element

Q3 2020 | Supplementary Information

as at September 30, 2020

This supplementary information should be read in conjunction with the Company's Management Discussion & Analysis dated September 30, 2020.

In this document, the Company uses terms such as “before-tax adjusted operating income”, “earning assets”, “tangible leverage ratio” and other terms that do not have a standardized meaning under IFRS and are unlikely to be comparable to similar measures presented by other organizations. Definitions of these terms can be found in Element’s Management Discussion & Analysis that accompanies the financial statements for the most recent quarter or year, which have been filed on SEDAR (www.sedar.com). Element believes that certain non-IFRS measures can be useful to investors because they provide a means by which investors can evaluate Element’s underlying key drivers and operating performance, exclusive of certain adjustments and activities that investors may consider to be unrelated to the underlying economic performance of the business.

FORWARD-LOOKING STATEMENTS DISCLAIMER

The following pages provide information management believes is relevant to an assessment and understanding of the financial condition, results and operations of Element Fleet Management Corp. (the "Company" or "Element") as at and for the three- and nine-month period ended September 30, 2020, and should be read in conjunction with the Company's Q3 Management Discussion & Analysis and interim condensed consolidated financial statements and accompanying notes for the three- and nine-months ended September 30, 2020. All monetary figures are in millions of Canadian dollars unless otherwise noted or for per share amounts. Additional information regarding 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 OCTOBER 27, 2020. 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", "CAN", "WILL", "EXPECT", "GUIDANCE", "PLAN", "ANTICIPATE", "TARGET", "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 TRANSFORMATION PLAN, GROWTH PROSPECTS AND OBJECTIVES, ABILITY TO DRIVE OPERATIONAL EFFICIENCIES, ASSETS, BUSINESS STRATEGY, COMPETITIVE POSITIONING, ABILITY TO CREATE VALUE FOR SHAREHOLDERS, THE EVOLUTION OF ELEMENT'S BUSINESS, THE AVAILABILITY OF FUNDS FROM OPERATIONS, CASH FLOW GENERATION, BUSINESS INTEGRATION, STRATEGIC ASSESSMENT, BUSINESS OUTLOOK, ELEMENT'S DIVIDEND POLICY AND THE PAYMENT OF FUTURE DIVIDENDS, ELEMENT'S PROPOSED SHARE PURCHASES, INCLUDING THE NUMBER OF COMMON SHARES TO BE REPURCHASED, THE TIMING THEREOF AND TSX ACCEPTANCE OF THE NORMAL COURSE ISSUER BID AND ANY RENEWAL THEREOF AND OTHER EXPECTATIONS REGARDING FINANCIAL OR OPERATING PERFORMANCE AND METRICS. SUCH STATEMENTS REFLECT THE COMPANY'S CURRENT VIEWS WITH RESPECT TO FUTURE EVENTS AND ARE SUBJECT TO INHERENT RISKS, UNCERTAINTIES AND NUMEROUS ASSUMPTIONS, INCLUDING, WITHOUT LIMITATION, THE IMPACT OF THE COVID-19 PANDEMIC, GENERAL ECONOMIC CONDITIONS, OPERATIONAL CAPABILITIES, 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, INCLUDING HEREIN AND IN ELEMENT'S MD&A AND ANNUAL INFORMATION FORM, WHICH HAVE BEEN FILED ON SEDAR AND MAY BE ACCESSED AT WWW.SEDAR.COM. THE COVID-19 PANDEMIC HAS CAST ADDITIONAL UNCERTAINTY ON ELEMENT'S INTERNAL EXPECATIONS, ESTIMATES, PROJECTIONS, ASSUMPTIONS AND BELIEFS. THE DURATION, EXTENT AND SEVERITY OF THE IMPACT THE COVID-19 PANDEMIC, INCLUDING MESAURES TO PREVENT ITS SPREAD, WILL HAVE ON ELEMENT'S BUSINESS IS HIGHLY UNCERTAIN AND DIFFICULT TO PREDICT AT THIS TIME.

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 OCCUR OR BE ACHIEVED. MANY FACTORS COULD CAUSE ELEMENT'S 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, AS NO FORWARD-LOOKING STATEMENT MAY BE GUARANTEED. EXCEPT AS MAY BE REQUIRED BY APPLICABLE CANADIAN SECURITIES LAWS, THE COMPANY DOES 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.

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All monetary figures are in millions of Canadian dollars unless otherwise noted or for per share amounts.

Transformation Program

Definitions

"Actioned"	A profitability improvement initiative has been “actioned” when Element has taken all steps required for the initiative to deliver value. The value of an “actioned” initiative is the run-rate of the resulting profitability improvement.
"Operating income"	Operating income before tax.
"Delivered"	A profitability improvement is “delivered” as each dollar of cost savings or revenue increase is reflected in Element’s operating income.
"Run-rate"	The maximum potential annual value that a profitability improvement initiative can deliver.

A. TRANSFORMATION PROGRAM

1.1 Transformation progress in Q3 2020

As of September 30, 2020, we have surpassed our $180 million end-goal for profit improvement initiatives actioned during our 27-month client-focused transformation. We exceeded our original end-goal of $150 million such initiatives earlier this year; and - in anticipation of doing so - we had increased our end-goal to $180 million as of Q3 2019. With three months of transformation remaining, we have actioned $189 million of annual run-rate pre-tax operating income improvements, including an incremental $23 million since June 30, 2020. Some examples are:

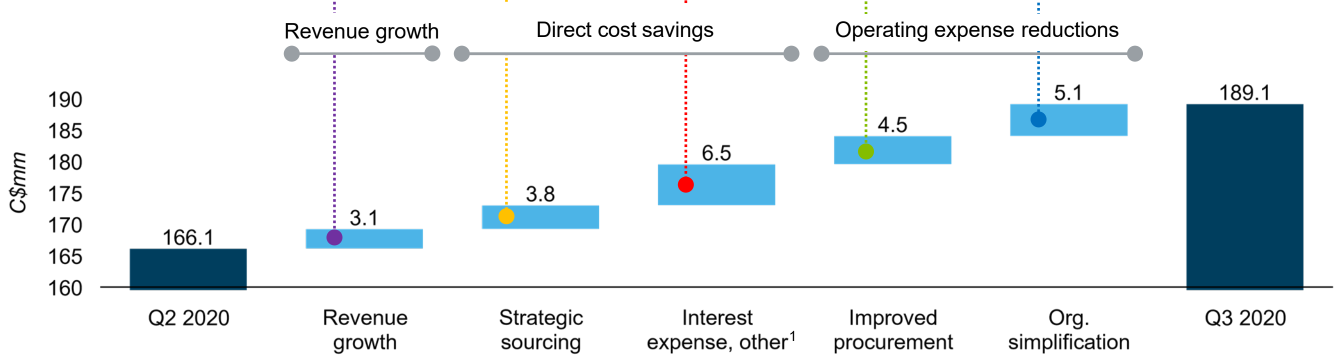
In Q3, we actioned $3.1 million of revenue growth initiatives with our revenue assurance team focused on working through its robust list of opportunities - particularly those enabled by IT.

By working with our strategic suppliers to improve contractual terms and the overall client experience, we actioned an incremental $3.8 million of direct cost savings this quarter across our North American business.

Free cash flow from our transformation program is used to pay down debt, resulting in interest expense savings. We have actioned another $6.5 million of such interest expense and other savings on financing costs[1] in Q3.

As we continue to right-size the business, our indirect procurement teams continue to consolidate and renegotiate contracts with vendors and contractors, which resulted in $4.5 million of actioned operating income improvements this quarter.

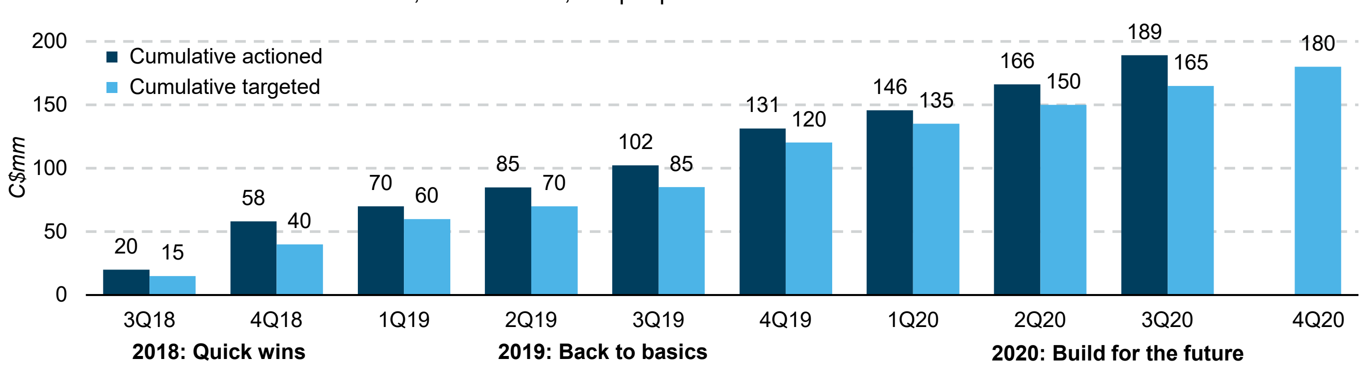
We actioned $5.1 million of productivity improvements in the quarter, enabled by automation of work, our 'right person, right place' mandate, and our work location strategy.



1. $5 million of actioned initiatives in the 'Interest expense, other' category reflect the annual run-rate savings on preferred share dividends and related cash taxes due to the redemption of the Series G shares.

1.2 Cumulative: actioned and targeted operating income improvements

With cumulative $189 million of actioned operating income improvements as of Q3, we have surpassed the $180 million end-goal of our transformation program – three months ahead of schedule. We will finish the transformation program strong as we continue to overachieve for our clients, our business, our people and our investors.



A. TRANSFORMATION PROGRAM

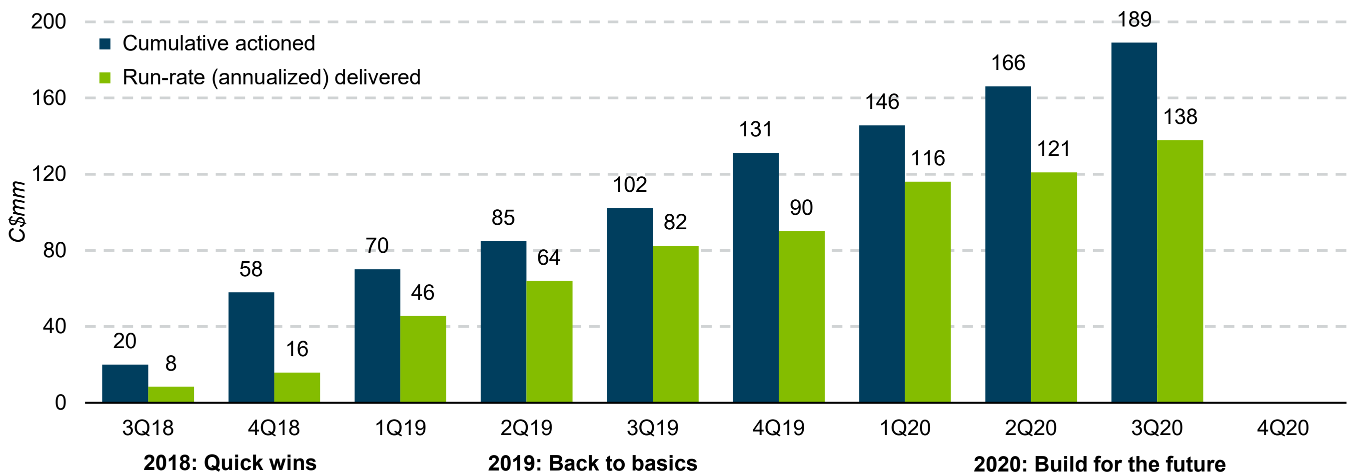
1.3 Delivery and anticipated delivery of operating income improvements actioned

We anticipate our actioned initiatives will deliver approximately $129 million of operating income enhancement (~$0.23 EPS) in 2020.

C$mm	FY18	1Q19	2Q19	3Q19	4Q19	FY19	1Q20	2Q20	3Q20	4Q20	FY20
Revenue growth	2.9	3.6	4.5	4.9	3.7	16.6	4.2	4.3	7.1	6	22
Direct cost savings	1.1	1.4	3.0	4.8	4.6	14.1	8.2	7.7	7.2	7	30
Opex reductions	2.1	6.4	8.5	10.9	14.2	39.8	16.6	18.3	20.2	22	77
Op income improvement[1]	**6.1**	**11.4**	**16.0**	**20.6**	**22.5**	**70.5**	**29.0**	**30.3**	**34.5**	**35**	**129**

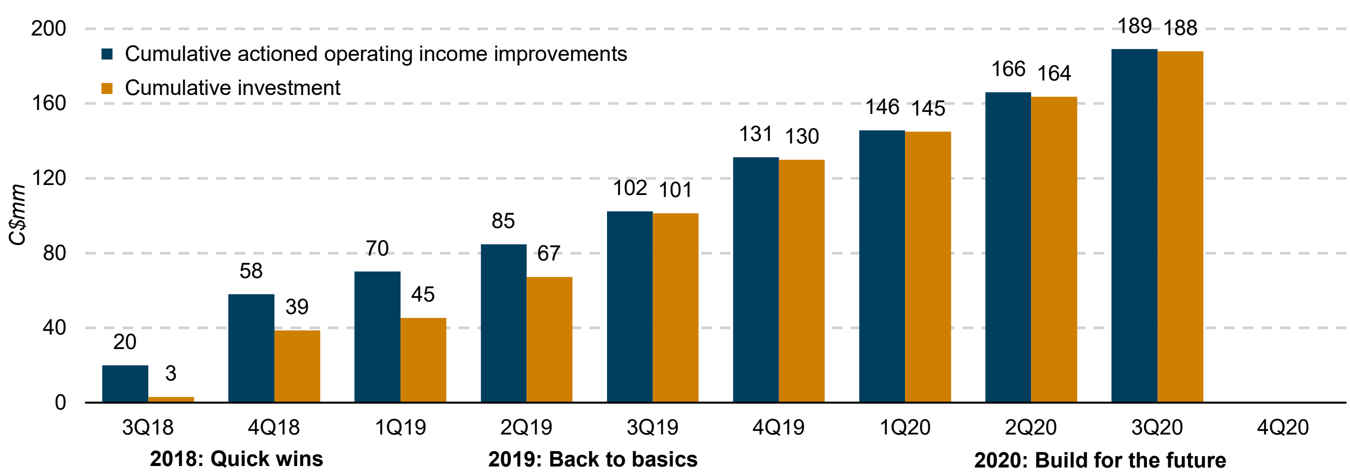
1. Numbers in this Section 1.3 table may not perfectly add-up due to rounding.

1.4 Cumulative actioned, and run-rate of delivered, operating income improvements



1.5 Cumulative actioned operating income improvements, and investments in our transformation program

As of Q3 2020, we have made $188 million of one-time investments in our transformation program. These one-time investments will be completed in 2020.



Operating Results

B. OPERATING RESULTS

2.1 Free cash flow

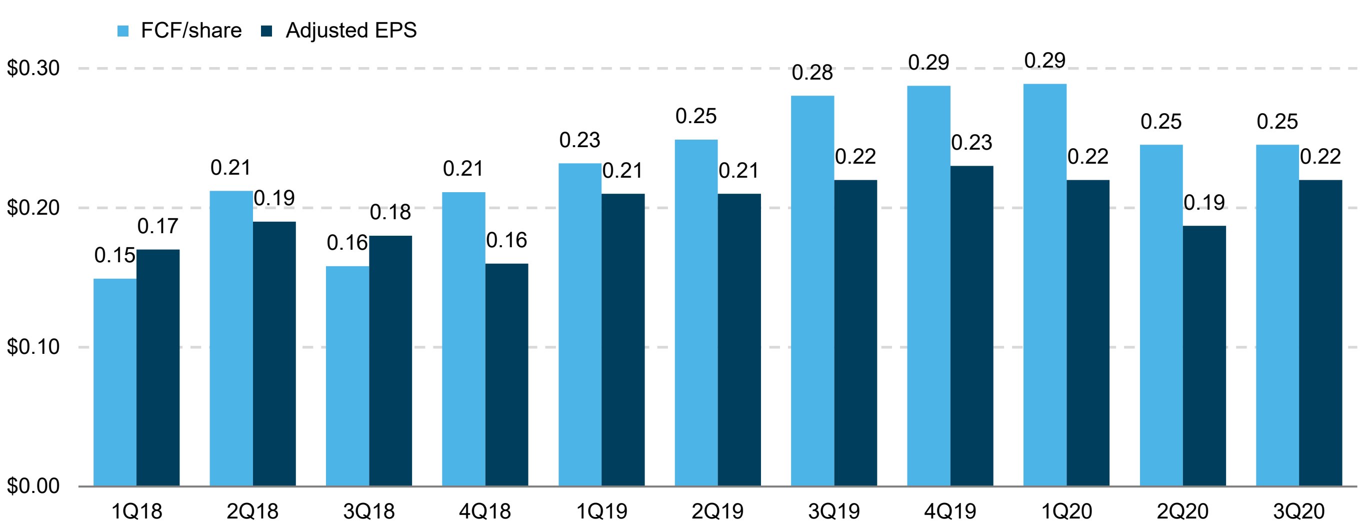
C$mm (except free cash flow per common share)	FY17	FY18	1Q19	2Q19	3Q19	4Q19	FY19	1Q20	2Q20	3Q20
Before-tax adjusted operating income	**466.6**	**387.1**	**122.0**	**126.0**	**127.6**	**138.4**	**514.0**	**129.3**	**111.1**	**129.0**
Add/(subtract): non-cash expenses/(revenue) and cash revenue/(expenses)[1]	(34.2)	25.4	13.4	12.2	33.9	14.2	73.7	28.4	18.8	18.5
Cash from operations	**432.4**	**412.5**	**135.4**	**138.2**	**161.5**	**152.6**	**587.7**	**157.7**	**130.0**	**147.6**
Subtract: required cash expenses										
Sustaining capital investments	60.6	39.7	13.8	10.2	10.6	6.9	41.4	10.5	7.3	9.5
Preferred share dividends	41.3	44.3	11.2	11.2	11.1	11.0	44.4	10.9	10.9	10.9
Cash taxes	40.8	41.2	9.9	8.6	17.9	9.4	45.8	10.0	4.4	19.6[2]
Free cash flow	**289.7**	**287.3**	**100.5**	**108.2**	**122.0**	**125.3**	**456.1**	**126.3**	**107.3**	**107.6**
Weighted avg. no. of common shares o/s (million)	*385.4*	*391.7*	*433.6*	*434.7*	*435.1*	*435.8*	*434.8*	*437.3*	*437.8*	*438.8*
Per common share outstanding	**0.75**	**0.73**	**0.23**	**0.25**	**0.28**	**0.29**	**1.05**	**0.29**	**0.25**	**0.25**

1. Certain cash revenue received and cash expenses paid in any given quarter are deferred and amortized for accounting purposes, resulting in their recognition over the course of subsequent quarters. As a result, non-cash revenue and non-cash expenses are part of any given quarter's accounting results. The line item footnoted above nets the non-cash revenue and expenses in before-tax AOI against real cash flows (received and spent) in the quarter.

2. We paid less cash tax in Q2 primarily due to various Canadian and U.S. deferrals pertaining to COVID-19. The deferrals ended in Q3 and, as a result, we paid the Q2 deferred amounts and normal Q3 cash taxes all in Q3.

2.2 Free cash flow and adjusted operating income per common share

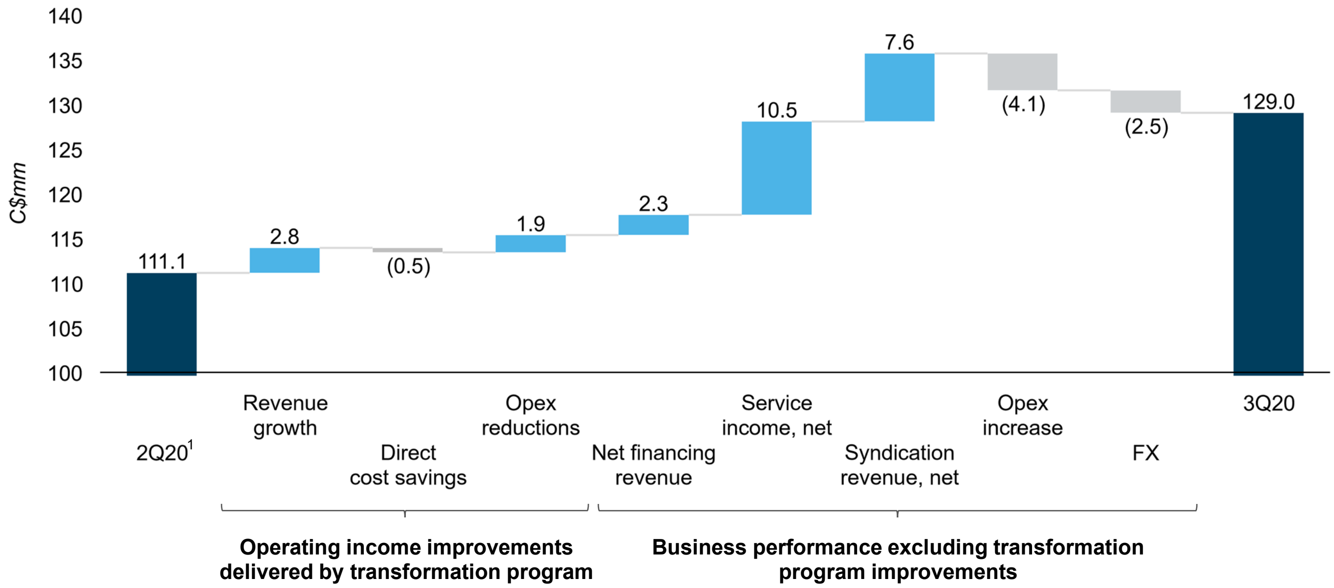
Free cash flow per share increased 55% ($0.09) from Q3 2018 to Q3 2020 on 22% ($0.04) adjusted EPS growth.



B. OPERATING RESULTS

3.1 2Q20 → 3Q20 Adjusted operating income

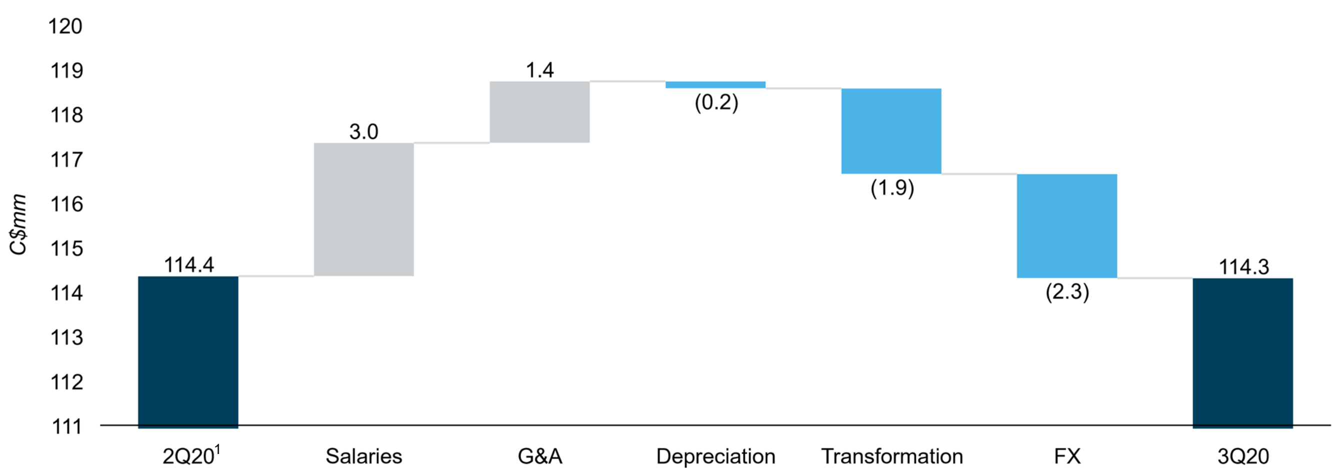
Adjusted operating income in Q3 was $129.0 million, up $17.9 million quarter-over-quarter. This improvement was primarily driven by service income ($10.5 million) and syndication revenue ($7.6 million) increases quarter-over-quarter, as well as net financing revenue growth ($2.3 million) and increased AOI improvements delivered by transformation ($4.2 million) quarter-over-quarter. Increased opex and FX were headwinds quarter-over-quarter.



1. Numbers in this Section 3.1 chart may not perfectly add-up due to rounding.

3.2 2Q20 → 3Q20 Opex

Adjusted operating expenses decreased $0.1 million quarter-over-quarter to $114.3 million in Q3 2020. Transformation savings of $1.9 million, $2.3 million of favourable FX and $0.2 million less depreciation in the quarter were partially offset by a $3.0 million increase in compensation costs attributable to growth roles and $1.4 million of additional G&A before the impacts of transformation.

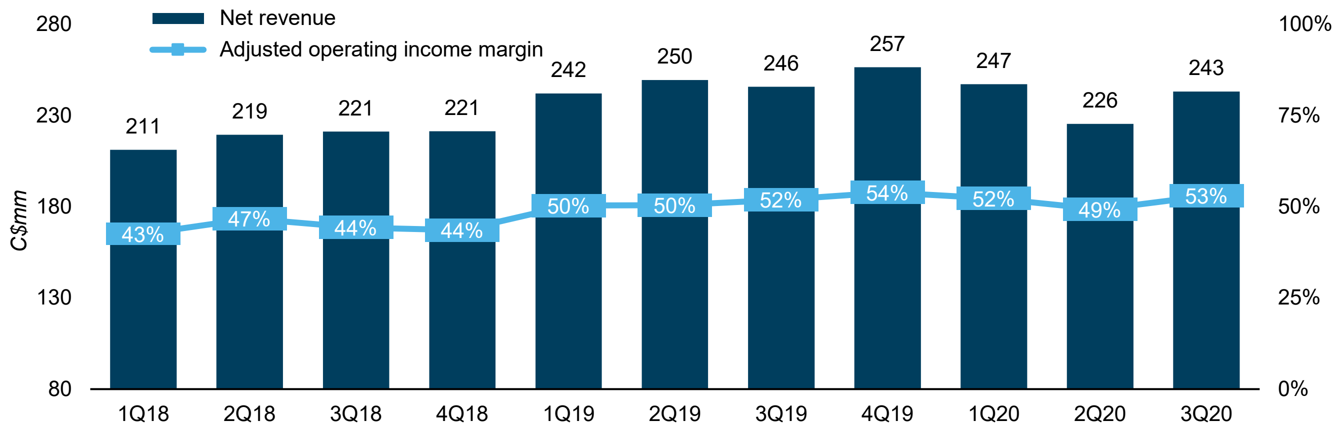


1. Numbers in this Section 3.2 chart may not perfectly add-up due to rounding.

B. OPERATING RESULTS

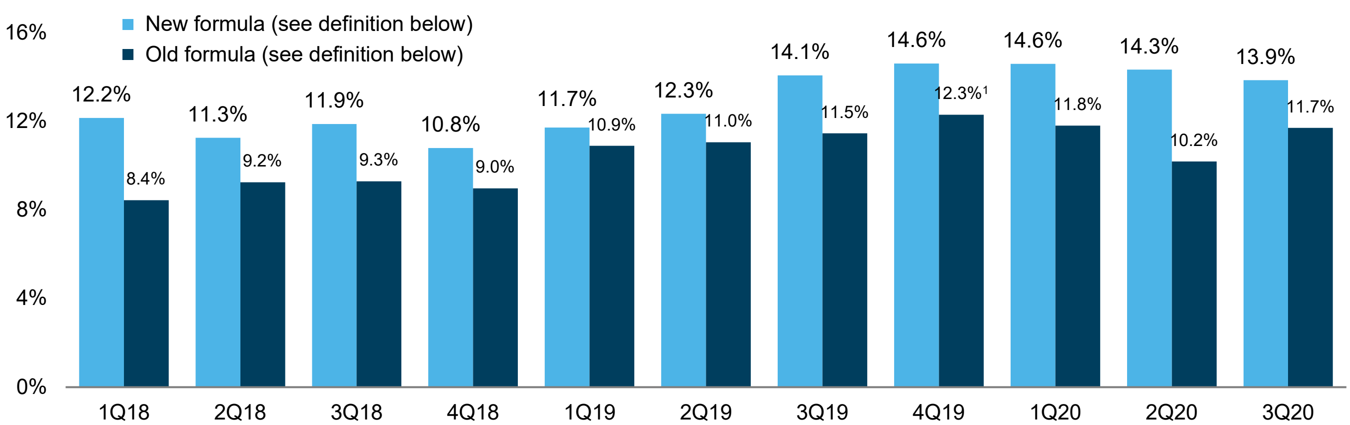
3.3 Operating leverage

Operating margin increased ~370 bps quarter-over-quarter from 49% in Q2 2020 to 53% in Q3 2020 driven by increases across all three revenue streams and essentially flat opex quarter-over-quarter.



3.4 Pre-tax return on common equity

This quarter, we are introducing an improved formula for calculating Element's return on equity, with the goal of better representing true trending business performance by reducing the impact of individual quarterly results. Abbreviated "PRoCE" for Pre-tax Return on Common Equity and calculated as set out below, our Q3 result is a ~200 basis point improvement over Q3 2018, a ~20 basis point decline from Q3 2019 and a ~40 basis point decline from Q2 2020 – due to the redemption of the Series G preferred shares at the end of the quarter. By the old formula, ROE improved ~150 basis points quarter-over-quarter and ~20 basis points year-over-year.



1. 4Q19 return on equity calculated using the old formula was 12.6%; 12.3% excludes the 19th Capital charge in that quarter.

Definitions

New PRoCE formula	The sum of before-tax adjusted operating income, minus preferred share dividends, for each of the current and three preceding quarters; divided by average total equity for the current quarter and same-quarter prior year, minus current quarter preferred share capital.
Old ROE formula	After-tax adjusted operating income attributable to common shareholders for the quarter, multiplied by four (i.e. annualized), divided by average total equity of the current and immediately preceding quarter, minus current quarter preferred share capital.

Balance Sheet and Assets Under Management

C. BALANCE SHEET AND ASSETS UNDER MANAGEMENT

Note: References to "assets under management", "originations", "interim funded assets" and "earning assets" throughout this section C exclude 19th Capital historical volumes.

4.1 Assets under management by geography

Assets under management in the US and Canada decreased slightly as amortization and dispositions outweighed originations, Mexico increased slightly and Australia and New Zealand remained essentially flat.

Local currencies, billions	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20
US and Canada (USD)	9.7	9.8	9.7	9.9	9.9	10.1	10.5	10.9	11.0	10.7	10.2
Mexico (MXN)	6.2	6.9	7.4	9.4	9.9	10.8	11.9	14.0	14.9	15.9	16.3
Australia and New Zealand (AUD)	1.6	1.6	1.6	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.6

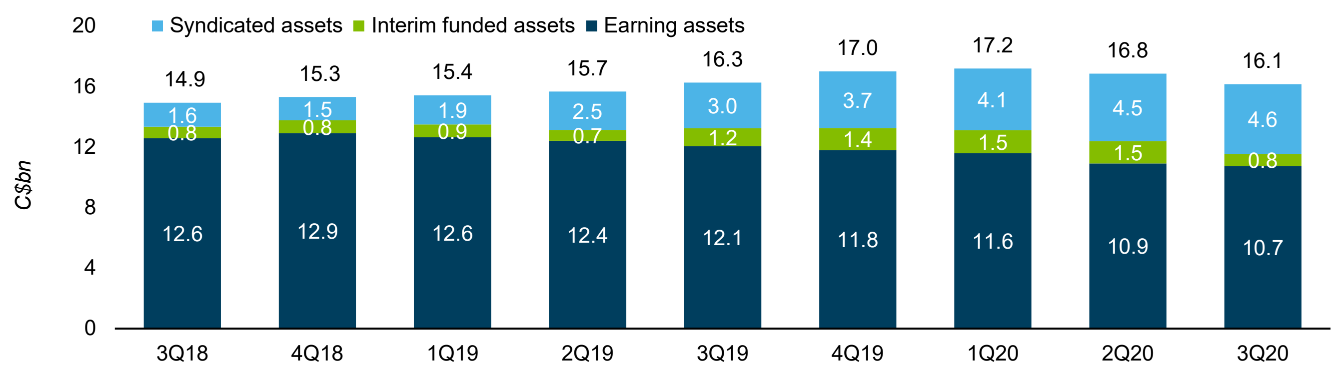
4.2 Originations

Q3 2020 originations remained essentially flat quarter-over-quarter.

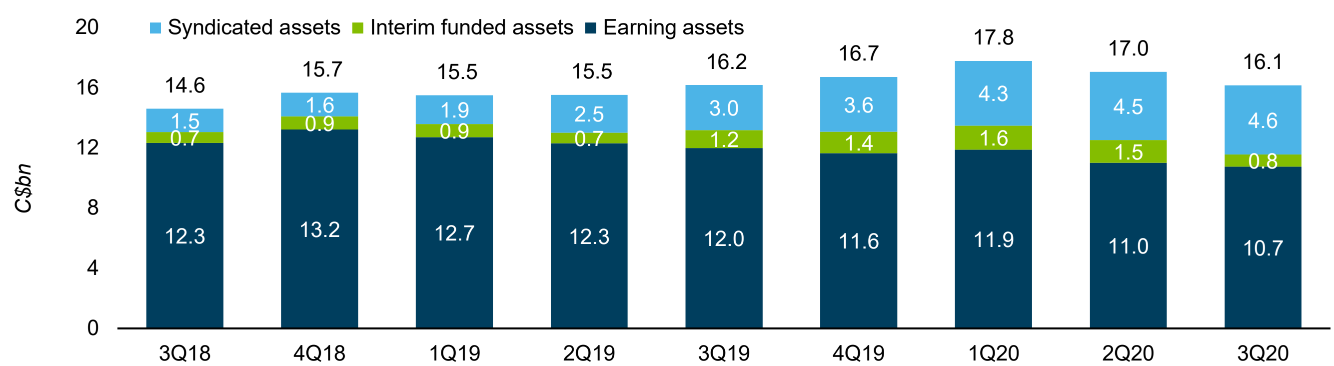
In CAD, billions	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20
Originations	1.5	1.7	1.5	1.8	1.7	1.8	2.1	2.2	2.0	1.3	1.3
As a % of originations that year	23%	26%	23%	28%	22%	23%	27%	28%	-	-	-

4.3 Assets under management (constant currency)

On a constant currency basis, assets under management have decreased by $0.2 billion (0.7%) since Q3 2019, and $0.7 billion (4.1%) quarter-over-quarter. This is due to below average origination volumes in the last two quarters – essentially driven by COVID-19.



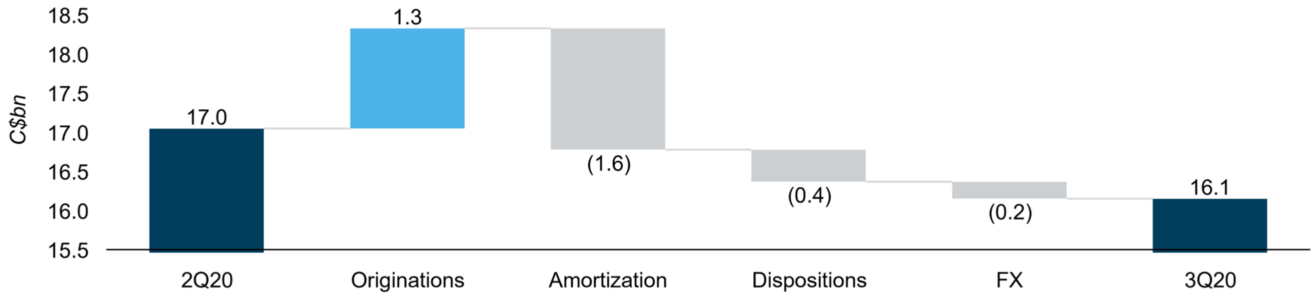
4.4 Assets under management



C. BALANCE SHEET AND ASSETS UNDER MANAGEMENT

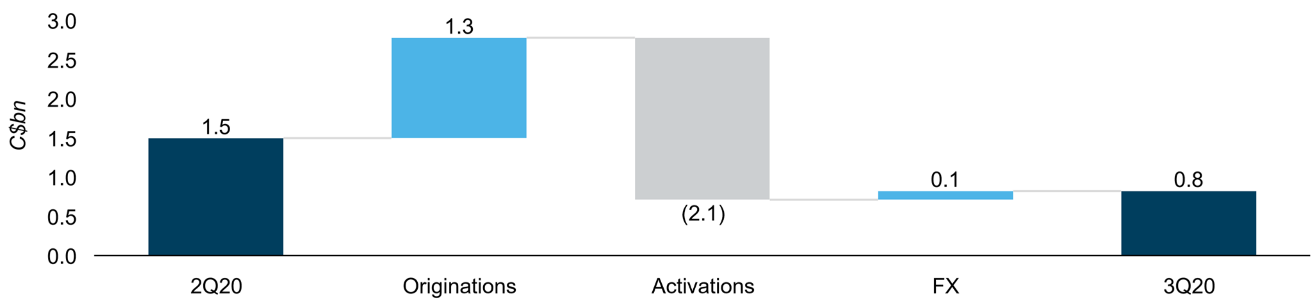
4.5 2Q20 → 3Q20 Assets under management

Originations of $1.3 billion were offset by $1.6 billion of amortization, dispositions of $0.4 billion and FX of $0.2 billion, resulting in a net decrease in assets under management of $0.9 billion quarter-over-quarter.



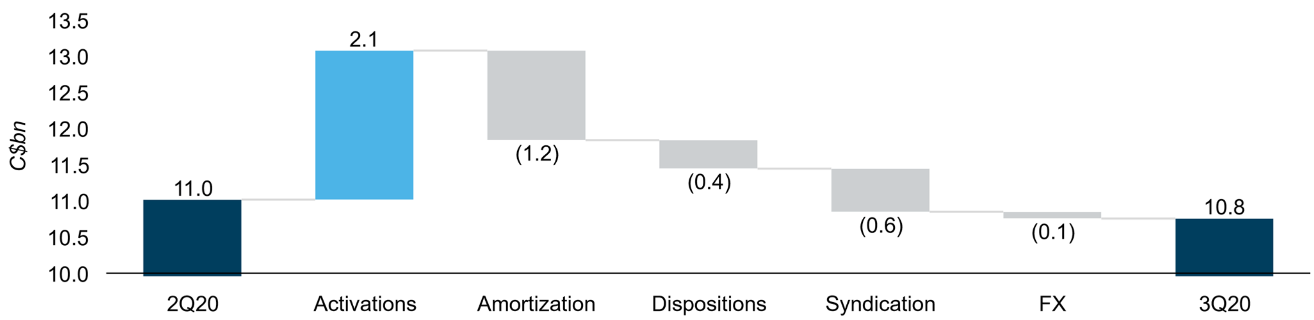
4.6 2Q20 → 3Q20 Interim funded assets

Interim funded assets declined by $0.7 billion quarter-over-quarter as originations of $1.3 billion and FX of $0.1 billion were offset by $2.1 billion of activations.



4.7 2Q20 → 3Q20 End-of-period earning assets

Activations of $2.1 billion were offset by amortization of $1.2 billion, dispositions of $0.4 billion, syndication of $0.6 billion and FX of $0.1 billion.



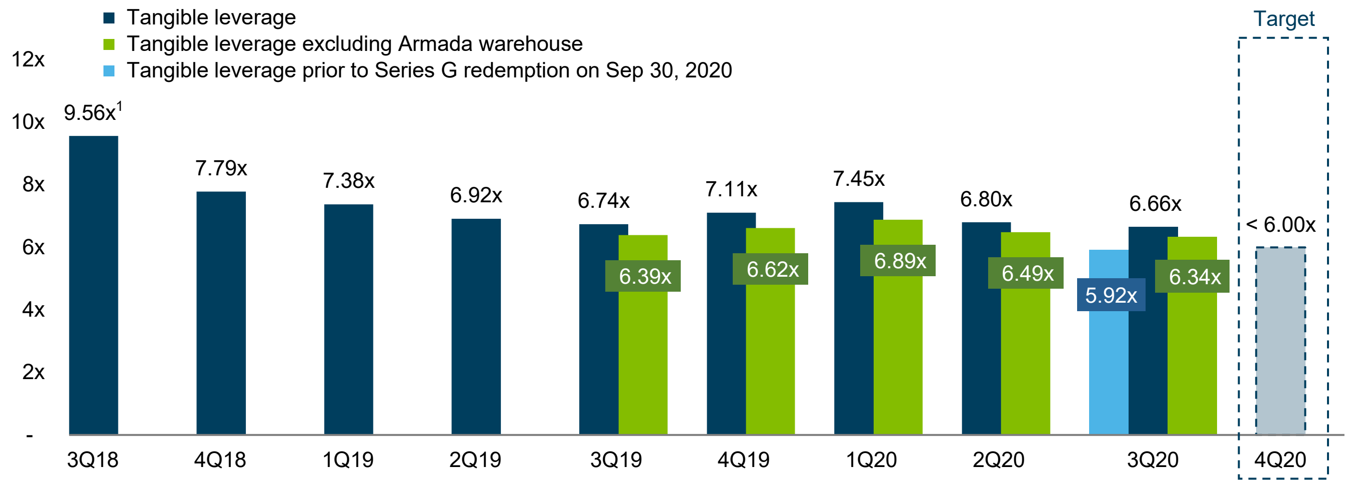
Definitions

"Originations"	An origination occurs when Element pays a manufacturer for a vehicle.
"Activations"	An activation occurs when a vehicle is delivered to a client.
"Interim funded assets"	Interim funded assets are vehicles paid for by Element ("originated") but not yet delivered to our clients ("activated"). The most common reason for a timing difference between origination and activation is client-required vehicle upfit.

C. BALANCE SHEET AND ASSETS UNDER MANAGEMENT

5.0 Tangible leverage ratio

Our tangible leverage ratio decreased to 6.66 at quarter-end, predominantly driven by syndication. Adjusted for the impact of the dedicated credit facility for Armada, our tangible leverage ratio would be 6.34 at quarter-end. Without adjusting for the dedicated credit facility, our tangible leverage ratio would nonetheless have been 5.92 at quarter-end had we not redeemed the Series G Preferred shares on September 30, 2020. We continue targeting a tangible leverage ratio below 6.0.



1. Tangible leverage was reduced to 7.66x with the $345 million equity issuance announced October 1, 2018.

6.0 Value of tax assets

The value of tax assets at the end of Q3 2020 was $396.7 million, equating to $0.90 per common share.

C$mm (except tax asset value per common share)	YE17	YE18	YE19	1Q20	2Q20	3Q20
Value of tax assets	147.3	365.7	392.7	417.1	411.7	396.7
Weighted average number of common shares o/s (*mm*)	385.4	391.7	434.8	437.3	437.8	438.8
Tax asset value per common share	**0.38**	**0.93**	**0.90**	**0.95**	**0.94**	**0.90**

COVID-19-related Items of Interest

D. COVID-19-RELATED ITEMS OF INTEREST

How has the economic slowdown impacted your liquidity?

7.0 Working capital release

An innate defensive characteristic of Element's business model is the fact that, in an economic slowdown that reduces client activity, we generate liquidity from the declining working capital balances we fund in support of client activity. The working capital we extend on behalf of our clients relates to service billings, passthrough charges (products and services for which we have paid but not yet been reimbursed by clients) and to a lesser extent, syndicated assets. Working capital outlay remained constant quarter-over-quarter.

C$mm	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20
Receivables related to syndicated assets	14	15	19	24	27	38	42	45	46	46
Outstanding service billings	267	288	350	296	331	296	308	252	155	122
Receivables for passthrough charges	361	364	279	279	301	310	282	288	210	245
Working capital outlay	**642**	**667**	**648**	**599**	**659**	**644**	**633**	**585**	**412**	**412**

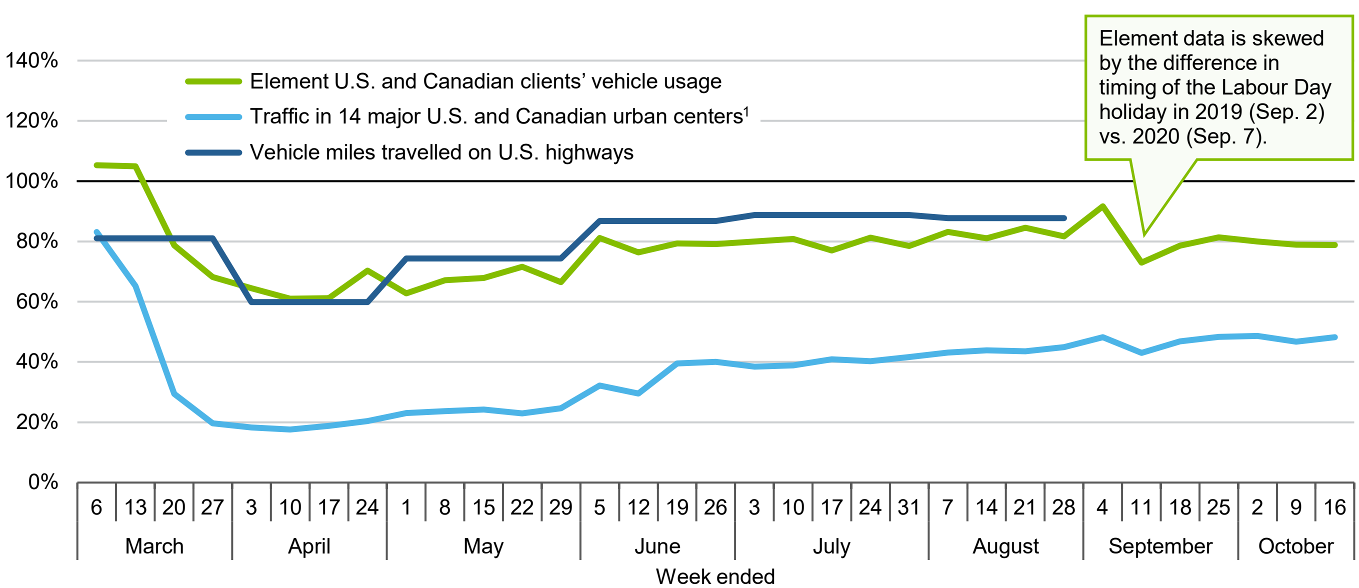
How has the economic slowdown impacted your servicing income?

8.1 Client vehicle usage

Beginning in the second week of March, Element's U.S. and Canadian clients' vehicle usage declined by approximately 40% as measured by weekly fuel consumption compared to same-week 2019. Clients' vehicle usage has gradually improved since its April low-point. By comparison:

• Based on over 600 million drivers globally who use TomTom tech in their navigation devices, in-dash systems and smartphones, equity research professionals at RBC Capital Markets collected, analyzed and published[1] data comparing multi-city 2020 traffic levels to their respective daily averages from 2019. This data suggests that vehicle usage in 14 major U.S. and Canadian urban centers fell by approximately 80% in March and has gradually risen to 50% of 2019 levels.

• Data from the U.S. Department of Transportation Federal Highway Administration indicates that total vehicle miles travelled monthly on U.S. highways was down 40% in March compared to same-month 2019, and has since recovered to being down 12% in August.

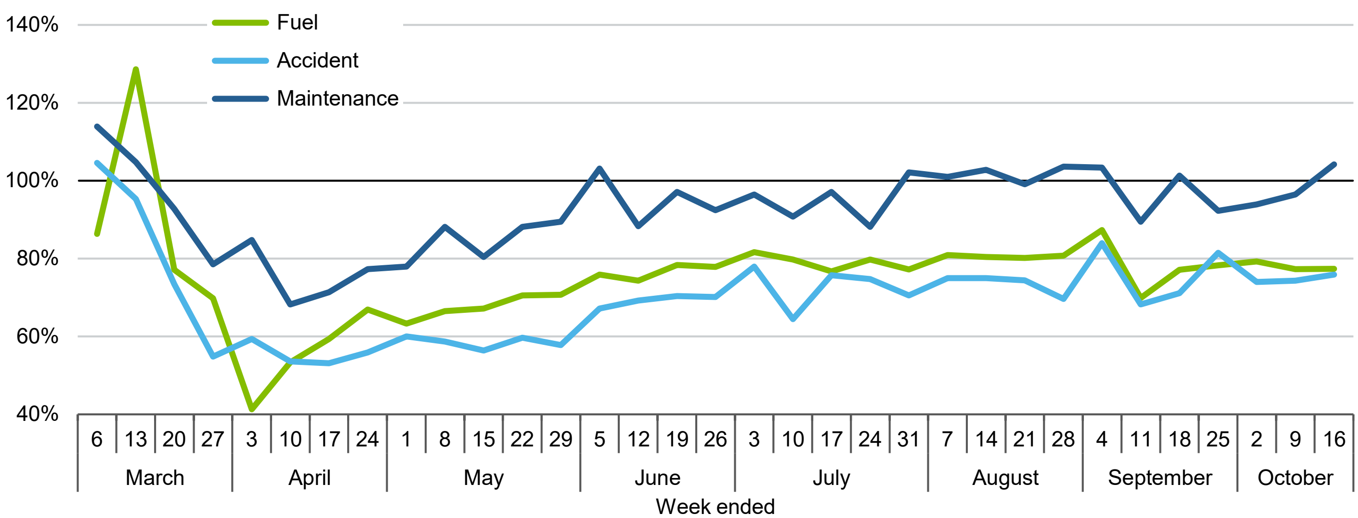


1. "RBC Global Traffic Trends", RBC Capital Markets equity research published September 11, 2020, www.rbcinsightresearch.com and subsequent data.

D. COVID-19-RELATED ITEMS OF INTEREST

8.2 Service transaction volumes

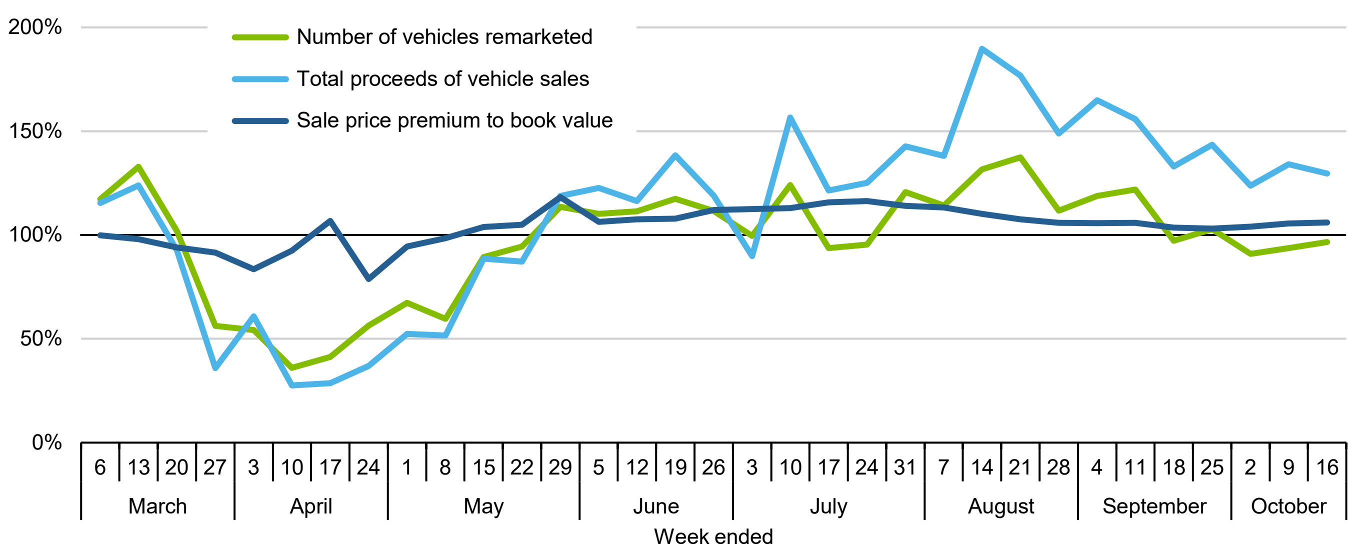
Clients' fuel, maintenance and accident transaction volumes continue to grow steadily from the abrupt decline in mid-March. The following chart shows number of transactions in all geographies weekly in 2020 as a percentage of same-week 2019 data.



How has the economic slowdown impacted remarketing?

8.3 Remarketing performance

Element's remarketing volumes and proceeds of vehicle sales have recovered after a rapid decline in March. Overall remarketing performance has been matching or exceeding 2019 levels since June. The following chart shows weekly 2020 data as a percentage of same-week 2019 data across all geographies.



D. COVID-19-RELATED ITEMS OF INTEREST

How has the economic slowdown impacted clients' ability to stay current and your ability to collect?

9.1 Payment deferrals

Element received virtually no additional payment deferral requests during Q3 2020. Of the $23 million in deferrals granted in Q2 2020, approximately $17 million have been repaid as of September 30, 2020, with no departures from payment plans.

9.2 Delinquency schedule

Net finance receivables invoiced by Element but unpaid by clients for more than 30 days result in the categorization of the clients' entire contract balance as delinquent. In other words, delinquencies are reported in our financial statements as the aggregate net investment in finance receivables (i.e. finance lease receivables and finance loan receivables) attributable to delinquent client accounts – rather than the actual amounts in respect of which clients are delinquent. The latter amounts are typically immaterial:

All monetary figures are in C$mm	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20
Number of delinquent clients	58	59	47	40	42	51	32	55	33
Reported delinquent amount	14.6	15.7	14.7	9.7	9.7	14.9	47.8	35.3	10.5
Actual delinquent net finance receivable amount outstanding	2.6	4.7	2.8	2.8	2.3	5.7	4.9	2.9	0.9
Average actual amount outstanding per delinquent client	0.04	0.08	0.06	0.07	0.06	0.11	0.15	0.05	0.03

D. COVID-19-RELATED ITEMS OF INTEREST

10.0 Impaired receivables

Element client defaults are rare given robust credit decisioning, monitoring and collections practices. Receivables over 120 days past due are automatically impaired and the client is in default. Where warranted, we can also assess receivables to be impaired independent of client delinquency or default. Clients in default or assessed to be impaired are typically restructuring or, less frequently, in liquidation.

Our leases are usually affirmed during restructuring proceedings and monthly payments resume because our vehicles are essential to the client’s ability to sustain cash flow. The client settles any prior delinquencies with us as a condition of exiting restructuring.

We rarely suffer losses (net of recovery) on liquidation, because clients whose accounts become impaired have invariably been subject to credit monitoring leading up to their classification as impaired, and we have enhanced our security during this period of credit deterioration. Additionally, our leases are cross-collateralized by the client’s entire fleet (which almost invariably contains equity).

		Impaired receivables balance (C$mm)											
	Pre-default						2Q20			3Q20			Credit losses
Client	credit rating	1Q19	2Q19	3Q19	4Q19	1Q20	Apr	May	Jun	Jul	Aug	Sep	to date
"A"	CCC	49.4	46.0	43.4	39.6	39.5	38.0	36.4	34.9	33.5	31.6	**E**	-
"B"	B+	13.8	5.3	1.7	0.9	0.8	0.7	0.7	0.7	0.7	0.6	**E**	1.4
"C"	BB	-	-	2.0	1.9	1.7	1.6	**L**					0.7
"D"	A	-	-	3.8	3.7	3.6	3.6	3.4	3.4	3.4	3.3	3.2	-
"E"	B	-	-	-	2.7	0.1	0.1	**L**					0.4
"F"	BBB-	-	-	-	1.9	1.7	1.7	1.7	1.7	1.7	1.6	1.6	0.1
"G"	D	-	-	-	-	49.4	40.4	34.5	31.8	8.6	5.8	2.9	-
"H"	CCC+	-	-	-	-	-	8.7	8.3	7.8	7.3	6.8	**E**	-
"I"	CCC-	-	-	-	-	-	33.5	29.1	27.3	25.6	20.3	19.6	-
"J"	CCC+	-	-	-	-	-	4.3	4.0	3.7	1.5	0.6	0.2	-
"K"	B	-	-	-	-	-	-	-	-	6.7	6.5	6.1	0.4
"L"	B	-	-	-	-	-	-	-	-	-	-	0.2	-
All others	-	12.3	3.9	4.1	3.0	0.2	0.3	0.5	0.8	2.5	0.6	0.5	-
Total[1]	-	**75.5**	**55.2**	**54.9**	**53.5**	**96.8**	**132.9**	**118.6**	**112.0**	**91.5**	**77.7**	**34.3**	**3.0**

E: Chapter 11 plan is confirmed, agreements have been assumed, and the client has emerged from bankruptcy

L: Client entered liquidation and assets were recovered and sold

1. Numbers in this Section 10.0 table may not perfectly add-up due to rounding.