Management Discussion and Analysis

December 31, 2017

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

CAUTIONARY STATEMENT

THIS ANALYSIS HAS BEEN PREPARED TAKING INTO CONSIDERATION INFORMATION AVAILABLE TO MARCH 14, 2018. CERTAIN STATEMENTS CONTAINED IN THIS REPORT CONSTITUTE "FORWARD LOOKING STATEMENTS". IN SOME CASES THE FORWARD-LOOKING STATEMENTS CAN BE IDENTIFIED BY WORDS OR PHRASES SUCH AS "MAY", "WILL", "EXPECT", "PLAN", "ANTICIPATE", "INTEND", "POTENTIAL", "ESTIMATE", "BELIEVE" OR THE NEGATIVE OF THESE TERMS, OR OTHER SIMILAR EXPRESSIONS INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS, INCLUDING, AMONG OTHERS, STATEMENTS REGARDING ELEMENT'S BUSINESS GROWTH, DEVELOPING STRATEGY, ELEMENT'S ABILITY TO CREATE VALUE FOR SHAREHOLDERS, THE TRANSITION OF THE NATURE OF ELEMENT'S BUSINESS, THE AVAILABILITY OF FUNDS FROM OPERATIONS AND CAPITAL ALLOCATION, BUSINESS INTEGRATION AND THE XCELERATE PLATFORM, THE EVOLUTION OF OPERATIONS AND THE DEVELOPMENT OF PERFORMANCE INDICATORS, AND OTHER FINANCIAL PERFORMANCE AND METRICS. SUCH STATEMENTS REFLECT OUR CURRENT VIEWS WITH RESPECT TO FUTURE EVENTS AND ARE SUBJECT TO INHERENT RISKS, UNCERTAINTIES AND NUMEROUS ASSUMPTIONS, INCLUDING, WITHOUT LIMITATION, GENERAL ECONOMIC CONDITIONS, TECHNOLOGICAL DEVELOPMENT, RELIANCE ON DEBT FINANCING, DEPENDENCE ON BORROWERS, INABILITY TO SUSTAIN RECEIVABLES, COMPETITION, INTEREST RATES, REGULATION, INSURANCE, FAILURE OF KEY SYSTEMS, DEBT SERVICE, FUTURE CAPITAL NEEDS AND SUCH OTHER RISKS OR FACTORS DESCRIBED FROM TIME TO TIME IN REPORTS OF ELEMENT.

BY THEIR NATURE, FORWARD LOOKING STATEMENTS INVOLVE NUMEROUS ASSUMPTIONS, KNOWN AND UNKNOWN, RISKS AND UNCERTAINTIES, BOTH GENERAL AND SPECIFIC, WHICH CONTRIBUTE TO THE POSSIBILITY THAT PREDICTIONS, FORECASTS, PROJECTIONS AND OTHER FORMS OF FORWARD LOOKING INFORMATION MAY NOT BE ACHIEVED. MANY FACTORS COULD CAUSE OUR ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS THAT MAY BE EXPRESSED OR IMPLIED BY SUCH FORWARD LOOKING STATEMENTS AND READERS ARE CAUTIONED THAT THE LIST OF FACTORS IN THE FOREGOING PARAGRAPH IS NOT EXHAUSTIVE. SHOULD ONE OR MORE OF THESE RISKS OR UNCERTAINTIES MATERIALIZE, OR SHOULD ASSUMPTIONS UNDERLYING THE FORWARD LOOKING STATEMENTS PROVE INCORRECT, ACTUAL RESULTS MAY VARY MATERIALLY FROM THOSE DESCRIBED HEREIN AS INTENDED, PLANNED, ANTICIPATED, BELIEVED, ESTIMATED OR EXPECTED. ACCORDINGLY, READERS ARE CAUTIONED NOT TO PLACE UNDUE RELIANCE ON FORWARD LOOKING STATEMENTS OR INTERPRET OR REGARD FORWARD-LOOKING STATEMENTS AS GUARANTEES OF FUTURE OUTCOMES. EXCEPT AS MAY BE REQUIRED BY APPLICABLE CANADIAN SECURITIES LAWS, WE DO NOT INTEND, AND DISCLAIM ANY OBLIGATION TO UPDATE OR REWRITE ANY FORWARD LOOKING STATEMENTS WHETHER ORAL OR WRITTEN AS A RESULT OF NEW INFORMATION, FUTURE EVENTS OR OTHERWISE.

Table of Contents

Overview 3
History 3
2017 Operating Highlights 4
Strategy and Growth Initiatives 4
Our Services 6
Industry and Market Trends 7
Industry 7
Market Trends 7
Competition 8
Operating Segments 8

Foreign Currency Exchange Rate Changes 9

Changes in Presentation 10

For the Year Ended 11
Annual Select Financial Information and Ratios 11
Consolidated Results of Operations 12
Fleet Management Results of Operations 15
Non-Core Results of Operations 17

For the Three-Months Ended 19
Quarterly Select Financial Information and Ratios 19
Consolidated Results of Operations 20
Fleet Management Results of Operations 23
Non-Core Results of Operations 25

Consolidated Financial Position 27
Fleet Management Portfolio Details 28
Non-Core Portfolio Details 32

Liquidity and Capital Resources 34
Cash Flow and Liquidity 35
Debt and Contractual Repayment Obligations 37

Distributed Operations 38

Summary of Quarterly Information 39

Other 40
Related Party Transactions 40
Derivatives and Hedging 40
Risk Management 41
Outlook and Economic Conditions 44
Normal Course Issuer Bid 44
Accounting Policies and Estimates 44
Future Accounting Changes 47
Control over Financial Reporting 48

IFRS to Non-IFRS 49
IFRS to Non-IFRS Reconciliations 49
Description of Non-IFRS Measures 52

Updated Share Information 57

Overview

Element Fleet Management Corp. (“Element”, "we", or the “Company”) is a leading global fleet management company, providing best-in-class services and financing solutions for commercial vehicle fleets. With more than $17.5 billion in assets, we are North America's largest publicly traded fleet management company. We are a leading fleet-focused business services provider driven by technology and advanced analytics, and benefit from a large-scale stable leasing and integrated services platform. We actively invest in people, processes and technology to drive innovation and long-term growth that will lead the transformation of the fleet management industry.

Our mission is to ensure that our customers’ fleets and their drivers are safer, smarter and more productive. Commercial vehicle fleets are mission-critical assets that enable our customers to conduct their daily business and typically represent a significant part of their overall capital spend. Through a suite of services that spans the total fleet lifecycle, from acquisition and financing to program management and remarketing, we help our customers to optimize the productivity and performance of their fleet assets, while lowering their total cost of ownership.

History

Element was founded in 2007, as Element Financial Corporation ("Element Financial"), an independent financial services company that originated, co-invested in and managed asset-based financings and related services programs.

Element entered the fleet management business with the acquisition of TLS Holdings Inc., the holding company of Transportation Lease Systems Inc. (“TLS”), a Canadian fleet leasing company, on June 29, 2012. TLS provided Element with a portfolio of more than $430 million in earning assets. The acquisition accelerated Element’s growth in fleet management through the addition of its established origination platform and creation of cross-selling opportunities for Element’s existing clients.

On June 28, 2013, we acquired the assets of GE Capital’s Canadian fleet portfolio (“GE Fleet Portfolio”), adding more than $480 million of earning assets to Element.

On July 7, 2014, we acquired PHH Corporation's North American fleet management business ("PHH Arval"), adding more than $4.3 billion of earning assets. The acquisition allowed us to become a premier fleet management provider in North America, with more than $5.3 billion in Fleet Management earning assets.

On August 31, 2015, Element acquired GE Capital's fleet management operations in the United States, and on September 30, 2015, GE Capital's fleet management operations in Mexico, Australia and New Zealand ("GE Fleet"). With GE Fleet, Element added $7.8 billion of earning assets to the Company's balance sheet.

On February 16, 2016, the Board of Directors of Element Financial approved a plan to separate Element Financial into two publicly-traded companies (the "Separation"): ECN Capital Corp. (“ECN Capital”), which comprised the commercial and vendor finance, rail finance and aviation finance businesses ("Distributed Operations"), and the Company, which included the fleet management business. As a result of the Separation, the Company was renamed Element Fleet Management Corp., and became a leading global publicly-traded fleet management company.

On October 3, 2016, the Separation became effective and the Company distributed the shares of ECN Capital to the shareholders of the Company.

On December 30, 2016, Element acquired Trevose, Pennsylvania-based Collision Experts International ("CEI"), a leader in accident management and driver safety. CEI is now a wholly owned subsidiary of Element and operates independently under the CEI name. Today, CEI, is the largest accident management and driver safety company in the world, serving approximately 900,000 vehicles, providing safety services for more than 150,000 drivers through DriverCare, and handling more than 150,000 claims per year.

On December 30, 2016, Element's subsidiary Element Transportation LLC entered into a joint venture agreement with Celadon Group, Inc., and contributed certain truck leasing portfolios to the 19th Capital Group LLC ("19th Capital" or "Joint Venture") joint venture in exchange for debt and a 49.99% interest in 19th Capital. 19th Capital is involved in the leasing of highway tractors and trucks in the U.S. and holds truck leasing assets under common management and ownership.

In the second quarter of 2017, Element segmented its business into 1) core pure fleet operations where we are focusing on sustained investment and growth, and 2) non-core operations which we intend to prudently wind down over time, using value surfaced to return capital to shareholders.

As of December 31, 2017, Element had more than $17.5 billion in assets, located in Canada, the United States, Mexico, New Zealand and Australia. The Company also served customers in over 50 countries through the Element-Arval Global Alliance, a 20+ year relationship with Arval, the fleet management business of BNP Paribas Group.

2017 Operating Highlights

- Fleet Management revenues increased to $876.8 million from $873.7 million in the prior year. Service and other revenue for the year was $547.7 million, an increase of 2.3% from fiscal 2016.
- We recorded strong Fleet Management originations in fiscal 2017 totaling $6.2 billion comprising new customer wins and existing customer renewals.
- We continued to make significant advances providing fleet management services to the rapidly growing ride-sharing and car-sharing segments of the transportation sector. New customers in these markets include Splend, an Australian based company that provides vehicles for on-demand rideshare and delivery services, as well as Maven, the car sharing platform of General Motors.
- In March 2017, we announced a threefold increase in the quarterly common share dividend to $0.075 per share. A total of $175.4 million in capital was returned to common shareholders in 2017 through increased dividends and share buybacks.
- We completed USD $3.2 billion of securitizations in our Chesapeake Funding II platform, the most in a year from any fleet asset-backed security (ABS) issuer.
- The Company received an initial issuer rating of BBB+ with stable outlook from Fitch Ratings, and its investment grade ratings from Kroll Bond Rating Agency and DBRS, Inc. were affirmed at A- and BBB (high), respectively, each with a stable outlook.
- We reduced our exposure to non-core assets including the sale of 100% of our Rail Notes and approximately 60% of the Heavy Duty trucks segment.
- We extended the maturity of our senior credit facility by one year to November 2020 and maintained a strong financial position with approximately $4.7 billion of liquidity at year-end.

Strategy and Growth Initiatives

Our strategy is to deliver technology-enabled services and leverage our scale to invest in innovation and drive greater value for our customers. We support our customers throughout the lifecycle of their fleet by providing them with the best-in-class funding platforms, technology and customer service. Leveraging our

strong balance sheet, we aim to reduce our cost of capital which in turn benefits our customers. Additionally, we seek to manage our capital prudently, balancing between investment in growth, both organic and inorganic, as well as returning capital to shareholders.

The cornerstones of our growth strategy include:

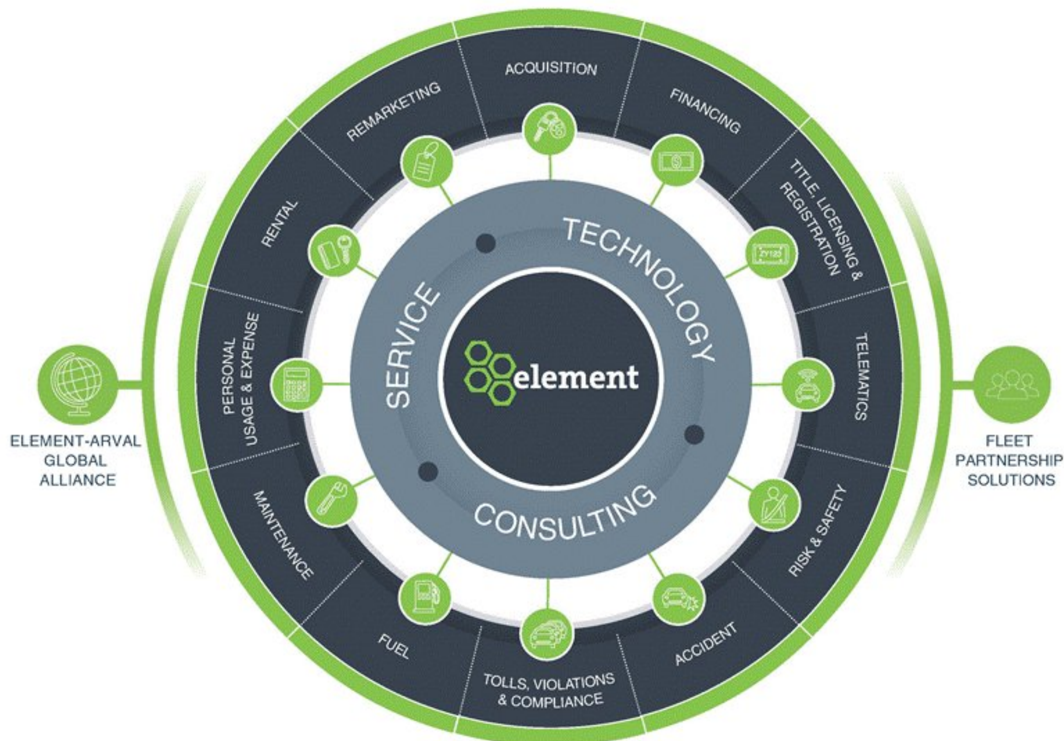
1. **Gaining market share in the commercial fleet segment.** We believe that our expertise, scale, financial strength and advanced technology platform provide Element with strong competitive advantages and differentiation in the marketplace. We are one of the largest purchasers and remarketers of vehicles globally, and are able to leverage our scale to the benefit of our customers by typically reducing their fleet financing and operating costs over the cycle.

2. **Service penetration with existing customers.** We believe there is significant opportunity to enhance our service and fee income revenue stream through additional sales penetration within our existing customer base. This would include cross-selling and adding incremental services to current customers, as well extending our geographic reach by securing the management of our clients' fleets in our operating countries where we do not currently do so.

3. **Targeting "self-managed" fleets.** The currently insourced or self-managed segment of the market represents a considerable opportunity. We believe that the rapid adoption of new technologies and business models within the transportation industry will support and accelerate the trend towards outsourcing among those enterprises that currently manage their own fleets.

4. **Inorganic growth.** On a strategic and selective basis, we will continue to seek opportunistic acquisitions focused on strengthening and expanding the range of our products and services.

Our services



Element provides an end-to-end suite of fleet management services that spans the total vehicle lifecycle, from acquisition and financing to vehicle remarketing. These include fuel cards, managed maintenance, accident management, title and registration, telematics and other services. They are supported by strategic consultants that provide expertise in vehicles and advanced analytics to help customers optimize performance, reduce costs, and improve productivity and safety.

Services and fee revenue from products accounted for 61.3% of Fleet net revenue in 2017. Technology is a key differentiator for Element in the fleet industry. To date we have invested more than US$70 million in upgraded technology infrastructure, new fleet management software and advanced capabilities for drivers. Called Xcelerate, the system integrates Element's services and partner-delivered offerings on a single platform, allowing customers greater visibility and control over fleet spend and performance. The new platform offers:

- **An intuitive and modern user interface**
- **Responsive design that allows use on a mobile device**
- **Robust and highly available system**
- **Native mobile driver app**
- **Advanced analytics platform that sets the new standard in fleet management**
    - Scalable to handle "infinite" data growth and real-time processing
    - Streamlined 3rd party data integration
    - Real-time analytics

Investment in product innovation remains a key differentiator and we believe will be integral to our future success. Accordingly, we have budgeted over $45 million of investment in 2018 for product enhancements and new product innovation.

Industry and Market Trends

Industry

Fleet management is a stable market that grows as more vehicles are used for business purposes and more companies utilize the services of a fleet management company. Both North America and Australia-New Zealand (ANZ) are established markets where customers see the benefits of leasing and associated services.

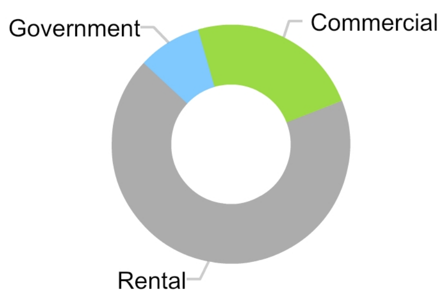
The size of the fleet market can be measured in two ways:

- New vehicle registrations for business purposes each year
- Total number of fleet and commercial vehicles that are currently in operation for business purposes.

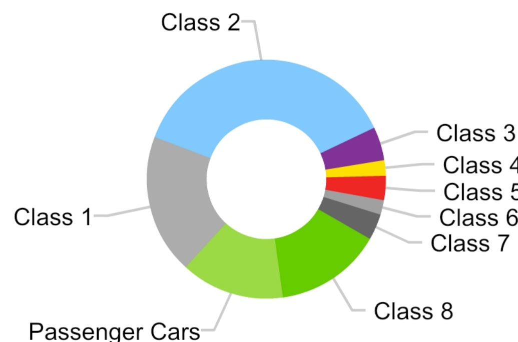
The latter describes the current opportunity for a fleet management company, since it represents fleets of vehicles available for management services and is not limited to new vehicles only.

The fleet market can be divided into three major segments: Rental, Government and Commercial Fleet. Element currently manages fleets mainly in the commercial space. Within each of these segments, the vehicles can be divided according to the type of vehicle ranging from passenger cars, through to light trucks, medium trucks, and heavy trucks. The charts below illustrate market segments and class of vehicles in the United States.

Fleet Registrations by Segment in the US (IHS Polk 2017 CY)



Commercial Registrations by Vehicle Class in the US (IHS Polk 2017 CY)



The majority of our portfolio is currently comprised of light trucks and passenger cars since that is where the majority of the market volume lies. We also lease and manage fleet assets such as forklifts, trucks, material handling equipment and generators.

Market Trends

Advances in technology are changing the dynamics of the fleet market and are significantly expanding the total addressable market available to Element.

The advent of autonomous vehicles is poised to move the industry away from personal vehicle ownership and towards “user-ship”. This provides an opportunity for Element to expand its role further as more vehicles operate under a fleet model in an “asset-lite” economy with greater focus on management services. Some analysts expect self-driving cars within car-sharing or ride-hailing fleets to exceed traditionally-owned vehicles in the United States within a decade.

Connected vehicles are already here and will continue to develop. As the amount of data available from vehicles increases exponentially, Element’s products and service platforms will increase the value proposition to customers by integrating this data and turning it into meaningful benchmarks, recommendations and actionable insights that lower the cost of operating its customers’ fleets. In 2017 Element partnered with GM OnStar to integrate data from OnStar-equipped vehicles directly into our Xcelerate platform.

GM’s personal mobility initiative, Maven, chose Element to provide maintenance and accident services for its fast-growing car-sharing fleet across the United States. Element will help Maven reduce vehicle costs and downtime, ensuring that vehicles are available for car-sharing as requested by Maven members.

Element also has made an investment in Australia’s largest supplier of vehicles for on-demand rideshare and delivery services, Splend Holdings PTY Limited ("Splend"), to help support expansion into the UK, Canada and Mexico.

Competition

Element is unique in that it is the only publicly traded North American fleet management company with global operations. Element is the market leader in the United States, Canada, New Zealand and Mexico, and a market leader in Australia.

Element's key competitors in North America include privately held companies such as ARI Global Fleet Management Services, Wheels Inc., Enterprise, Donlen Corporation, and LeasePlan.

We seek to differentiate ourselves from competitors by using technology to leverage the largest portfolio in North America to provide greater depth in benchmarking data, and to create innovative data driven services for our customers. This data can be used to provide actionable insights that ultimately reduce costs for our customers’ businesses.

In Australia and New Zealand, Element goes to market as Custom Fleet and competes with LeasePlan Corporation, SGfleet, ORIX, Fleet Partners, and Toyota Fleet Management.

Element has a 20+ year alliance with Arval, part of BNP Paribas Group, to provide services to our customers in Europe, Latin America and beyond. In total, Element and Arval serve more than 3.0 million vehicles across 50 countries.

Operating Segments

Upon the Separation in 2016, certain assets remained with Element that are not considered "pure fleet" assets and/or the typical earning assets of a pure fleet management company. Some were retained in order to provide fleet services, while others remained with Element for various commercial and legal structuring reasons or requirements. In addition, certain assets were opportunistically acquired post the Separation. The related strategy for each asset is dependent upon many factors including, but not limited to, cross-selling opportunities with core fleet services, current and expected market conditions impacting valuation, overall

risk relative to the size of the Company, and the passage of time related to the separation activities and other post separation activities.

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

Impact of Foreign Currency Exchange Rate Changes

We are exposed to fluctuations in certain foreign currencies from operations we conduct in Australia, New Zealand, Mexico and, predominantly, the United States where, as at December 31, 2017, 8.1%, 3.8%, 2.9% and 75.1% of the net finance receivables and equipment under operating leases were located, respectively. While Element hedges for currencies, our assets and liabilities do fluctuate as a result of fluctuation in these currencies against the reporting currency, being the Canadian dollar. Fluctuations in these currencies also affect the reported income when foreign operating results are then converted back to the Canadian dollar.

During 2017, the weighted average changes in average exchange rates of the Company's operating currencies against the Canadian dollar affected adjusted operating income negatively by approximately 1.7% over the prior year's average exchange rates.

During the fourth quarter of 2017, the weighted average changes in average exchange rates of the Company's operating currencies against the Canadian dollar affected adjusted operating income positively by approximately 0.6% over the immediately preceding quarter and negatively by 4.6% over the fourth quarter in 2016, respectively.

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

	For the three-month periods ended			For the year ended	
	December 31, 2017	September 30, 2017	December 31, 2016	**December 31, 2017**	December 31, 2016
(in $000's for stated values)	**$**	$	$	**$**	$
Fleet Management net revenue	**221,312**	220,539	187,777	**876,833**	859,688
Non-Core net revenue	**8,502**	17,417	34,609	**75,194**	123,697
Consolidated net revenue	**229,814**	237,956	222,386	**952,027**	983,385
Fleet Management adjusted operating income	**95,425**	101,131	83,020	**397,132**	403,954
Non-Core adjusted operating income	**7,251**	15,966	32,045	**69,470**	115,565
Consolidated adjusted operating income	**102,676**	117,097	115,065	**466,602**	519,519

Changes in Presentation

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

Selected Annual Consolidated Financial Information and Financial Ratios

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

	As at and for the years ended		
(in $000's for stated values, except ratios and per share amounts)	**December 31, 2017**	December 31, 2016	December 31, 2015
	$	$	$
Net revenue from continuing operations	**952,027**	998,360	588,339
Net income from continuing operations	**154,644**	190,264	64,660
Net income	**154,644**	413,339	174,431
Total assets (2) (3)	**17,569,633**	18,420,664	25,152,517
Total debt (3)	**13,183,791**	13,839,223	18,698,510
Before tax adjusted operating income from continuing operations	**466,602**	525,900	284,178
After tax adjusted operating income from continuing operations	**373,539**	421,437	243,026
Earnings per share from continuing operations			
Basic	**0.29**	0.40	0.11
Diluted	**0.29**	0.39	0.11
Earnings per share			
Basic	**0.29**	0.98	0.47
Diluted	**0.29**	0.96	0.46
Dividends declared, per share			
Common share	**0.30000**	0.10000	0.02500
Preferred Shares, Series A	**1.65000**	1.65000	1.65000
Preferred Shares, Series C	**1.62500**	1.62500	1.62500
Preferred Shares, Series E	**1.60000**	1.60000	1.60000
Preferred Shares, Series G	**1.62500**	1.62500	0.95825
Preferred Shares, Series I	**0.94226**	—	—

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

(2) December 31, 2015 has been retrospectively adjusted to reflect finalization of the assessment of the fair value of assets acquired and liabilities assumed at the acquisition date of the GE Fleet Operations.

(3) Total assets and debt includes assets and debt included in Distributed Operations for December 31, 2015, excluding Distributed Operations, total assets were $19.0 billion and total debt was $14.2 billion.

Consolidated Annual Results of Continuing Operations

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

	For the year ended	
	December 31, 2017	December 31, 2016
(in $000's for stated values, except per share amounts)	**$**	$
Net revenue		
Service and other revenue, net (1)	**583,700**	575,458
Net interest income and rental revenue (3)	**745,418**	771,370
	1,329,118	1,346,828
Interest expense	**377,091**	348,468
Net revenue	**952,027**	998,360
Operating expenses		
Salaries, wages and benefits	**318,870**	294,359
General and administration expenses	**150,579**	167,024
Depreciation and amortization	**15,976**	11,077
Adjusted operating expense (4)	**485,425**	**472,460**
Amortization of convertible debenture synthetic discount	**13,147**	12,314
Share-based compensation	**19,930**	22,485
Total operating expenses	**518,502**	507,259
Business acquisition costs		
Amortization of intangibles from acquisition	**55,823**	62,472
Transaction, strategic review and integration costs	**82,001**	161,997
Separation costs	**—**	76,686
Total business acquisition costs	**137,824**	301,155
Share of loss from and provision in equity accounted investments (6)	**120,982**	—
Net income before taxes	**174,719**	189,946
Income Tax expense (recovery)	**20,075**	(318)
Net income for the period from continuing operations	**154,644**	190,264
Earnings per share [basic] - continuing operations	**0.29**	0.40
Earnings per share [diluted] - continuing operations	**0.29**	0.39
Adjusted operating results (4)		
Net revenue (1)	**952,027**	998,360
Adjusted operating expenses (1) (4)	**485,425**	472,460
Adjusted operating income - continuing operations (3)	**466,602**	525,900
Provision for taxes applicable to adjusted operating income - continuing operations	**93,063**	104,463
After-tax adjusted operating income - continuing operations (4) (5)	**373,539**	421,437
Weighted average number of shares outstanding [basic]	**385,420**	386,525
Before-tax adjusted operating income per share [basic] - continuing operations (4)	**1.10**	1.27
After-tax adjusted operating income per share [basic] - continuing operations (4)	**0.86**	1.00

(1) The comparative periods have been reclassified to reflect removing internal expenses related to service delivery from service and other revenue to operating expenses (salaries, wages and benefits, and general and administrative expenses).
(2) Service and other revenue, net, is shown net of direct costs of fixed rate service contracts.
(3) Net interest income and rental revenue is equal to interest income, less provision for credit losses and rental income earned on equipment under operating leases, less depreciation on equipment under operating leases.
(4) For additional information, see "Description of Non-IFRS Measures" section.
(5) For reconciliation from IFRS Net Income to After-tax adjusted operating income, see page 49.
(6) For the year ended December 31, 2017, the share of loss derived from the reported results of the 19th Capital joint venture was $121.0 million. Included in the share of loss is operational losses of $41.4 million, and $50.7 million of losses on certain assets recognized in the joint venture, in addition the Company has recognized a net reserve of $29.0 million for the assets in the joint venture during fiscal 2017.

Overall net revenue in 2017 was $952.0 million compared to $998.4 million in the prior year. Fleet Management net revenue increased by $3.2 million or 0.4% and on a constant currency basis by 2.0%. Non-Core revenue decreased by $49.5 million reflecting non-core asset divestitures, changes in structuring, as well as the run-off nature of certain non-core assets.

Adjusted operating expenses were $485.4 million for the year ended December 31, 2017 compared to $472.5 million for the year ended December 31, 2016. Changes to adjusted operating expenses will also be described in sections below.

Share-based compensation, included in total operating expenses, decreased to $19.9 million for the year ended December 31, 2017 compared to $22.5 million for the comparable period of 2016. The decrease over 2016 was due to the cessation of the amortization of stock compensation expenses related to employees who became employees of ECN Capital on the Separation, and changes to the fair value of the un-hedged portion of PSU liabilities and forfeitures.

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

Transaction, strategic review and integration costs were $82.0 million for the year ended December 31, 2017, compared to $162.0 million for the year ended December 31, 2016. During the current year, we completed post IT migration activities in the U.S. and commenced the integration of CEI, which was acquired on December 30, 2016. Management estimates that the total CEI integration cost will be between $6.0 million and $8.0 million, which will continue to be incurred into the first two quarters of 2018. Additionally, Element incurred $11.9 million in expenses as part of the strategic review conducted mainly in Q4 2017. As previously disclosed, the strategic review was concluded in early Q1 2018.

Separation costs incurred in 2016 were related to the separation of ECN Capital from Element on October 3, 2016.

The amortization of intangibles acquired as part of business acquisitions was $55.8 million for the year ended December 31, 2017, down from the $62.5 million for the year ended December 31, 2016.

Our share of loss from and provision in equity accounted investments from the non-core investments in the 19th Capital Group LLC joint venture and and Splend Holdings PTY Limited ["Splend"] was $121.0 million for the year ended December 31, 2017. The share of pre-tax losses from 19th Capital was $121.1 million for the year and the share of earnings from Splend was $0.1 million. Our share of operating losses in 19th Capital was $41.4 million for the year ended December 31, 2017, in addition our share of losses on certain assets of the Joint Venture was $50.7 million, fully absorbing the $30.0 million provision we established in Q2 2017, and the Company also recognized a new provision for impairment of $29.0 million for the assets in the joint venture at the end of 2017. The net carrying value of the investment in the Joint Venture was $10.0 million as at December 31, 2017.

The provision for impairment was recorded based on Element's estimate of the current equity value of 19th Capital, using 19th Capital's management cash flow forecast and internally generated valuation model with the assistance of outside advisors. While this valuation reflects a point in time, the forecast model provides for solid revenue and EBITDA increases. As we indicated in Q2, 2017, 19th Capital had new management that has been executing on a plan to improve the underlying operations through increasing utilization, lowering maintenance cost, improving collections and increasing the number of vehicles within corporate fleets. Early indications suggest positive traction towards this plan.

This provision for impairment is exclusive of any allowance for credit loss changes as a result of the transition to IFRS 9, which is effective for years beginning on or after January 1, 2018. Under IFRS 9, the incurred loss model used for measuring the allowance for credit losses will be replaced with an expected loss model. As a result, the Company expects to recognize an allowance for credit losses for loans to 19th Capital due to changes in methodology, which may be material, and will be recorded as an adjustment to opening retained earnings on January 1, 2018. Any subsequent changes to the allowance for credit losses under this expected loss model will be recognized through net income.

Annual Results of Operations - Fleet Management

The following table sets forth a summary of the Company's results from core Fleet Management operations:

	For the year ended	
	December 31, 2017	December 31, 2016
(in 000's for stated values, except per unit amounts)	**$**	$
Net revenue		
Service and other revenue	**547,707**	535,388
Net interest and rental revenue	**329,126**	338,273
Net revenue	**876,833**	873,661
Adjusted operating expenses		
Salaries, wages and benefits	**315,489**	292,640
General and administration expenses	**148,236**	160,510
Depreciation and amortization	**15,976**	11,077
Adjusted operating expenses	**479,701**	464,227
Adjusted operating income - continuing operations	**397,132**	409,434
Provision for taxes applicable to adjusted operating income - continuing operations	**79,426**	85,981
After-tax adjusted operating income - continuing operations	**317,706**	323,453
Less: Cumulative preferred share dividends	**41,301**	35,648
After-tax adjusted operating income from continuing operations attributable to common shareholders	**276,405**	287,805
Weighted average number of shares outstanding [basic]	**385,420**	386,525
Before-tax adjusted operating income per share [basic] - continuing operations	**0.92**	0.97
After-tax adjusted operating income per share [basic] - continuing operations	**0.72**	0.74

Fleet Management service and other revenue for the year ended December 31, 2017 was $547.7 million, an increase of 2.3% from the $535.4 million reported in the year ended December 31, 2016. On a constant currency basis, Service and other revenue increased by 3.9% compared to those reported in the prior year. The increase over the prior year primarily reflected the acquisition of CEI on December 30, 2016, as well as revenue in Mexico, partially offset by revenue decreases in U.S., Canada, and Australia and New Zealand ("ANZ"). The majority of the services revenue is recurring in nature, and are billed to customers as a combination of fixed monthly charges, per unit monthly charge and/or on a per usage basis. A portion of the services fee is transactional in nature and may fluctuate from time to time, based on customer activity and the level of transactions completed by the Company in the year.

Fleet Management net interest and rental revenue in 2017 was $329.1 million, a decline of 2.7% or 1.0% on a constant currency basis from the prior year. The decrease primarily reflected an increase in interest expense due to rising benchmark rates in 2017, partially offset by improved pricing on the Company's senior debt facility and Chesapeake Funding II during 2017. The corresponding increase in interest and rental revenue, net was partially offset by increases in amortization of customer acquisition and origination costs, as well as spread compression during the year, partly related to post IT migration challenges.

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

	For the year ended	
	December 31, 2017	December 31, 2016
(in $000's for stated values)	**%**	%
Net interest income and rental revenue	**5.37**	5.01
Interest expense	**2.71**	2.37
Net interest and rental revenue margin or NIM (1)	**2.66**	2.64
Average cost of debt (Interest expense / average debt) (1)	**2.64**	2.37
Average 1-Month LIBOR rates	**1.12**	0.51
Total average earning assets (1)	**$ 12,349,533**	$ 12,867,069
Average debt outstanding (1)	**$ 12,657,767**	$ 12,940,884
New originations	**$ 6,190,592**	$ 4,654,314

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

NIM was 2.66% during the year ended December 31, 2017, consistent with the 2.64% reported for the year ended December 31, 2016.

Average cost of debt within Fleet Management operations increased to 2.64% during the year ended December 31, 2017, from 2.37% in the prior year. The increase was in line with the movement in net interest income over the time period. In addition, the average 1-Month LIBOR rates increased from 0.51% during the year ended December 31, 2016 to 1.12% during the year ended December 31, 2017.

Adjusted operating expenses from Fleet Management operations were $479.7 million in 2017 compared to $464.2 million in 2016. On a constant currency basis, operating expenses increased by 5.3% compared to the comparative period in prior year. The increase over the comparative period in prior year was primarily due to the acquisition of CEI, as well as higher employee costs to support IT post-migration activity. The increase in employee costs were partially offset by the decline of general and administration costs, a result of reduced transition services agreement costs from the IT migration. Amortization and depreciation has increased over the prior year as completed technology platforms and modules have commenced use.

Adjusted operating income from Fleet Management operations for the year ended December 31, 2017 was $397.1 million, a decrease of $12.3 million or 3.0% over the amount reported in 2016. The decrease over the prior year was primarily the result of higher adjusted operating expenses as discussed above.

Annual Results of Operations - Non-Core

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

	For the year ended	
	December 31, 2017	December 31, 2016
(in 000's for stated values, except per unit amounts)	**$**	$
Net revenue		
Service and other revenue	**35,993**	40,070
Net interest and rental revenue	**39,201**	84,629
Net revenue	**75,194**	124,699
Adjusted operating expenses		
Salaries, wages and benefits	**3,381**	1,719
General and administration expenses	**2,343**	6,514
Adjusted operating expenses	**5,724**	8,233
Adjusted operating income - continuing operations	**69,470**	116,466
Provision for taxes applicable to adjusted operating income - continuing operations	**13,637**	18,482
After-tax adjusted operating income - continuing operations	**55,833**	97,984
Before-tax adjusted operating income per share [basic] - continuing operations	**0.18**	0.30
After-tax adjusted operating income per share [basic] - continuing operations	**0.14**	0.25

Overall, net revenue for Non-Core operations was $75.2 million, a decline of 39.7% compared to the year ended December 31, 2016.

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

Net interest and rental revenue for year ended December 31, 2017 was $39.2 million, a decrease of 56.1% from $84.6 million reported in the year ended December 31, 2016. The decrease from the prior year was in line with Company expectations, and related to the run-off nature of the equipment finance portfolio in New Zealand, as well as the structure of the joint venture with 19th Capital and the sale of certain Non-Core assets during fiscal 2017.

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

	For the year ended	
	December 31, 2017	December 31, 2016
(in $000's for stated values)	**%**	%
Net interest income and rental revenue	**7.24**	10.20
Interest expense	**3.77**	3.37
Net interest and rental revenue margin or NIM (1)	**3.47**	6.83
Average cost of debt (Interest expense / average debt) (1)	**4.02**	4.07
Total average earning assets (1) (2)	**$ 1,129,413**	$ 1,239,301
Average debt outstanding (1)	**$ 1,058,335**	$ 1,026,234
New originations	**$ 296,841**	$ 476,389

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

NIM was 3.47% during the year ended December 31, 2017, a decrease from the 6.83% reported for the year ended December 31, 2016. The decrease from the comparative period in 2016 was consistent and due to factors discussed previously.

Average cost of debt decreased to 4.02% during the year ended December 31, 2017, from 4.07% in the year ended December 31, 2016. The decrease from the comparative period in 2016, was primarily related to changes in asset mix within Non-Core that impacted the allocation of interest from the senior line and unsecured convertible debentures.

Adjusted operating expenses were $5.7 million for the year ended December 31, 2017 compared to $8.2 million for the year ended December 31, 2016. The adjusted operating expenses in fiscal 2017 were a corporate allocation of expenses of approximately 50 bps annualized of average earning assets. The adjusted operating expenses in the prior year were primarily related to carve-out operating expenses related to the operations of a portfolio of Class 8 trucks; these assets were contributed to the 19th Capital joint venture on December 30, 2016.

Adjusted operating income from continuing operations for the year ended December 31, 2017 was $55.8 million, a decrease of $47.0 million or 40.4% over the amount reported in 2016. The decrease was primarily the result of lower net revenue offset by a decrease in adjusted operating expenses, as discussed above.

Selected Quarterly Consolidated Financial Information and Financial Ratios

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

	As at and for the three-month periods ended		
(in $000's for stated values, except ratios and per share amounts)	**December 31, 2017**	September 30, 2017	December 31, 2016
	$	$	$
Net revenue from continuing operations (1)	**229,814**	236,258	233,546
Net income (loss) from continuing operations	**(1,463)**	67,175	4,014
Net income (loss)	**(1,463)**	67,175	175,368
Total assets	**17,569,633**	17,626,721	18,420,664
Total debt	**13,183,791**	13,217,877	13,839,223
Earnings (loss) per share from continuing operations			
Basic	**(0.03)**	0.15	(0.01)
Diluted	**(0.03)**	0.15	(0.01)
Earnings (loss) per share			
Basic	**(0.03)**	0.15	0.43
Diluted	**(0.03)**	0.15	0.43
Dividends declared, per share			
Common share	**0.07500**	0.07500	0.02500
Preferred Shares, Series A	**0.41250**	0.41250	0.41250
Preferred Shares, Series C	**0.40625**	0.40625	0.40625
Preferred Shares, Series E	**0.40000**	0.40000	0.40000
Preferred Shares, Series G	**0.40625**	0.40625	0.40625
Preferred Shares, Series I	**0.35938**	0.58288	—

(1) The comparative period in 2016 has been reclassified to reflect removing internal expenses related to service delivery from service and other revenue to operating expenses (salaries, wages and benefits, and general and administrative expenses).

Consolidated Quarterly Results of Continuing Operations

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

	For the three-month periods ended		
	December 31, 2017	September 30, 2017	December 31, 2016
(in $000's for stated values, except per share amounts)	**$**	$	$
Net revenue			
Service and other revenue, net (1) (2)	**141,568**	141,060	140,229
Net interest income and rental revenue (3)	**185,515**	191,423	184,006
	327,083	332,483	324,235
Interest expense	**97,269**	96,225	90,689
Net revenue	**229,814**	236,258	233,546
Operating expenses			
Salaries, wages and benefits	**83,829**	80,838	72,152
General and administrative expenses	**38,734**	35,130	39,673
Depreciation and amortization	**4,575**	3,854	1,779
Adjusted operating expenses (4)	**127,138**	119,822	113,604
Amortization of convertible debenture synthetic discount	**3,368**	3,313	3,155
Share-based compensation	**4,505**	5,800	2,850
Total operating expenses	**135,011**	128,935	119,609
Business acquisition costs			
Amortization of intangibles from acquisition	**12,254**	13,975	15,730
Transaction, strategic review and integration costs	**13,581**	1,059	68,592
Separation costs	**—**	—	45,936
Total business acquisition costs	**25,835**	15,034	130,258
Share of loss from and provision in equity accounted investments (6)	**60,781**	9,082	—
Net income (loss) before taxes	**8,187**	83,207	(16,321)
Income tax expense (recovery)	**9,650**	16,032	(20,335)
Net income (loss) for the period from continuing operations	**(1,463)**	67,175	4,014
Earnings (loss) per share [basic] - continuing operations	**(0.03)**	0.15	(0.01)
Earnings (loss) per share [diluted] - continuing operations	**(0.03)**	0.15	(0.01)
Adjusted operating results (4)			
Net revenue (1)	**229,814**	236,258	233,546
Adjusted operating expenses (1) (4)	**127,138**	119,822	113,604
Adjusted operating income - continuing operations (4)	**102,676**	116,436	119,942
Provision for taxes applicable to adjusted operating income - continuing operations	**20,625**	24,725	20,028
After-tax adjusted operating income - continuing operations (3) (4)	**82,051**	91,711	99,914
Weighted average number of shares outstanding [basic]	**380,155**	384,939	386,930
Before-tax adjusted operating income per share [basic] - continuing operations (4)	**0.24**	0.27	0.29
After-tax adjusted operating income per share [basic] - continuing operations (4)	**0.19**	0.21	0.24

(1) The comparative periods have been reclassified to reflect removing internal expenses related to service delivery from service and other revenue to operating expenses (salaries, wages and benefits, and general and administrative expenses).
(2) Service and other revenue, net, is shown net of direct costs of fixed rate service contracts.
(3) Net interest income and rental revenue is equal to interest income, less provision for credit losses and rental income eaned on equipment under operating leases, less depreciation on equipment under operating leases.
(4) For additional information, see "Description of Non-IFRS Measures" section.
(5) For reconciliation from IFRS Net Income to After-tax adjusted operating income, see page 49.
(6) For the three-month period ended December 31, 2017, the share of loss derived from the reported results of the 19th Capital joint venture was $60.9 million. Included in the share of loss is operational losses of $14.1 million, and $42.2 million of losses on certain assets recognized in the joint venture, in addition the Company increased the reserve by $4.6 million for the assets in the joint venture during Q4 2017.

Net revenue was $229.8 million for the current quarter, a decrease of 1.6% compared to the same period in the prior year and a decrease of 2.7% compared to the immediately preceding quarter. On a sequential basis, services and other revenue increased by 0.4% while net interest income and rental revenue decreased by 3.1%. Compared to Q4 2016, service and other revenue increased by 1.0%, while net interest and rental revenue increased by 0.8%. Changes to revenue line items are explained below as they relate to Fleet Management and to Non-Core assets.

Adjusted operating expenses have increased by 6.1% and increased by 11.9% compared to Q3 2017 and Q4 2016, respectively. Changes to adjusted operating expenses will also be described in sections below.

Share-based compensation was $4.5 million for Q4 2017, an increase of 55.2% compared to Q4 2016 and decreased by 22.4% on a sequential basis. The increase over the comparative quarter in 2016 was primarily due to the timing of new grants. The decrease over the immediately preceding quarter was primarily due to changes to the fair value of the un-hedge portions of PSU liabilities.

Amortization of the convertible debenture synthetic discount represented the accretion of the convertible debenture discount created from the bifurcation of the convertible debentures between debt and share capital.

Transaction, strategic review and integration costs were $13.6 million in Q4 2017, compared to $68.6 million in Q4 2016 and $1.1 million in Q3 2017. During the current quarter, the Company continued the integration of CEI Group Inc., which was acquired on December 30, 2016. Management estimates that the total integration cost will be between $6.0 million and $8.0 million, which will continue to be incurred into the first two quarters of 2018. As noted previously, Element incurred $11.9 million in Q4 2017 in expenses as part of the strategic review conducted mainly in Q4 2017 and was concluded in early Q1 2018. Transaction, integration and separation costs incurred in Q3 2017 were related to initial CEI integration activities and Q4 2016 was due to higher integration activities towards the end of the prior year.

Separation costs incurred in Q4 2016 were related to the separation of ECN Capital from Element on October 3, 2016.

The amortization of intangibles acquired as part of business acquisitions was $12.3 million in Q4 2017, down from the $15.7 million and $14.0 million in Q4 2016 and Q3 2017, respectively.

The Company's share of loss from and provision in equity accounted investments from its Non-Core investments in the 19th Capital Group LLC joint venture and Splend Holdings PTY Limited investment on was $60.8 million for Q4 2017 compared to $9.1 million for Q3 2017. The Company's share of earnings from Splend was $0.1 million in Q4 2017 and was nominal in Q3 2017 and share of loss and provision in 19th Capital was $60.8 million in Q4 2017 and $9.1 million in Q3 2017. The Company's share of operating losses in the Joint Venture was $14.1 million in Q4 2017, up from $9.1 million in Q3 2017, reflecting a decrease in revenue, as the joint venture implemented a strategic plan to accelerate the transition of vehicles from owner operators to corporate fleets, and one time adjustments for accelerating depreciation of which the Company's share of these adjustments was approximately $4.0 million. In addition to operating losses, the Company's share of losses on certain assets of the Joint Venture was $42.2 million in Q4 2017 compared to $5.6 million in Q3 2017, of which $24.4 million was applied to the remaining reserve established in Q2 2017. In addition, during Q4 2017, the Company recognized a provision for impairment of $29.0 million.

The provision for impairment $29.0 million in Q4 2017 was recorded based on Element's estimate of the current equity value of 19th Capital, using 19th Capital's management cash flow forecast and internally generated valuation model with the assistance of outside advisors. While this valuation reflects a point in time, the forecast model provides for solid revenue and EBITDA increases. As mentioned previously, 19th Capital has new management that is executing on a plan to improve the underlying operations through increasing utilization, lowering maintenance, improving collections and increasing the number of vehicles within corporate fleets. Early indications suggest positive traction towards this plan.

This provision for impairment is exclusive of any allowance for credit loss changes as a result of the transition to IFRS 9, which is effective for years beginning on or after January 1, 2018. Under IFRS 9, the incurred loss model used for measuring the allowance for credit losses will be replaced with an expected loss model. As a result, the Company expects to recognize an allowance for credit losses for loans to 19th Capital due to changes in methodology, which may be material, and will be recorded as an adjustment to opening retained earnings on January 1, 2018. Any subsequent changes to the allowance for credit losses under this expected loss model will be recognized through net income.

Quarterly Results of Operations - Fleet Management

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

	For the three-month periods ended		
	December 31, 2017	September 30, 2017	December 31, 2016
(in $000's for stated values, except per share amounts)	**$**	$	$
Net revenue			
Service and other revenue	**140,970**	134,902	122,983
Net interest and rental revenue	**80,342**	84,164	74,779
Net revenue	**221,312**	219,066	197,762
Adjusted operating expenses			
Salaries, wages and benefits	**83,078**	79,980	71,425
General and administrative expenses	**38,234**	34,558	37,679
Depreciation and amortization	**4,575**	3,854	1,779
Adjusted operating expenses	**125,887**	118,392	110,883
Adjusted operating income - continuing operations	**95,425**	100,674	86,879
Provision for taxes applicable to adjusted operating income - continuing operations	**16,068**	21,141	18,244
After-tax adjusted operating income - continuing operations	**79,357**	79,533	68,635
Less: Cumulative preferred share dividends	**11,068**	11,068	8,912
After-tax adjusted operating income from continuing operations attributable to common shareholders	**68,289**	68,465	59,723
Weighted average number of shares outstanding [basic]	**380,155**	384,939	386,930
Before-tax adjusted operating income per share [basic] - continuing operations	**0.22**	0.23	0.20
After-tax adjusted operating income per share [basic] - continuing operations	**0.18**	0.18	0.15

Service and other revenue for Q4 2017 was $141.0 million, an increase of 14.6% and 4.5% from Q4 2016 and Q3 2017, respectively. On a constant currency basis, service and other revenue increased by 19.5% and 3.7% compared to those reported in Q4 2016 and Q3 2017, respectively. The increases over Q4 2016 and Q3 2017, were primarily due to higher remarketing fees due to higher volume, as well as increases in vehicle expense reporting revenue during the quarter.

Net interest and rental revenue for Q4 2017 was $80.3 million, an increase of 7.4% from the $74.8 million reported in Q4 2016, and a decrease of 4.5% from the $84.2 million reported in Q3 2017. On a constant currency basis, net interest and rental revenue increased by 11.9% and decreased by 5.1% compared to Q4 2016 and Q3 2017, respectively. The increase compared to Q4 2016 was from higher yields on the portfolio offset by an increase in interest expense, both resulting from a higher interest rate environment. The decrease compared to Q3 2017 was primarily due to Q3 2017 benefiting from higher interim rent as the post IT migration activity backlogs were cleared during that quarter.

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

	For the three-month periods ended		
	December 31, 2017	September 30, 2017	December 31, 2016
(in $000's for stated values)	**%**	%	%
Net interest income and rental revenue	**5.43**	5.60	4.82
Interest expense	**2.82**	2.83	2.50
Net interest and rental revenue margin or NIM (1)	**2.61**	2.77	2.32
Average cost of debt (Interest expense / average debt) (1)	**2.82**	2.74	2.50
Average 1-Month LIBOR rates	**1.29**	1.23	0.64
Total average earning assets (1) (2)	**$ 12,331,040**	$ 12,130,819	$ 12,938,134
Total earning assets at period end (1)	**$ 12,228,937**	$ 12,110,284	$ 12,894,383
Average debt outstanding (1)	**$ 12,345,890**	$ 12,518,163	$ 12,963,160
New originations	**$ 1,461,257**	$ 1,441,839	$ 1,433,196

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

NIM was 2.6% during the three-month period ended December 31, 2017, an increase from the 2.3% reported for Q4 2016 and a decrease from the 2.8% reported in Q3 2017. The changes were due to the factors discussed above. In addition, a higher percentage of convertible debt was allocated to the Core segment, consistent with the allocation methodology designed and implemented in Q2 2017.

Average cost of debt increased to 2.8% during the quarter, from 2.5% in Q4 2016 and 2.7% from the immediately preceding quarter. The higher rate was partially due to both an increased allocation of convertible debentures to the segment in the current quarter and also to the general increase in underlying reference rates.

Adjusted operating expenses were $125.9 million for Q4 2017, an increase of $15.0 million or 13.5% compared to Q4 2016, and an increase of $7.5 million or 6.3% on a sequential basis. On a constant currency basis, operating expenses increased by 17.9% compared to Q4 2016 and by 5.4% compared to Q3 2017. The increase over Q4 2016 reflects the impact of the acquisition of CEI at the end of 2016 and its inclusion of related expenses in the current quarter. The increase compared to the comparable period in the prior year also reflected an increased headcount as we minimize the impact on our customers from the post IT migration activities. The increase compared to Q3 2017 was related to higher salaries and wages as accrued incentive compensation was adjusted to actual results, and to a lesser degree, increased over-time compensation related to managing post IT migration activities, as previously mentioned. In addition, general and administrative expenses in Q3 2017 benefited from an one-time expense reversal in ANZ.

Adjusted operating income from Fleet Management operations for Q4 2017 was $95.4 million, an increase of $8.5 million or 9.8% over the amount reported for Q4 2016 and a decrease of $5.2 million or 5.2% over the amount reported during the immediately preceding quarter. On a constant currency basis, adjusted operating income increased by 14.9% compared to Q4 2016 and decreased by 5.6% compared to Q3 2017. The increase over the Q4 2016 comparative quarter was primarily due to an increase in net revenue, offset slightly by the increase in adjusted operating expenses, as discussed above. The decrease over Q3 2017, was primarily from the higher adjusted operating expenses as noted above.

Quarterly Results of Operations - Non-Core

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

	For the three-month periods ended		
	December 31, 2017	September 30, 2017	December 31, 2016
(in $000's for stated values, except per share amounts)	**$**	$	$
Net revenue			
Service and other revenue	**598**	6,158	17,246
Net interest and rental revenue	**7,904**	11,034	18,538
Net revenue	**8,502**	17,192	35,784
Adjusted operating expenses			
Salaries, wages and benefits	**751**	858	727
General and administrative expenses	**500**	572	1,994
Adjusted operating expenses	**1,251**	1,430	2,721
Adjusted operating income - continuing operations	**7,251**	15,762	33,063
Provision for taxes applicable to adjusted operating income - continuing operations	**4,557**	3,584	1,784
After-tax adjusted operating income - continuing operations	**2,694**	12,178	31,279
Weighted average number of shares outstanding [basic]	**380,155**	384,939	386,930
Before-tax adjusted operating income per share [basic] - continuing operations	**0.02**	0.04	0.09
After-tax adjusted operating income per share [basic] - continuing operations	**0.01**	0.03	0.08

Overall, net revenue for Non-Core operations was $8.5 million, a decline of 76.2% compared to Q4 2016 and a decline of 50.5% on a sequential basis.

Service and other revenue within this segment was primarily related to fees delivered in connection with various services provided to non-fleet customers. By nature of the various commercial arrangements, such fees will fluctuate from time to time.

Net interest and rental revenue for Q4 2017 was $7.9 million, a decrease of 57.4% compared to Q4 2016, and a decrease of 28.4% compared to Q3 2017. The decrease compared to Q4 2016 was as expected, and related to the run-off nature of the equipment finance portfolio in New Zealand, which was acquired as part of the GE Fleet transaction, as well as the structure of the joint venture with 19th Capital and the sale of certain Non-Core assets. The decrease compared to Q3 2017 was primarily due to the sale of certain Non-Core assets during the prior quarter and the declining revenue from the depleting equipment finance portfolio in New Zealand, as previously mentioned.

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

	For the three-month periods ended		
	December 31, 2017	September 30, 2017	December 31, 2016
(in $000's for stated values)	**%**	%	%
Net interest income and rental revenue	**7.31**	7.53	10.10
Interest expense	**4.15**	3.67	3.46
Net interest and rental revenue margin or NIM (1)	**3.16**	3.86	6.64
Average cost of debt (Interest expense / average debt) (1)	**4.31**	3.90	4.16
Total average earning assets (1) (2)	**$ 1,000,934**	$ 1,143,472	$ 1,118,254
Total earning assets at period end (1)	**$ 974,251**	$ 995,078	$ 1,070,676
Average debt outstanding (1)	**$ 962,537**	$ 1,076,425	$ 931,468
New originations	**$ —**	$ —	$ 218,827

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

NIM was 3.2% during the three-month period ended December 31, 2017, a decrease from the 6.6% and the 3.9% reported for Q4 2016 and Q3 2017, respectively. The decrease compared to Q4 2016 and Q3 2017 was due to factors discussed previously.

Average cost of debt increased to 4.3% during the three-month period ended December 31, 2017, from 4.2% in Q4 2016 and increased from 3.9% from the immediately preceding quarter. The change compared to Q4 2016 and Q3 2017 were primarily related to changes in asset mix within Non-Core that impacted the allocation of interest from the senior line and unsecured convertible debentures.

Adjusted operating expenses were $1.3 million for Q4 2017 compared to $2.7 million for the comparable quarter of 2016 and $1.4 million for the immediate preceding quarter. The adjusted operating expenses were a corporate allocation of expenses of approximately 50 bps annualized of average earning assets.

Adjusted operating income from continuing operations for Q4 2017 was $7.3 million, a decrease of $25.8 million or 78.1% over the amount reported for Q4 2016 and a decrease of $8.5 million or 54.0% over the amount reported during the immediately preceding quarter. The decreases over Q4 2016 and Q3 2017 were primarily the result of decreases in the Non-Core portfolio.

Consolidated Financial Position

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

(in $000's for stated values)	**December 31, 2017** **$**	September 30, 2017 $	December 31, 2016 $
Assets			
Fleet Management finance assets			
Finance receivables	**11,904,630**	12,002,525	12,555,776
Equipment under operating leases	**1,599,423**	1,524,674	1,421,637
Fleet Management finance assets	**13,504,053**	13,527,199	13,977,413
Non-Core finance receivables	**863,503**	883,148	898,235
Total finance assets	**14,367,556**	14,410,347	14,875,648
Non-Core other earning assets	**122,285**	122,346	170,889
Non-Core investment in joint venture	**10,000**	69,045	135,846
Other assets			
Fleet Management	**980,184**	985,964	1,065,844
Non-core	**60,956**	24,330	9,374
Total other assets	**1,041,140**	1,010,294	1,075,218
Goodwill and intangible assets	**2,028,652**	2,014,689	2,163,063
Total assets	**17,569,633**	17,626,721	18,420,664
Liabilities			
Fleet Management debt			
Secured borrowings	**11,720,852**	11,722,895	12,378,221
Convertible debentures	**510,272**	535,544	456,126
Total Fleet Management debt	**12,231,124**	12,258,439	12,834,347
Non-Core debt			
Secured borrowings	**587,021**	624,239	605,314
Convertible debentures	**365,645**	335,198	399,562
Total Non-Core debt	**952,666**	959,437	1,004,876
Total debt	**13,183,790**	13,217,876	13,839,223
Other liabilities	**645,760**	622,652	600,087
Total liabilities	**13,829,550**	13,840,528	14,439,310
Shareholders' equity	**3,740,083**	3,786,193	3,981,354
Total liabilities and shareholders' equity	**17,569,633**	17,626,721	18,420,664

Total assets and liabilities of continuing operations decreased by 4.6% and 4.2%, respectively, over December 31, 2016, mainly as a result of a decrease in the US dollar compared to the Canadian dollar. The Company was also exposed to other currencies that primarily depreciated against the Canadian dollar during the period. The net impact of these currency variations flows as Other Comprehensive Income through Shareholders' Equity.

Fleet Management Portfolio Finance Asset Details
Finance Receivables

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

(in $000's for stated values, except ratios)	**December 31, 2017** **$**	September 30, 2017 $	December 31, 2016 $
Net investment in finance receivables	**10,629,514**	10,585,610	11,472,746
Impaired receivables - at net realizable value	**3,949**	4,762	2,507
	10,633,463	10,590,372	11,475,253
Unamortized origination costs and subsidies	**(105,022)**	(107,293)	(129,521)
Net finance receivables	**10,528,441**	10,483,079	11,345,732
Prepaid lease payments and Security deposits	**(67,526)**	(102,454)	(27,568)
Interim funding	**587,217**	751,343	483,079
Fleet management service receivables	**660,227**	694,097	623,848
Other	**200,575**	182,294	136,766
	11,908,934	12,008,358	12,561,857
Allowance for credit losses	**4,304**	5,833	6,081
Total finance receivables of continuing operations	**11,904,630**	12,002,525	12,555,776
Ratios			
Allowance for credit losses as a percentage of finance receivables	**0.04%**	0.05%	0.05%

Fleet Management finance receivables as at December 31, 2017 decreased by 5.2% compared to December 31, 2016, primarily due to the US dollar retraction compared to the Canadian dollar as mentioned previously. The decrease of 0.8% compared to September 30, 2017 was primarily due to seasonality and syndication activities to manage credit exposure.

Allowance for credit losses

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

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

The Company's allowance for credit losses was $4.3 million as at December 31, 2017, a decrease of $1.8 million or 29.2% over the $6.1 million reported at December 31, 2016 and a decrease of $1.53 million or 26.2% over the immediately preceding quarter ended. The allowance for credit losses as a percentage of finance receivables as at December 31, 2017 was 0.04%, a slight decrease from 0.05% as at December 31, 2016 and 0.05% as at September 30, 2017.

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

Fleet Management delinquencies

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

	December 31, 2017		September 30, 2017		December 31, 2016	
(in $000’s for stated values)	**$**	**%**	$	%	$	%
Current	**10,518,221**	**99.90**	10,473,702	99.91	11,341,052	99.96
31 to 60 days	**2,277**	**0.02**	3,272	0.03	1,664	0.01
61 to 90 days	**3,825**	**0.04**	982	0.01	149	—
91 to 120 days	**169**	**—**	361	—	360	—
Impaired receivables	**3,949**	**0.04**	4,762	0.05	2,507	0.03
Total	**10,528,441**	**100.00**	10,483,079	100.00	11,345,732	100.00

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

(in $000’s for stated values, except ratios)	**Year ended December 31, 2017 $**	Year ended December 31, 2016 $
Allowance for credit losses, beginning of period	**6,081**	13,397
Recovery of credit losses	**(921)**	(3,834)
Charge-offs, net of recoveries	**(611)**	(2,654)
Impact of foreign exchange rates	**(245)**	(828)
Allowance for credit losses, end of period	**4,304**	6,081
Allowance for credit losses as a percentage of finance receivables	**0.04%**	0.05%

Fleet Management allowance for credit losses of $4.3 million as at December 31, 2017 represented 0.04% of the finance receivables outstanding, consistent with the 0.05% reported at December 31, 2016. The charge offs, net of recoveries during the 2016 fiscal year, reflected the realization of amounts that were specifically provided for as part of the GE Acquisition, and excluding these amounts there would have been a net recovery of $0.3 million. Overall, the allowance was in-line with management’s expectation of losses from the business and the mix of assets, including the addition of finance receivables acquired from the GE Acquisition.

Fleet Management Equipment Under Operating Leases

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

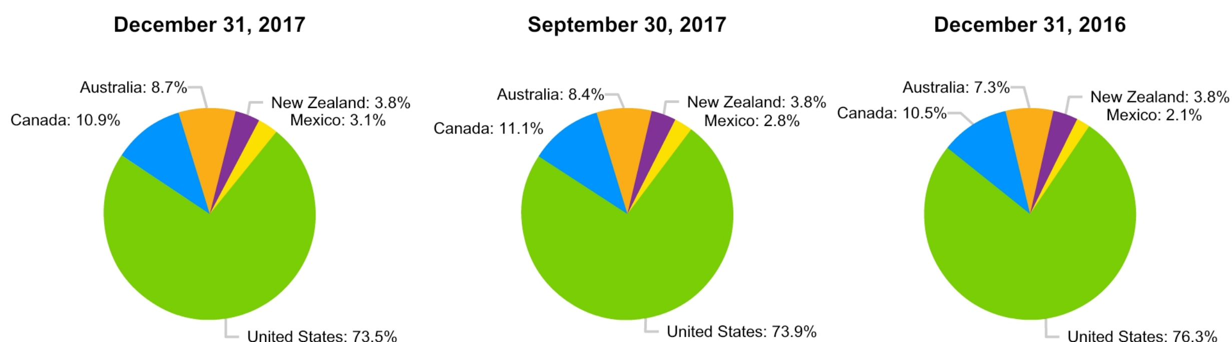
(in $000's for stated values)	**December 31, 2017** **$**	September 30, 2017 $	December 31, 2016 $
Equipment under operating leases, net			
Fleet Vehicles	**1,599,423**	1,524,674	1,421,637
	1,599,423	1,524,674	1,421,637

Fleet Management Portfolio Distribution

Fleet Management Geographic Portfolio Segmentation

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

	December 31, 2017		September 30, 2017		December 31, 2016	
(in $000's for stated values)	**$**	**%**	$	%	$	%
United States	**8,913,991**	**73.5**	8,875,382	73.9	9,736,272	76.3
Canada	**1,319,230**	**10.9**	1,329,230	11.1	1,344,546	10.5
Australia	**1,050,041**	**8.7**	1,003,301	8.4	931,482	7.3
New Zealand	**466,546**	**3.8**	456,850	3.8	483,818	3.8
Mexico	**378,058**	**3.1**	342,990	2.8	271,252	2.1
Total	**12,127,866**	**100.0**	12,007,753	100.0	12,767,370	100.0
Allocated as:						
Net finance receivables	**10,528,443**	**86.8**	10,483,079	87.3	11,345,733	88.9
Equipment under operating leases, net	**1,599,423**	**13.2**	1,524,674	12.7	1,421,637	11.1
Total	**12,127,866**	**100.0**	12,007,753	100.0	12,767,370	100.0

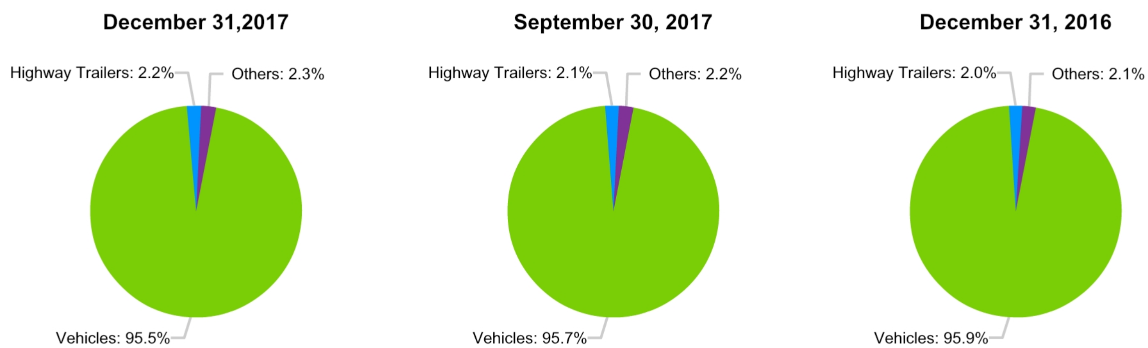


As noted in the table and chart above, approximately 74% of the Company's Fleet Management net finance receivables and equipment under operating leases are in the United States.

Fleet Management Asset Class Portfolio Distribution

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

	December 31, 2017		September 30, 2017		December 31, 2016	
(in $000's for stated values)	**$**	**%**	$	%	$	%
Vehicles	**11,586,471**	**95.5**	11,489,429	95.7	12,246,927	95.9
Highway Tractors and Trailers	**266,248**	**2.2**	249,134	2.1	257,082	2.0
Others	**275,147**	**2.3**	269,190	2.2	263,361	2.1
	12,127,866	**100.0**	12,007,753	100.0	12,767,370	100.0



Non-Core Portfolio Finance Asset Details
Non-Core Finance Receivables

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

(in $000's for stated values)	December 31, 2017 $	September 30, 2017 $	December 31, 2016 $
Net investment in finance receivables	**851,966**	872,732	899,787
Impaired receivables - at net realizable value	**4,716**	4,344	656
	856,682	877,076	900,443
Unamortized origination costs and subsidies	**—**	14	(308)
Net finance receivables	**856,682**	877,090	900,135
Prepaid lease payments and Security deposits	**3,126**	2,549	—
Other	**3,695**	3,508	(1,900)
Total finance receivables of continuing operations	**863,503**	883,148	898,235

Total Non-Core finance receivables from continuing operations have decreased by 3.9% compared to December 31, 2016 and decreased by 2.2% compared to September 30, 2017. The decrease over the prior year-end was primarily due to the US dollar retraction compared to the Canadian dollar as mentioned previously. The decrease over the immediately preceding quarter was due to the run-off nature of Non-Core portfolios, as previously mentioned.

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

Non-core delinquencies

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

	December 31, 2017		September 30, 2017		December 31, 2016	
(in $000's for stated values)	$	%	$	%	$	%
Current	**846,726**	**98.84**	863,406	98.44	898,985	99.87
31 to 60 days	**1,722**	**0.20**	6,220	0.71	393	0.04
61 to 90 days	**2,093**	**0.24**	1,299	0.15	101	0.01
91 to 120 days	**1,425**	**0.17**	1,821	0.21	—	—
Impaired receivables	**4,716**	**0.55**	4,344	0.49	656	0.08
Total	**856,682**	**100.00**	877,090	100.00	900,135	100.00

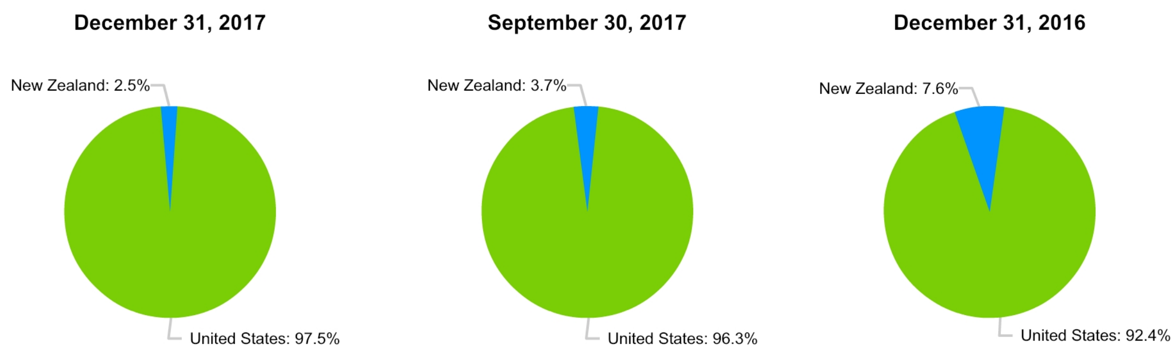
Contractual delinquencies have increased from December 31, 2016, partially related to an acquired portfolio in Q1 2017 that contributed to an increase in delinquencies. The Company maintains a cash holdback/ reserve pool funded by the seller to cover for losses in this portfolio.

Non-Core Portfolio Distribution

Non-Core Geographic Portfolio Segmentation

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

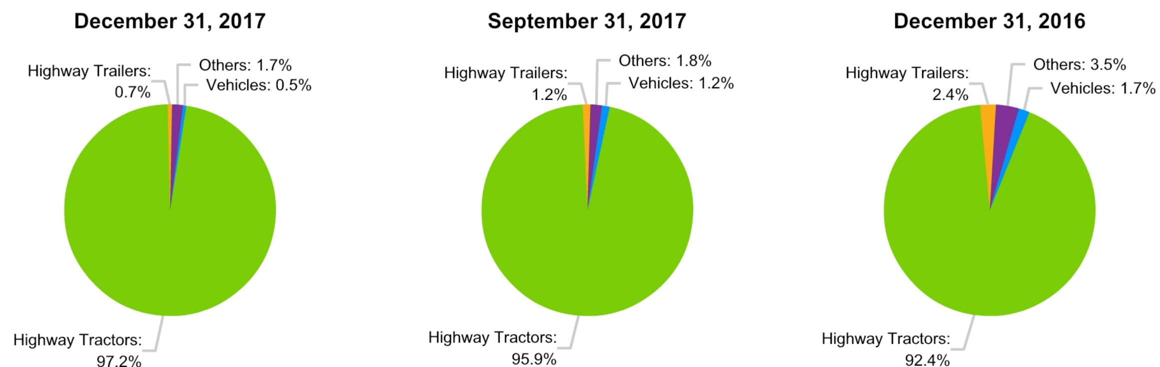
	December 31, 2017		September 30, 2017		December 31, 2016	
(in $000's for stated values)	**$**	**%**	$	%	$	%
United States	**835,343**	**97.5**	844,207	96.3	831,693	92.4
New Zealand	**21,337**	**2.5**	32,883	3.7	68,441	7.6
Total	**856,680**	**100.0**	877,090	100.0	900,134	100.0



Non-Core Asset Class Portfolio Distribution

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

	December 31, 2017		September 30, 2017		December 31, 2016	
(in $000's for stated values)	**$**	**%**	$	%	$	%
Vehicles	**4,592**	**0.5**	10,340	1.2	15,205	1.7
Highway Tractors	**832,380**	**97.2**	840,874	95.9	831,693	92.4
Highway Trailers	**5,569**	**0.7**	10,382	1.2	21,749	2.4
Others	**14,139**	**1.7**	15,494	1.7	31,487	3.5
	856,680	**100.1**	877,090	100.0	900,134	100.0



Liquidity & Capital Resources

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

Management believes that the liquidity available to the Company of $4,673.9 million at December 31, 2017 plus the cash flow internally generated from the repayment of leases and loans is sufficient to fund the Company's operations throughout 2018, as well as to pay dividends to all preferred and common shareholders.

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

The Company views both financial and tangible leverage as key indicators of the strength of the Company's Consolidated Statements of Financial Position. As at December 31, 2017, the Company's financial leverage ratio was 3.52:1 and the Company's tangible leverage was 7.70:1. In the medium term, the Company targets a tangible leverage ratio of 7.0 to 7.5:1.

The Company's capitalization is calculated as follows:

		As at
		December 31, 2017
(in $000's, except ratios)		**$**
Secured borrowings		**12,307,873**
Convertible debentures		**875,918**
Total debt	**(a)**	**13,183,791**
Total shareholders' equity	**(b)**	**3,740,083**
		16,923,874
Goodwill and intangible assets	**(c)**	**2,028,652**
Financial leverage	**(a)/(b)**	**3.52**
Tangible leverage	**(a)/[(b)-(c)]**	**7.70**

Cash flow and liquidity

Overall, corporate cash has increased from $12.6 million at December 31, 2016 to $76.6 million at December 31, 2017.

During the year ended December 31, 2017, cash provided by operating activities from continuing operations was $60.5 million, a decrease of $433.8 million over the $494.3 million provided by operating activities during the comparative year ended December 31, 2016. The decrease over the comparative year was primarily due to timing of cash inflow and outflow from investment and repayments of finance receivables and equipment under operating leases, in line with the changes in finance receivables and equipment under operating leases, excluding the impact of changes in foreign exchange rates during the periods.

During the year ended December 31, 2017, cash used in investing activities from continuing operations was $39.7 million compared to $351.4 million used in the comparative year ended December 31, 2016, a decrease of $311.7 million. The higher utilization during the prior periods was primarily due to investment in restricted funds.

Cash provided by financing activities from continuing operations for the year ended December 31, 2017 was $44.9 million, compared to $84.3 million used in the comparative period ended December 31, 2016, an increase of $129.2 million. The increase over the comparative year is due to issuances of preferred shares and secured borrowings, offset by repurchase of common shares.

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

	For the year ended	
	December 31, 2017	December 31, 2016
(in $000's for stated values)	**$**	$
CASH PROVIDED BY ADJUSTED OPERATING ACTIVITIES		
After-tax adjusted operating income	**373,539**	421,437
Cash taxes paid	**(40,758)**	(44,453)
Items not affecting cash		
Income taxes on adjusted operating income	**93,063**	104,463
Amortization, depreciation and provisions and other	**55,770**	37,704
Cash provided by adjusted operating activities	**481,614**	519,151
CASH USED IN ADJUSTED INVESTING ACTIVITIES		
Principal repayments of finance receivables and depreciation of equipment under operating leases	**5,418,913**	6,453,337
Syndications of finance receivables	**682,791**	518,166
Purchase of finance assets and equipment under operating leases	**(6,487,433)**	(6,563,899)
Others	**(76,788)**	(784,804)
Cash used in adjusted investing activities	**(462,517)**	(377,200)
CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		
Issuance of share capital from exercise of stock options	**155,775**	3,432
Shares repurchased	**(78,917)**	—
Issuance of secured borrowings, net	**103,707**	(13,398)
Dividends paid	**(135,663)**	(74,292)
Cash provided by (used in) financing activities	**44,902**	(84,258)
Net changes in cash provided by distributed operations	**—**	(101,819)
Net increase (decrease) in adjusted cash during the period	**63,999**	(44,126)
Cash, beginning of period	**12,638**	56,764
Cash, end of period	**76,637**	12,638

Debt and contractual repayment obligations

With nearly $4.7 billion in available sources of financing, we have significant resources available to continue funding projected growth. Finance receivables are securitized on a regular basis to ensure cash is always available to fund new transactions. In addition, the Company adheres to a strict policy of matching the maturities of owned finance assets and the related debt as closely as possible in order to manage its liquidity position.

The Company's available sources of financing for continuing operations were as follows:

			As at
	December 31, 2017	September 30, 2017	December 31, 2016
(in $000's for stated values)	**$**	$	$
Cash	**76,637**	37,799	12,638
Term Senior Facility			
Facility amount	**4,399,150**	4,050,800	4,699,450
Utilized against facility	**3,168,087**	3,163,214	2,978,122
	1,231,063	887,586	1,721,328
Vehicle Management Asset-Backed Debt			
Facilities	**12,566,226**	12,885,467	14,207,887
Utilized against available facilities	**9,200,002**	9,236,805	10,051,059
	3,366,224	3,648,662	4,156,828
Total available sources of capital for continuing operations	**4,673,924**	4,574,047	5,890,794

During the year ended December 31, 2017, the Company reduced the available capacity from vehicle management asset-backed debt to expected medium term funding needs, as it combined the U.S. programs and issued new term debt during 2017.

The Company was in compliance with all of the terms of its credit facilities and loan agreements throughout the period and as at December 31, 2017.

Distributed Operations - ECN Capital Corp.

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

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

The assets and liabilities of ECN Capital were set-up on October 3, 2016, and the resulting gain on the distribution to the Company's shareholders is as follows, as of December 31, 2016:

Fair value of the distribution of assets to common shareholders	1,710,473
Less: carrying amount of the net assets distributed	(1,710,473)
Other comprehensive income reclassified to the statement of operations	149,261
Deferred income taxes on retained assets	22,093
Gain on distribution of assets before separation transaction costs	171,354
Separation transaction costs (net of taxes of $20,375)	(56,311)
Net gain on distribution of assets	115,043

The net gain on distribution has been included in the net income of the Company for the year ended and quarter ended December 31, 2016.

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

(in 000's for stated values, except percent and per share amounts)	For the period from October 1, 2016 to October 3, 2016 $	For the period from January 1, 2016 to October 3, 2016 $
Net financial income	—	152,279
Net income (loss) before taxes	—	56,948
Net income for the period	—	51,721
Adjusted operating income (1)	—	101,426
After-tax adjusted operating income (1)	—	81,605

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

Summary of Consolidated Quarterly Information

The following table sets out selected financial information for each of the eight most recent quarters, the latest of which ended December 31, 2017. This information has been prepared on the same basis as the Company's audited consolidated financial statements as adjusted to reflect the distinction between continuing and distributed operations, and all necessary adjustments have been included in the amounts stated below to present fairly the unaudited quarterly results when read in conjunction with the audited consolidated financial statements of the Company and the related notes to those statements.

(in $ 000's for stated values, except per share amounts)	**Q4 2017**	**Q3 2017**	**Q2, 2017**	Q1, 2017	Q4, 2016	Q3, 2016	Q2, 2016	Q1, 2016
Net revenue from continuing operations (2)	**229,814**	236,284	247,543	238,412	233,546	245,670	249,345	269,799
Adjusted operating income from continuing operations (1)	**102,676**	116,462	124,425	123,065	119,942	126,581	133,920	145,457
Adjusted operating income from distributed operations (1)	**—**	—	—	—	—	31,087	32,896	37,443
Total adjusted operating income (1)	**102,676**	116,462	124,425	123,065	119,942	157,668	166,816	182,900
After-tax adjusted operating income continuing ops (1)	**82,051**	91,737	99,753	100,025	99,914	104,978	105,382	111,163
After-tax adjusted operating income from distributed operations (1)	**—**	—	—	—	—	27,444	25,330	28,831
Total after-tax adjusted operating income (1)	**82,051**	91,737	99,753	100,025	99,914	132,422	130,712	139,994
Net income / (loss) from continuing operations	**(1,463)**	67,175	37,087	51,845	4,014	35,644	75,900	74,706
Net income / (loss) from distributed operations	**—**	—	—	—	171,354	1,225	23,933	26,563
Total net income / (loss)	**(1,463)**	67,175	37,087	51,845	175,368	36,869	99,833	101,269
Earnings per share from continuing operations, basic	**(0.03)**	0.15	0.07	0.11	(0.01)	0.07	0.17	0.17
Earnings per share from distributed operations, basic	**—**	—	—	—	0.44	—	0.06	0.07
Total earnings (loss) per share, basic	**(0.03)**	0.15	0.07	0.11	0.43	0.07	0.24	0.24
Earnings per share from continuing operations, diluted	**(0.03)**	0.15	0.07	0.11	(0.01)	0.07	0.17	0.17
Earnings per share from distributed operations, diluted	**—**	—	—	—	0.44	—	0.06	0.07
Total earnings (loss) per share, diluted	**(0.03)**	0.15	0.07	0.11	0.43	0.07	0.23	0.24
Adjusted operating income per share (basic) - from continuing operations (1)	**0.24**	0.27	0.29	0.29	0.29	0.30	0.32	0.35
After-tax adjusted operating income per share (basic) - from continuing operations (1)	**0.19**	0.21	0.23	0.24	0.24	0.25	0.25	0.26
After-tax pro forma diluted adjusted operating income per share - from continuing operations (1)	**0.18**	0.20	0.22	0.22	0.22	0.24	0.24	0.26
Total earning assets - continuing operations	**13,203,188**	13,105,362	13,652,770	13,706,744	13,973,475	13,985,366	13,817,529	13,879,718
Loan and lease originations - continuing operations	**1,461,257**	1,441,839	1,908,496	1,675,841	1,652,023	1,572,615	1,702,789	1,636,472
Allowance for credit losses - continuing operations	**4,304**	5,833	5,995	5,978	6,081	8,388	7,199	11,875
As a % of finance receivables	**0.03**	0.05	0.04	0.04	0.05	0.06	0.05	0.09
Senior revolving credit facility - continuing operations	**3,168,087**	3,163,214	3,758,274	3,494,105	2,978,122	3,002,178	2,834,324	3,109,079
Secured borrowings - continuing operations	**9,139,786**	9,183,920	9,492,215	9,777,661	10,005,413	9,926,109	9,961,891	9,532,109
Convertible debentures - continuing operations	**875,918**	870,743	865,647	860,629	855,688	850,822	846,031	841,312

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

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

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

Other Disclosures

Related Party Transactions

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

The Company has issued notes receivables that are loans to certain employees and directors of the Company granted in order to help finance the purchase of the Company's common shares. Such loans have been issued at market conditions, bear interest at 3% and are evidenced by individual promissory notes secured by the shares purchased under the loan arrangements. On March 3, 2017 the Board of Directors approved a plan to discontinue this program on a prospective basis. This change will not impact amounts receivable as at December 31, 2016.

In addition to the related party transactions described above, the Company acquired a 49.99% interest in 19th Capital Group LLC on December 30, 2016, a joint venture involved in the leasing of highway tractors in the U.S. The Company has provided $775,898 in loans to the joint venture that have a weighted average fixed interest rate of 5.60% [December 31, 2016 - $829,108 at 5.28% interest rate].

The Company also acquired a 12.5% equity interest in Splend Holdings PTY Limited on August 15, 2017, a supplier of vehicles for on-demand rideshare and delivery services primarily operating in Australia. The Company has provided fleet management services and vehicle financing to Splend at pricing consistent with similar customers of the Company. At December 31, 2017, the Company has provided $11,882 of vehicle financings.

Derivatives and Hedging

From time to time, the Company enters into derivative transactions primarily in order to hedge interest rate exposure resulting from its floating rate debt obligations. The Company will enter into interest rate swap transactions whereby the Company will pay a fixed rate of interest and receive a floating rate of interest. Similarly, the Company will enter into interest rate cap contracts whereby the Company will receive payments if the floating rate exceeds the cap strike price. The notional amounts of the derivatives are matched to the expected amortization of the related debt. The Company has designated these instruments as cash flow hedges when the criteria for hedge accounting has been met and the changes in fair value of the effective portions of the hedging instruments are recognized through other comprehensive income, interest settlements on these interest rate swaps are applied to the related interest expense on the debt through the statement of operations.

The Company will also enter into foreign exchange forward agreements to hedge its exposures to foreign currency risk on foreign denominated finance receivables and its net investment in foreign subsidiaries. Fair value changes on the foreign exchange forward agreements and settlements on the foreign exchange forward contracts are recognized through other comprehensive income, and are transferred to income as foreign exchange gains and losses are recognized on the related hedged finance receivable or on the disposition of the related foreign subsidiary.

The Company also enters into total return swap agreements to hedge its exposure to changes to Company's share price on the Company's stock compensation plans that are accounted for as liabilities. The Company has designated both fair value and cash flow hedging relationships depending on the stock compensation plan.

As at December 31, 2017, the Company had net derivative liabilities of $1.3 million on notional balances of $10.6 billion.

For the year ended December 31, 2017, the fair value changes recorded in net income was a loss of $15.4 million and in other comprehensive income was a loss of $36.6 million for derivatives designated as cashflow hedges.

Risk Management

In the normal course of business, the Company engages in operating and financing activities that generate risks in the following primary areas:

Credit risk

Credit risk is the risk that the Company will incur a loss because its customers and counterparties fail to discharge their contractual obligations. The Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties on direct financing leases and loans. Counterparty limits are established by the use of both external and internal credit risk classifications systems, which assign each counterparty a risk rating. The Company also manages credit risk through the existence of asset collateral held against both direct financing leases and loans. The Company maintains insurance coverage over these assets to further mitigate risk of loss. In situations where the Company takes possession of collateral under the terms of the direct finance lease or loan agreement, the asset is sold and a gain or loss on disposal is recognized.

The Company also monitors the diversification of its lending across asset class, geography and transaction size. As a result of transaction sizes and collateral arrangements, no individual customer represents a significant credit risk to the Company.

The Company has credit risk relating to cash and cash equivalents and short-term investments. The Company manages this risk by by dealing with large chartered Canadian banks and global banks, and local banks in countries in which its foreign subsidiaries operate, as we as investing in highly liquid investment securities.

Liquidity risk

Liquidity risk is the risk that the Company will not generate sufficient cash or cash equivalents in a timely and cost effective manner to satisfy its financial obligations as they come due. One of management's primary goals is to manage liquidity risk by continuously monitoring actual and projected cash flows to ensure that the Company will have sufficient liquidity to meet its liabilities when due as well as sustain and grow the Company's assets and operations, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Growth in our lease portfolio will require ongoing availability of secured financing and funding lines sufficient to accommodate projected growth objectives. The Company has taken steps to ensure appropriate funding will be in place as required.

The Company believes that its capacity to expand its existing secured borrowing facilities, its access to bank term funding combined with access to the issuance of equity will be sufficient to fund its normal operating and capital expenditures as the Company grows.

As at December 31, 2017, the Company had available liquidity of $4,673.9 million compared to $5,890.8 million at December 31, 2016.

Interest rate risk

Interest rate risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. In order to mitigate interest rate risk, the Company structures its secured borrowing arrangements to maintain a fixed interest rate spread between the interest paid on both the term funding facilities and the revolving facilities and the interest received on the underlying finance receivables. This fixed interest rate spread is achieved by match funding transactions on both a duration and interest rate basis. In some instances, the Company enters into interest rate swaps in order to align the interest rate variability.

The Company does experience short-term interest rate risk on finance receivables during the period between fixing the contractual rate under the finance contracts with its customers and the locking of the interest rate under its funding facilities. During this time, an upward movement in benchmark rates can negatively impact the spread on the transaction. In order to mitigate this risk, the Company carefully monitors its borrowing costs to ensure its rates reflect appropriate spreads to insulate against sudden unexpected interest rate movements. In order to further mitigate risk, the Company undertakes regular securitizations under its secured borrowing arrangements to ensure its finance contracts are appropriately match-funded by its secured borrowing, which reduces the warehouse period and the likelihood that a significant movement in bond and/or note rates will negatively impact the spreads on such transactions. The Company also maintains adequate balance sheet liquidity to allow it flexibility in developing a strategy of holding versus securitizing such finance assets.

To the extent that finance receivables are not part of a secured borrowing program, the Company manages its interest rate risk exposure by entering into interest rate hedges to limit such exposure. As at December 31, 2017, the percentage of the total lease portfolio and the loan portfolio that had fixed interest rates was 46.0% and 98.8%, respectively.

After considering the fixed interest rate spread on the secured borrowing programs and the exposure to fixed rate finance receivables described above, the Company's interest rate risk is limited to cash and restricted cash, floating-rate finance receivables which are neither hedged nor part of a match-funded secured borrowing arrangement, and drawings under the senior revolving credit facility. Based on its exposure as at December 31, 2017, the Company estimates that a 50 basis point increase would decrease net income before taxes by approximately $7.4 million and a 50 basis point decrease in interest rates would increase net income before taxes by approximately $8.3 million.

Foreign Currency Risk

Foreign currency risk is the risk of exposure to foreign currency movements on the Company's lending and/or net investment in foreign subsidiaries, whereby there is a risk the exchange rates will be materially different when a loan or finance receivable is remeasured for accounting purposes, matures or when a foreign subsidiary is divested. The Company mitigates and manages this risk on the Company's lending portfolio by entering into foreign exchange forward contracts to reduce or hedge its exposure to foreign currency risk.

The Company currently partially hedges its net investment in foreign subsidiaries. As at December 31, 2016, the Company did not have a significant un-hedged exposure to this type of foreign currency risk that would have an impact to net income.

The Company is also exposed to foreign currency risk related to net income generated from foreign currency denominated assets and operations. This risk represents the impact of fluctuations to the average Canadian and respective foreign currency exchange rate used to translate the Company's foreign currency denominated net income into Canadian dollar equivalent during each period. The Company may mitigate and manage this type of foreign currency risk by entering into foreign currency forward contracts to reduce or hedge this exposure to foreign currency risk. If future net income before business acquisition costs and income taxes is consistent with the results generated in 2017, each one cent increase (decrease) in the average Canadian/foreign currency exchange rate would be expected to increase/decrease net income before business acquisition costs and income taxes for the year by approximately $6,001 in the absence of hedging transactions.

Competitive environment

There can be no assurance that the Company will be able to compete successfully against its current or future competitors, or that such competition will not have a material adverse effect on the financial condition and results of operations of the Company. Overall, the market for the financial services offered by the Company is highly competitive and some of the companies operating in this sector have greater financial resources than the Company.

Potential acquisitions and investments

The Company seeks to acquire or invest in businesses that expand or complement its current business. Such acquisitions or investments may involve significant commitments of financial or other resources of the Company. There can be no assurance that any such acquisitions or investments will generate additional earnings or other returns for the Company, or that financial or other resources committed to such activities will not be lost. Such activities could also place additional strains on the Company’s administrative and operational resources and its ability to manage growth.

Personnel significance

Employees are a significant asset of the Company. Market forces and competitive pressures may adversely affect the ability of the Company to recruit and retain key qualified personnel. The Company mitigates this risk by providing a competitive compensation and benefits package, as it continuously seeks to align the interest of employees and shareholders.

Non-Core portfolio risks

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

Credit risk

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

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

Counter-party operational risk

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

Outlook and Economic Conditions

The Company's principal objective is to deliver sustained growth by expanding its customer base and the penetration of services within its customers' fleets, to augment and enhance its fleet service offerings through continued innovation, and to develop attractive new business opportunities in fleet management while maintaining its high underwriting standards. With its experienced management team and staff, significant investments in technology, and substantial scale and access to capital, the Company is well positioned to capitalize on market opportunities in fleet management and the rapidly evolving transportation and mobility sectors.

Normal Course Issuer Bid

On June 8, 2017, the TSX approved the Company's notice of intention to commence a Normal Course Issuer Bid [the "NCIB"]. The NCIB allows the Company to repurchase on the open market [or as otherwise permitted], at its discretion during the period commencing on June 12, 2017 and ending on the earlier of June 11, 2018 and the completion of purchases under the NCIB, up to 38,582,483 common shares of the Company, subject to the normal terms and limitations of such bids. Under this bid during the year ended December 31, 2017, 9,014,600 common shares were repurchased for cancellation for $78.9 million at a volume weighted average price of $8.75 per common share, respectively. Security holders may obtain a copy of the NCIB notice, without charge, by contacting the Company.

Critical Accounting Policies and Estimates

Management's discussion and analysis of financial conditions and results of operations are made with reference to the consolidated financial statements for the year ended December 31, 2017. A summary of the Company's significant accounting policies are presented in Note 2 to audited consolidated financial statements for the year ended December 31, 2016. Some of the Company's accounting policies, as required by International Financial Reporting Standards, require management to make subjective, complex judgments and estimates to matters that are inherently uncertain. The Company believes the policies below are the most critical accounting estimates that affect its operating results, and that would have the most material effect on the financial statements should these policies change or be applied in a different manner.

Allowance for credit losses

Judgment is required as to the timing of establishing an allowance for credit losses and the amount of the required allowance taking into consideration counterparty creditworthiness, the fair value of underlying collateral, current economic trends, the expected residual value of leased assets, and past experience.

The Company reviews its individually significant leases and loans at each consolidated balance sheet date to assess the adequacy of the allowance for credit losses and to determine whether an impairment loss should be recorded in the consolidated statement of operations. In particular, management judgment is required in the estimation of the amount and timing of future cash flows when determining the allowance. These estimates are based on assumptions on a number of factors and actual results may differ, resulting in future changes to the allowance. Leases and loans that have been assessed individually and found not to be impaired and all individually insignificant leases are then assessed collectively, in groups of assets with similar risk characteristics, to determine whether an allowance should be made due to incurred loss events for which there is objective evidence but whose effects are not yet evident. The collective assessment takes account of data from the loan portfolio such as levels of arrears and credit utilization and judgments to the effect of concentrations of risks.

As at December 31, 2017, the allowance for credit losses as a percentage of outstanding finance receivables was 0.03%.

Deferred income tax assets

Deferred income tax assets are recognized for unused income tax loss carry forwards and deductible temporary differences to the extent that it is probable that taxable income will be available against which the losses and temporary differences can be utilized. Judgment is required to determine the amount of deferred income tax assets that can be recognized based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Share-based compensation

Compensation expense relating to stock options granted by the Company to employees and directors in exchange for service is based on the grant-date fair value of the option. The stock option fair value is determined using the Black-Scholes option valuation model which requires the use of assumptions and is, by its nature, subject to measurement uncertainty.

Useful lives and residual values of equipment under operating leases

The Company's equipment under operating leases are recorded at cost and depreciated over their estimated useful lives to an estimated residual value using the straight-line method. The Company determines the economic useful life based on management's estimate of the period which the asset will generate revenue. The residual values are based on historical experience and economic factors. Management will periodically review the appropriateness of the estimated useful lives and residual values based on changes in economic circumstances and other factors. Changes in these estimates would result in a change in future depreciation expense.

Business combination

Business combination requires management to exercise judgment in measuring the fair value of the assets acquired, equity instrument issued, and liabilities and contingent liabilities incurred or assumed.

The majority of assets acquired in the Company's business combinations are finance receivables. The Company fair values these based on the characteristics of the portfolio acquired, and are similar to the judgment used in the assessment of the allowance for credit losses.

Investment in joint venture

The cost of the investment in joint venture requires management to exercise judgment in measuring the fair value of the assets contributed by the Company to the joint venture.

Intangible assets valuation - Customer Relationships

The Company's customer relationships requires management to use judgment in estimating the fair value of this intangible asset acquired in a business combination and uses internally developed valuation models that consider various factors and assumptions including forecasted cash earnings, growth rates and discount rates. Management also uses judgment in estimating customer attrition rates to determine the appropriate amortization period for the customer relationship intangible asset.

Goodwill valuation

Goodwill is reviewed annually for impairment, or more frequently when there are indicators that impairment may have occurred, by comparing the carrying value to its recoverable amount. Management uses judgment in estimating the recoverable value of the Company's cash generating unit ["CGU"] and uses internally developed valuation models that consider various factors and assumptions including forecasted cash earnings, growth rates and discount rates. The use of different assumptions and estimates could influence the determination of the existence of impairment and the valuation of goodwill.

Distribution dividend valuation

The fair value of the distribution dividend requires management to exercise judgment in measuring the fair value of the assets and liabilities distributed. The Company used independent valuators to model and assess the fair value.

Future Accounting Changes

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

IFRS 9, Financial Instruments ["IFRS 9"], was issued in November 2009 and amended in October 2010, November 2013, and July 2014, and is effective for years beginning on or after January 1, 2018, to be applied retrospectively, or on a modified retrospective basis. It is intended to replace IAS 39. The project has been divided into three phases: classification and measurement, impairment of financial assets, and hedge accounting. IFRS 9's classification and measurement methodology provides that financial assets are measured at either amortized cost or fair value on the basis of the entities business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The classification and measurement for financial liabilities remains generally unchanged. The new standard replaces the existing incurred loss model used for measuring the allowance for credit losses with an expected loss model. The standard introduces a new hedge accounting model, together with corresponding disclosures about risk management activity for those applying hedge accounting. On transition to IFRS 9, the Company's investment in ECAF I Ltd. through ECAF I Holdings Ltd. will be classified as fair value through profit and loss, as a result the accrued interest recognized using the effective interest method for amortized cost investments will be reversed, and the Company will recognize a fair value adjustment which the Company is still in the process of evaluating. In addition, the Company expects an increase to the allowance for credit losses as a result of the transition to the expected loss model, including an allowance for loans to 19th Capital Group LLC, the Company is in the process of finalizing and refining the model. The impact of these two, which may be material, will be recognized through opening retained earnings. The Company does not expect any significant impact from changes in hedge accounting.

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 in the process of evaluating the impact of the adoption of IFRS 15, and does not expect there to be a significant impact on the Company's consolidated financial statements.

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

Internal Control over Disclosure and Financial Reporting

The Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") are responsible for designing disclosure controls and procedures to ensure that material information is being recorded, processed, summarized, and reported to senior management, including the certifying officers and other members of the Board of Directors, on a timely basis, so that appropriate decisions can be made regarding public disclosure. In addition, the CEO and CFO are responsible to design, or cause to be designed under their supervision, internal controls over financial reporting to a standard that provide reasonable assurance of the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

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

It should be noted that while the Company's CEO and CFO believe that the Company's internal control system and disclosure controls and procedures provide a reasonable level of assurance that the objectives of the control systems are met, they do not expect that the Company's control systems will prevent all errors and fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurances that any designs will succeed in achieving its stated goals under all potential conditions.

The Company has an established process in place which includes the continuous testing and reporting of the results to senior management and the Board of Directors on the effectiveness of the disclosure controls and internal controls over financial reporting.

IFRS to Non-IFRS Reconciliations

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

		As at and for the three-month periods ended			As at and for the years ended	
(in $000's for stated values)		**December 31, 2017**	September 30, 2017	December 31, 2016	**December 31, 2017**	December 31, 2016
Reported and adjusted income measures						
Continuing operations						
Net income (loss)	A	**(1,463)**	67,175	4,014	**154,644**	190,264
Adjustments:						
Amortization of debenture synthetic discount		**3,368**	3,313	3,155	**13,147**	12,314
Share-based compensation		**4,505**	5,800	2,850	**19,930**	22,485
Amortization of intangible assets from acquisitions		**12,254**	13,975	15,730	**55,823**	62,472
Transaction, integration and separation costs		**13,581**	1,059	114,528	**82,001**	238,683
Provision (recovery) of income taxes		**9,650**	16,032	(20,335)	**20,075**	(318)
Share of loss from joint venture		**60,781**	9,082	—	**120,982**	
Before-tax adjusted operating income	B	**102,676**	116,436	119,942	**466,602**	525,900
Provision for taxes applicable to adjusted operating income	C	**20,625**	24,725	20,028	**93,063**	104,463
After-tax adjusted operating income	D=B-C	**82,051**	91,711	99,914	**373,539**	421,437
Cumulative preferred share dividends during the period	Y	**11,068**	11,068	8,912	**41,301**	35,648
After-tax adjusted operating income attributable to common shareholders	D1= D-Y	**70,983**	80,643	91,002	**332,238**	385,789
Selected statement of financial position amounts, continuing operations						
Finance receivables, before allowance for credit losses	E	**12,772,437**	12,891,506	13,460,092	**12,772,437**	13,460,092
Allowance for credit losses	F	**4,304**	5,833	6,081	**4,304**	6,081
Earning assets						
Net investment in finance receivable	G	**11,481,480**	11,458,342	12,372,533	**11,481,480**	12,372,533
Equipment under operating leases	H	**1,599,423**	1,524,674	1,421,637	**1,599,423**	1,421,637
Other earning assets	H1	**122,285**	122,346	179,305	**122,285**	179,305
Total earning assets	I=G+H +H1	**13,203,188**	13,105,362	13,973,475	**13,203,188**	13,973,475
Average earning assets, net (2)	J	**13,331,974**	13,274,291	14,056,388	**13,478,946**	14,106,370
Goodwill and intangible assets (1)	K	**2,028,652**	2,014,689	2,163,063	**2,028,652**	2,163,063
Average goodwill and intangible assets	L	**2,047,335**	2,037,996	2,114,895	**2,096,541**	2,111,637
Secured borrowings	M	**12,307,873**	12,347,134	12,983,535	**12,307,873**	12,928,287
Unsecured convertible debentures	N	**875,918**	870,743	855,688	**875,918**	855,688
Total debt	O=M+N	**13,183,791**	13,217,877	13,839,223	**13,183,791**	13,839,223
Average debt	P	**13,308,427**	13,594,588	13,894,628	**13,716,102**	13,967,118
Total shareholders' equity (1)	Q	**3,740,083**	3,786,193	3,981,354	**3,740,083**	3,981,354
Preferred shares	R	**680,412**	680,736	533,656	**680,412**	533,656
Common shareholders' equity	S=Q-R	**3,059,671**	3,105,457	3,447,698	**3,059,671**	3,447,698
Average common shareholders' equity (1)	T	**3,156,910**	3,179,576	3,412,902	**3,302,314**	4,596,579
Average total shareholders' equity (1)	U	**3,837,322**	3,860,168	3,946,558	**3,926,282**	5,130,235
Average net investment in ECN Capital	U1	**—**	—	—	**—**	1,273,325

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

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

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

		As at and for the three-month periods ended			As at and for the years ended	
(in $000's for stated values, except ratios and per share amounts)		**December 31, 2017**	September 30, 2017	December 31, 2016	**December 31, 2017**	December 31, 2016
Key annualized operating ratios						
Leverage ratios						
Financial leverage ratio	O/Q	**3.52**	3.49	3.48	**3.52**	3.48
Tangible leverage ratio	O/ (Q-K)	**7.70**	7.46	7.61	**7.70**	7.61
Average financial leverage ratio	P/U	**3.47**	3.52	3.52	**3.49**	2.72
Average tangible leverage ratio	P/(U-L)	**7.43**	7.46	7.59	**7.50**	4.63
Other key operating ratios						
Allowance for credit losses as a percentage of finance receivables	F/E	**0.03%**	0.05%	0.05%	**0.03%**	0.05%
Adjusted operating income on average earning assets	B/J	**3.08%**	3.51%	3.41%	**3.46%**	3.73%
After-tax adjusted operating income on average tangible total equity of Element Fleet	D/(U-L-U1)	**18.34%**	20.13%	21.82%	**20.41%**	24.15%
Per share information						
Number of shares outstanding	V	**380,356**	380,011	387,117	**380,356**	387,117
Weighted average number of shares outstanding [basic]	W	**380,155**	384,939	386,930	**385,420**	386,525
Pro forma diluted average number of shares outstanding	X	**438,198**	442,222	446,233	**443,463**	445,828
Cumulative preferred share dividends during the period	Y	**$ 11,068**	$ 11,068	$ 8,912	**$ 41,301**	$ 35,648
Other effects of dilution adjusted operating income basis	Z	**$ 9,059**	$ 9,041	$ 8,989	**$ 36,129**	$ 35,996
Net income (loss) per share [basic]	(A-Y)/W	**$ (0.03)**	$ 0.15	$ (0.01)	**$ 0.29**	$ 0.40
Net income (loss) per share [diluted]		**$ (0.03)**	$ 0.15	$ (0.01)	**$ 0.29**	$ 0.39
Book value per share	S/V	**$ 8.04**	$ 8.17	$ 8.91	**$ 8.04**	$ 8.91
Before tax adjusted operating income per share [basic]	**(B-Y)/W**	**$ 0.24**	$ 0.27	$ 0.29	**$ 1.10**	$ 1.27
After-tax adjusted operating income per share [basic]	**(D1)/W**	**$ 0.19**	$ 0.21	$ 0.24	**$ 0.86**	$ 1.00
After-tax pro forma diluted adjusted operating income per share	**(D1+Z)/ X**	**$ 0.18**	$ 0.20	$ 0.22	**$ 0.83**	$ 0.95

The following table provides a reconciliation of the consolidated after-tax adjusted operating income per share and the after-tax pro forma diluted adjusted operating income per share of the continuing operations of the Company for the three-month period ended December 31, 2017:

(in $000's for stated values, except per share amounts)	Amount $	Weighted average number of shares outstanding applicable	Amount per share $
Adjusted operating income before taxes	102,676		0.27
Less:			
Income taxes related to adjusted operating income	(20,625)		(0.05)
Preferred share dividends	(11,068)		(0.03)
After-tax adjusted operating income attributable to common shareholders	70,983	380,155	0.19
Dilution items:			
Employee stock option plan	—	1,642	—
Convertible debentures (after-tax net interest expense)	9,059	56,401	(0.01)
After-tax pro forma diluted adjusted operating income	80,042	438,198	0.18

Description of Non-IFRS Measures

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

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

Adjusted operating expenses

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

Adjusted operating income or Before-tax adjusted operating income

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

Adjusted operating income on average earning assets

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

After-tax adjusted operating income

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

After-tax adjusted operating income attributable to common shareholders

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

After-tax adjusted operating income per share

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

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

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

After-tax pro forma diluted adjusted operating income per share

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

Allowance for credit losses as a percentage of finance receivables

Allowance for credit losses as a percentage of finance receivables is the allowance for credit losses at the end of the period divided by the finance receivables (gross of the allowance for credit losses) at the end of the period.

Average cost of borrowing or average cost of debt

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

Average debt advance rate

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

Average debt outstanding

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

Average common shareholders' equity

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

Average financial leverage or average financial leverage ratio

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

Average net investment in ECN Capital

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

Average outstanding earning assets or average earning assets

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

Average goodwill and intangible assets

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

Average shareholders' equity

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

Average tangible leverage ratio

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

Common shareholders' equity

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

Earning assets or total earning assets or finance earning assets

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

Finance assets or total finance assets

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

Financial leverage or financial leverage ratio

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

Net interest and rental revenue

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

Net interest and rental revenue margin or NIM

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

Operating expense ratio

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

Other earning assets

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

Other effects of dilution adjusted operating income basis

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

Pro forma diluted average number of shares outstanding

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

Rental revenue, net

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

Tangible leverage ratio

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

Updated Share Information

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

As at March 14, 2018, the Company had 380,365,836 common shares issued and outstanding. In addition, 21,280,805 options were issued and outstanding under the Company's stock option plan as at March 14, 2018. These convertible securities are convertible into, or exercisable for common shares of the Company of which 15,712,884 are exercisable at December 31, 2017 for proceeds to the Company upon exercise of $161.8 million. In addition, the Company had extendible convertible debentures outstanding that are convertible into an aggregate of 56,400,530 common shares.

As at March 14, 2018, the Company had 4,600,000 Preferred Shares, Series A, 5,126,400 Preferred Shares, Series C, 5,321,900 Preferred Shares, Series E, 6,900,000 Preferred Shares, Series G and 6,000,000 Preferred Shares, Series I issued and outstanding.

This Management's Discussion and Analysis is dated as of the close of business on March 14, 2018.