**1.26%**	**0.66%**	**0.74%**		
Provision for credit losses	**—%**	**0.05%**	**1.34%**	**0.55%**		
Net financial income	**3.98%**	**4.91%**	**2.07%**	**3.39%**		
Adjusted operating expenses (1)	**0.86%**	**0.89%**	**1.75%**	**1.22%**		
Vertical adjusted operating income before tax	**3.12%**	**4.02%**	**0.32%**	**2.17%**		
Cost of debt (3)	**3.59%**	**2.63%**	**4.15%**	**3.66%**		

(1) For additional information, see "Description of 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 Finance** $	**Aviation** $	**C&V** $	**ECN Capital**
Select metrics				
Originations	16,647	54,638	402,808	474,093
Average earning assets	2,209,494	1,186,343	2,141,568	5,537,405
Average debt	1,804,457	739,039	1,667,937	4,211,433
Average debt advance rate	**81.7 %**	**62.3 %**	**77.9 %**	**76.1 %**
Vertical adjusted operating income				
Interest income and rental revenue, net	36,386	16,700	33,348	86,434
Interest expense	16,672	5,966	17,083	39,721
	19,714	10,734	16,265	46,713
Syndication and other income	31	2,913	3,968	6,912
	19,745	**13,647**	**20,233**	**53,625**
Provision for credit losses	—	160	5,654	5,814
Net financial income	**19,745**	**13,487**	**14,579**	47,811
Adjusted operating expenses (1)	5,513	2,390	7,012	14,915
Vertical adjusted operating income before tax	**14,232**	**11,097**	**7,567**	32,896
Select operating ratios (2)				
Interest income and rental revenue, net	6.59 %	5.63 %	6.23 %	6.24 %
Interest expense	3.02 %	2.01 %	3.19 %	2.87 %
	3.57 %	3.62 %	3.04 %	3.37 %
Syndication and other income	0.01 %	0.98 %	0.74 %	0.50 %
Provision for credit losses	— %	0.05 %	1.06 %	0.42 %
Net financial income	3.58 %	4.55 %	2.72 %	3.45 %
Adjusted operating expenses (1)	1.00 %	0.81 %	1.31 %	1.08 %
Vertical adjusted operating income before tax	2.58 %	3.74 %	1.41 %	2.38 %
Cost of debt (3)	3.70 %	3.23 %	4.10 %	3.77 %

(1) For additional information, see "Description of 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 September 30, 2015

(in 000's for stated values, except percent amounts)	**Rail Finance** $	**Aviation** $	**C&V** $	**ECN Capital**
Select metrics				
Originations	358,447	83,717	325,062	767,226
Average earning assets	1,752,655	1,304,674	1,882,661	4,939,990
Average debt	1,349,019	805,935	1,484,527	3,639,481
Average debt advance rate	**77.0%**	**61.8%**	**78.9%**	**73.7%**
Vertical adjusted operating income				
Interest income and rental revenue, net	32,425	19,808	30,170	82,403
Interest expense	12,005	7,016	13,650	32,671
	20,420	12,792	16,520	49,732
Syndication and other income	(8)	215	8,377	8,584
	20,412	**13,007**	**24,897**	**58,316**
Provision for credit losses	—	159	4,769	4,928
Net financial income	**20,412**	**12,848**	**20,128**	**53,388**
Adjusted operating expenses (1)	4,281	3,281	10,848	18,410
Vertical adjusted operating income before tax	**16,131**	**9,567**	**9,280**	**34,978**
Select operating ratios (2)				
Interest income and rental revenue, net	7.40%	6.07%	6.41%	6.67%
Interest expense	2.74%	2.15%	2.90%	2.65%
	4.66%	3.92%	3.51%	4.03%
Syndication and other income	—%	0.07%	1.78%	0.70%
Provision for credit losses	—%	0.05%	1.01%	0.40%
Net financial income	4.66%	3.94%	4.28%	4.32%
Adjusted operating expenses (1)	0.98%	1.01%	2.30%	1.49%
Vertical adjusted operating income before tax	3.68%	2.93%	1.97%	2.83%
Cost of debt (3)	3.56%	3.48%	3.68%	3.59%

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

The following discussion relates to the financial results of operation for the three-month period ended September 30, 2016 presented on both a carve-out combined basis as shown on page 5 and on a vertical basis as shown on pages 7,8, and 9 of this document.

The Company is reporting total originations of $407.0 million during the current quarter compared to $767.2 million during the comparative quarter of 2015 and $474.1 million during the immediately preceeding quarter ended June 30, 2016. As stated previously, the Company is no longer originating assets in its Aviation vertical and in early 2016 the Company decided to reduce or defer originations in the Rail vertical, both under the Trinity Vendor Program and its direct originations business, in order to be well positioned to capitalize on market opportunities in the secondary market. These actions are responsible for the majority of the decline in originations over the comparable period, while the Commercial and Vendor ("C&V") vertical originations have been stable against both periods.

Interest income and rental revenue, net of depreciation for the three month period ended September 30, 2016 was $87.4 million, an increase of $5.0 million from the amount of $82.4 million reported during the quarter ended September 30, 2015, and an increase of $1.0 million over the amount of $86.4 million reported during the immediately preceding quarter ended June 30, 2016. The increase in interest income and net rental revenue, over the comparative period resulted from higher average earning assets, up $783.3 million from $4,940.0 million at September 30, 2015. The increase in interest income and net rental revenue over the prior period was driven by higher earning assets at September 30, 2016 of $5,723.3 million compared to $5,537.4 million for the quarter ended June 30, 2016 net of lower yields in all three verticals. In the Rail vertical, interest income and net rental revenue of $36.8 million increased over comparative quarters driven by higher average earning assets net of lower yields. In the Aviation vertical, interest income and net rental revenue of $15.4 million declined over comparative quarters driven by lower average earning assets from the Company's previously stated decision to no longer originate assets in addition to lower yields. In the C&V vertical, interest income and net rental revenue of $35.2 million increased over comparative quarters driven by higher average earning assets net of lower yields.

Interest expense was $41.5 million for the quarter ended September 30, 2016, compared to $32.7 million for the quarter ended September 30, 2015 and $39.7 million for the immediately preceding quarter ended June 30, 2016, reflecting increases of $8.8 million and $1.8 million, respectively. The increase over the comparative period ended September 30, 2015 is the result of higher average outstanding debt during the period which increased to $4,537.9 million during the quarter ended September 30, 2016 from $3,639.5 million during the quarter ended September 30, 2015. The increase from the prior period reflects higher average debt from $4,211.4 million during the quarter ended June 30, 2016. The average cost of debt at 2.90% for the quarter ended September 30, 2016 increased over the prior year and was stable compared to June 30, 2016. In the Rail vertical, interest expense of $17.1 million increased over the prior year primarily due to higher average debt to support higher average earning assets and was stable compared to June 30, 2016. The Rail average cost of debt also increased compared to the prior year and was stable compared to June 30, 2016. In the Aviation vertical, interest expense of $5.0 million decreased over comparative quarters due to lower average debt given lower earning assets. The Aviation average cost of debt also decreased over both comparative quarters. In the C&V vertical, interest expense of $19.4 million increased over comparative quarters primarily due to higher average debt to support higher average earning assets. The C&V average cost of debt also increased over comparative quarters.

Syndication and other revenue, increased to $10.6 million from $8.6 million in the comparative quarter ended September 30, 2015. Syndication fees of $3.9 million decreased from $8.4 million in the comparative quarter. Transactions are typically syndicated in instances where the Company wants to manage credit exposures or concentrations by selling transactions to another funder on a non-recourse basis. Capital advisory fees of $1.1 million were up $0.7 million from $0.4 million in the prior year, prepayment charges of $2.3 million were up from $1.4 million in the prior year and other revenues of $3.3 million were up from a loss of $1.6 million in the prior year. Other revenue categories are volume dependent and not necessarily correlated with average earning assets. Other revenue in the current quarter also includes a net nil impact from foreign currency as a $1.3 million foreign currency gain from hedges offset a $1.3 million foreign currency loss, compared with a nominal $0.2 million net foreign currency loss in the prior year as the comparative quarter ended September 30, 2015 included hedge losses of $64.4 million offset by foreign currency gains of $64.2 million. Syndication and other revenue increased over comparative quarters in both the Rail and Aviation verticals. In the C&V vertical, syndication and other revenue decreased over the prior year from lower syndication fees and was relatively stable compared to June 30, 2016.

Adjusted operating expenses (a non-IFRS measure, refer to "IFRS to Non-IFRS Reconciliations" in this Interim MD&A for a reconciliation to net income), which consist of direct operating expenses and an allocation of corporate expenses based on the segment's average earning assets outstanding during the period, were $17.5 million for the quarter ended September 30, 2016 compared to $18.4 million for the comparable quarter of 2015 and $14.9 million for the immediately preceding quarter ended June 30, 2016. Salaries and wages increased compared to period ended June 30, 2016 in part because the prior quarter included a change in estimate relating to certain employee compensation related accruals. In the Rail vertical, adjusted operating expenses of $5.0 million for the quarter were down slightly compared to June 30, 2016 and up slightly compared to September 30, 2015. In the Aviation vertical, expenses of $2.5 million were stable compared to June 30, 2016 and down compared to September 30, 2015. In the C&V vertical, expenses of $10.0 million were down compared to September 30, 2015 and up compared to June 30, 2016 reflecting the change in employee compensation related accruals mentioned above.

Impairment of intangible assets from acquisitions expense of $26.6 million represent the write-down of the non-cash intangible assets associated with the Aviation vertical originated in 2014 at the time of the acquistion of the GE helicopter business and assets as the Company is no longer originating assets in the commercial aviation business.

Share-based compensation expense of $3.1 million was in line with the $2.8 million expense in the prior year. Share-based compensation represents the recognition of the non-cash fair value attributed to the options granted to the Company's employees and directors, and the value of the performance share units (PSUs) granted during the year. Options expense are recognized on a proportionate basis consistent with the vesting period of such options. The options amounts are calculated using the Black-Scholes option pricing model, while PSUs are calculated based on the market value of Element's common shares.

Separation costs were $10.3 million for the quarter representing a 25% allocation of the aggregate costs of $41.0 million incurred in connection with the separation of Element Fleet and the Company with the balance of $30.7 million expensed in Element Fleet.

For the three months ended September 30, 2016 and 2015, the Company did not have current income tax expense through the combination of its i) legal structure; ii) jurisdictional operating results in Canada and the US; iii) its financing and capital structure; and iv) the nature of tax depreciation being larger than book depreciation on the Company's underlying assets.

Net income of $1.2 million for the three months ended September 30, 2016 was down compared to the $24.8 million a year ago due to the impairment of intangible assets from acquisitions and separation expenses.

Adjusted operating income before taxes (a non-IFRS measure, refer to "IFRS to Non-IFRS Reconciliations" in this Interim MD&A for a reconciliation to net income) for the three months ended September 30, 2016 was $31.1 million compared to $35.0 million reported for the three months ended September 30, 2015 and $32.9 million reported in the immediately preceding quarter.

Results of Operations – For the nine months ended September 30, 2016 and 2015

The following table sets forth a summary of the Company's select metrics and results of operations, including a breakdown by vertical, for the nine months ended September 30, 2016 and 2015:

For the nine-month period ended September 30, 2016

(in 000's for stated values, except percent amounts)	Rail Finance $	Aviation $	C&V $	ECN Capital $	% change over September 30, 2015
Select metrics					
Originations	**160,131**	**174,114**	**1,024,190**	**1,358,435**	(37.4)%
Average earning assets	**2,291,053**	**1,223,679**	**2,178,383**	**5,693,115**	26.7 %
Average debt	**1,833,214**	**782,716**	**1,751,218**	**4,367,148**	30.5 %
Average debt advance rate	**80.0%**	**64.0%**	**80.4%**	**76.7%**	
Vertical adjusted operating income					
Interest income and rental revenue, net	**113,418**	**51,880**	**102,502**	**267,800**	20.2 %
Interest expense	**50,982**	**18,614**	**52,072**	**121,668**	32.1 %
	62,436	**33,266**	**50,430**	**146,132**	11.9 %
Syndication and other income	**3,204**	**9,305**	**11,152**	**23,661**	(38.0)%
	65,640	**42,571**	**61,582**	**169,793**	0.6 %
Provision for credit losses	**—**	**478**	**17,036**	**17,514**	44.9 %
Net financial income	**65,640**	**42,093**	**44,546**	**152,279**	(2.8)%
Adjusted operating expenses (1)	**15,861**	**8,100**	**26,892**	**50,853**	6.5 %
Vertical adjusted operating income before tax	**49,779**	**33,993**	**17,654**	**101,426**	(6.9)%
Select operating ratios (2)					
Interest income and rental revenue, net	**6.60%**	**5.65%**	**6.27%**	**6.27%**	
Interest expense	**2.97%**	**2.03%**	**3.19%**	**2.85%**	
	3.63%	**3.62%**	**3.09%**	**3.42%**	
Syndication and other income	**0.19%**	**1.01%**	**0.68%**	**0.55%**	
Provision for credit losses	**—%**	**0.05%**	**1.04%**	**0.41%**	
Net financial income	**3.82%**	**4.59%**	**2.73%**	**3.57%**	
Adjusted operating expenses (1)	**0.92%**	**0.88%**	**1.65%**	**1.19%**	
Vertical adjusted operating income before tax	**2.90%**	**3.71%**	**1.08%**	**2.38%**	
Cost of debt (3)	**3.71%**	**3.17%**	**3.96%**	**3.71%**	

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

For the nine-month period ended September 30, 2015				
(in 000's for stated values, except percent amounts)	**Rail Finance** **$**	**Aviation** **$**	**C&V** **$**	**ECN Capital**
Select metrics				
Originations	794,802	513,690	860,090	2,168,582
Average earning assets	1,460,986	1,218,154	1,815,747	4,494,887
Average debt	1,159,195	760,894	1,425,552	3,345,641
Average debt advance rate	**79.3 %**	**62.5 %**	**78.5 %**	**74.4 %**
Vertical adjusted operating income				
Interest income and rental revenue, net	80,547	54,363	87,850	222,760
Interest expense	32,546	21,281	38,284	92,111
	48,001	33,082	49,566	130,649
Syndication and other income	293	19,071	18,783	38,147
	48,294	**52,153**	**68,349**	**168,796**
Provision for credit losses	—	1,318	10,770	12,088
Net financial income	**48,294**	**50,835**	**57,579**	**156,708**
Adjusted operating expenses (1)	10,686	7,849	29,194	47,729
Vertical adjusted operating income before tax	**37,608**	**42,986**	**28,385**	**108,979**
Select operating ratios (2)				
Interest income and rental revenue, net	7.35 %	5.95 %	6.45 %	6.61 %
Interest expense	2.97 %	2.33 %	2.81 %	2.73 %
	4.38 %	3.62 %	3.64 %	3.88 %
Syndication and other income	0.03 %	2.09 %	1.38 %	1.13 %
Provision for credit losses	—%	0.14 %	0.79 %	0.36 %
Net financial income	4.41 %	5.56 %	4.23 %	4.65 %
Adjusted operating expenses (1)	0.98 %	0.86 %	2.14 %	1.42 %
Vertical adjusted operating income before tax	3.43 %	4.71 %	2.08 %	3.23 %
Cost of debt (3)	3.74 %	3.73 %	3.58 %	3.67 %

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

The following discussion relates to the financial results of operation for the nine-month period ended September 30, 2016 presented on both a carve-out combined basis as shown on page 5 and on a vertical basis as shown on pages 12 and 13 of this document.

The Company is reporting total originations of $1,358.4 million during the nine months ended September 30, 2016 compared to $2,168.6 million during the comparative quarter of 2015. As stated previously the Company is no longer originating assets in its Aviation vertical and this action, and the lower targeted levels of origination in the Rail Finance vertical, are responsible for the majority of the decline in originations over the comparable period.

Interest income and rental revenue, net of depreciation for the nine month period ended September 30, 2016 was $267.8 million, an increase of $45.0 million from the amount of $222.8 million reported during the comparative period ended September 30, 2015. The increase in interest income and net rental revenue, over the comparative period ended September 30, 2015 resulted from increases in average earning assets outstanding during the period which grew to $5,693.1 million during the nine months ended September 30, 2016, from $4,494.9 million during the nine months ended September 30, 2015, partially offset by lower yields in the current period. In the Rail and C&V verticals, interest income and net rental revenues increased over the prior year driven by higher average earning assets net of lower yield. In the Aviation vertical, interest income and net rental revenues decreased slightly over the prior year as lower yield was partly offset by a modest increase in average earning assets.

Interest expense was $121.7 million for the nine months ended September 30, 2016, compared to $92.1 million for the quarter ended September 30, 2015 , reflecting an increase of $29.6 million. The increase over the comparative period is largely the result of higher average outstanding debt during the period which increased to $4,367.1 million during the nine months ended September 30, 2016 from $3,345.6 million during the nine months ended September 30, 2015. The average cost of debt at 2.85% for the nine-months ended September 30, 2016 increased modestly over the prior year. In the Rail and C&V verticals, interest expense increased over the prior year with higher average outstanding debt driven by higher average earning assets. The average cost of debt for Rail was constant and was higher for C&V. In the Aviation vertical, interest expense decreased slightly driven by lower cost of debt partly offset by higher average earning assets.

Syndication and other revenue decreased slightly to $23.7 million from $38.1 million in the comparative nine months ended September 30, 2015 as the prior period had the benefit of structuring fees earned on ECAF I Ltd. Syndication fees of $6.2 million decreased from $12.7 million in the comparative quarter. Transactions are typically syndicated in instances where the Company wants to manage credit exposures or concentrations by selling transactions to another funder on a non-recourse basis. Capital advisory fees of $3.7 million decreased from $15.8 million related to the ECAF fees. Prepayment charges of $5.4 million were down from $8.6 million in the prior year and other revenues of $8.3 million were up from $1.1 million in the prior year. Other revenue categories are volume dependent and not necessarily correlated with average earning assets. Other revenue for the nine months period ended September 30, 2016 also includes a net nil impact from foreign currency as a $17.4 million loss from hedges offset $17.4MM in foreign currency gains, while the nine months ended September 30, 2015 included a net nil impact from foreign currency as well with a $73.8 million loss on hedges offset $73.8 million in foreign currency gains. Syndication and other revenue increased over the prior year in the Rail vertical but decreased in both the Aviation and C&V verticals driven by lower ECAF fees and lower syndication fees respectively.

Adjusted operating expenses (a non-IFRS measure, refer to "IFRS to Non-IFRS Reconciliations" in this Interim MD&A for a reconciliation to net income), which consist of direct operating expenses and an allocation of corporate expenses based on the segment's average earning assets outstanding during the period, were $50.9 million for the nine months ended September 30, 2016 compared to $47.7 million for the comparable period of 2015. The relative stability in expenses despite the growth of average earning assets demonstrates strong cost control, with a reduction of adjusted operating expenses in both the Aviation and Rail verticals and the benefit of increasing economies of scale in the C&V Finance vertical.

Impairment of intangible assets from acquisitions expense of $27.3 million for the write-down of the non-cash intangible asset associated with the Aviation vertical and separation costs of $10.3 million year to date were significantly higher than the $1.4 million expense in the prior year.

Share-based compensation expense of $7.0 million was slightly lower than the $8.0 million expense in the prior year. Share-based compensation represents the recognition of the non-cash fair value attributed to the options granted to the Company's employees and directors, and the value of the performance share units granted during the year. Stock options expense are recognized on a proportionate basis consistent with the vesting period of such options. The options amounts are calculated using the Black-Scholes option pricing model, while PSUs are calculated based on the market value of Element's common shares.

For the nine months ended September 30, 2016 and 2015, the Company did not have current income tax expense through the combination of its i) legal structure; ii) jurisdictional operating results in Canada and the US; iii) its financing and capital structure; and iv) the nature of tax depreciation being larger than book depreciation on the Company's underlying assets.

Net income of $51.7 million for the nine months ended September 30, 2016 was down compared to the $78.2 million at September 30, 2015 due to the impairment of intangible assets from acquisitions and separation expenses.

Adjusted operating income before taxes (a non-IFRS measure, refer to "IFRS to Non-IFRS Reconciliations" in this Interim MD&A for a reconciliation to net income) for the nine months ended September 30, 2016 was $101.4 million compared to $109.0 million reported for the nine months ended September 30, 2015.

Financial Position

The following tables set forth a summary of the Company's balance sheet, including a breakdown by vertical, as at September 30, 2016, June 30, 2016 and December 31, 2015.

September 30, 2016

(in 000's for stated values, except percent amounts)	**Rail Finance Vertical** $	**Aviation Finance Vertical** $	**C&V Finance Vertical** $	**Total ECN** $	Change over June 30, 2016 %	Change over December 31, 2015 %
Assets						
Finance assets						
Finance receivables	**3,916**	**748,955**	**2,321,803**	**3,074,674**	(3.9)	(1.8)
Equipment under operating leases	**2,296,234**	**263,001**	**—**	**2,559,235**	0.6	(5.0)
Total finance assets	**2,300,150**	**1,011,956**	**2,321,803**	**5,633,909**	(1.9)	(3.2)
Other assets	**174,942**	**124,180**	**150,233**	**449,355**	33.7	42.2
Goodwill and intangible assets	**—**	**3,330**	**4,895**	**8,225**	(74.3)	(75.5)
Total assets	**2,475,092**	**1,139,466**	**2,476,931**	**6,091,489**	(0.3)	(1.3)
Liabilities						
Debt						
Direct	**1,414,748**	**—**	**1,258,897**	**2,673,645**	(8.5)	1.8
Allocated	**356,936**	**575,275**	**662,675**	**1,594,886**	9.0	(13.6)
Total debt	**1,771,684**	**575,275**	**1,921,572**	**4,268,531**	(2.7)	(4.5)
Other liabilities	**57,254**	**24,095**	**31,136**	**112,485**	(30.4)	2.8
Total liabilities	**1,828,938**	**599,370**	**1,952,708**	**4,381,016**	(3.7)	(4.4)

June 30, 2016

(in 000's for stated values, except percent amounts)	Rail Finance Vertical $	Aviation Finance Vertical $	C&V Finance Vertical $	Total Commercial Finance Segment $
Assets				
Finance assets				
Finance receivables	4,046	952,736	2,241,132	3,197,914
Equipment under operating leases	2,236,105	308,149	—	2,544,254
Total finance assets	2,240,151	1,260,885	2,241,132	5,742,168
Other assets	77,159	67,353	191,641	336,153
Goodwill and intangible assets	—	26,987	4,966	31,953
Total assets	2,317,310	1,355,225	2,437,739	6,110,274
Liabilities				
Debt				
Direct	1,412,090	120,873	1,390,020	2,922,983
Allocated	429,718	591,603	441,681	1,463,002
Total debt	1,841,808	712,476	1,831,701	4,385,985
Other liabilities	54,788	32,269	74,494	161,551
Total liabilities	1,896,596	744,745	1,906,195	4,547,536

	December 31, 2015			
(in 000's for stated values, except percent amounts)	Rail Finance Vertical $	Aviation Finance Vertical $	C&V Finance Vertical $	Total Commercial Finance Segment $
Assets				
Finance assets				
Finance receivables	1,123	1,054,582	2,074,089	3,129,794
Equipment under operating leases	2,342,058	350,673	—	2,692,731
Total finance assets	2,343,181	1,405,255	2,074,089	5,822,525
Other assets	110,646	40,173	165,268	316,087
Goodwill and intangible assets	—	28,605	5,034	33,639
Total assets	2,453,827	1,474,033	2,244,391	6,172,251
Liabilities				
Debt				
Direct	991,487	156,168	1,478,393	2,626,048
Allocated	743,992	773,473	327,879	1,845,344
Total debt	1,735,479	929,641	1,806,272	4,471,392
Other liabilities	32,507	19,079	57,862	109,448
Total liabilities	1,767,986	948,720	1,864,134	4,580,840

Total finance assets were $5,633.9 million on September 30, 2016, compared to $5,822.5 million at December 31, 2015 and $5,742.2 million at June 30, 2016. The Rail vertical finance assets decreased $43.0 million based on the strategic decision in early 2016 to reduce or defer originations to be well positioned to capitalize on market opportunities. Finance assets in the Aviation vertical decreased $393.3 million as the Company is no longer originating assets in the business. The C&V Finance vertical finance assets increased by $247.7 million from December 31, 2015 on strong originations and new vendor relationships.

Debt, consisting of direct securitization debt and the allocation of the term senior credit facility, decreased by $202.9 million compared to December 31, 2015 for the Company. This decrease is largely consistent with the decrease in assets and slightly lower leverage.

Under the carve-out methodology, the term senior facility debt held in coroprate has been allocated between the verticals on the basis of the un-securitized collateral outstanding as at the end of the reported periods. Related interest expense has been allocated on the same basis but applying the average outstanding collateral during the periods. This has been applied consistently over the comparable periods.

Portfolio Finance Asset Details

Finance Receivables

The following table sets forth a breakdown of the Company's finance receivables as of September 30, 2016, June 30, 2016 and December 31, 2015:

(in 000's for stated values, except percentage amounts)	**September 30, 2016**	June 30, 2016 $	December 31, 2015 $	Change over June 30, 2016 **%**	Change over December 31, 2015 **%**
Net investment in finance receivables	**3,071,763**	3,118,144	3,158,079	(1.5)%	(2.7)%
Impaired receivables - at net realizable value	**6,932**	91,991	4,029	(92.5)%	72.1 %
	3,078,695	3,210,135	3,162,108	(4.1)%	(2.6)%
Unamortized origination costs and subsidies	**23,755**	20,971	19,722	13.3 %	20.4 %
Net finance receivables	**3,102,450**	3,231,106	3,181,830	(4.0)%	(2.5)%
Prepaid lease payments and security deposits	**(30,348)**	(21,857)	(33,585)	38.8 %	(9.6)%
Interim funding	**9,131**	1,569	1,723	482.0 %	429.9 %
Other	**10,070**	5,188	220	94.1 %	4,477.3 %
	3,091,303	3,216,006	3,150,188	(3.9)%	(1.9)%
Allowance for credit losses	**16,629**	18,092	20,394	(8.1)%	(18.5)%
Total finance receivables	**3,074,674**	3,197,914	3,129,794	(3.9)%	(1.8)%
Ratios					
Allowance for credit losses as a percentage of finance receivables	**0.54%**	0.56%	0.65%		

Total finance receivables have decreased for the period ended September 30, 2016 over the comparative periods as assets in the Aviation vertical decreased on the decision to refocus the business, partly offset by growth in the C&V Finance vertical from originations and new vendor relationships.

Impaired receivables of $6.9 million are stated at net realizable value. The decrease of $85.1 million over the amount reported at June 30, 2016 is attributable to the bankruptcy of CHC Helicopters in the prior quarter and the Company's financing of seven helicopters with CHC. Two of the helicopters are now performing leases and the remaining five were reclassified to inventory, presented with the Accounts receivable and other assets line on the statement of financial position. The Company has entered into a re-marketing arrangement with a third party and is also pursuing certain claims from the manufacturer. At this time, and following the current monetization efforts and the long life of these assets, the Company does not expect to incur any losses resulting from this situation.

All finance receivables are secured under the applicable provincial personal property registries and the applicable United States Uniform Commercial Code.

Geographic Portfolio Segmentation

ECN Capital's portfolio of net finance receivables continues to be weighted to the U.S. which accounted for 64.7% of the portfolio, while Canada represents 35.3%.

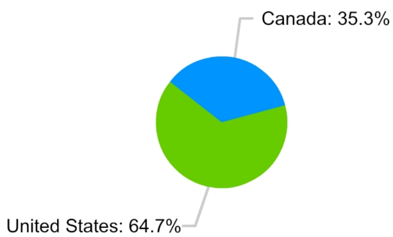
The geographic distribution of the Company's net finance receivables by the ultimate obligor is as follows:

	September 30, 2016			
	Rail Finance	**Aviation Finance**	**C&V Finance**	**Total**
United States	**1,939**	**573,748**	**1,432,828**	**2,008,515**
Canada	**397**	**197,808**	**895,730**	**1,093,935**
Total	**2,336**	**771,556**	**2,328,558**	**3,102,450**

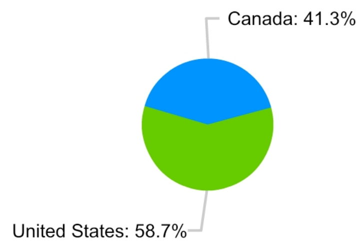
	June 30, 2016			
	Rail Finance	**Aviation Finance**	**C&V Finance**	**Total**
United States	1,874	629,595	1,365,603	1,997,072
Canada	393	344,540	889,101	1,234,034
Total	2,267	974,135	2,254,704	3,231,106

	December 31, 2015			
	Rail Finance	**Aviation Finance**	**C&V Finance**	**Total**
United States	1,781	666,715	1,199,268	1,867,764
Canada	435	421,528	892,103	1,314,066
Total	2,216	1,088,243	2,091,371	3,181,830

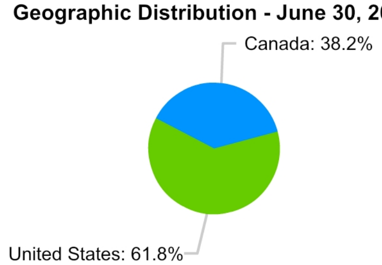
Geographic Distribution - September 30, 2016



Geographic Distribution - December 31, 2015



Geographic Distribution - June 30, 2016



Asset Class Portfolio Distribution

The distribution of the net finance receivables over asset classes at each reporting period is as follows:

	September 30, 2016		June 30, 2016		December 31, 2015	
(in 000's except percentage amounts)	**$**	**%**	$	%	$	%
Aircrafts (1)	**771,557**	**25.0**	974,135	30.0	1,088,243	34.3
Construction equipment	**629,609**	**20.3**	585,731	18.1	458,241	14.5
Vehicles	**557,328**	**18.0**	526,265	16.3	477,757	15.0
Restaurant equipment	**222,349**	**7.2**	214,315	6.6	189,646	6.0
Healthcare equipment	**199,950**	**6.4**	179,467	5.6	172,844	5.4
Highway Trailers	**159,214**	**5.1**	163,234	5.1	171,986	5.4
Office equipment	**131,323**	**4.2**	143,202	4.4	169,540	5.3
Highway Tractors	**135,282**	**4.4**	141,944	4.4	144,250	4.5
Inter-city transportation equipment	**139,939**	**4.5**	138,262	4.3	147,013	4.6
Manufacturing equipment	**60,188**	**1.9**	57,587	1.8	48,333	1.5
Industrial equipment	**44,761**	**1.4**	49,026	1.5	44,846	1.4
Technology equipment	**29,013**	**0.9**	32,281	1.0	41,381	1.3
Golf carts	**7,636**	**0.2**	9,146	0.3	11,079	0.3
Other equipment	**14,301**	**0.5**	16,511	0.5	16,671	0.5
	3,102,450	**100.0**	3,231,106	100.0	3,181,830	100.0

(1) The Company will discontinue the majority of its "on balance sheet" aviation finance business and sell, manage to maturity or transition to a future aviation fund its portfolio of aviation assets.

Delinquencies and losses

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

	September 30, 2016		June 30, 2016		December 31, 2015	
	$	%	$	%	$	%
Current	3,076,589	99.17	3,117,012	96.47	3,163,207	99.41
31 to 60 days	10,768	0.35	10,779	0.33	8,952	0.28
61 to 90 days	5,335	0.17	5,764	0.18	2,612	0.08
91 to 120 days	2,826	0.09	5,560	0.17	3,030	0.10
Impaired receivables	6,932	0.22	91,991	2.85	4,029	0.13
Total	3,102,450	100.00	3,231,106	100.00	3,181,830	100.00

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

	Nine-month period ended September 30, 2016	Year ended December 31, 2015
(in 000's except percentage amounts)	$	$
Allowance for credit losses beginning of period	20,394	14,120
Provision for credit losses	17,514	17,730
Charge-offs, net of recoveries	(20,469)	(13,559)
Impact of foreign exchange	(810)	2,103
Allowance for credit losses, end of period	16,629	20,394
Allowance as a % of finance receivables	0.54%	0.65%

Allowance for credit losses

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

According to the Company's underwriting policies and procedures, the Company assesses credit risk related to specific customer defaults, by performing detailed assessments on the value of the underlying security, the customer's financial condition and ability to service the debt, both at loan inception and throughout the term of the loan.

The Company's allowance for credit losses of $16.6 million as at September 30, 2016 represents 0.54% of the finance receivables outstanding, a reduction from the 0.65% reported at December 31, 2015. Overall, the allowance is in-line with management's expectation of losses from the business and the mix of assets.

Equipment Under Operating Leases

The following table sets forth a breakdown by asset category of the Company's equipment under operating leases as of September 30, 2016, June 30, 2016 and December 31, 2015:

(in 000's for stated values, except for percentage amounts)	**September 30, 2016** **$**	June 30, 2016 $	December 31, 2015 $	Change over June 30, 2016 %	Change over December 31, 2015 %
Equipment under operating leases, net					
Railcars	**2,296,234**	2,236,105	2,342,058	2.7	(2.0)
Aircraft (1)	**263,001**	308,149	350,673	(14.7)	(25.0)
	2,559,235	2,544,254	2,692,731	0.6	(5.0)

(1) The Company will discontinue the majority of its "on balance sheet" aviation finance business and sell, manage to maturity or transition to a future aviation fund its portfolio of avaiation assets.

The Company's railcar assets are amortized for up to 50 years from their manufacture date to an approximate 10% salvage value. The Company's aircraft assets are amortized for up to 30 years from their manufacture date up to a 30% salvage value.

Geographic Portfolio Segmentation

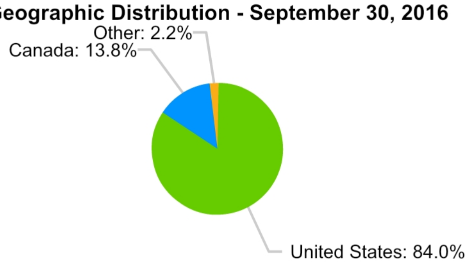
The geographic distribution of the Company's equipment under operating lease by the ultimate obligor is as follows:

	September 30, 2016		
	Rail Finance	**Aviation Finance**	**Total**
United States	2,027,412	120,009	2,147,421
Canada	221,154	133,220	354,374
Other	47,668	9,772	57,440
Total	2,296,234	263,001	2,559,235

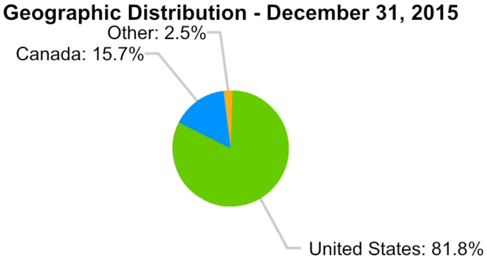
	June 30, 2016		
	Rail Finance	Aviation Finance	Total
United States	1,972,820	112,582	2,085,402
Canada	215,816	185,824	401,640
Other	47,469	9,743	57,212
Total	2,236,105	308,149	2,544,254

	December 31, 2015		
	Rail Finance	Aviation Finance	Total
United States	2,058,787	143,566	2,202,353
Canada	232,127	190,157	422,284
Other	51,144	16,950	68,094
Total	2,342,058	350,673	2,692,731

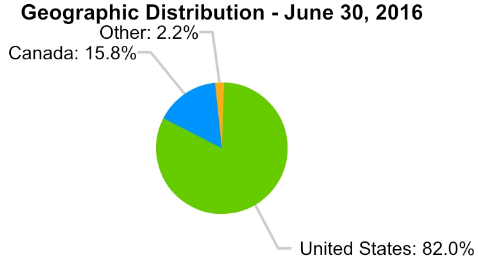
Geographic Distribution - September 30, 2016



Geographic Distribution - December 31, 2015



Geographic Distribution - June 30, 2016



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 September 30, 2016. This information 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 Element's audited and interim unaudited, consolidated financial statements, the notes thereto and the related management discussion and analysis for the relevant periods.

(in $ 000's for stated values, except ratio and per share amounts)	Q3, 2016	Q2, 2016	Q1, 2016	Q4, 2015	Q3, 2015	Q2, 2015	Q1, 2015	Q4, 2014
Net financial income	**48,544**	47,811	55,924	60,959	53,388	52,693	50,627	42,794
Adjusted operating income before tax (1)	**31,087**	32,896	37,443	43,566	34,978	36,967	37,034	31,792
Impairment of intangible assets from acquisitions	**26,605**	—	650	299	377	780	263	96
Share based compensation	**3,089**	1,814	2,070	2,390	2,796	2,887	2,293	1,968
Separation costs	**10,250**	—	—	—	—	—	—	—
Net income before income taxes	**(8,857)**	31,082	34,723	40,877	31,805	33,300	34,478	29,728
Net income	**1,225**	23,933	26,563	31,597	24,849	26,017	27,307	22,179
Net earnings per share, basic	**$ —**	$ 0.07	$ 0.10	$ 0.08	$ 0.08	$ 0.10	$ 0.10	0.08
Total earning assets	**5,630,998**	5,662,398	5,658,417	5,850,810	5,266,690	4,747,326	4,479,836	3,874,523
Loan and lease originations	**407,015**	474,093	477,327	856,121	767,226	753,519	647,836	856,202
Allowance for credit losses	**16,629**	18,092	17,855	20,394	17,542	16,861	17,343	14,120
As a % of finance receivables	**0.54**	0.56	0.58	0.65	0.62	0.60	0.61	0.54
Senior revolving credit facility	**1,617,980**	1,537,407	1,504,501	2,029,816	1,598,939	994,316	519,726	1,280,800
Secured borrowings	**2,650,551**	2,848,578	2,879,375	2,441,576	2,467,468	2,657,734	2,838,041	1,766,500
Net Investment	**1,710,473**	1,562,738	1,502,001	1,591,411	1,380,309	1,307,151	1,342,949	985,493
Book value per share (2)	**$4.42**	$4.04	$3.89	$4.12	$3.58	$4.92	$5.09	$3.73

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

Key factors that account for the fluctuation in the Company's quarterly results include the volume of leases and loans that the Company has originated as well as the timing of the major portfolio acquisitions including the railcar portfolios acquired in June 2014, September 2014, December 2014, March 2015, June 2015, September 2015, December 2015 and March 2016, syndications, and the various new vendor and commercial finance programs and relations entered into during the intervening periods.

Liquidity & Capital Resources

An important liquidity measure for the Company is its ability to maintain diversified funding sources to support its operations. The Company's primary sources of liquidity are (i) cash flows from operating activities, (ii) the secured borrowing facilities, and (iii) equity. The Company's primary use of cash is the funding of finance receivables and the funding of working capital. The Company manages its capital resources by utilizing the financial leverage available under its term funding and revolving facilities and, when additional capital is required, the Company has access to capital through the issuance of convertible debt, preferred or common shares.

The Company views its financial leverage as a key indicator of the strength of the Company's carve-out combined Statements of Financial Position. As at September 30, 2016, the Company's financial leverage ratio was 2.50:1. As at the same date, the Company's tangible leverage ratio was 2.51:1 and well within the maximum that will apply of 4:1.

The Company's capitalization is calculated as follows:

				As at
		September 30, 2016	June 30, 2016	December 31, 2015
		$	$	$
Total debt	**(a)**	**4,268,531**	4,385,985	4,471,392
Element's net investment	**(b)**	**1,710,473**	1,562,738	1,591,411
Financial leverage	**(a)/(b)**	**2.50**	2.81	2.81
Goodwill and Intangibles	**(c)**	**8,225**	31,953	33,639
Tangible leverage (1)	**(a) / [(b)-(c)]**	**2.51**	2.87	2.87

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

Cash flow and liquidity

Prior to separation, cash was managed on a centralized basis resulting in no cash balance reported for the Company prior to the actual separation. On separation the Company had an initial cash balance of $47.2 million at September 30, 2016.

During the nine-months ended September 30, 2016, net income of $51.7 million provided cash, after adjusting for non-cash items, of $168.5 million. Cash used in operating activities of $42.0 million was $852.6 million lower than the $894.6 million utilized during the comparative nine-months ended September 30, 2015. The decrease over the comparative period is primarily due to lower investments in equipment under operating leases from reduced origination activity in aviation and rail finance verticals combined with higher proceeds on disposals of equipment under operating leases net of a decrease in other non-cash operating assets and liabilities. Additionally, cash flow utilized in operations for all periods is reflective of the Company's growth as cash flows relating to both investment in finance receivables and in equipment under operating leases are shown as operating cash flows rather than investing cash flows under IFRS.

During the nine-months ended September 30, 2016, cash provided from investing activities was $11.2 million as increased deferred financing costs on the establishment of the Company's stand-alone credit facilities were more than offset by a reduction in restricted cash as certain asset-backed financings were exited in the period.

Cash provided from financing activities for the nine-months ended September 30, 2016 was $78.5 million As discussed earlier, the statements were created on a carve-out basis and the increase in investment from parent is a direct result of the carve-out methodology. The reduction in secured borrowings, net reflects the exit from asset-backed financings discussed above and actual leverage as the Separation approached.

Debt and contractual repayment obligations

With $2.3 billion in available sources of financing, the Company has significant resources available to continue funding projected growth. Finance receivables are securitized on a regular basis to ensure cash is always available to fund new transactions. Cash levels are also monitored closely 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
	September 30, 2016	June 30, 2016	December 31, 2015
(in 000's)	**$**	$	$
Cash	**47,204**	—	—
Term Senior Facility			
Facility	**3,279,250**	1,537,407	2,008,713
Utilized against facility	**1,617,980**	1,537,407	2,008,713
	1,661,270	—	—
Life Insurance Company Term Funding Facilities			
Facility	**428,925**	481,761	689,983
Utilized against facilities	**289,411**	348,273	444,128
	139,514	133,488	245,855
Securitization Programs			
Facility	**1,426,249**	1,542,320	1,375,034
Utilized against facility	**970,822**	1,094,863	1,038,048
	455,427	447,457	336,986
Public Asset-Backed Securities			
Facility	**1,440,207**	1,434,542	980,503
Utilized against facility	**1,440,207**	1,434,542	980,503
	—	—	—
Total available sources of capital excluding intercompany sources of financing, end of period	**2,303,415**	580,945	582,841

Management believes that the immediate liquidity available to the Company of more than $2 billion at September 30, 2016 plus the cash flow internally generated from the repayment of leases and loans is sufficient to fund operations throughout 2016 and into 2017.

The Company did not have its own independent senior term facility in any of the periods and relied on funding from inter-company debt supported by the overall Element senior term facility. As at September 30, 2016, the amount that becomes available under a committed independent senior line following the separation is shown as the facility. For all prior periods, the facility and utilization are equal and represent the amount of inter-company debt allocated under the carve-out methodology.

Other Disclosures

Related Party Transactions

The Company's related parties include the following persons and/or entities: (a) Element, and its affiliates; (b) associates, or entities which are controlled or significantly influenced by the Company; (c) key management personnel, which are comprised of directors and/or officers of Element and those persons having authority and responsibility for planning, directing and controlling the activities of Element; (d) entities controlled by key management personnel.

Element does not specifically distinguish payments due to or due from the operations of each of its four business verticals, but rather considers all such amounts, including retained earnings, to be part of a capital pool that is allocated between Element's net investment and the allocated portion of secured borrowing on the basis of a computed financial leverage ratio. For more information, see "*Note 1 - Corporate Information and Basis of Presentation*" in the notes to the financial statements included in the the Company's Interim Carve-out Combined Financial Statements.

The Company secured borrowings includes an allocated portion of Element's senior revolving credit facility, under which Element retains certain legal obligations associated with the facility. The Company is also allocated the portion of interest expense associated with its amounts drawn under Element's senior revolving credit facility. After the Separation, the Company's allocated portion of Element's senior revolving credit facility was replaced with the Senior ECN Capital Facility. For more information, see "*Note 5 - Secured Borrowings - Term senior credit facility*" in the notes to the financial statements included in the Company's Interim Carve-out Combined Financial Statements.

The Company's notes receivable of $0 as at September 30, 2016 [December 31, 2015 of $27,338] represented loans to certain employees and officers of Element and are now included in Element Fleet upon the Separation. The loans were granted in order to help finance the purchase of Element's shares and bear interest at a rate of 3% per annum with interest payable monthly or annually. The principal is payable on demand in the event of non-payment of interest and the notes receivable are secured by Element Fleet and ECN shares purchased with full recourse to the employee. For more information, see "*Note 9 - Related Party Transactions - Notes receivable*" in the notes to the financial statements included in the Company's Interim Carve-out Combined Financial Statements.

Element utilizes a centralized corporate platform to provide shared services for general and administrative functions to the Company. These shared services include, but are not limited to, support associated with information technology, enterprise risk management, internal audit, human resources, accounting and communications. The Company is also allocated expenses for insurance, bank fees, external audit fees and for costs to manage the overall corporate function of Element. Where possible, these allocations were made on a specific identification basis. Where specific identification was not possible, these expenses were allocated by Element based on relative percentages of net average earning assets. For more information regarding corporate allocations between Element and ECN Capital, see "*Note 1 - Corporate Information and Basis of Presentation*" and "*Note 9 - Related Party Transactions - Corporate allocations*" in the notes to the financial statements included in the Company's Interim Carve-out Combined Financial Statements.

Upon completion of the Separation, Element was reorganized into two separate publicly-traded companies. Following the separation, Element Fleet and ECN Capital are no longer be considered related parties under IFRS.

Risk Management

ECN Capital has risk management processes in place to monitor, evaluate and manage the principal risks it assumes in conducting its business activities. These risks include credit, liquidity, interest rate, and various sources of operational risk. The Company's approach to the management of risk has not changed significantly from that described in the "Risk Management" section of ECN Capital's 2015 Annual MD&A.

Critical Accounting Policies and Estimates

Management's discussion and analysis of financial conditions and results of operations are made with reference to the unaudited interim carve-out combined financial statements for the three months ended September 30, 2016. A summary of the Company's significant accounting policies are presented in Note 2 to Element`s audited consolidated financial statements for the year ended December 31, 2015. Some of the Company's accounting policies, as required by IFRS, require management to make subjective, complex judgments and estimates to matters that are inherently uncertain. Accounting policies that require management's judgment and estimates are described in the "Critical Accounting Policies and Estimates" section of Element`s December 31, 2015 MD&A.

Future Accounting Changes

All accounting standards effective for periods beginning on or after January 1, 2016 have been adopted by the Company. The following new IFRS pronouncements have been issued but are not yet effective and may have a future impact on the Company's financial statements.

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

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

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

IFRS to Non-IFRS Measures

Description of Non-IFRS Measures

Our carve-out combined 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 carve-out combined financial statements reflect all adjustments that are, in the opinion of management, necessary to present fairly our financial position as at September 30, 2016 and December 31, 2015, the results of operations, comprehensive income and cash flows for the three and nine months ended September 30, 2016 and September 30, 2015.

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 of intangible assets from acquisitions, Share-based compensation, and Separation costs. Management believes Adjusted operating expenses is a useful supplementary measure of operating costs incurred during the period because Impairment of intangible assets from acquisitions and Share-based compensation are primarily non-cash in nature and separation costs do not relate to maintaining operating activities. Impairment of intangible assets from acquisitions, Share-based compensation and Separation 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 of intangible assets from acquisitions, Share-based compensation, and Separation costs. Management believes adjusted operating income is a useful supplementary measure of operating results during the period because Impairment of intangible assets from acquisitions and Share-based compensation are primarily non-cash in nature and separation costs do not relate to maintaining operating activities. Impairment of intangible assets from acquisitions, Share-based compensation and Separation 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:

	For the three months ended		For the nine months ended	
(in 000's)	**September 30, 2016**	**September 30, 2015**	**September 30, 2016**	**September 30, 2015**
Reported and adjusted income measures				
Net income	1,225	24,849	**51,721**	78,173
Adjustments:				
Impairment of intangible assets from acquisitions	26,605	377	**27,255**	1,420
Share-based compensation	3,089	2,796	**6,973**	7,976
Separation costs	10,250	—	**10,250**	—
Provision (recovery) of income taxes	(10,082)	6,956	**5,227**	21,410
Adjusted operating income before tax	**31,087**	**34,978**	**101,426**	**108,979**

Updated Share Information

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

As at November 14, 2016, the Company had 386,805,808 common shares issued and outstanding. In addition, 22,506,684 options were issued and outstanding under the Company's stock option plan as at November 14, 2016.

This Management's Discussion and Analysis is dated as of the close of business on November 14, 2016.

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