Management Discussion and Analysis

June 30, 2016

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 Financial Corporation (the "Company" or "Element") as at and for the three and six months ended June 30, 2016 and should be read in conjunction with the Company's unaudited interim condensed consolidated financial statements as at and for the three and six months ended June 30, 2016 and the MD&A and audited consolidated financial statements and accompanying notes for the year ended December 31, 2015. Additional information relating to the Company is available on SEDAR at www.sedar.com and on the Company's website at www.elementcorp.com

CAUTIONARY STATEMENT

THIS ANALYSIS HAS BEEN PREPARED TAKING INTO CONSIDERATION INFORMATION AVAILABLE TO AUGUST 11, 2016. CERTAIN STATEMENTS CONTAINED IN THIS REPORT CONSTITUTE "FORWARD LOOKING STATEMENTS". WHEN USED IN THIS REPORT, THE WORDS "MAY", "WOULD", "COULD", "WILL", "INTEND", "PLAN", "ANTICIPATE", "BELIEVE", "ESTIMATE", "EXPECT", AND SIMILAR EXPRESSIONS, AS THEY RELATE TO THE COMPANY, OR ITS MANAGEMENT, ARE INTENDED TO IDENTIFY FORWARD LOOKING STATEMENTS. SUCH STATEMENTS REFLECT OUR CURRENT VIEWS WITH RESPECT TO FUTURE EVENTS AND ARE SUBJECT TO INHERENT RISKS, UNCERTAINTIES AND NUMEROUS ASSUMPTIONS, INCLUDING, WITHOUT LIMITATION, GENERAL ECONOMIC CONDITIONS, RELIANCE ON DEBT FINANCING, DEPENDENCE ON BORROWERS, INABILITY TO SUSTAIN RECEIVABLES, COMPETITION, INTEREST RATES, REGULATION, INSURANCE, FAILURE OF KEY SYSTEMS, DEBT SERVICE, FUTURE CAPITAL NEEDS AND SUCH OTHER RISKS OR FACTORS DESCRIBED FROM TIME TO TIME IN REPORTS OF ELEMENT.

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.

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Overview

Element is a fleet management and equipment finance company that originates, co-invests in and manages asset-based financings and related service programs with operations in the United States ("US"), Canada, Australia, New Zealand and Mexico and internationally, for its fleet business, through the global alliance with BNP Arval. Element originates the financing of a broad range of fleet vehicles, equipment and capital assets by way of secured loans, financial leases, conditional sales contracts and operating leases. Element originates its financings through its employee sales force, which focuses on fleet customers, equipment vendors and direct equipment users. Element distinguishes itself from traditional lenders such as banks and finance companies in that it:

- Provides comprehensive fleet services across many asset classes and vehicle types;
- Offers complimentary asset-based financing services rather than providing traditional leasing or lending;
- Originates primarily through its manufacturer relationships; and,
- Funds its activities through commitments from institutional investors rather than accepting deposits from the public.

The Company has assembled a deep and experienced leadership team that has capitalized, and is poised to continue to capitalize, on the continuing strength and consolidation of the North American fleet management and equipment finance markets. Through its legacy and recently acquired businesses, the Company has established strong platforms across multiple lines of business in the asset and equipment finance market place as well as in the fleet management services. The Company plans to continue to grow its business organically, but will also continue to capitalize on new opportunities where the Company believes it is beneficial and accretive to earnings.

On February 16, 2016, the Company announced the results of its strategic review that had been initiated in October 2015. The Board of Directors of the Company has approved management's plan to separate Element Financial Corporation into two independent publicly-traded companies. The transaction will involve the separation into a newly created publicly traded company, ECN Capital, of the Rail Finance, Commercial and Vendor Finance, and Aviation Finance verticals from the existing corporate structure (the "Separation Transaction"). The existing corporate structure will retain the Fleet Management business.

In connection with the proposed separation, the Company amended its internal management reporting processes during the first quarter of 2016 and moved from a single operating segment to two separate operating segments covering, as a first segment, the Company's Fleet Management operations and as a second segment being referred internally as Commercial Finance, consisting of the combined operations previously referred to as the Rail Finance vertical, the Commercial and Vendor Finance vertical, and the Aviation vertical.

On July 25, 2016, the Board of Directors unanimously approved plans to proceed with the reorganization of the Company into two separate publicly-traded companies with a targeted closing of October 3, 2016. Following the Separation Transaction, Element Financial Corporation, is to be renamed Element Fleet Management Corp. to be established as an approximately $18.0 billion world class fleet management company to be led by Bradley Nullmeyer as CEO, and ECN Capital Corp. ("ECN Capital") will be established as an approximately $5.9 billion North American commercial finance company to be led by Steven Hudson.

On July 25, 2016, the Company announced that ECN Capital has entered into a definitive agreement with INFOR Acquisition Corp. (TSX: IAC.A, IAC.WT) ("IAC") whereby ECN Capital will acquire all of the issued and outstanding shares in the capital of IAC (the "IAC Acquisition") following completion of the Separation

Transaction. As a result of the acquisition, ECN Capital will have access to additional cash equity of approximately $223 million.

Selected Consolidated Financial Information and Financial Ratios - Three month periods ended March 31, 2016, December 31, 2015 and March 31, 2015

As we have indicated in the past, the Company is exposed to fluctuations in certain foreign currencies as a result of the operations it carries in Australia, New Zealand, Mexico, and predominantly the United States where 4.5%, 3.0%, 1.6% and 75.7% of the assets are located, respectively. While the Company is hedged for currencies, assets and liabilities do fluctuate against each other 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 Canadian dollar.

The weighted average changes in average exchange rates of the Company's operating currencies during the quarter as a result of the appreciation of the Canadian dollar represented and affected adjusted operating income negatively by approximately 6.3%.

The following table reflects the Foreign Exchange Adjusted Variance applied to the consolidated financial results of the Company.

Foreign exchange adjusted variance allows financial results to be viewed without the impact of fluctuations in foreign currency exchange rates, thereby facilitating period-to-period comparisons in the analysis of trends in business performance. Financial results at constant currency are obtained by translating the comparable period of the prior period results denominated in foreign currencies at the foreign exchange rates of the current period. Measures at constant currency are considered non-GAAP measures and do not have any standardized meanings prescribed by GAAP and, therefore, are unlikely to be comparable to similar measures presented by other companies. The comparative amounts reported throughout this MD&A however do not benefit from this foreign exchange adjusted variance and comparative throughout except for the table below are in Canadian dollar as the then applicable rate of exchange.

	For the three months period ended	
	June 30, 2016	March 31, 2016
(in $000's for stated values, except per share amounts)	**$**	$
Interest income and rental revenue, net	**272,340**	281,040
Interest expense	**122,594**	117,663
	149,746	163,377
Fleet management fees and other revenues	**133,471**	132,795
	283,217	296,172
Provision for credit losses	**(1,483)**	(3,048)
Net financial income	**281,734**	293,124
Adjusted operating expenses	**114,918**	120,047
Adjusted operating income	**166,816**	173,077
Provision for income taxes applicable to adjusted operating income	**36,104**	37,434
After-tax adjusted operating income	**130,712**	135,643
Cumulative preferred share dividends	**8,912**	8,912
After-tax adjusted operating income attributable to common shareholders	**121,800**	126,731
Average number of shares outstanding	**386,282**	386,135
Before-tax adjusted operating income per share (basic)	**0.41**	0.43
After-tax adjusted operating income per share (basic)	**0.32**	0.33

The following table summarizes key consolidated financial data to be read in conjunction with the interim condensed consolidated financial statements of the Company as at and for the three months ended June 30, 2016. Such financial statements are prepared in accordance with IFRS and are reported in Canadian dollars.

	As at and for the three months ended				
(in $000's for stated values, except ratios and per share amounts)	**June 30, 2016**	March 31, 2016	June 30, 2015	Change over Mar 31, 2015	Change over Jun 30, 2015
	$	$	$	%	%
After tax adjusted operating income per share (basic) (1)	**0.32**	0.35	0.23	(8.6)	39.1
Before tax adjusted operating income per share (basic) (1)	**0.41**	0.45	0.31	(8.9)	32.3
Net financial income	**281,734**	309,760	149,631	(9.0)	88.3
Adjusted operating income (1)	**166,816**	182,900	88,764	(8.8)	87.9
After tax adjusted operating income (1)	**130,712**	143,342	67,931	(8.8)	92.4
Income before taxes	**120,885**	121,869	32,881	(0.8)	267.6
Net income	**99,833**	101,269	25,157	(1.4)	296.8
Total assets	**24,002,658**	23,933,519	15,285,559	0.3	57.0
Net investment in finance receivables	**15,286,934**	15,311,118	8,564,167	(0.2)	78.5
Equipment under operating leases	**3,874,609**	3,906,906	1,938,032	(0.8)	99.9
Investment in managed fund	**134,337**	135,065	129,896	(0.5)	3.4
Total earning assets	**19,295,880**	19,353,089	10,632,095	(0.3)	81.5
Total finance assets	**20,510,613**	20,577,820	11,546,188	(0.3)	77.6
New originations	**2,176,882**	2,113,799	1,801,054	3.0	20.9
Secured borrowings	**16,998,151**	17,025,064	8,682,200	(0.2)	95.8
Convertible debentures	**846,031**	841,312	829,470	0.6	2.0
Total debt	**17,844,182**	17,866,376	9,511,670	(0.1)	87.6
Average finance receivables (1)	**15,120,240**	16,008,503	8,378,176	(5.5)	80.5
Average equipment under operating leases (1)	**3,843,076**	4,047,103	1,595,173	(5.0)	140.9
Average investment in managed fund	**134,023**	143,422	16,866	(6.6)	694.6
Average earning assets (1)	**19,097,339**	20,199,028	9,990,215	(5.5)	91.2
Average debt outstanding (1)	**17,839,294**	18,661,653	9,088,283	(4.4)	96.3
Number of shares outstanding (including special warrants)	**386,702**	386,155	265,923	0.1	45.4
Weighted average number of shares outstanding (including special warrants) [basic]	**386,282**	386,135	264,516	—	46.0
Total shareholders' equity	**5,440,436**	5,401,579	3,269,854	0.7	66.4
Average common shareholders' equity (1)	**4,753,346**	5,008,337	2,663,526	(5.1)	78.5
Common share dividends declared per share	**0.025**	0.025	—	—	n/a
Earnings per share [basic]	**0.24**	0.24	0.07	—	242.9
Earnings per share [diluted]	**0.23**	0.24	0.07	(4.2)	228.6

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

The following table summarizes key consolidated financial data to be read in conjunction with the interim condensed consolidated financial statements of the Company as at and for the six months ended June 30, 2016. Such financial statements are prepared in accordance with IFRS and are reported in Canadian dollars.

	As at and for the six months ended		
(in $000's for stated values, except ratios and per share amounts)	**June 30, 2016**	June 30, 2015	Change
	$	$	%
After tax adjusted operating income per share (basic) (1)	**0.66**	0.44	50.0%
Before tax adjusted operating income per share (basic) (1)	**0.86**	0.58	48.3%
Net financial income	**591,494**	283,349	108.8 %
Adjusted operating income (1)	**349,716**	167,154	109.2 %
After tax adjusted operating income (1)	**271,007**	128,374	111.1 %
Income before taxes	**242,754**	97,339	149.4 %
Net income	**201,102**	74,654	169.4 %
Total assets	**24,002,658**	15,285,559	57.0 %
Net investment in finance receivables	**15,286,934**	8,564,167	78.5 %
Equipment under operating leases	**3,874,609**	1,938,032	99.9 %
Investment in managed fund	**134,337**	129,896	3.4 %
Total earning assets	**19,295,880**	10,632,095	81.5 %
Total finance assets	**20,510,613**	11,546,188	77.6 %
New originations	**4,290,681**	3,258,487	31.7 %
Secured borrowings	**16,998,151**	8,682,200	95.8 %
Convertible debentures	**846,031**	829,470	2.0 %
Total debt	**17,844,182**	9,511,670	87.6 %
Average finance receivables (1)	**15,580,664**	8,236,816	89.2 %
Average equipment under operating leases (1)	**3,948,966**	1,493,487	164.4 %
Average investment in managed fund	**138,877**	8,518	1,530.4 %
Average earning assets (1)	**19,668,507**	9,738,821	102.0 %
Average debt outstanding (1)	**18,270,957**	8,786,040	108.0 %
Number of shares outstanding (including special warrants)	**386,702**	265,923	45.4 %
Weighted average number of shares outstanding (including special warrants) [basic]	**386,211**	264,291	46.1 %
Total shareholders' equity	**5,440,436**	3,269,854	66.4 %
Average common shareholders' equity (1)	**4,885,049**	2,644,595	84.7 %
Common share dividends declared per share	**0.05**	—	n/a
Earnings per share [basic]	**0.47**	0.23	104.3 %
Earnings per share [diluted]	**0.47**	0.23	104.3 %

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

The following table summarizes key operating ratios to be read in conjunction with the consolidated financial statements of the Company:

	As at and for the three-months ended			As at and for the six months ended	
	June 30, 2016	March 31, 2016	June 30, 2015	**June 30, 2016**	June 30, 2015
Leverage ratios					
Standard Leverage (2) (3)					
- Financial leverage ratio	**3.28**	3.31	2.91	**3.28**	2.91
- Average financial leverage ratio	**3.37**	3.37	2.94	**3.37**	2.89
Bank Covenant (2) (4)					
- Tangible leverage ratio	**4.49**	4.58	3.07	**4.49**	3.07
- Average tangible leverage ratio	**4.17**	4.22	3.67	**4.20**	3.73
Other ratios and yields					
Allowance for credit losses as a percentage of finance receivables (2)	**0.15%**	0.18%	0.20%	**0.15%**	0.20%
Annualized credit loss provision as a percentage of average finance receivables (2)	**0.04%**	0.08%	0.16%	**0.06%**	0.16%
Portfolio average remaining life (in months, excluding equipment under operating leases) (2)	**25.2**	29.5	28.9	**25.2**	28.9
Adjusted operating income on average common shareholders' equity (2)	**13.29%**	13.90%	12.26%	**13.59%**	11.64%
Adjusted operating income on average earning assets (2)	**3.49%**	3.62%	3.55%	**3.56%**	3.43%
After-tax adjusted operating income on average common shareholders' equity (2)	**10.25%**	10.74%	9.13%	**10.37%**	8.71%
After-tax adjusted operating income on average earning assets (2)	**2.74%**	2.84%	2.72%	**2.76%**	2.64%
Book value per share	**$ 12.69**	$ 12.61	$ 10.29	**$ 12.69**	$ 10.29

(1) All are ratios presented on an annualized basis.
(2) For additional information, see "Description of Non-IFRS Measures" section.
(3) Financial leverage ratio is computed as total debt (the sum of secured borrowings and extendible convertible debentures) divided by total shareholders' equity.
(4) Computed under bank covenant.

Consolidated Financial Information

Consolidated Results of Operations – For the three months ended June 30, 2016, March 31, 2016 and June 30, 2015

The following table sets forth a summary of the Company's results of consolidated operations for the three months ended June 30, 2016, March 31, 2016 and June 30, 2015:

	For the three-month periods ended				
	June 30, 2016	March 31, 2016	June 30, 2015	Change over Mar 31, 2016	Change over Jun 30, 2015
(in 000's for stated values, except per unit amounts)	**$**	$	$	%	%
Net Financial Income					
Interest income	**208,058**	223,216	117,911	(6.8)	76.5
Rental revenue, net (1)	**64,282**	73,774	28,592	(12.9)	124.8
Total interest income and rental revenue, net	**272,340**	296,990	146,503	(8.3)	85.9
Interest expense	**122,594**	124,341	58,108	(1.4)	111.0
Net interest income and rental revenue, net before provision for credit losses	**149,746**	172,649	88,395	(13.3)	69.4
Provision for credit losses	**1,483**	3,221	3,284	(54.0)	(54.8)
Net interest income and rental revenue, net	**148,263**	169,428	85,111	(12.5)	74.2
Management fees and other revenues	**133,471**	140,332	64,520	(4.9)	106.9
Net financial income	**281,734**	309,760	149,631	(9.0)	88.3
Operating Expenses					
Salaries, wages and benefits	**64,380**	71,677	36,391	(10.2)	76.9
General and administration expenses	**50,538**	55,183	24,476	(8.4)	106.5
Amortization of convertible debenture synthetic discount	**3,053**	3,003	1,956	1.7	56.1
Share-based compensation	**6,527**	9,883	9,438	(34.0)	(30.8)
	124,498	139,746	72,261	(10.9)	72.3
Business acquisition costs					
Amortization of intangibles from acquisition	**15,173**	16,776	5,202	(9.6)	191.7
Transaction and integration costs	**21,178**	31,369	39,287	(32.5)	(46.1)
	36,351	48,145	44,489	(24.5)	(18.3)
Net income before taxes	**120,885**	121,869	32,881	(0.8)	267.6
Income tax expense	**21,052**	20,600	7,724	2.2	172.6
Net income for the period	**99,833**	101,269	25,157	(1.4)	296.8
Earnings per share [basic]	**0.24**	0.24	0.07	—	242.9
Earnings per share [diluted]	**0.23**	0.24	0.07	(4.2)	228.6

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

The following table provides a reconciliation of Non-IFRS Measures for consolidated adjusted operating expense, consolidated adjusted operating income and consolidated after-tax adjusted operating income for the three months ended June 30, 2016, March 31, 2016 and June 30, 2015:

	For the three-month periods ended				
	June 30, 2016	March 31, 2016	June 30, 2015	Change over Mar 31, 2016	Change over Jun 30, 2015
(in 000's for stated values, except per unit amounts)	**$**	$	$	%	%
Net financial income					
Interest income	**208,058**	223,216	117,911	(6.8)	76.5
Rental revenue, net (3)	**64,282**	73,774	28,592	(12.9)	124.8
Interest income and rental revenue, net	**272,340**	296,990	146,503	(8.3)	85.9
Interest expense	**122,594**	124,341	58,108	(1.4)	111.0
	149,746	172,649	88,395	(13.3)	69.4
Other revenues					
Fleet Management Fees	**97,928**	103,020	36,345	(4.9)	169.4
Syndication and other income	**35,543**	37,312	28,175	(4.7)	26.2
	283,217	312,981	152,915	(9.5)	85.2
Provision for credit losses	**(1,483)**	(3,221)	(3,284)	(54.0)	(54.8)
Net financial income	**281,734**	309,760	149,631	(9.0)	88.3
Adjusted operating expenses					
Salaries, wages and benefits	**64,380**	71,677	36,391	(10.2)	76.9
General and administration expenses	**50,538**	55,183	24,476	(8.4)	106.5
Adjusted operating expenses (1)	**114,918**	126,860	60,867	(9.4)	88.8
Adjusted operating income (1)	**166,816**	182,900	88,764	(8.8)	87.9
Provision for taxes applicable to adjusted operating income	**36,104**	39,558	20,833	(8.7)	73.3
After-tax adjusted operating income (1, 2)	**130,712**	143,342	67,931	(8.8)	92.4
Less: Cumulative preferred share dividends	**8,912**	8,912	7,123	—	25.1
After-tax adjusted operating income attributable to common shareholders (1)	**121,800**	134,430	60,808	(9.4)	100.3
Weighted average number of shares outstanding [basic]	**386,282**	386,135	264,516	—	46.0
After-tax adjusted operating income per share [basic] (1)	**0.32**	0.35	0.23	(8.6)	39.1
Before-tax adjusted operating income per share [basic] (1)	**0.41**	0.45	0.31	(8.9)	32.3

(1) For additional information, see "Description of Non-IFRS Measures" section.
(2) For reconciliation from IFRS Net Income to After-tax adjusted operating income, see page 72.
(3) Rental revenue, net is equal to rental income earned on equipment under operating leases, less depreciation on equipment under operating leases.

Interest income and rental revenue, net of depreciation for the three month period ended June 30, 2016 was $272.3 million, an increase of $125.8 million or 85.9% from the $146.5 million reported in the comparative quarter ended June 30, 2015, and a decrease of $24.7 million or 8.3% from the $297.0 million reported during the preceding quarter ended March 31, 2016. The increase over the comparative quarter of 2015 is the result of the GE Fleet Operations acquisition which closed in Q3 2015. The decrease in absolute dollars of $24.9 million or a decline of 8.4% over the income reported during the immediate previous quarter is the

combined effect of the continued appreciation of the Canadian dollar over the other operating currencies which accounts for $16.0 million, combined with a decline in rental rates on certain aviation and rail operating leases. As a yield to average assets, interest income and rental revenue were however maintained relatively constant at 5.7% of average assets compared to 5.9% during the previous quarter.

Interest expense decreased to $122.6 million during the current quarter ended June 30, 2016 from the $124.3 million reported during the immediately preceding quarter ended March 31, 2016, and increased from the $58.1 million reported during the comparative quarter ended June 30, 2015. The increase over the amount reported during Q2 2015 reflects the impact of the GE Fleet acquisition in Q3 2015. The decrease over the immediately preceding quarter also reflects the impact of the appreciation of the Canadian dollar over the other reporting currencies and a small increase in average debt costs of 8 basis points from widening spreads on recent financings.

In Other Revenues, Fleet Management fees were $97.9 million for the quarter ended June 30, 2016, $36.3 million for the quarter ended June 30, 2015 and $103.0 million for the immediately preceding quarter ended March 31, 2016. The decrease of $5.1 million over the amount reported during the immediately preceding quarter is also related to the movement in foreign currencies, while the increase over the comparative quarter ended June 30, 2015 is largely due to the acquisition of the GE Fleet Operations in Q3 2015. Syndication and other income was $35.5 million for the quarter ended June 30, 2016, $28.2 million for the quarter ended June 30, 2015 and $37.3 million for the immediately preceding quarter ended March 31, 2016.

Salaries, Wages and Benefits and General and Administrative expenses were $114.9 million for the quarter ended June 30, 2016 compared to $60.9 million for the comparable quarter of 2015 and $126.9 million for the immediate preceding quarter ended March 31, 2016. The increase over the comparative period ended June 30, 2015 is due to the acquisition of the GE Fleet Operations on August 31, 2015 and September 30, 2015. The decrease of $12.0 million over the amount reported during the previous quarter reflects the impact of the foreign currencies as discussed earlier combined with improvement in operating costs from gained efficiencies.

Net income before income taxes for the current period ended June 30, 2016 was $120.9 million compared to $32.9 million reported for the quarter ended June 30, 2015 and $121.9 million reported during the quarter ended March 31, 2016. The increase over the amounts reported during the quarter ended June 30, 2015 is the result of the acquisition of GE Fleet in Q3 2015.

The Company is reporting net income of $99.8 million for the quarter ended June 30, 2016, compared to net income of $25.2 million for the comparative quarter ended June 30, 2015 and net income of $101.3 million reported during the immediately preceding quarter ended March 31, 2016. The increase in net income reported in the current quarter over the comparative quarter ended June 30, 2015 is again primarily due to higher financial revenue as a result of the acquisition of the GE Fleet Operations on August 31, 2015 and September 30, 2015, and the continuing organic origination volumes and growth in the earning assets in the intervening period. The decrease over the immediately preceding quarter is primarily due to the impact of foreign currencies.

Basic and diluted earnings per share were $0.24 and $0.23, respectively, for the three months ended June 30, 2016, compared to basic and diluted earnings per share of $0.07 and $0.07, respectively, for the quarter ended June 30, 2015, and basic and diluted earnings per share of $0.24 and $0.24, respectively, for the immediately preceding quarter ended March 31, 2016. The large variances from the comparable quarter are the result of the acquisition of the GE Fleet Operations, and the timing of the related integration and transaction costs incurred on that acquisition.

As indicated previously, management believes that adjusted operating income, a Non-IFRS Measure, is the most appropriate operating measure of the Company's performance as it excludes non-cash items related to share-based compensation, and business acquisition costs which do not relate to maintaining operating activities. Adjusted operating income for the three month period ended June 30, 2016 was $166.8 million, an increase of $78.0 million or 87.9% over the amount reported during the comparative quarter ended June 30, 2015 and a decrease of $16.1 million or 8.8% over the amount reported during the immediately preceding quarter ended March 31, 2016. The increase over the comparative quarter ended June 30, 2015, is primarily the result of the aforementioned acquisition of the GE Fleet Operations and the organic growth in earning assets in the intervening periods. The decrease over the previous quarter is again a combination of the impact of foreign currencies over the operating activities of the Company combined with lower yields on both aviation and rail equipment under operating leases offset by improved operating expenses.

Adjusted operating income on average common shareholders' equity was 13.29% during the quarter ended June 30, 2016 compared to 12.26% for the quarter ended June 30, 2015 and 13.90% for the immediately preceding quarter ended March 31, 2016. After-tax adjusted operating income on average common shareholders' equity was 10.25% during the quarter ended June 30, 2016 compared to 9.13% for the quarter ended June 30, 2015 and 10.74% for the immediately preceding quarter ended March 31, 2016. The improvement over the comparative period is a result of the higher average leverage. The decline over the preceding quarter results primarily from the aforementioned decrease in net financial income.

For the three months ended June 30, 2016, the Company is reporting adjusted operating income before income taxes of $166.8 million and after-tax adjusted operating income per share (basic) of $0.32, compared to $88.8 million in adjusted operating income before taxes or $0.23 in after-tax operating income per share (basic) for the comparative three months ended June 30, 2015, and compared to $182.9 million in adjusted operating income before taxes or $0.35 in after-tax adjusted operating income per share (basic) for the immediately preceding quarter ended March 31, 2016. The reduction in adjusted after-tax operating income per share over the immediate previous quarter is the result of the appreciation of the Canadian dollar over the other operating currencies which accounts for $0.02 of the variance and the lower income generated from both our aviation and rail verticals accounting for the other $0.02 shortfall.

As indicated previously, Management also believes that Before-Tax Adjusted Operating Income per Share as described in the Non-IFRS Measures section of this MD&A is a key statistic to properly assess the operating performances of the Company to mostly reflect the substantial value being created by the very long deferral of cash income taxes and the investment value produced by that deferral. Thus, while the Company is reporting after-tax adjusted operating income per share (basic) of $0.32 for the three months ended June 30, 2016, free operating cash flows per share (basic) reached $0.41, compared to $0.23 and $0.31, respectively, for the comparative three months ended June 30, 2015, and $0.35 and $0.45, respectively, for the immediately preceding quarter ended March 31, 2016.

The following table summarizes key annualized operating ratios and yields to average earning assets derived from the Company's consolidated financial statements and adjusted using Non-IFRS Measures as at and for the three months ended June 30, 2016, March 31, 2016 and June 30, 2015, which management believes are key performance indicators in managing the business and in evaluating the operating performance of the Company.

	For the three month periods ended		
	June 30, 2016	March 31, 2016	June 30, 2015
	%	%	%
Interest income and rental revenue, net	**5.70**	5.88	5.87
Interest expense	**2.57**	2.46	2.33
	3.14	3.42	3.54
Fleet management fees and other revenues	**2.79**	2.77	2.58
	5.93	6.19	6.12
Provision for credit losses	**0.03**	0.06	0.13
Net financial income	**5.90**	6.13	5.99
Adjusted operating expenses	**2.41**	2.51	2.44
Adjusted operating income	**3.49**	3.62	3.55

Interest income and rental revenue, net of amortization as a percentage of average earning assets was 5.70% during the quarter ended June 30, 2016, a decrease from the 5.87% reported for the comparative quarter ended June 30, 2015, and the 5.88% reported for the quarter ended March 31, 2016. The decrease over both the comparative quarter and the immediately preceding quarter is due to lower yield rates in all verticals, except for the Fleet vertical.

Interest expense as a percentage of average earning assets increased to 2.57% during the quarter ended June 30, 2016, from the 2.33% for the comparative quarter ended June 30, 2015 and from 2.46% for the quarter ended March 31, 2016. The increase over the comparative quarter ended June 30, 2015 is primarily due to higher average leverage as Fleet management earning assets have a higher debt advance rate. The increase over the immediately preceding quarter was due to a slight increase in overall debt advance rate on average finance assets combined with an increase in debt costs from wider spreads on recent securitization activities during the quarter.

Other revenues increased to 2.79% from 2.58% in the comparative quarter ended June 30, 2015 and is largely consistent with the 2.77% reported in the immediately preceding quarter ended March 31, 2016. Other revenues increased over the comparative quarter ended June 30, 2015 on the continuing growth in other revenue in the Fleet Management segment.

The adjusted operating expense ratio was 2.41% during the quarter ended June 30, 2016, consistent with the 2.44% for the comparative quarter ended June 30, 2015, and decreased from 2.51% for the quarter ended March 31, 2016.

Adjusted operating income on average earning assets was 3.49% during the quarter ended June 30, 2016 compared to 3.55% for the quarter ended June 30, 2015 and 3.62% for the immediately preceding quarter ended March 31, 2016.

Consolidated Results of Operations – For the six months ended June 30, 2016 and 2015

The following table sets forth a summary of the Company's results of operations for the six months ended June 30, 2016 and 2015:

	For the six month period ended		
	June 30, 2016	June 30, 2015	Change
(in 000's for stated values, except per unit amounts)	**$**	$	%
Net Financial Income			
Interest income	**431,274**	229,130	88.2
Rental revenue, net (1)	**138,056**	54,573	153.0
Total interest income and rental revenue, net	**569,330**	283,703	100.7
Interest expense	**246,935**	111,710	121.1
Net interest income and rental revenue, net before provision for credit losses	**322,395**	171,993	87.4
Provision for credit losses	**4,704**	6,511	(27.8)
Net interest income and rental revenue, net	**317,691**	165,482	92.0
Management fees and other revenues	**273,803**	117,867	132.3
Net financial income	**591,494**	283,349	108.8
Operating Expenses			
Salaries, wages and benefits	**136,057**	70,414	93.2
General and administration expenses	**105,721**	45,781	130.9
Amortization of debenture synthetic discount	**6,056**	3,428	76.7
Share-based compensation	**16,410**	15,974	2.7
	264,244	135,597	94.9
Business acquisition costs			
Amortization of intangibles from acquisition	**31,949**	9,945	221.3
Transaction and integration costs	**52,547**	40,468	29.8
	84,496	50,413	67.6
Net income before taxes	**242,754**	97,339	149.4
Tax expense	**41,652**	22,685	83.6
Net income for the period	**201,102**	74,654	169.4
Earnings per share [basic]	**0.47**	0.23	104.3
Earnings per share [diluted]	**0.47**	0.23	104.3

(1) Rental revenue, net represents rental income earned on equipment under operating leases, less depreciation.

The following table provides a reconciliation of Non-IFRS Measures for adjusted operating expense, adjusted operating income and after-tax adjusted operating income for the six months ended June 30, 2016 and 2015:

	For the six-month periods ended		
	June 30, 2016	June 30, 2015	Change
(in 000's for stated values, except per unit amounts)	**$**	$	%
Net financial income			
Interest income	**431,274**	229,130	88.2
Rental revenue, net (3)	**138,056**	54,573	153.0
Interest income and rental revenue, net	**569,330**	283,703	100.7
Interest expense	**246,935**	111,710	121.1
	322,395	171,993	87.4
Other revenues			
Fleet Management Fees	**200,948**	74,026	171.5
Syndication and other income	**72,855**	43,841	66.2
	596,198	289,860	105.7
Provision for credit losses	**(4,704)**	(6,511)	(27.8)
Net financial income	**591,494**	283,349	108.8
Adjusted operating expenses			
Salaries, wages and benefits	**136,057**	70,414	93.2
General and administration expenses	**105,721**	45,781	130.9
Adjusted operating expenses (1)	**241,778**	116,195	108.1
Adjusted operating income (1)	**349,716**	167,154	109.2
Provision for taxes applicable to adjusted operating income	**78,709**	38,780	103.0
After-tax adjusted operating income (1, 2)	**271,007**	128,374	111.1
Less: Cumulative preferred share dividends	**17,824**	13,231	34.7
After-tax adjusted operating income attributable to common shareholders (1)	**253,183**	115,143	119.9
Weighted average number of shares outstanding [basic]	**386,211**	264,291	46.1
After-tax adjusted operating income per share [basic] (1)	**0.66**	0.44	50.0
Before-tax adjusted operating income per share [basic] (1)	**0.86**	0.58	48.3

(1) For additional information, see "Description of Non-IFRS Measures" section.
(2) For reconciliation from IFRS Net Income to After-tax adjusted operating income, see page 72.
(3) Rental revenue, net is equal to rental income earned on equipment under operating leases, less depreciation on equipment under operating leases.

Interest income and rental revenue, net of depreciation for the six month period ended June 30, 2016 was $569.3 million, an increase of $285.6 million or 100.7% from the $283.7 million reported in the comparative period ended June 30, 2015. The increase over the comparative period of 2015 is primarily from the acquisition of the GE Fleet Operations which closed in Q3 2015.

Interest expense increased to $246.9 million during the six months ended June 30, 2016 from the $111.7 million reported during the comparative period in 2015, reflecting the impact of the GE Fleet acquisition in Q3 2015.

In Other Revenues, Fleet Management fees were $200.9 million for the six months ended June 30, 2016 and $74.0 million for the comparative six months in 2015, the increase is due to the acquisition of the GE Fleet Operations in Q3 2015. Syndication and other income was $72.9 million for the six months ended June 30, 2016, compared to $43.8 million for the comparative period ended in 2015, the increase also primarily from the acquisition of the GE Fleet Operations.

Salaries, Wages and Benefits and General and Administrative expenses were $241.8 million for the six months ended June 30, 2016 compared to $116.2 million for the comparative period of 2015, the increase over the comparative period is largely due to the acquisition of the GE Fleet Operations on August 31, 2015 and September 30, 2015.

Net income before income taxes for the six months ended June 30, 2016 was $242.8 million, compared to $97.3 million reported during the six months ended June 30, 2015. The increase over the amounts reported during the quarter ended March 31, 2015 is the result of the acquisition of GE Fleet in Q3 2015.

The Company is reporting net income of $201.1 million for the six months ended June 30, 2016, compared to net income of $74.7 million for the comparative six months ended June 30, 2015. The increase in net income reported in the comparative period in 2015 is again primarily due to higher financial revenue as a result of the acquisition of the GE Fleet Operations on August 31, 2015 and September 30, 2015, and the continuing organic origination volumes and growth in the earning assets in the intervening period.

Basic and diluted earnings per share were $0.47 and $0.47, respectively, for the six months ended June 30, 2016, compared to basic and diluted earnings per share of $0.23 and $0.23, respectively, for the six months ended June 30, 2015. The large variances from the comparable period are the result of the acquisition of the GE Fleet Operations in Q3 2015, and the timing of the related integration and transaction costs incurred on that acquisition.

As indicated previously, management believes that adjusted operating income, a Non-IFRS Measure, is the most appropriate operating measure of the Company's performance as it excludes non-cash items related to share-based compensation, and business acquisition costs which do not relate to maintaining operating activities. Adjusted operating income for the six month period ended June 30, 2016 was $349.7 million, an increase of $182.5 million or 109.2% over the amount reported during the comparative six month period ended June 30, 2015. The increase over the comparative period ended June 30, 2015, is primarily the result of the aforementioned acquisition of the GE Fleet Operations and of strong organic growth in earning assets in the intervening periods.

Adjusted operating income on average common shareholders' equity was 13.59% during the six month period ended June 30, 2016 compared to 11.64% for the comparative period ended June 30, 2015. After-tax adjusted operating income on average common shareholders' equity was 10.37% during the six month period ended June 30, 2016 compared to 8.71% for the comparative period ended June 30, 2015. The improvement over the comparative period is a result of the higher average leverage.

As indicated previously, management also believes that Before-Tax Adjusted Operating Income per Share as described in the Non-IFRS Measures section of this MD&A is a key statistic to properly assess the operating performances of the Company to mostly reflect the substantial value being created by the very long deferral of cash income taxes and the investment value produced by that deferral. Thus, while the Company is reporting after-tax adjusted operating income per share (basic) of $0.66 for the six months ended June 30,

2016, free operating cash flows per share (basic) reached $0.86, compared to $0.44 and $0.58, respectively, for the comparative period ended June 30, 2015.

The following table summarizes key annualized operating ratios and yields to average earning assets derived from the Company's consolidated financial statements and adjusted using Non-IFRS Measures as at and for the six months ended June 30, 2016 and 2015, which management believes are key performance indicators in managing the business and in evaluating the operating performance of the Company.

	For the six month period ended	
	June 30, 2016	June 30, 2015
	%	%
Interest income and rental revenue, net	**5.79**	5.83
Interest expense	**2.51**	2.29
	3.28	3.53
Fleet Management Fees and Other revenues	**2.78**	2.42
	6.06	5.95
Provision for credit losses	**0.05**	0.13
Net financial income	**6.01**	5.82
Adjusted operating expenses	**2.45**	2.39
Adjusted operating income	**3.56**	3.43

Interest income and rental revenue, net of amortization as a percentage of average earning assets was 5.79% during the six months ended June 30, 2016, a decrease from the 5.83% reported for the comparative period ended June 30, 2015. This decrease mainly reflects the on-going lower yields on Fleet assets with their greater proportion of total total assets from the GE acquisition in Q3 of fiscal 2015.

Interest expense as a percentage of average earning assets increased to 2.51% during the six months ended June 30, 2016, from the 2.29% for the comparative period ended June 30, 2015. The increase is primarily due to higher average leverage from the GE acquisition as Fleet management earning assets have a higher debt advance rate.

Other revenues increased to 2.78% from 2.42% in the comparative period ended June 30, 2015, the increase is from the acquisition of the GE Operations in Q3 2015 and continuing growth in other revenue in the Fleet Management segment.

The adjusted operating expense ratio increased to 2.45% during the six months ended June 30, 2016, compared to the 2.39% for the comparative period ended June 30, 2015, primarily due to the acquisition of the GE Operations in Q3 2015, as the Fleet Management vertical has higher operating cost structure commensurate with its higher fee levels.

Adjusted operating income on average earning assets was 3.56% during the six months ended June 30, 2016 compared to 3.43% for the comparative period ended June 30, 2015, the increase primarily due to the higher fee revenue generated and lower proportional provision for credit losses attributable to the acquisition of the GE Operations in Q3, 2015.

Consolidated Financial Position

The following table sets forth a summary of the Company's consolidated financial position as of the dates presented:

(in 000's for stated values, except per unit amounts)	**June 30, 2016** $	March 31, 2016 $	December 31, 2015 $	Change over March 31, 2016 %	Change over December 31, 2015 %
Assets					
Finance assets					
Finance receivables	**16,490,652**	16,526,084	17,555,296	(0.2)	(6.1)
Equipment under operating leases	**3,874,609**	3,906,906	4,126,553	(0.8)	(6.1)
Investment in managed fund	**145,352**	144,830	154,012	0.4	(5.6)
Total finance assets	**20,510,613**	20,577,820	21,835,861	(0.3)	(6.1)
Other assets					
Cash	**94,636**	50,168	61,007	88.6	55.1
Restricted cash	**837,384**	795,015	619,870	5.3	35.1
Derivative financial instruments	**24,124**	7,787	18,114	209.8	33.2
Deferred taxes	**158,482**	166,053	142,563	(4.6)	11.2
Other non-portfolio assets	**300,147**	233,996	240,632	28.3	24.7
Total other assets	**1,414,773**	1,253,019	1,082,186	12.9	30.7
Goodwill and intangible assets	**2,077,272**	2,102,680	2,245,298	(1.2)	(7.5)
Total assets	**24,002,658**	23,933,519	25,163,345	0.3	(4.6)
Liabilities					
Debt					
Secured borrowings	**16,998,151**	17,025,064	17,862,038	(0.2)	(4.8)
Convertible debentures	**846,031**	841,312	836,472	0.6	1.1
Total debt	**17,844,182**	17,866,376	18,698,510	(0.1)	(4.6)
Other liabilities					
Accounts payable and accrued liabilities	**552,119**	516,418	654,638	6.9	(15.7)
Derivative financial instruments	**82,234**	68,161	33,359	20.6	146.5
Deferred tax liabilities	**83,687**	80,985	59,283	3.3	41.2
Total other liabilities	**718,040**	665,564	747,280	7.9	(3.9)
Total liabilities	**18,562,222**	18,531,940	19,445,790	0.2	(4.5)
Shareholders' equity	**5,440,436**	5,401,579	5,717,555	0.7	(4.8)
Total liabilities and shareholders' equity	**24,002,658**	23,933,519	25,163,345	0.3	(4.6)

Assets and liabilities have decreased by 4.6% and 4.5% respectively over the periods of December 31, 2015 and June 30, 2016, mainly as a result of the depreciation of the US dollar over the Canadian dollar, which retracted by approximately 6.7% between the periods, applicable to approximately 75.7% of the total assets of the Company. While the Company is also exposed to other currencies which also retracted over the Canadian dollar during the period, the Company is mostly exposed to the US dollar. The net impact of these variations flows as Other Comprehensive Income through Shareholders Equity.

Portfolio Finance Asset Details

Finance receivables

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

(in 000's for stated values, except percentage amounts)	**June 30, 2016** **$**	March 31, 2016 **$**	December 31, 2015 $	Change over March 31, 2016 **%**	Change over December 31, 2015 **%**
Net investment in finance receivables	**15,286,934**	15,311,118	16,199,530	(0.2)	(5.6)
Impaired receivables - at net realizable value	**97,019**	8,830	4,852	998.7	1,899.6
	15,383,953	15,319,948	16,204,382	0.4	(5.1)
Unamortized origination costs and subsidies	**(114,780)**	(118,902)	(138,516)	(3.5)	(17.1)
Net finance receivables	**15,269,173**	15,201,046	16,065,866	0.4	(5.0)
Prepaid lease payments and Security deposits	**(34,677)**	(25,246)	(41,619)	37.4	(16.7)
Interim funding	**580,760**	597,710	713,323	(2.8)	(18.6)
Fleet management service receivables	**597,662**	672,893	707,852	(11.2)	(15.6)
Other	**103,025**	109,411	143,665	(5.8)	(28.3)
	16,515,943	16,555,814	17,589,087	(0.2)	(6.1)
Allowance for credit losses	**25,291**	29,730	33,791	(14.9)	(25.2)
Total finance receivables	**16,490,652**	16,526,084	17,555,296	(0.2)	(6.1)
Ratios					
Allowance for credit losses as a percentage of finance receivables	**0.15%**	0.18%	0.19%		

Total finance receivables have decreased by 6.1% over the amount reported at December 31, 2015 and by 0.2% over March 31, 2016 mainly as a result of the US dollar retraction over the Canadian dollar as mentioned previously.

Impaired receivables are stated at their net realizable value and the increase of $88.2 million over the amount reported at March 31, 2016 is attributable almost exclusively to the bankruptcy of CHC Helicopters. At the end of the quarter, the Company had repossessed all 7 helicopters previously financed and has entered into a letter of intent with CHC for the on-going lease of 2 of the aircrafts. With regards to the other 5 aircrafts, the Company has entered into a re-marketing arrangement with a third party and is also pursuing certain warranty claims from the manufacturer. At this time, and following the current monetization efforts and the long life of these assets, the Company does not expect to incur any losses resulting from this situation.

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

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 chances of an identified account resulting in a borrower default. The amount of allowance for credit losses is measured as the difference between the carrying amounts of the assets on the consolidated statements of financial position and the present value of the estimated future cash flows on the financial receivables, discounted at the financial receivable's original effective interest rate.

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

The Company's allowance for credit losses was $25.3 million as at June 30, 2016, a decrease of $8.5 million or 25.2% over the $33.8 million reported at December 31, 2015 and a decrease of $4.4 million or 14.9% over the immediately preceding quarter ended. The allowance for credit losses as a percentage of finance receivables as at June 30, 2016 was 0.15%, a decrease from 0.19% as at December 31, 2015 and 0.18% as at March 31, 2016.

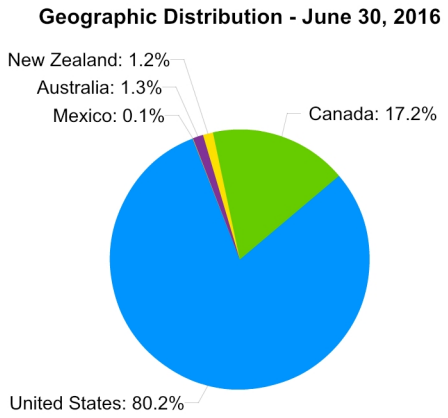
Please refer to sections titled "Geographic Portfolio Segmentation", "Asset Class Portfolio Distribution" and "Delinquencies and Losses" of this MD&A for additional information.

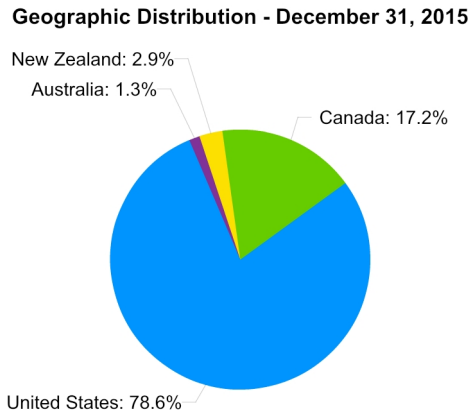
Geographic Portfolio Segmentation

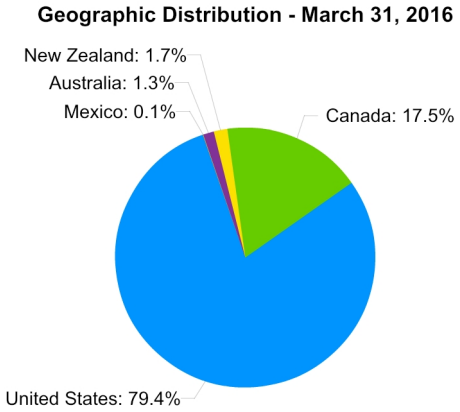
The Company's portfolio of net finance receivables continues to be weighted to the U.S. which accounted for 80.2% of the portfolio, while Canada represents 17.2%. The Canadian distribution of the Company's finance receivables is concentrated in the provinces with the largest populations and the greatest economic activity, while the U.S. portfolio is more broadly distributed throughout the U.S.

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

	June 30, 2016	March 31, 2016	December 31, 2015
United States	**12,249,808**	12,076,201	12,631,213
Canada	**2,621,944**	2,656,981	2,763,129
Australia	**196,862**	203,559	210,203
New Zealand	**190,404**	255,900	461,321
Mexico	**10,155**	8,405	—
Total	**15,269,173**	15,201,046	16,065,866







Asset Class Portfolio Distribution

The distribution of the net finance receivables over asset classes is as follows:

						As at
	June 30, 2016		March 31, 2016		December 31, 2015	
(in 000's, except percentage amounts)	**$**	**%**	$	%	**$**	**%**
Vehicles	**11,974,827**	**78.4**	11,893,842	78.3	12,510,416	77.9
Aircrafts	**978,369**	**6.4**	1,016,642	6.7	1,100,755	6.9
Construction equipment	**712,841**	**4.7**	653,327	4.3	685,433	4.3
Highway Trailers	**440,278**	**2.9**	470,052	3.1	559,641	3.5
Restaurant equipment	**214,315**	**1.4**	200,966	1.3	189,646	1.2
Healthcare equipment	**180,043**	**1.2**	185,020	1.2	186,130	1.2
Office equipment	**141,944**	**0.9**	159,366	1.0	169,540	1.1
Highway Tractors	**143,202**	**0.9**	141,218	0.9	149,975	0.9
Industrial equipment	**141,830**	**0.9**	142,994	0.9	172,628	1.1
Inter-city transportation equipment	**138,699**	**0.9**	140,663	0.9	144,250	0.9
Technology equipment	**32,281**	**0.2**	35,186	0.2	41,381	0.2
Manufacturing equipment	**57,587**	**0.4**	52,832	0.3	48,333	0.3
Golf carts	**9,146**	**0.1**	10,028	0.1	11,079	—
Other equipment	**103,811**	**0.7**	98,910	0.8	96,659	0.5
	15,269,173	**100.0**	15,201,046	100.0	16,065,866	100.0

Delinquencies and losses

The contractual delinquency of the net finance receivables at each reporting period, by geography of the ultimate obligor is as follows:

(in $'000s, except percentage amounts)								**As at June 30, 2016**
	Canada	**%**	**USA**	**%**	**Other**	**%**	**Total**	**%**
Current	**2,528,864**	**96.44**	**12,225,838**	**99.80**	**381,587**	**96.01**	**15,136,289**	**99.13**
31 to 60 days	**1,457**	**0.06**	**11,104**	**0.09**	**10,462**	**2.63**	**23,023**	**0.15**
61 to 90 days	**1,192**	**0.05**	**5,406**	**0.04**	**39**	**0.01**	**6,637**	**0.04**
91 to 120 days	**22**	**—**	**5,601**	**0.05**	**582**	**0.15**	**6,205**	**0.04**
Impaired receivables	**90,409**	**3.45**	**1,859**	**0.02**	**4,751**	**1.20**	**97,019**	**0.64**
Total	**2,621,944**	**100.00**	**12,249,808**	**100.00**	**397,421**	**100.00**	**15,269,173**	**100.00**

(in $'000s, except percentage amounts)								**As at March 31, 2016**
	Canada	**%**	**USA**	**%**	**Other**	**%**	**Total**	**%**
Current	2,643,325	99.49	12,051,880	99.80	465,689	99.53	15,160,894	99.74
31 to 60 days	4,771	0.18	13,626	0.11	1,120	0.24	19,517	0.13
61 to 90 days	283	0.01	9,248	0.08	27	0.01	9,558	0.06
91 to 120 days	800	0.03	1,447	0.01	—	—	2,247	0.01
Impaired receivables	7,802	0.29	—	—	1,028	0.22	8,830	0.06
Total	2,656,981	100.00	12,076,201	100.00	467,864	100.00	15,201,046	100.00

(in $'000s, except percentage amounts)								**As at December 31, 2015**
	Canada	**%**	**USA**	**%**	**Other**	**%**	**Total**	**%**
Current	2,755,372	99.73	12,612,827	99.85	667,348	99.38	16,035,547	99.81
31 to 60 days	1,707	0.06	10,655	0.08	593	0.09	12,955	0.08
61 to 90 days	1,735	0.06	4,492	0.04	1,293	0.19	7,520	0.05
91 to 120 days	1,173	0.04	2,079	0.02	1,740	0.26	4,992	0.03
Impaired receivables	3,142	0.11	1,160	0.01	550	0.08	4,852	0.03
Total	2,763,129	100.00	12,631,213	100.00	671,524	100.00	16,065,866	100.00

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

	Six months ended June 30, 2016	**Year ended December 31, 2015**
(in 000's)	**$**	$
Allowance for credit losses, beginning of period	**33,791**	16,915
Provision for credit losses	**4,704**	18,641
Charge-offs, net of recoveries (1)	**(11,231)**	(13,758)
Business acquisition	**—**	8,974
Impact of foreign exchange rates	**(1,973)**	3,019
Allowance for credit losses, end of period	**25,291**	33,791
Allowance for credit losses as a percentage of finance receivables	**0.15%**	0.19%

(1)	Charge-offs, net of recoveries by segment		
	Fleet Management	**251**	199
	Commercial Finance	**10,980**	13,559
		11,231	13,758

The allowance for credit losses of $25.3 million as at June 30, 2016 represent 0.15% of the finance receivables outstanding, a marginal reduction from the 0.19% reported at December 31, 2015. Overall, the allowance is in-line with management's expectation of losses from the business and the mix of assets, including the addition of finance receivables acquired from the GE Fleet Operations.

Equipment under operating leases

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

(in 000's for stated values, except for percentage amounts)	**June 30, 2016** **$**	March 31, 2016 $	December 31, 2015 $	Change over March 31, 2016 %	Change over December 31, 2015 %
Equipment under operating leases, net					
Railcars	**2,236,105**	2,230,425	2,342,058	0.3	(4.5)
Fleet Vehicles	**1,330,355**	1,355,730	1,433,822	(1.9)	(7.2)
Aircraft	**308,149**	320,751	350,673	(3.9)	(12.1)
	3,874,609	3,906,906	4,126,553	(0.8)	(6.1)

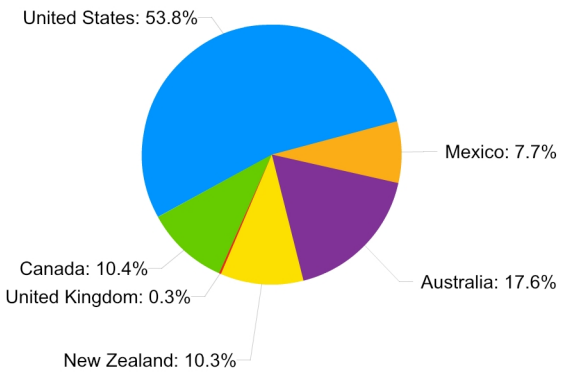
The Company's railcar assets are amortized for up to 50 years from their manufacture date to an approximate 10% salvage value. The Company's aircraft assets are amortized for up to 30 years from their manufacture date up to a 30% salvage value. Fleet vehicle assets are amortized up to 10 years, with average amortization period approximately 45 months.

Geographic Portfolio Segmentation

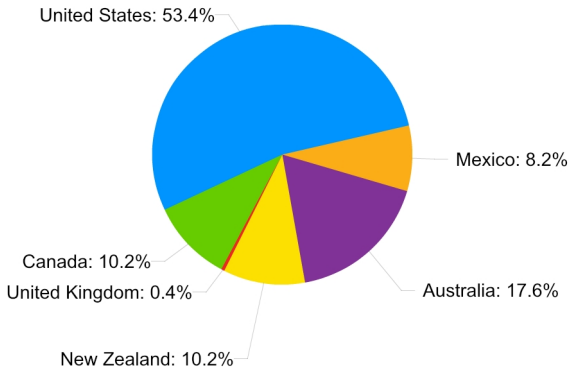
The geographic distribution of the Company's equipment under operating lease by the ultimate obligor is as follows:

	June 30, 2016	March 31, 2016	December 31, 2015
United States	**2,085,402**	**2,094,695**	**2,202,354**
Canada	**401,640**	**392,705**	**422,283**
Australia	**680,433**	**701,511**	**728,065**
New Zealand	**400,366**	**391,328**	**419,822**
Mexico	**297,025**	**310,882**	**337,079**
United Kingdom	**9,743**	**15,785**	**16,950**
Total	**3,874,609**	**3,906,906**	**4,126,553**

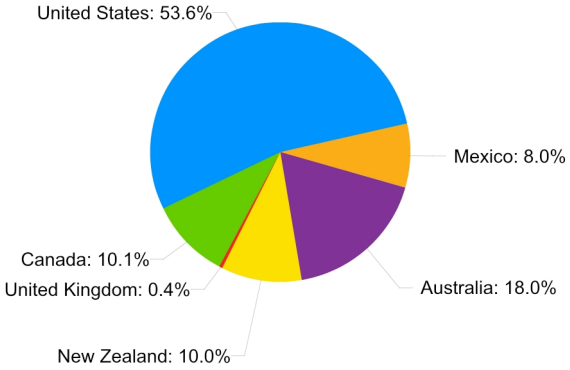
Geographic Distribution - June 30, 2016



Geographic Distribution - December 31, 2015



Geographic Distribution - March 31, 2016



Segmented Financial Information

The segmented financial information presented in the following pages is extracted from the actual results and financial statements of each of the presented verticals. Corporate expenses which are not attributed to a single vertical have been allocated between the segments and verticals based on their proportion of average earning assets outstanding during the periods. Interest expense related to corporate debt consisting of the Company's Term Senior Credit Facility and the Convertible Debentures which is not attributed to a single vertical has been allocated between the segments and verticals based on their proportion of average un-securitized earning assets outstanding during the periods. These allocations of corporate expenses and corporate interest expense have been applied on a consistent basis in each reported period.

While the allocation of corporate expenses, interest expense and debt between the segments and verticals has been applied on a consistent basis over the comparative periods, these segmented financial results and the segmented statements of financial position may not be fully representative of such performance and financial position for each of the presented segments following the proposed separation. Namely, financial leverage will vary between the segments from those presented here. In addition, there are certain yet un-allocated assets and liabilities that are being assessed at this time which may impact the resulting shareholders' equity of the two segments post separation.

Summary Segmented Results of Operations – For the three months ended June 30, 2016, March 31, 2016 and June 30, 2015

The following summarizes the Company's operating income by segment:

	For the three-month periods ended				
	June 30, 2016	March 31, 2016	June 30, 2015	Change over Mar 31, 2016	Change over Jun 30, 2015
(in 000's for stated values, except percent amounts)	**$**	$	$	%	%
Adjusted segmented operating income					
Fleet Management	**124,247**	131,172	40,907	(5.3)	203.7
Commercial Finance	**42,569**	51,728	47,857	(17.7)	(11.0)
Total adjusted operating income before taxes	**166,816**	182,900	88,764	(8.8)	87.9
Other unallocated expenses					
Amortization of convertible debenture synthetic discount	**3,053**	3,003	1,956	1.7	56.1
Share based compensation	**6,527**	9,883	9,438	(34.0)	(30.8)
Business acquisition costs	**36,351**	48,145	44,489	(24.5)	(18.3)
Total unallocated expenses	**45,931**	61,031	55,883	(24.7)	(17.8)
Net income before taxes	**120,885**	121,869	32,881	(0.8)	267.6
Income tax expense	**21,052**	20,600	7,724	2.2	172.6
Net income for the period	**99,833**	101,269	25,157	(1.4)	296.8

Summary of Segmented Results of Operations – For the six months ended June 30, 2016 and 2015

The following summarizes the Company's operating income by segment:

	For the six-month periods ended		
	June 30, 2016	June 30, 2015	Change
(in 000's for stated values, except percent amounts)	**$**	$	%
Adjusted segmented operating income			
Fleet Management	**255,419**	80,566	217.0
Commercial Finance	**94,297**	86,588	8.9
Total adjusted operating income before taxes	**349,716**	167,154	109.2
Other unallocated expenses			
Amortization of convertible debenture synthetic discount	**6,056**	3,428	76.7
Share based compensation	**16,410**	15,974	2.7
Business acquisition costs	**84,496**	50,413	67.6
Total other unallocated expenses	**106,962**	69,815	53.2
Net income before taxes	**242,754**	97,339	149.4
Income tax expense	**41,652**	22,685	83.6
Net income for the period	**201,102**	74,654	169.4

Segmented Balance Sheets – As at June 30, 2016, March 31, 2016 and December 31, 2015

The following table summarizes total assets and liabilities by segment:

(in 000's for stated values, except per unit amounts)	**June 30, 2016**	March 31, 2016	December 31, 2015	Change over March 31, 2016	Change over December 31, 2015
	$	$	$	%	%
Total assets					
Fleet Management	**16,945,422**	17,018,913	18,007,352	(0.4)	(5.9)
Commercial Finance	**7,057,236**	6,914,606	7,155,993	2.1	(1.4)
Total assets	**24,002,658**	23,933,519	25,163,345	0.3	(4.6)
Total liabilities					
Fleet Management	**13,228,149**	13,330,970	14,162,935	(0.8)	(6.6)
Commercial Finance	**5,334,073**	5,200,970	5,282,855	2.6	1.0
Total liabilities	**18,562,222**	18,531,940	19,445,790	0.2	(4.5)

As discussed previously, finance assets and all assets and liabilities declined overall from the amounts reported at December 31, 2015 mainly resulting from an improvement of approximately 6.7% of the Canadian dollar over its US counterpart between December 31, 2015 and June 30, 2016. While the Company is also exposed to other currencies namely the New Zealand dollar and the Australian dollar resulting from its acquisition of the Fleet Management operations of GE in these countries back in September 2015, the US assets represents over 75.7% of the consolidated assets of the Companies and has the major impact on reportable numbers back to the Canadian dollar.

During the current quarter ended June 30, 2016, the change in the consolidated foreign currencies between the rates at June 30, 2016 and March 31, 2016 applicable to the assets and liabilities of the Company was a reduction of 0.91% accounting for the nominal change in balances over the amounts reported at March 31, 2016.

Fleet Management - Results of Operations – For the three months ended June 30, 2016, March 31, 2016 and June 30, 2015

The following table which sets forth a summary of the Fleet Management segment's select metrics and results of operations for the three months ended June 30, 2016, March 31, 2016 and June 30, 2015 is impacted by the changes in foreign currency rates between and during the periods. As a result, both the sections titled "Select metrics" and "Segment adjusted operating income" reflect the results of the appreciation of the Canadian dollar over the other reporting currencies of approximately 5.54% during the current period which accounts for all the net income reduction, average assets and debt reduction over the previous quarter. As a result, Management would guide the reader to focus on comparative "Select operating ratios" for performance evaluation.

	For the three-month periods ended				
	June 30, 2016	March 31, 2016	June 30, 2015	Change over Mar 31, 2016	Change over Jun 30, 2015
(in 000's for stated values, except percent amounts)	**$**	$	$	%	%
Select metrics					
Originations	**1,702,789**	1,590,251	820,686	7.1	107.5
Average earning assets	**12,663,465**	13,444,315	5,122,212	(5.8)	147.2
Average debt	**12,531,460**	13,254,844	5,367,908	(5.5)	133.5
Average debt advance rate	**99.0%**	98.6%	104.8 %		
Segment adjusted operating income					
Interest income and rental revenue, net	**161,027**	174,976	61,428	(8.0)	162.1
Interest expense	**68,276**	70,685	20,582	(3.4)	231.7
	92,751	104,291	40,846	(11.1)	127.1
Other revenues					
Fleet management fees	**97,928**	103,020	36,345	(4.9)	169.4
Syndication and other income	**28,820**	30,849	8,275	(6.6)	248.3
	219,499	238,160	85,466	(7.8)	156.8
Recovery of (provision for) credit losses	**4,332**	944	(290)	358.9	(1,593.8)
Net financial income	**223,831**	239,104	85,176	(6.4)	162.8
Operating expenses (1)	**99,584**	107,932	44,269	(7.7)	125.0
Segment adjusted operating income before tax	**124,247**	131,172	40,907	(5.3)	203.7
Select operating ratios (2)					
Interest income and rental revenue, net	**5.09%**	5.21%	4.80 %		
Interest expense	**2.16%**	2.11%	1.61 %		
	2.93%	3.10%	3.19 %		
Other revenues					
Fleet Management Fees	**3.09%**	3.07%	2.84 %		
Syndication and other income	**0.91%**	0.92%	0.65 %		
	6.93%	7.09%	6.67 %		
Recovery of (provision for) credit losses	**0.14%**	0.03%	(0.02)%		
Net financial income	**7.07%**	7.11%	6.65 %		
Operating expenses (1)	**3.15%**	3.21%	3.46 %		
Segment adjusted operating income before tax	**3.92%**	3.90%	3.19 %		
Cost of debt	**2.18%**	2.13%	1.53 %		

(1) Segment operating expenses consist of salaries and wages and general and administration expenses, and excludes share based compensation, amortization of synthetic discount on convertible debentures, and business acquisition and integration costs.
(2) Yield as a percent of average earning assets.

During the quarter ended June 30, 2016, the Fleet Management segment originated $1,702.8 million in new assets compared to $820.7 million for the comparative quarter in 2015 and $1,590.3 million during the immediately preceding quarter ended March 31, 2016.

Interest income and rental revenue, net of depreciation was $161.0 million for the current quarter ended June 30, 2016 compared to $61.4 million for the comparative quarter ended June 30, 2015, and $175.0 million for the immediately preceding quarter ended March 31, 2016 on Average Earning Assets of $12,663.5 million, $5,122.2 million and $13,444.3 million respectively for a yield on Average Earning Assets of 5.09%, 4.80% and 5.21% respectively.

Interest expense was $68.3 million for the quarter ended June 30, 2016, compared to $20.6 million for the quarter ended June 30, 2015 and $70.7 million for the immediately preceding quarter ended March 31, 2016, reflecting an increase of $47.7 million and decrease of $2.4 million, respectively. This increase over the comparative period ended June 30, 2015 is the result of an increase in the average outstanding debt during the period which increased to $12,531.5 million during the quarter ended June 30, 2016 from $5,367.9 million during the quarter ended June 30, 2015. The slight decrease over the immediately preceding quarter is the result of a decrease in average debt, offset by a slight increase in the cost of borrowing to 2.18% from 2.13% from wider spreads on recent funding arrangements during the quarter.

Fleet Management Fees increased to $97.9 million for the current quarter, an increase of $61.6 million over the $36.3 million reported during the quarter ended June 30, 2015 and a decrease of $5.1 million over the $103.0 million reported during the quarter ended March 31, 2016 and represents a yield to Average Earning Assets of 3.09% compared to 2.84% for comparative quarter and 3.07% for the immediately preceding quarter and now represent 51.4% of the combined net interest income and Fleet Management Fees compared to 49.7% for the immediately preceding quarter ended March 31, 2016 and in line with management's expectations.

Recovery of credit losses was $4.3 million for the current quarter compared to a recovery of $0.9 million for the immediately preceding quarter, and a provision of $0.3 million in the comparative period in 2015. The increase in recoveries relates to the reversal of excess allowance carried forward from the prior year as the Company is allocating its overall allowance between specific verticals in anticipation of its separation.

Operating expenses, which consist of direct operating expenses and an allocation of corporate expenses based on the segment's average earning assets outstanding during the period, were $99.6 million for the quarter ended June 30, 2016 compared to $44.3 million for the comparable quarter of 2015 and $107.9 million for the immediately preceding quarter ended March 31, 2016. The increase over the comparative period ended June 30, 2015 was due to the acquisition of the GE Fleet Operations on August 31, 2015 and September 30, 2015. The decrease over the amounts reported in the immediately preceding quarter is the result of the impact of the changes in currencies combined with gained operating efficiencies from integration initiatives.

Segment adjusted operating income before taxes for the three months ended June 30, 2016 was $124.2 million compared to $40.9 million reported for the three months ended June 30, 2015 and $131.2 million reported in the immediately preceding quarter representing a return on average earning assets of 3.92% for the current quarter, compared to 3.90% for the immediately preceding quarter and 3.19% for the comparative quarter ended June 30, 2015.

Fleet Management - Results of Operations – For the six months ended June 30, 2016 and 2015

The following table sets forth a summary of the Fleet Management segment's select metrics and results of operations for the six months ended June 30, 2016 and 2015:

	For the six-month periods ended		
	June 30, 2016	June 30, 2015	Change
(in 000's for stated values, except percent amounts)	**$**	$	%
Select metrics			
Originations	**3,293,040**	1,484,431	121.8
Average earning assets	**13,067,040**	5,129,379	154.7
Average debt	**12,910,634**	5,293,225	143.9
Average debt advance rate	**98.8%**	103.2%	
Segment adjusted operating income			
Interest income and rental revenue, net	**336,003**	121,479	176.6
Interest expense	**138,961**	41,907	231.6
	197,042	79,572	147.6
Other revenues			
Fleet management fees	**200,948**	74,026	171.5
Syndication and other income	**59,669**	11,919	400.6
	457,659	165,517	176.5
Recovery of (provision for) credit losses	**5,276**	649	712.9
Net financial income	**462,935**	166,166	178.6
Operating expenses (1)	**207,516**	85,600	142.4
Segment adjusted operating income before tax	**255,419**	80,566	217.0
Select operating ratios (2)			
Interest income and rental revenue, net	**5.14%**	4.74%	
Interest expense	**2.13%**	1.63%	
	3.02%	3.10%	
Other revenues			
Fleet Management Fees	**3.08%**	2.89%	
Syndication and other income	**0.91%**	0.46%	
	7.00%	6.45%	
Recovery of (provision for) credit losses	**0.08%**	0.03%	
Net financial income	**7.09%**	6.48%	
Operating expenses (1)	**3.18%**	3.34%	
Segment adjusted operating income before tax	**3.91%**	3.14%	
Cost of debt	**2.15%**	1.58%	

(1) Segment operating expenses consist of salaries and wages and general and administration expenses, and excludes share based compensation, amortization of synthetic discount on convertible debentures, and business acquisition and integration costs.
(2) Yield as a percent of average earning assets.

During the six months ended June 30, 2016, the Fleet Management segment originated $3,293.0 million in new assets compared to $1,484.4 million for the comparative period in 2015. The increase is due to the acquisition of the GE Operations in Q3 2015 .

Interest income and rental revenue, net of depreciation was $336.0 million for the six months ended June 30, 2016 compared to $121.5 million for the comparative period ended June 30, 2015 on Average Earning Assets of $13,067.0 million and $5,129.4 million respectively for a yield on Average Earning Assets of 5.14% and 4.74%.

Interest expense was $139.0 million for the six months ended June 30, 2016, compared to $41.9 million for the comparative period ended June 30, 2015 reflecting an increase of $97.1 million. This increase over the comparative period is the result of an increase in the average outstanding debt during the period, which increased to $12,910.6 million during the six months ended June 30, 2016 from $5,293.2 million during the comparative period ended June 30, 2015. The increase is due to the acquisition of the GE Operations in Q3 2015.

Fleet Management Fees increased to $200.9 million for the six months ended June 30, 2016, an increase of $126.9 million over the $74.0 million reported during the comparative period ended June 30, 2015 and represents a yield to Average Earning Assets of 3.08% compared to 2.89%, respectively.

Recovery of credit losses was $5.3 million for the six months ended June 30, 2016 compared to a recovery of $0.6 million for the comparative period in 2015. The increase in recoveries relates to the reversal of excess allowance carried forward from the prior year as the Company is allocating its overall allowance between specific verticals in anticipation of its separation.

Operating expenses, which consist of direct operating expenses and an allocation of corporate expenses based on the segment's average earning assets outstanding during the period, were $207.5 million for the six months ended June 30, 2016 compared to $85.6 million for the comparative period of 2015. The increase over the comparative period ended June 30, 2015 is due to the acquisition of the GE Fleet Operations on August 31, 2015 and September 30, 2015.

Segment adjusted operating income before taxes for the six months ended June 30, 2016 was $255.4 million compared to $80.6 million reported for the six months ended June 30, 2015, representing a return on average earning assets of 3.91% in the current period compared to 3.14% in the comparative period of 2015.

Fleet Management - Financial Position

The following table sets forth a summary of the Fleet Management segment's balance sheet as at June 30, 2016, March 31, 2016 and December 31, 2015.

(in 000's for stated values, except percent amounts)	**June 30, 2016** **$**	March 31, 2016 $	December 31, 2015 $	Change over March 31, 2016 %	Change over December 31, 2015 %
Assets					
Finance assets					
Finance Receivables	**12,524,983**	12,621,521	13,595,772	(0.8)	(7.9)
Equipment under Operating Leases	**1,330,355**	1,355,730	1,433,822	(1.9)	(7.2)
Other assets	**1,044,765**	970,785	766,099	7.6	36.4
Goodwill and intangible assets	**2,045,319**	2,070,877	2,211,659	(1.2)	(7.5)
Total assets	**16,945,422**	17,018,913	18,007,352	(0.4)	(5.9)
Liabilities					
Debt					
Direct	**12,151,051**	12,004,160	12,713,366	1.2	(4.4)
Allocated	**529,808**	744,618	811,737	(28.8)	(34.7)
Other liabilities	**547,290**	582,192	637,832	(6.0)	(14.2)
Total liabilities	**13,228,149**	13,330,970	14,162,935	(0.8)	(6.6)

Total finance assets decreased by $1,174.3 million or 7.8% from the $15,029.6 million reported at December 31, 2015, and by $121.9 million or 0.9% from the $13,977.3 million reported for the prior quarter. These decreases are mainly from the improvement in the Canadian dollar over its US counterpart over the reporting periods. On a currency neutral basis, total earning assets have largely remained constant period over period, while there has been a reduction in other finance assets related to a reduction in fleet trade receivables outstanding.

Other Assets have increased by $278.7 million over December 31, 2015 and by $74.0 million over March 31, 2016, also impacted by the variation in currencies but offset by cash in transit representing collections received on account of securitization vehicles in transit on the last day of the quarter, and cash on hand for originations. These funds are subsequently remitted to the specific lenders or expended on originations on the following days.

Goodwill and intangibles which represents goodwill, customer lists and system software acquired by the Company mainly from the acquisitions of PHH Fleet and GE Fleet, have decreased by $166.3 million or 7.5% from December 31, 2015, and by $25.6 million or 1.2% from March 31, 2016, primarily affected by the US dollar retraction over the periods and normal amortization.

Debt which consists of direct securitization debt and the allocation of corporate debt, namely the convertible debentures and the term senior credit facility, has decreased by 6.2% and 0.5% over December 31, 2015 and March 31, 2016, respectively, again as a result of the decline of the US dollar over the Canadian dollar between December 31, 2015 and June 30, 2016. As a percent of Finance Earning Assets, the fully allocated debt has remained relatively constant at 100% at June 30, 2016, compared to 99% as December 31, 2015 and 100% at March 31, 2016.

The allocated debt has been allocated between the segments on the basis of the un-securitized collateral outstanding at the end of the period. Related interest expense has been allocated on the same basis but applying the average outstanding collateral during the periods. This has been applied consistently over the comparable periods.

Fleet Management - Portfolio Finance Asset Details

Fleet Management - Finance Receivables

The following table sets forth a breakdown of the Fleet Management segment finance receivables as of June 30, 2016, March 31, 2016 and December 31, 2015:

(in 000's for stated values, except percentage amounts)	**June 30, 2016**	March 31, 2016	December 31, 2015	Change over March 31, 2016	Change over December 31, 2015
	$	**$**	$	**%**	**%**
Net investment in finance receivables	**11,402,638**	11,405,197	12,213,898	—	(6.6)
Impaired receivables - at net realizable value	**5,028**	1,508	823	233.4	510.9
	11,407,666	11,406,705	12,214,721	—	(6.6)
Unamortized origination costs and subsidies	**(137,354)**	(140,151)	(160,414)	(2.0)	(14.4)
Net finance receivables	**11,270,312**	11,266,554	12,054,307	—	(6.5)
Prepaid lease payments and Security deposits	**(12,819)**	(3,723)	(8,033)	244.3	59.6
Interim funding	**579,191**	593,212	711,598	(2.4)	(18.6)
Fleet management service receivables	**597,662**	672,893	707,852	(11.2)	(15.6)
Other	**97,837**	104,460	143,444	(6.3)	(31.8)
	12,532,183	12,633,396	13,609,168	(0.8)	(7.9)
Allowance for credit losses	**7,200**	11,875	13,396	(39.4)	(46.3)
Total finance receivables	**12,524,983**	12,621,521	13,595,772	(0.8)	(7.9)
Ratios					
Allowance for credit losses as a percentage of finance receivables	**0.06%**	0.09%	0.10%		

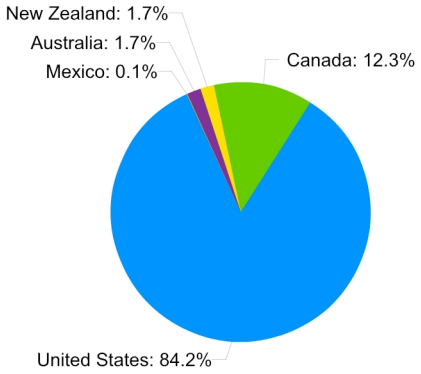
Geographic Portfolio Segmentation

Fleet Management's portfolio of net finance receivables continues to be weighted to the U.S. which accounted for 84.2% of the portfolio, while Canada represents 12.3%.

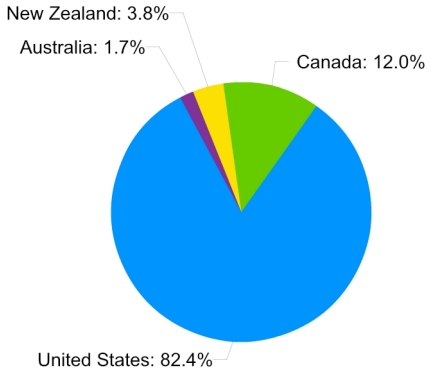
The geographic distribution of the Company's net finance receivables by the ultimate obligor is as follows:

			As at
	June 30, 2016	March 31, 2016	December 31, 2015
United States	**9,484,981**	9,413,149	9,933,720
Canada	**1,387,910**	1,385,541	1,449,063
Australia	**196,862**	203,559	210,203
New Zealand	**190,404**	255,900	461,321
Mexico	**10,155**	8,405	—
Total	**11,270,312**	11,266,554	12,054,307

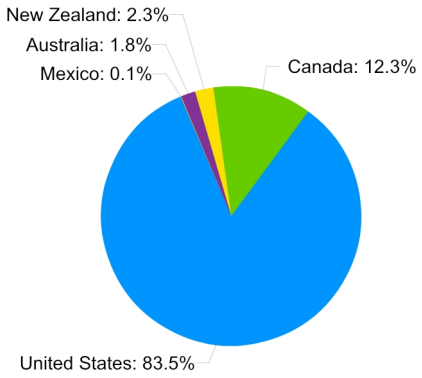
Geographic Distribution - June 30, 2016



Geographic Distribution - December 31, 2015



Geographic Distribution - March 31, 2016



Asset Class Portfolio Distribution

The distribution of the net finance receivables over asset classes is as follows:

						As at
	June 30, 2016		March 31, 2016		December 31, 2015	
(in 000's, except percentage amounts)	**$**	**%**	$	%	**$**	**%**
Vehicles	**10,680,808**	**94.8**	10,605,304.0	94.1	11,202,928	92.9
Highway Trailers	**277,044**	**2.5**	304,265	2.7	387,655	3.2
Construction equipment	**127,109**	**1.1**	165,037	1.5	227,192	1.9
Industrial equipment	**92,804**	**0.8**	101,781	0.9	127,782	1.1
Aircrafts	**4,234**	**—**	5,832	0.1	12,512	0.1
Healthcare equipment	**576**	**—**	7,281	0.1	13,286	0.1
Inter-city transportation equipment	**437**	**—**	617	—	2,962	—
Other equipment	**87,300**	**0.8**	76,437	0.6	79,990	0.7
	11,270,312	**100.0**	11,266,554	100.0	12,054,307	100.0

(in $'000s, except percentage amounts)						As at
	June 30, 2016		March 31, 2016		December 31, 2015	
	$	**%**	$	%	$	%
Current	**11,251,522**	**99.83**	11,253,011	99.88	12,042,613	99.89
31 to 60 days	**12,244**	**0.11**	6,384	0.06	4,003	0.04
61 to 90 days	**873**	**0.01**	5,540	0.05	4,907	0.04
91 to 120 days	**645**	**0.01**	111	—	1,961	0.02
Impaired receivables	**5,028**	**0.04**	1,508	0.01	823	0.01
Total	**11,270,312**	**100.00**	11,266,554	100.00	12,054,307	100.00

The allowance for credit losses of $7.2 million as at June 30, 2016 represent 0.06% of the finance receivables outstanding, a reduction from the 0.10% reported at December 31, 2015. Overall, the allowance is in-line with management's expectation of losses from the business and the mix of assets, including the addition of finance receivables acquired from the GE Fleet Operations.

Fleet Management - Equipment Under Operating Leases

Fleet Management had the following amounts of equipment under operating leases as of June 30, 2016, March 31, 2016 and December 31, 2015:

(in 000's for stated values, except for percentage amounts)	**June 30, 2016**	March 31, 2016	December 31, 2015	Change over March 31, 2016	Change over December 31, 2015
	$	$	$	%	%
Equipment under operating leases, net	**1,330,355**	1,355,730	1,433,822	(1.9)	(7.2)

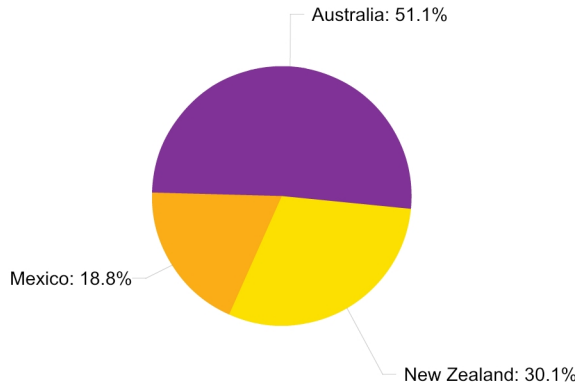
Fleet vehicle assets are amortized up to 10 years, with average amortization period approximately 45 months.

Geographic Portfolio Segmentation

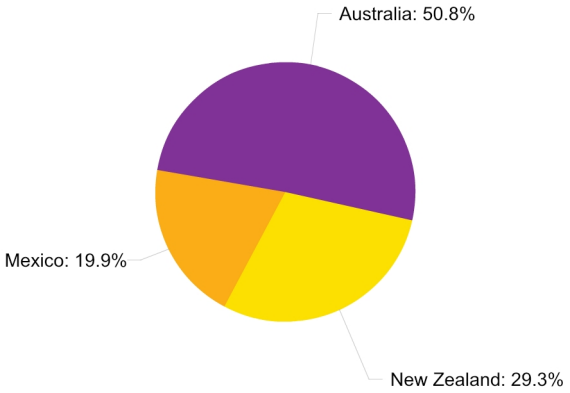
The geographic distribution of the Company's equipment under operating lease by the ultimate obligor is as follows:

			As at
	June 30, 2016	March 31, 2016	December 31, 2015
Australia	**680,433**	701,511	728,065
New Zealand	**400,366**	391,328	419,822
Mexico	**249,556**	262,891	285,935
Total	**1,330,355**	1,355,730	1,433,822

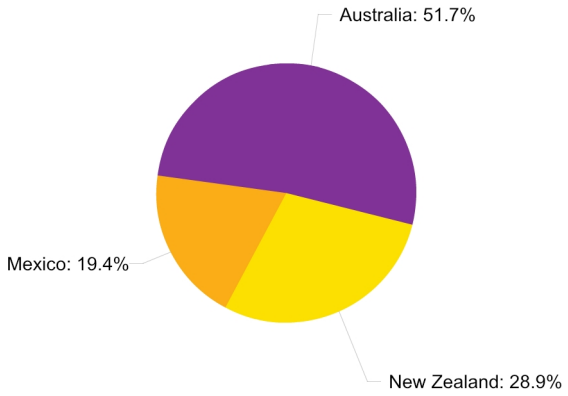
Geographic Distribution - June 30, 2016



Geographic Distribution - December 31, 2015



Geographic Distribution -March 31, 2016



Commercial Finance - Results of Operations – For the three months ended June 30, 2016, March 31, 2016 and June 30, 2015

The following table which sets forth a summary of the Commercial Finance segment's select metrics and results of operations for the three months ended June 30, 2016, March 31, 2016 and June 30, 2015 is impacted by the changes in foreign currency rates between the periods. As a result, both the sections titled "Select metrics" and "Segment adjusted operating income" reflect the results of the appreciation of the Canadian dollar over the other reporting currencies of approximately 5.54% which accounts for all the net income reduction, average assets and debt reduction over the previous quarter. As a result, Management would guide the reader to focus on comparative "Select operating ratios" for performance evaluation.

	For the three-month period ended June 30, 2016					
	Rail Finance Vertical	**Aviation Finance Vertical**	**C&V Finance Vertical**	**Total Commercial Finance Segment**	Segment change over Mar 31, 2016	Segment change over June 30, 2015
(in 000's for stated values, except percent amounts)	$	$	$	$	%	%
Select metrics						
Originations	**16,647**	**54,638**	**402,808**	**474,093**	(9.4)	(51.6)
Average earning assets	**2,209,495**	**1,320,366**	**2,904,013**	**6,433,874**	(4.7)	32.2
Average debt	**1,723,794**	**910,041**	**2,673,999**	**5,307,834**	(1.8)	42.7
Average debt advance rate	**78.0 %**	**68.9 %**	**92.1 %**	**82.5 %**	3.0	8.0
Segment adjusted operating income						
Interest income and rental revenue, net	**36,387**	**21,255**	**53,671**	**111,313**	(8.8)	30.8
Interest expense	**19,497**	**10,131**	**24,690**	**54,318**	1.2	44.7
	16,890	**11,124**	**28,981**	**56,995**	(16.6)	19.9
Syndication and other income	**(7)**	**2,850**	**3,880**	**6,723**	4.0	(66.2)
	16,883	**13,974**	**32,861**	**63,718**	(14.8)	(5.5)
Recovery of (provision for) credit losses	**—**	**(160)**	**(5,655)**	**(5,815)**	39.6	94.2
Net financial income	**16,883**	**13,814**	**27,206**	**57,903**	(18.0)	(10.2)
Operating expenses (1)	**5,515**	**2,390**	**7,429**	**15,334**	(19.0)	(7.6)
Segment adjusted operating income before taxes	**11,368**	**11,424**	**19,777**	**42,569**	(17.7)	(11.0)
Select operating ratios (2)						
Interest income and rental revenue, net	**6.59 %**	**6.44 %**	**7.39 %**	**6.92 %**		
Interest expense	**3.53 %**	**3.07 %**	**3.40 %**	**3.38 %**		
	3.06 %	**3.37 %**	**3.99 %**	**3.54 %**		
Syndication and other income	**— %**	**0.86 %**	**0.53 %**	**0.42 %**		
	3.06 %	**4.23 %**	**4.53 %**	**3.96 %**		
Recovery of (provision for) credit losses	**— %**	**(0.05)%**	**(0.78)%**	**(0.36)%**		
Net financial income	**3.06 %**	**4.18 %**	**3.75 %**	**3.60 %**		
Operating expenses	**1.00 %**	**0.72 %**	**1.02 %**	**0.95 %**		
Segment adjusted operating income before taxes	**2.06 %**	**3.46 %**	**2.72 %**	**2.65 %**		
Cost of debt	**4.52 %**	**4.45 %**	**3.69 %**	**4.09 %**		

(1) Segment operating expenses consist of salaries and wages and general and administration expenses, and excludes share based compensation, amortization of synthetic discount on convertible debentures, and business acquisition and integration costs.
(2) Yield as a percent of average earning assets.

	For the three month period ended March 31, 2016			
	Rail Finance Vertical	Aviation Finance Vertical	C&V Finance Vertical	Total Commercial Finance Segment
(in 000's for stated values, except percent amounts)	$	$	$	$
Select metrics				
Originations	51,335	119,476	352,737	523,548
Average earning assets	2,335,673	1,505,672	2,913,368	6,754,713
Average debt	1,864,155	940,433	2,602,221	5,406,809
Average debt advance rate	79.8 %	62.5 %	89.3 %	80.1 %
Segment adjusted operating income				
Interest income and rental revenue, net	40,265	24,821	56,928	122,014
Interest expense	19,970	10,167	23,519	53,656
	20,295	14,654	33,409	68,358
Syndication and other income	(49)	3,000	3,512	6,463
	20,246	17,654	36,921	74,821
Recovery of (provision for) credit losses	—	(171)	(3,994)	(4,165)
Net financial income	20,246	17,483	32,927	70,656
Operating expenses (1)	5,395	3,215	10,318	18,928
Segment adjusted operating income before taxes	14,851	14,268	22,609	51,728
Select operating ratios (2)				
Interest income and rental revenue, net	6.90 %	6.59 %	7.82 %	7.23 %
Interest expense	3.42 %	2.70 %	3.23 %	3.18 %
	3.48 %	3.89 %	4.59 %	4.05 %
Syndication and other income	(0.01)%	0.80 %	0.48 %	0.38 %
	3.47 %	4.69 %	5.07 %	4.43 %
Recovery of (provision for) credit losses	— %	(0.05)%	(0.55)%	(0.25)%
Net financial income	3.47 %	4.64 %	4.52 %	4.18 %
Operating expenses	0.92 %	0.85 %	1.42 %	1.12 %
Segment adjusted operating income before taxes	2.54 %	3.79 %	3.10 %	3.06 %
Cost of debt	4.29 %	4.32 %	3.62 %	3.97 %

(1) Segment operating expenses consist of salaries and wages and general and administration expenses, and excludes share based compensation, amortization of synthetic discount on convertible debentures, and business acquisition and integration costs.
(2) Yield as a percent of average earning assets.

	For the three-month periods ended June 30, 2015			
	Rail Finance Vertical	Aviation Finance Vertical	C&V Finance Vertical	Total Commercial Finance Segment
(in 000's for stated values, except percent amounts)	$	$	$	$
Select metrics				
Originations	275,144	164,664	540,560	980,368
Average earning assets	1,374,407	1,270,127	2,223,469	4,868,003
Average debt	1,122,943	771,855	1,825,577	3,720,375
Average debt advance rate	81.7 %	60.8 %	82.1 %	76.4 %
Segment adjusted operating income				
Interest income and rental revenue, net	25,358	17,564	42,153	85,075
Interest expense	11,762	8,850	16,914	37,526
	13,596	8,714	25,239	47,549
Syndication and other income	176	10,123	9,601	19,900
	13,772	18,837	34,840	67,449
Recovery of (provision for) credit losses	(289)	(1,277)	(1,428)	(2,994)
Net financial income	13,483	17,560	33,412	64,455
Operating expenses (1)	3,735	2,540	10,323	16,598
Segment adjusted operating income before income taxes	9,748	15,020	23,089	47,857
Select operating ratios (2)				
Interest income and rental revenue, net	7.38 %	5.53 %	7.58 %	6.99 %
Interest expense	3.42 %	2.79 %	3.04 %	3.08 %
	3.96 %	2.74 %	4.54 %	3.91 %
Syndication and other income	0.05 %	3.19 %	1.73 %	1.64 %
	4.01 %	5.93 %	6.27 %	5.54 %
Recovery of (provision for) credit losses	(0.08)%	(0.40)%	(0.26)%	(0.25)%
Net financial income	3.92 %	5.53 %	6.01 %	5.30 %
Operating expenses (1)	1.09 %	0.80 %	1.86 %	1.36 %
Segment adjusted operating income before income taxes	2.84 %	4.73 %	4.15 %	3.93 %
Cost of debt	4.19 %	4.59 %	3.71 %	4.03 %

(1) Segment operating expenses consist of salaries and wages and general and administration expenses, and excludes share based compensation, amortization of synthetic discount on convertible debentures, and business acquisition and integration costs.
(2) Yield as a percent of average earning assets.

The Commercial Finance segment is reporting total originations of $474.1 million during the current quarter compared to $980.4 million during the comparative quarter of 2015 and $523.5 million during the immediate quarter ended March 31, 2016. As stated previously, the Company is no longer originating assets in its Aviation sub-vertical except for a single financing program with a Canadian corporate aircraft manufacturer, and this action and the lower levels of origination in the Rail Finance vertical are responsible for the majority of the decline in originations over the comparable period.

Interest income and rental revenue, net of depreciation for the three month period ended June 30, 2016 was $111.3 million, an increase of $26.2 million from the amount of $85.1 million reported during the quarter ended June 30, 2015, and a decrease of $10.7 million over the amount of $122.0 million reported during the

immediately preceding quarter ended March 31, 2016. The increase in interest income and net rental revenue, over the comparative period ended June 30, 2015 resulted from increases in average earning assets outstanding during the period which grew to $6,433.9 million during quarter ended June 30, 2016, from $4,868.0 million during the quarter ended June 30, 2015. The decline from the immediately preceding quarter is partially due to the decrease in average assets from $6,754.7 million for the quarter ended March 31, 2016, and a reduction in overall yields in all three sub-verticals.

Interest expense was $54.3 million for the quarter ended June 30, 2016, compared to $37.5 million for the quarter ended June 30, 2015 and $53.7 million for the immediately preceding quarter ended March 31, 2016, reflecting a increases of $16.8 million and $0.6 million, respectively. The increase over the comparative period ended March 31, 2015 is the result of an increase in the average outstanding debt during the period which increased to $5,307.8 million during the quarter ended June 30, 2016 from $3,720.4 million during the quarter ended June 30, 2015. The increase from the prior quarter represents a slight increase in cost of debt offset by a decrease in average debt from $5,406.8 million during the quarter ended March 31, 2016.

Syndication and other revenue, declined to $6.7 million from $19.9 million in the comparative quarter ended June 30, 2015 as that quarter had the benefit of structuring fees earned on ECAF I Ltd. Management fees and other revenues declined from the immediately preceding quarter, due to change in volume of transactions, as previously noted, syndication and other revenue are not directly correlated to average earning assets.

Operating expenses, which consist of direct operating expenses and an allocation of corporate expenses based on the segment's average earning assets outstanding during the period, were $15.3 million for the quarter ended June 30, 2016 compared to $16.6 million for the comparable quarter of 2015 and $18.9 million for the immediately preceding quarter ended March 31, 2016.

Segment adjusted operating income before taxes for the three months ended June 30, 2016 was $42.6 million compared to $47.9 million reported for the three months ended June 30, 2015 and $51.7 million reported in the immediately preceding quarter.

Commercial Finance - Results of Operations – For the six months ended June 30, 2016 and 2015

The following table sets forth a summary of the Commercial Finance segment's select metrics and results of operations, including a breakdown by vertical, for the six months ended June 30, 2016 and 2015:

	For the six-month period ended June 30, 2016				
	Rail Finance Vertical	**Aviation Finance Vertical**	**C&V Finance Vertical**	**Total Commercial Finance Segment**	Segment change over June 30, 2015
(in 000's for stated values, except percent amounts)	**$**	**$**	**$**	**$**	%
Select metrics					
Originations	**67,982**	**174,114**	**755,545**	**997,641**	(43.8)
Average earning assets	**2,275,152**	**1,413,232**	**2,913,083**	**6,601,467**	43.2
Average debt	**1,807,856**	**921,693**	**2,630,774**	**5,360,323**	53.5
Average debt advance rate	**79.5 %**	**65.2 %**	**90.3 %**	**81.2 %**	7.1
Segment adjusted operating income					
Interest income and rental revenue, net	**76,652**	**46,076**	**110,599**	**233,327**	43.8
Interest expense	**39,467**	**20,298**	**48,209**	**107,974**	54.7
	37,185	**25,778**	**62,390**	**125,353**	35.6
Syndication and other income	**(56)**	**5,850**	**7,392**	**13,186**	(58.7)
	37,129	**31,628**	**69,782**	**138,539**	11.4
Recovery of (provision for) credit losses	**—**	**(331)**	**(9,649)**	**(9,980)**	39.4
Net financial income	**37,129**	**31,297**	**60,133**	**128,559**	9.7
Operating expenses (1)	**10,910**	**5,605**	**17,747**	**34,262**	12.0
Segment adjusted operating income before taxes	**26,219**	**25,692**	**42,386**	**94,297**	8.9
Select operating ratios (2)					
Interest income and rental revenue, net	**6.74 %**	**6.52 %**	**7.59 %**	**7.07 %**	
Interest expense	**3.47 %**	**2.87 %**	**3.31 %**	**3.27 %**	
	3.27 %	**3.65 %**	**4.28 %**	**3.80 %**	
Syndication and other income	**— %**	**0.83 %**	**0.51 %**	**0.40 %**	
	3.26 %	**4.48 %**	**4.79 %**	**4.20 %**	
Recovery of (provision for) credit losses	**— %**	**(0.05)%**	**(0.66)%**	**(0.30)%**	
Net financial income	**3.26 %**	**4.43 %**	**4.13 %**	**3.89 %**	
Operating expenses	**0.96 %**	**0.79 %**	**1.22 %**	**1.04 %**	
Segment adjusted operating income before taxes	**2.30 %**	**3.64 %**	**2.91 %**	**2.86 %**	
Cost of debt	**4.37 %**	**4.40 %**	**3.67 %**	**4.03 %**	

(1) Segment operating expenses consist of salaries and wages and general and administration expenses, and excludes share based compensation, amortization of synthetic discount on convertible debentures, and business acquisition and integration costs.
(2) Yield as a percent of average earning assets.

	For the six month period ended June 30, 2015			
	Rail Finance Vertical	Aviation Finance Vertical	C&V Finance Vertical	Total Commercial Finance Segment
(in 000's for stated values, except percent amounts)	$	$	$	$
Select metrics				
Originations	436,355	429,973	907,728	1,774,056
Average earning assets	1,304,253	1,179,449	2,125,740	4,609,442
Average debt	1,042,110	715,318	1,735,387	3,492,815
Average debt advance rate	79.9%	60.6 %	81.6 %	75.8 %
Segment adjusted operating income				
Interest income and rental revenue, net	48,122	34,556	79,546	162,224
Interest expense	22,098	16,200	31,505	69,803
	26,024	18,356	48,041	92,421
Syndication and other income	235	18,475	13,212	31,922
	26,259	36,831	61,253	124,343
Recovery of (provision for) credit losses	8	(1,159)	(6,009)	(7,160)
Net financial income	26,267	35,672	55,244	117,183
Operating expenses (1)	6,539	4,684	19,372	30,595
Segment adjusted operating income before taxes	19,728	30,988	35,872	86,588
Select operating ratios (2)				
Interest income and rental revenue, net	7.38%	5.86 %	7.48 %	7.04 %
Interest expense	3.39%	2.75 %	2.96 %	3.03 %
	3.99%	3.11 %	4.52 %	4.01 %
Syndication and other income	0.04%	3.13 %	1.24 %	1.39 %
	4.03%	6.25 %	5.76 %	5.40 %
Recovery of (provision for) credit losses	—%	(0.20)%	(0.57)%	(0.31)%
Net financial income	4.03%	6.05 %	5.20 %	5.08 %
Operating expenses	1.00%	0.79 %	1.82 %	1.33 %
Segment adjusted operating income before taxes	3.03%	5.25 %	3.38 %	3.76 %
Cost of debt	4.24%	4.53 %	3.63 %	4.00 %

(1) Segment operating expenses consist of salaries and wages and general and administration expenses, and excludes share based compensation, amortization of synthetic discount on convertible debentures, and business acquisition and integration costs.
(2) Yield as a percent of average earning assets.

The Commercial Finance segment is reporting total originations of $997.6 million during the six months ended June 30, 2016 compared to $1,774.1 million during the comparative quarter of 2015. As stated previously, the Company is no longer originating assets in its Aviation sub-vertical except for a single financing program with a Canadian corporate aircraft manufacturer, and this action and the lower levels of origination in the Rail Finance vertical are responsible for the majority of the decline in originations over the comparable period.

Interest income and rental revenue, net of depreciation for the six month period ended June 30, 2016 was $233.3 million, an increase of $71.1 million from the amount of $162.2 million reported during the comparative period ended June 30, 2015. The increase in interest income and net rental revenue, over the comparative period ended June 30, 2015 resulted from increases in average earning assets outstanding during the period

which grew to $6,601.5 million during the six months ended June 30, 2016, from $4,609.4 million during the six months ended June 30, 2015.

Interest expense was $108.0 million for the six months ended June 30, 2016, compared to $69.8 million for the quarter ended June 30, 2015 , reflecting an increase of $38.2 million. The increase over the comparative period is the result of an increase in the average outstanding debt during the period which increased to $5,360.3 million during the six months ended June 30, 2016 from $3,492.8 million during the six months ended June 30, 2015.

Syndication and other revenue, declined to $13.2 million from $31.9 million in the comparative six months ended June 30, 2015 as that prior period had the benefit of structuring fees earned on ECAF I Ltd.

Operating expenses, which consist of direct operating expenses and an allocation of corporate expenses based on the segment's average earning assets outstanding during the period, were $34.3 million for the six months ended June 30, 2016 compared to $30.6 million for the comparable period of 2015. The increase over the comparative period ended June 30, 2015 is consistent with the growth of average earning assets and offset by increasing economies of scale in the C&V Finance vertical.

Segment adjusted operating income before taxes for the six months ended June 30, 2016 was $94.3 million compared to $86.6 million reported for the six months ended June 30, 2015.

Commercial Finance - Financial Position

The following table sets forth a summary of the Commercial Finance segment's balance sheet, including a breakdown by vertical, as at June 30, 2016, March 31, 2016 and December 31, 2015.

	June 30, 2016					
	Rail Finance Vertical	**Aviation Finance Vertical**	**C&V Finance Vertical**	**Total Commercial Finance Segment**	Segment change over March 31, 2016	Segment change over December 31, 2015
(in 000's for stated values, except percent amounts)	**$**	**$**	**$**	**$**	%	%
Assets						
Finance assets						
Finance receivables	**4,046**	**952,737**	**3,008,886**	**3,965,669**	1.6	0.2
Equipment under operating leases	**2,236,105**	**308,149**	**—**	**2,544,254**	(0.3)	(5.5)
Investment in managed fund	**—**	**145,352**	**—**	**145,352**	0.4	(5.6)
Other assets	**48,891**	**62,571**	**258,546**	**370,008**	30.8	17.1
Goodwill and intangible assets	**—**	**26,987**	**4,966**	**31,953**	2.2	(5.0)
Total assets	**2,289,042**	**1,495,796**	**3,272,398**	**7,057,236**	2.1	(1.4)
Liabilities						
Debt						
Direct	**1,228,041**	**120,873**	**1,390,020**	**2,738,934**	(1.3)	8.6
Allocated	**380,203**	**700,750**	**1,343,436**	**2,424,389**	3.5	(8.5)
Other liabilities	**40,181**	**23,993**	**106,576**	**170,750**	104.8	56.0
Total liabilities	**1,648,425**	**845,616**	**2,840,032**	**5,334,073**	2.6	1.0

	March 31, 2016			
	Rail Finance Vertical	Aviation Finance Vertical	C&V Finance Vertical	Total Commercial Finance Segment
(in 000's for stated values, except percent amounts)	$	$	$	$
Assets				
Finance assets				
Finance receivables	3,820	990,028	2,910,715	3,904,563
Equipment under operating leases	2,230,425	320,751	—	2,551,176
Investment in managed fund	—	144,830	—	144,830
Other assets	58,350	30,226	194,198	282,774
Goodwill and intangible assets	—	26,215	5,048	31,263
Total assets	2,292,595	1,512,050	3,109,961	6,914,606
Liabilities				
Debt				
Direct	1,249,783	140,434	1,384,100	2,774,317
Allocated	357,997	790,751	1,194,533	2,343,281
Other liabilities	18,827	8,489	56,056	83,372
Total liabilities	1,626,607	939,674	2,634,689	5,200,970

	December 31, 2015			
	Rail Finance Vertical	Aviation Finance Vertical	C&V Finance Vertical	Total Commercial Finance Segment
(in 000's for stated values, except percent amounts)	$	$	$	$
Assets				
Finance assets				
Finance receivables	1,123	1,054,582	2,903,819	3,959,524
Equipment under operating leases	2,342,058	350,673	—	2,692,731
Investment in managed fund	—	154,012	—	154,012
Other assets	99,396	33,470	183,221	316,087
Goodwill and intangible assets	—	28,605	5,034	33,639
Total assets	2,442,577	1,621,342	3,092,074	7,155,993
Liabilities				
Debt				
Direct	969,520	154,692	1,398,968	2,523,180
Allocated	841,104	759,295	1,049,828	2,650,227
Other liabilities	19,193	11,183	79,072	109,448
Total liabilities	1,829,817	925,170	2,527,868	5,282,855

As in the Fleet Management segment, the Commercial Finance segment is impacted by variations in currencies, namely the US dollar exclusively. In particular the Rail Finance vertical is affected exclusively by the US dollar variation over the reporting periods and shows a reduction in Finance assets of $103.0 million or 4.4% from December 31, 2015. On a currency neutral basis, this portfolio has grown by 2.3% over December 31, 2015, from the new originations and the longer life of the assets. Total finance assets for the Aviation Finance vertical declined by $153.0 million over the amounts reported at December 31, 2015, primarily from the impact of the decline in the US dollar and run-off of the existing portfolio. C&V Finance vertical increased by $105.1 million from December 31, 2015, while this vertical is also affected by the decline in the US dollar, this was more than offset by new originations. On a currency neutral basis C&V finance would have increased by 8.5% at June 30, 2016 over the amount reported at December 31, 2015.

Debt consists of direct securitization debt and the allocation of corporate debt, namely the convertible debentures and the term senior credit facility, has decreased by $10.1 million for the Commercial Finance segment. This decrease was due to a combination of i) a decrease of $202.4 million in the Rail Finance vertical, ii) a decrease of $92.4 million in the Aviation Finance vertical, and iii) an increase of $284.7 million in the C&V Finance vertical, from a combination of currency, elimination of an Aviation funding structure and corporate debt allocation.

Consistent with the Fleet Segment, the allocated debt has been allocated between the segments on the basis of the un-securitized collateral outstanding as the end of the reported periods. Related interest expense has been allocated on the same basis but applying the average outstanding collateral during the periods. This has been applied consistently over the comparable periods.

Commercial Finance - Portfolio Finance Asset Details

Commercial Finance - Finance Receivables

The following table sets forth a breakdown of the Commercial Finance segment finance receivables as of June 30, 2016, March 31, 2016 and December 31, 2015:

(in 000's for stated values, except percentage amounts)	**June 30, 2016** **$**	March 31, 2016 $	December 31, 2015 $	Change over March 31, 2016 **%**	Change over December 31, 2015 **%**
Net investment in finance receivables	**3,884,296**	3,905,921	3,985,632	(0.6)	(2.5)
Impaired receivables - at net realizable value	**91,991**	7,322	4,029	1,156.4	2,183.2
	3,976,287	3,913,243	3,989,661	1.6	(0.3)
Unamortized origination costs and subsidies	**22,574**	21,249	21,898	6.2	3.1
Net finance receivables	**3,998,861**	3,934,492	4,011,559	1.6	(0.3)
Prepaid lease payments and Security deposits	**(21,858)**	(21,523)	(33,586)	1.6	(34.9)
Interim funding	**1,569**	4,498	1,725	(65.1)	(9.0)
Other	**5,188**	4,951	221	4.8	2,247.5
	3,983,760	3,922,418	3,979,919	1.6	0.1
Allowance for credit losses	**18,091**	17,855	20,395	1.3	(11.3)
Total finance receivables	**3,965,669**	3,904,563	3,959,524	1.6	0.2
Ratios					
Allowance for credit losses as a percentage of finance receivables	**0.45%**	0.46%	0.51%		

Geographic Portfolio Segmentation

Commercial Finance's portfolio of net finance receivables continues to be weighted to the U.S. which accounted for 69.1% of the portfolio, while Canada represents 30.9.

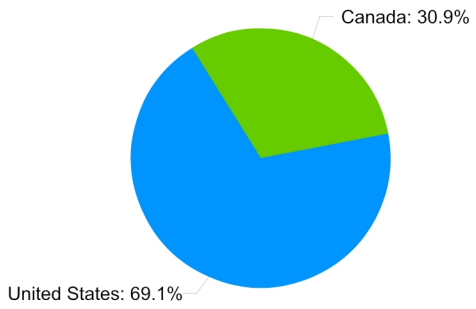
The geographic distribution of the Company's net finance receivables by the ultimate obligor is as follows:

				As At
		June 30, 2016		
	Rail Finance	**Aviation Finance**	**C&V Finance**	**Total**
United States	**1,874**	**629,595**	**2,133,358**	**2,764,827**
Canada	**393**	**344,540**	**889,101**	**1,234,034**
Total	**2,267**	**974,135**	**3,022,459**	**3,998,861**

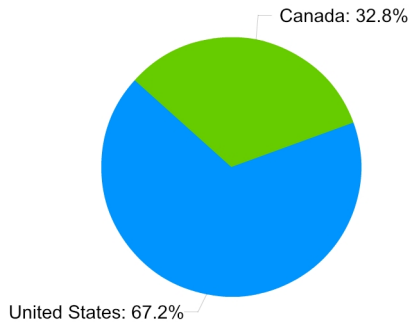
		March 31, 2016		
	Rail Finance	**Aviation Finance**	**C&V Finance**	**Total**
United States	1,842	618,287	2,042,923	2,663,052
Canada	397	392,523	878,520	1,271,440
Total	2,239	1,010,810	2,921,443	3,934,492

		December 31, 2015		
	Rail Finance	**Aviation Finance**	**C&V Finance**	**Total**
United States	1,781	666,715	2,028,997	2,697,493
Canada	435	421,528	892,103	1,314,066
Total	2,216	1,088,243	2,921,100	4,011,559

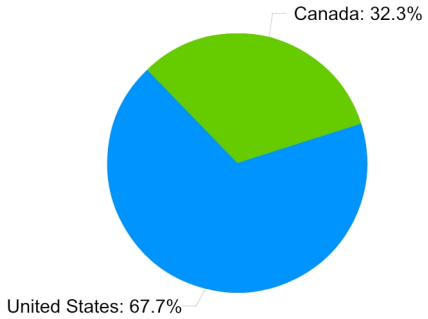
Geographic Distribution - June 30, 2016



Geographic Distribution - December 31, 2015



Geographic Distribution - March 31, 2016



Asset Class Portfolio Distribution

The distribution of the net finance receivables over asset classes is as follows:

						As at
	June 30, 2016		March 31, 2016		December 31, 2015	
(in 000's, except percentage amounts)	**$**	**%**	**$**	**%**	**$**	**%**
Vehicles	**1,294,019**	**32.4**	1,288,538	32.7	1,307,488	32.7
Aircrafts	**974,135**	**24.4**	1,010,810	25.7	1,088,243	27.1
Construction equipment	**585,732**	**14.6**	488,290	12.4	458,241	11.4
Restaurant equipment	**214,315**	**5.4**	200,966	5.1	189,646	4.7
Healthcare equipment	**179,467**	**4.5**	177,739	4.5	172,844	4.3
Highway Trailers	**163,234**	**4.1**	165,787	4.2	171,986	4.3
Highway Tractors	**143,202**	**3.6**	141,218	3.6	149,975	3.7
Office equipment	**141,944**	**3.5**	159,366	4.1	169,540	4.2
Inter-city transportation equipment	**138,262**	**3.5**	140,046	3.6	141,288	3.6
Manufacturing equipment	**57,587**	**1.4**	52,832	1.3	48,333	1.2
Industrial equipment	**49,026**	**1.2**	41,213	1.0	44,846	1.1
Technology equipment	**32,281**	**0.8**	35,186	0.9	41,381	1.0
Golf carts	**9,146**	**0.2**	10,028	0.3	11,079	0.3
Other equipment	**16,511**	**0.4**	22,473	0.6	16,669	0.4
	3,998,861	**100.0**	3,934,492	100.0	4,011,559	100.0

(in $'000s, except percentage amounts)						As at
	June 30, 2016		March 31, 2016		December 31, 2015	
	$	**%**	$	%	$	%
Current	**3,884,767**	**97.15**	3,907,883	99.33	3,992,934	99.53
31 to 60 days	**10,779**	**0.27**	13,133	0.33	8,952	0.22
61 to 90 days	**5,764**	**0.14**	4,018	0.10	2,613	0.07
91 to 120 days	**5,560**	**0.14**	2,136	0.05	3,031	0.08
Impaired receivables	**91,991**	**2.30**	7,322	0.19	4,029	0.10
Total	**3,998,861**	**100.00**	3,934,492	100.00	4,011,559	100.00

The allowance for credit losses of $18.1 million as at June 30, 2016 represent 0.45% of the finance receivables outstanding, a reduction from the 0.51% reported at December 31, 2015. Overall, the allowance is in-line with management's expectation of losses from the business and the mix of assets.

Commercial Finance - Equipment Under Operating Leases

Commercial Finance had the following amounts of equipment under operating leases as of June 30, 2016, March 31, 2016 and December 31, 2015:

(in 000's for stated values, except for percentage amounts)	**June 30, 2016** **$**	March 31, 2016 $	December 31, 2015 $	Change over March 31, 2016 %	Change over December 31, 2015 %
Equipment under operating leases, net					
Railcars	**2,236,105**	2,230,425	2,342,058	0.3	(4.5)
Aircraft	**308,149**	320,751	350,673	(3.9)	(12.1)
	2,544,254	2,551,176	2,692,731	(0.3)	(5.5)

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

Geographic Portfolio Segmentation

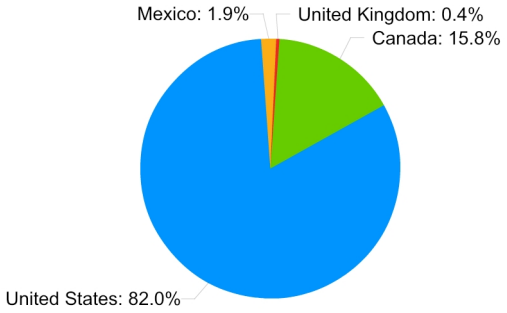
The geographic distribution of the Company's equipment under operating lease by the ultimate obligor is as follows:

			As at
		June 30, 2016	
	Rail Finance	**Aviation Finance**	**Total**
United States	**1,972,820**	**112,582**	**2,085,402**
Canada	**215,816**	**185,824**	**401,640**
Mexico	**47,469**	**—**	**47,469**
United Kingdom	**—**	**9,743**	**9,743**
Total	**2,236,105**	**308,149**	**2,544,254**

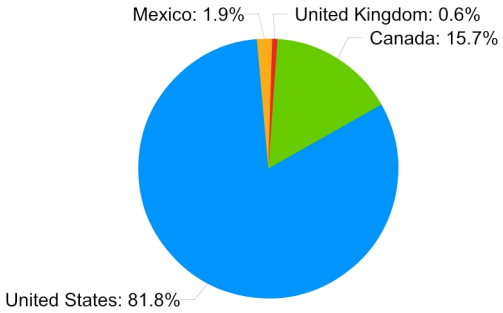
	March 31, 2016		
	Rail Finance	Aviation Finance	Total
United States	1,964,383	130,312	2,094,695
Canada	218,051	174,654	392,705
Mexico	47,991	—	47,991
United Kingdom	—	15,785	15,785
Total	2,230,425	320,751	2,551,176

	December 31, 2015		
	Rail Finance	Aviation Finance	Total
United States	2,058,788	143,566	2,202,354
Canada	232,126	190,157	422,283
Mexico	51,144	—	51,144
United Kingdom	—	16,950	16,950
Total	2,342,058	350,673	2,692,731

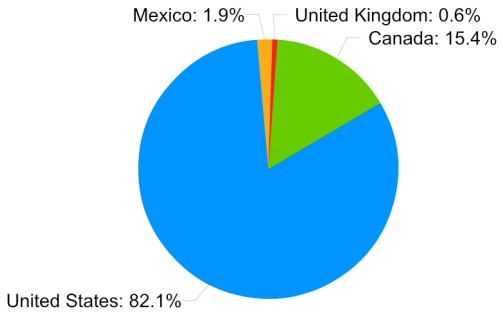
Geographic Distribution - June 30, 2016



Geographic Distribution - December 31, 2015



Geographic Distribution - March 31, 2016



Unallocated Expenses for the Three Months Ended

The following table sets forth a summary of the Company's other unallocated expenses by category for the three months ended June 30, 2016, March 31, 2016 and June 30, 2015:

	For the three-month period ended				
	June 30, 2016	March 31, 2016	June 30, 2015	Change over Mar 31, 2015	Change over Jun 30, 2015
(in 000's, except percentage amounts)	**$**	$	$	%	%
Amortization of convertible debenture synthetic discount	**3,053**	3,003	1,956	1.7	56.1
Share-based compensation	**6,527**	9,883	9,438	(34.0)	(30.8)
Business acquisition costs	**36,351**	48,145	44,489	(24.5)	(18.3)
Unallocated expenses	**45,931**	61,031	55,883	(24.7)	(17.8)

Other unallocated expenses, not allocated for segment reporting purposes, were $45.9 million for the three months ended June 30, 2016, a decrease of 17.8% compared to $55.9 million for the three months ended June 30, 2015, and a decrease of 24.7% compared to $61.0 million for the three months ended March 31, 2016.

Amortization of convertible debenture synthetic discount

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

Share-based compensation

Share-based compensation represents the recognition of the non-cash fair value attributed to the options granted to the Company's employees and directors, and the value of deferred share units ("DSUs") and performance share units ("PSUs") granted during the period. Options expense is recognized on a proportionate basis consistent with the vesting period of such options. The options amounts are calculated using the Black-Scholes option pricing model, while DSUs and PSUs are calculated based on the market value of the Company's common shares. Share-based compensation expenses were $6.5 million for the three months ended June 30, 2016, compared to $9.4 million for the three months ended June 30, 2015, and $9.9 million for the three months ended March 31, 2016.

Business acquisition costs

Business acquisition costs, which consist of integration costs, transaction costs and the amortization of intangibles acquired as part of business acquisitions, were $36.4 million for the three months ended June 30, 2016 compared to $44.5 million for the three months ended June 30, 2015, and $48.1 million for the three months ended March 31, 2016. The expenses incurred during the three months ended June 30, 2016 and the immediately preceding quarter are primarily related to the acquisition of the GE Fleet Operations. Expenses incurred in the comparative quarter in 2015 are primarily related to the acquisition of PHH Arval and the amortization of intangibles acquired as part of business acquisitions in the prior periods. Certain integration costs, including deferred compensation costs, are recognized in the period where the service is received by the Company.

Unallocated Expenses for the Six Months Ended

The following table sets forth a summary of the Company's other unallocated expenses by category for the six months ended June 30, 2016 and 2015:

	Six-month period ended		
	June 30, 2016	June 30, 2015	Change over Jun 30, 2015
(in 000's, except percentage amounts)	**$**	$	%
Amortization of convertible debenture synthetic discount	**6,056**	3,428	76.7
Share-based compensation	**16,410**	15,974	2.7
Business acquisition costs	**84,496**	50,413	67.6
Unallocated expenses	**106,962**	69,815	53.2

Other unallocated expenses, not allocated for segment reporting purposes, were $107.0 million for the six months ended June 30, 2016, an increase of 53.2% compared to $69.8 million for the six months ended June 30, 2015.

Amortization of convertible debenture synthetic discount

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

Share-based compensation

Share-based compensation represents the recognition of the non-cash fair value attributed to the options granted to the Company's employees and directors, and the value of deferred share units ("DSUs") and performance share units ("PSUs") granted during the period. Options expense is recognized on a proportionate basis consistent with the vesting period of such options. The options amounts are calculated using the Black-Scholes option pricing model, while DSUs and PSUs are calculated based on the market value of the Company's common shares. Share-based compensation expenses were $16.4 million for the six months ended June 30, 2016, compared to $16.0 million for the six months ended June 30, 2015.

Business acquisition costs

Business acquisition costs, which consist of integration costs, transaction costs and the amortization of intangibles acquired as part of business acquisitions, were $84.5 million for the six months ended June 30, 2016 compared to $50.4 million six months ended June 30, 2015. The expenses incurred during the three months ended June 30, 2016 are primarily related to the acquisition of the GE Fleet Operations. Expenses incurred in the comparative period in 2015 are primarily related to the acquisition of PHH Arval and the amortization of intangibles acquired as part of business acquisitions in the prior periods. Certain integration costs, including deferred compensation costs, are recognized in the period where the service is received by the Company.

Summary of Quarterly Information

The following table sets out selected financial information for each of the eight most recent quarters, the latest of which ended June 30, 2016. This information has been prepared on the same basis as the Company's audited consolidated financial statements, 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)	Q2, 2016	Q1, 2016	Q4, 2015	Q3, 2015	Q2, 2015	Q1, 2015	Q4, 2014	Q3, 2014
Net financial income	**281,734**	309,760	289,719	184,931	149,631	133,718	125,657	111,224
Adjusted operating income (1)	**166,816**	182,900	161,538	107,121	88,764	78,390	71,838	59,996
Amortization of convertible debenture synthetic discount	**3,053**	3,003	2,955	2,906	1,956	1,472	1,445	1,418
Share based compensation	**6,527**	9,883	9,449	8,774	9,438	6,536	6,135	4,861
Business acquisition costs	**36,351**	48,145	51,192	133,040	44,489	5,924	11,186	83,434
Net income / (loss) before income taxes	**120,885**	121,869	97,942	(37,599)	32,881	64,458	53,072	(29,717)
Net income / (loss)	**99,833**	101,269	104,433	(4,656)	25,157	49,497	47,064	(19,959)
Net earnings (loss) per share, basic	**0.24**	0.24	0.25	(0.04)	0.07	0.16	0.16	(0.10)
Net earnings (loss) per share, diluted	**0.23**	0.24	0.24	(0.04)	0.07	0.16	0.15	(0.10)
Total earning assets	**19,295,880**	19,353,089	20,470,019	19,310,511	10,632,095	10,063,755	9,028,930	8,296,138
Loan and lease originations	**2,176,882**	2,113,799	2,544,870	1,889,951	1,801,054	1,457,433	1,665,765	1,174,764
Allowance for credit losses	**25,291**	29,730	33,791	24,135	19,313	18,475	16,915	16,308
As a % of finance receivables	**0.15**	0.18	0.19	0.15	0.20	0.20	0.20	0.21
Senior revolving credit facility	**4,371,731**	4,613,580	5,243,840	8,596,492	775,494	1,127,608	1,106,072	815,431
Secured borrowings	**12,626,420**	12,411,484	12,618,198	7,979,712	7,906,706	7,662,627	6,645,323	6,179,421
Convertible debentures	**846,031**	841,312	836,472	831,916	829,470	305,140	303,147	301,189
Shareholders' equity	**5,440,436**	5,401,579	5,717,555	5,377,345	3,269,854	3,058,637	2,830,951	2,723,435
Book value per common share	**12.69**	12.61	13.43	12.56	10.29	10.20	9.34	8.93

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

Key factors that account for the fluctuation in the Company's quarterly results include the volume of leases and loans that the Company has originated as well as the timing of the major business and portfolio acquisitions including: (i) the railcar portfolios acquired in June 2014, September 2014, December 2014, March 2015, June 2015, September 2015, December 2015 and March 2016; (iii) PHH Arval on July 7, 2014; (iv) GE Capital's fleet management operations in the U.S., Mexico, New Zealand and Australia in August and September 2015; and (v) the various new vendor and commercial finance programs and relations entered into during the intervening periods.

Liquidity & Capital Resources

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

Management believes that the immediate liquidity available to the Company of $8,668.8 million at June 30, 2016 plus the cash flow internally generated from the repayment of leases and loans is sufficient to fund the Company's operations throughout 2016 and into 2017.

The Company views its financial leverage as a key indicator of the strength of the Company's Consolidated Statements of Financial Position. As at June 30, 2016, the Company's financial leverage ratio was 3.28:1. As at the same date, the Company's tangible leverage ratio as computed in accordance with the terms of the Company's most restrictive covenant was 4.49:1 and well within the maximum imposed of 6:1.

The Company's capitalization is calculated as follows:

				As at
		June 30, 2016	March 31, 2016	December 31, 2015
(in 000's, except ratio amounts)		**$**	$	$
Secured borrowings		**16,998,151**	17,025,064	17,862,038
Convertible debentures		**846,031**	841,312	836,472
Total debt	**(a)**	**17,844,182**	17,866,376	18,698,510
Accounts payable and accrued liabilities		**552,119**	516,418	654,638
		18,396,301	18,382,794	19,353,148
Total shareholders' equity	**(b)**	**5,440,436**	5,401,579	5,717,555
		23,836,737	23,784,373	25,070,703
Financial leverage	**(a)/(b)**	**3.28**	3.31	3.27
Tangible leverage ratio		**4.49**	4.58	4.57

Cash flow and liquidity

On a year to date basis, overall corporate cash has increased from $61.0 million at December 31, 2015 to $94.6 million at June 30, 2016.

During the three-months ended June 30, 2016, cash provided by operating activities was $63.6 million, an increase of $621.9 million over the $558.3 million utilized during the comparative period ended June 30, 2015. During the six-months ended June 30, 2016, cash provided by operating activities was $207.0 million, an increase of $1,240.4 million over the $1,033.4 million utilized during the comparative six month period ended June 30, 2015. The increase over the comparative three and six-month periods are due to an increase in net income for the current periods and increases in non-cash amounts charged to income, combined with a reduction in cash utilized in net operating asset and liabilities balances.

During the three-months ended June 30, 2016, cash utilized in investing activities was $3.9 million compared to a utilization of $2,089.9 million for the comparative period ended June 30, 2015, a decrease of $2,086.0 million. During the six-months ended June 30, 2016, cash utilized in investing activities was $260.6 million compared to a utilization of $2,165.3 million for the comparative six-month period ended June 30, 2015, a decrease of $1,904.7 million. The decrease during the current periods is primarily due to an increase in cash held in escrow in the comparative periods in 2015 from the issuance of subscription receipts.

Cash utilized in financing activities for the three-months ended June 30, 2016 was $14.3 million compared to cash generated from financing activities of $2,715.1 million for the comparative three-months ended June 30, 2015. The cash utilization in the current three-month period is due to the dividends paid, while the cash generated in the comparative period is due to the issuance of subscription receipts, preferred shares and unsecured convertible debentures. Cash generated in financing activities for the six-months ended June 30, 2016 was $89.7 million, compared to $3,216.7 million generated in the comparative period ended March 31, 2015, a decrease of $3,127.0 million, the decrease is attributable to the issuance of subscription receipts, preferred shares and convertible debentures in the comparative period in 2015.

As added information, the Company is providing below an adjusted condensed cash flow statement that more closely reflect the key cashflows from the operations presented in a more standard model.

	For the six-month period ended
	June 30, 2016
(in 000's)	$
CASH FROM ADJUSTED OPERATING ACTIVITIES	
After-tax adjusted operating income	**271,007**
Items not affecting cash	
Income taxes on adjusted operating income	**78,709**
Amortization and depreciation, and provisions	**46,745**
	396,461
Other cash flows from leases	
Principal repayments of finance receivables and depreciation of equipment under operating leases	**4,120,716**
Syndications of finance receivables	**246,997**
Cash provided in adjusted operating activities	**4,764,174**
CASH USED IN ADJUSTED INVESTING ACTIVITIES	
GE Fleet Operations acquisition	**14,699**
Purchase of finance assets and equipment under operating leases	**(4,306,241)**
Others	**(528,701)**
Cash used in adjusted investing activities	**(4,820,243)**
CASH PROVIDED BY FINANCING ACTIVITIES	
Issuance of share capital from exercise of stock options	**1,769**
Issuance of secured borrowings, net	**125,060**
Dividends paid	**(37,131)**
Cash provided by financing activities	**89,698**
Net increase (decrease) in adjusted cash during the period	**33,629**
Cash, beginning of period	**61,007**
Cash, end of period	**94,636**

Debt and contractual repayment obligations

The Company with $8.7 billion in available sources of financing, has significant resources available to continue funding projected growth. Finance receivables are securitized on a regular basis to ensure cash is always available to fund new transactions. Cash levels are also monitored closely by management. In addition, the Company adheres to a strict policy of matching the maturities of owned finance assets and the related debt as closely as possible in order to manage its liquidity position.

The Company's available sources of financing are as follows:

			As at
	June 30, 2016	March 31, 2016	December 31, 2015
(in 000's)		$	$
Cash	**94,636**	50,168	61,007
Term Senior Facility			
Facility amount	**6,887,096**	6,924,418	7,379,222
Utilized against facility	**4,371,731**	4,613,580	5,243,840
	2,515,365	2,310,838	2,135,382
Vehicle Management Asset-Backed Debt			
Facilities	**15,387,044**	13,318,009	13,619,893
Utilized against available facilities	**9,939,216**	9,684,982	10,144,437
	5,447,828	3,633,027	3,475,456
Life Insurance Company Term Funding Facilities			
Commitments	**481,761**	618,105	689,983
Utilized against facilities	**348,273**	390,462	444,128
	133,488	227,643	245,855
Bank Securitization Programs			
Facility commitments	**1,645,354**	1,468,768	1,452,769
Utilized against facility	**1,167,897**	1,138,834	1,115,783
	477,457	329,934	336,986
Asset-Backed Securities			
Facility	**1,250,493**	1,273,515	980,503
Utilized against facility	**1,250,493**	1,273,515	980,503
	—	—	—
Total available sources of capital, end of period	**8,668,774**	6,551,610	6,254,686

The Company was in compliance with all of the terms of its credit facilities and loan agreements throughout the period and as at June 30, 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's policies and procedures and nature of its related party transactions have not changed materially from December 31, 2015, as described under "Related-Party Transactions" in the Company's 2015 Annual MD&A.

Risk Management

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

Outlook and Economic Conditions

The Company's principal objective is a continuation of managed growth by developing quality new business opportunities while maintaining high underwriting standards. The Company is well positioned to capitalize on market opportunities and to address increased competition through its experienced management and staff, coupled with its substantial capital and borrowing capacity. The Company continues to look for opportunities to introduce new financial and credit services to fuel growth in a competitive market.

Critical Accounting Policies and Estimates

Management's discussion and analysis of financial conditions and results of operations are made with reference to the unaudited interim condensed consolidated financial statements for the three months ended June 30, 2016. 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, 2015. Some of the Company's accounting policies, as required by IFRS, require management to make subjective, complex judgments and estimates to matters that are inherently uncertain. Accounting policies that require management's judgment and estimates are described in the "Critical Accounting Policies and Estimates" section of the December 31, 2015 MD&A.

Future Accounting Changes

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

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

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

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

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 provides 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.

Proforma Financial Information

The following tables sets forth proforma financial information giving effect to the proposed Separation Transaction, and IAC Acquisition by ECN Capital:

	As reported		Adjusted		Proforma
	As at and for the three months ended June 30, 2016	[a]	As at and for the three months ended June 30, 2016	Infor Acquisition Corp	As at and for the three months ended June 30, 2016
(in 000's for stated values)	$	$	$	$	$
Adjusted operating income before tax					
Fleet Management	124,247	11,699	135,946	—	135,946
ECN Capital	42,569	(12,012)	30,557	1,212	31,769
Total	166,816	(313)	166,503	1,212	167,715
Fleet Management					
Assets					
Finance assets					
Finance receivables	12,524,983	957,978	13,482,961	—	13,482,961
Equipment under operating leases	1,330,355	—	1,330,355	—	1,330,355
Investment in managed fund	—	145,352	145,352	—	145,352
Other assets	1,044,765	(105,652)	939,113	—	939,113
Goodwill and intangible assets	2,045,319	—	2,045,319	—	2,045,319
Total assets	16,945,422	997,678	17,943,100	—	17,943,100
Liabilities					
Secured borrowings	12,433,992	315,544	12,749,536	—	12,749,536
Convertible debt	246,867	599,164	846,031	—	846,031
Other liabilities	547,290	35,000	582,290	—	582,290
Total liabilities	13,228,149	949,708	14,177,857	—	14,177,857
Implied equity	3,717,273	47,970	3,765,243	—	3,765,243

[a] Re-allocation of Fleet assets reported historically under ECN Capital, and adjustments of related borrowings, including accrual for estimated external costs of separation.

	As reported		Adjusted		Proforma
	As at and for the three months ended June 30, 2016	[a]	As at and for the three months ended June 30, 2016	Infor Acquisition Corp	As at and for the three months ended June 30, 2016
(in 000's for stated values)	$	$	$	$	$
ECN Capital					
Assets					
Cash	—	—	—	193,924	193,924
Finance assets					
Finance receivables	3,965,669	(774,429)	3,191,240	—	3,191,240
Equipment under operating leases	2,544,254	—	2,544,254	—	2,544,254
Investment in managed fund	145,352	(145,352)	—	—	—
Other assets	370,008	56,152	426,160	(2,640)	423,520
Goodwill and intangible assets	31,953	—	31,953	—	31,953
Total assets	7,057,236	(863,629)	6,193,607	191,284	6,384,891
Liabilities					
Secured borrowings	4,564,159	(66,495)	4,497,664	—	4,497,664
Convertible debt	599,164	(599,164)	—	—	—
Other liabilities	170,750	15,000	185,750	—	185,750
Total liabilities	5,334,073	(650,659)	4,683,414	—	4,683,414
Implied equity	1,723,163	(212,970)	1,510,193	191,284	1,701,477

[a] Re-allocation of Fleet assets reported historically under ECN Capital, and adjustments of related borrowings, including accrual for estimated external costs of separation.

IFRS to Non-IFRS Measures

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 June 30, 2016 and December 31, 2015, the results of operations, comprehensive income and cash flows for the three and six months ended June 30, 2016 and June 30, 2015.

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

Adjusted operating expenses

Adjusted operating expenses are equal to Salaries, wages and benefits and, General and administration expenses. 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 and Share-based compensation. 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 and share-based compensation which do not relate to maintaining operating activities.

Adjusted operating expense ratio

Adjusted operating expense ratio is calculated as the adjusted operating expenses divided by average earning assets outstanding throughout the period. The adjusted operating expense ratio, presented on an annualized basis, is used by the Company to assess the efficiency of the management of the Company's earning assets.

Adjusted operating income on average earning assets

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

Adjusted operating income on average common shareholders' equity

Adjusted operating income on average common shareholders' equity is the adjusted operating income for the period less the cumulative preferred share dividend for the period, divided by the average common shareholders' equity 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 earning assets

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

After-tax adjusted operating income on average common shareholders' equity

After-tax adjusted operating income on average common shareholders' equity is the after-tax adjusted operating income attributable to common shareholders for the period, divided by average common shareholders' equity outstanding throughout the period, presented on an annualized basis.

After-tax proforma diluted adjusted operating income per share

After-tax proforma 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.

Annualized loss rate or Annual loss rate

The annualized loss rate or annual loss rate is equal to the Charge-offs, net of recoveries recorded through the allowance for credit losses during the period divided by the average finance receivables outstanding throughout the period, presented on an annualized basis. The annualized loss rate is used by the Company to assess the percentage of the finance receivables portfolio that incurred losses during the period. In addition, the Company utilizes the annualized loss rate as an alternative measure to the provision for credit losses as it excludes the effect of provisions for (reductions in) the allowance for credit losses during the period which may not coincide with the actual timing of write-offs and recoveries.

Average cost of borrowing

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

Average debt outstanding

Average debt outstanding is calculated as the daily weighted 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 daily 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 financial income margin yield

Average net financial income margin yield is the net financial income divided by average earning assets outstanding during the period provided on an annualized basis. Average net financial income margin yield provides an indication of the effective net yield generated on the earning assets before deductions for all other operating expenses and of the net margin generated on the portfolio of earning assets.

Average portfolio yield

Average portfolio yield is financial revenue divided by average earning assets in the period. Average portfolio yield provides an indication of the effective yield generated on the earning assets before deductions for financial, operating, transaction costs and income tax expenses.

Average outstanding earning assets or average earning assets

Average outstanding earning assets or average earning assets is the sum of the average outstanding finance receivables, average equipment under operating leases and average investment in managed fund during the period.

Average outstanding finance receivables or average finance receivables

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 [ii] the average investment in managed fund during the period.

Average equipment under operating leases

Average equipment under operating leases is the daily weighted average equipment under operating leases outstanding during the period and is calculated net of accumulated depreciation.

Average investment in managed fund

Average investment in managed fund is the monthly weighted average investment in managed fund during the period.

Average tangible leverage ratio

The average tangible leverage ratio has been computed as the sum of the average secured borrowings, average convertible debentures and average derivative liabilities that have recourse to the Company, divided by total average shareholders' equity plus average convertible debentures, less average goodwill and intangible assets, average notes receivable, average deferred financing costs and average deferred tax 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 the investment in managed fund.

Finance assets or total finance assets

Finance assets are the sum of the total finance receivables, total carrying value of the equipment under operating leases and carrying value of the investment in managed fund.

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.

Gross average yield

Gross average yield is equal to financial revenues before provision for credit losses divided by average earning assets outstanding throughout the period, and is presented on an annualized basis. Gross average yield provides an indication of the yield earned on earning assets before consideration of credit losses.

Gross interest expense

Gross interest expense is equal to interest expense before amortization of deferred financing costs as reported for the period.

Gross interest income

Gross interest income is equal to interest income before amortization of lease origination costs as reported for the period.

Net interest income and rental revenue, net before provisions for credit losses

Net interest income and rental revenue, net before provisions for credit losses is equal to total interest income and total rental revenue, net less total interest expense and excludes provisions for credit losses as reported for the period. Net interest income and rental revenue before provisions for credit losses provides an indication of the gross interest and rental revenues from earning assets, before consideration of credit losses.

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 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).

Management fees and other revenues

Management fees and other revenues consist of syndication fees, capital advisory fees, fleet management fees, and other income including gains/losses on foreign exchange.

Proforma diluted average number of shares outstanding

Proforma 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.

Portfolio average remaining life (in months)

Portfolio average remaining life (in months), is the average remaining life in months of the outstanding finance receivables at the end of the period.

Provision for credit loss as a percentage of average finance receivables

The provision for credit loss as a percentage of average finance receivables is the provision for credit losses during the period as recorded on the statements of operations divided by the average finance receivables outstanding throughout the period, presented on an annualized basis.

Rental revenue, net

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

Tangible leverage ratio

The tangible leverage ratio has been computed as the sum of secured borrowings excluding deferred financing costs, convertible debentures excluding deferred financing costs, and net derivative liabilities, divided by total shareholders' equity plus convertible debentures, less goodwill and intangible assets, notes receivable, leasehold improvements, deferred financing costs and deferred tax assets, at the period end.

IFRS to Non-IFRS Reconciliations

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

		As at and for the three months ended			As at and for the six months ended	
$ thousands (except % and per share amounts)		**June 30, 2016**	March 31, 2016	June 30, 2015	**June 30, 2016**	June 30, 2015
Reported and adjusted income measures						
Net income (loss)	A	**99,833**	101,269	25,157	**201,102**	74,654
Adjustments:						
Amortization of debenture synthetic discount		**3,053**	3,003	1,956	**6,056**	3,428
Share-based compensation		**6,527**	9,883	9,438	**16,410**	15,974
Amortization of intangible assets from acquisitions		**15,173**	16,776	5,202	**31,949**	9,945
Transaction and integration costs		**21,178**	31,369	39,287	**52,547**	40,468
Provision (recovery) of income taxes		**21,052**	20,600	7,724	**41,652**	22,685
Before-tax adjusted operating income	B	**166,816**	182,900	88,764	**349,716**	167,154
Provision for taxes applicable to adjusted operating income	C	**(36,104)**	(39,558)	(20,833)	**(78,709)**	(38,780)
After-tax adjusted operating income	D=B-C	**130,712**	143,342	67,931	**271,007**	128,374
Cumulative preferred share dividends during the period	Y	**8,912**	8,912	7,123	**17,824**	13,231
After-tax adjusted operating income attributable to common shareholders	D1= D-Y	**121,800**	134,430	60,808	**253,183**	115,143
Selected statement of financial position amounts						
Finance receivables, before allowance for credit losses	E	**16,515,943**	16,555,814	9,497,573	**16,515,943**	9,497,573
Allowance for credit losses	F	**25,291**	29,730	19,313	**25,291**	19,313
Earning assets						
Net investment in finance receivable	G	**15,286,934**	15,311,118	8,564,167	**15,286,934**	8,564,167
Equipment under operating leases	H	**3,874,609**	3,906,906	1,938,032	**3,874,609**	1,938,032
Investment in managed fund	H1	**134,337**	135,065	129,896	**134,337**	129,896
Total earning assets	I=G+H +H1	**19,295,880**	19,353,089	10,632,095	**19,295,880**	10,632,095
Average earning assets, net	J	**19,097,339**	20,199,028	9,990,215	**19,668,507**	9,738,821
Goodwill and intangible assets	K	**2,077,272**	2,102,680	914,452	**2,077,272**	914,452
Accounts payable and accrued liabilities	L	**552,119**	516,418	439,198	**552,119**	439,198
Secured borrowings	M	**16,998,151**	17,025,064	8,682,200	**16,998,151**	8,682,200
Unsecured convertible debentures	N	**846,031**	841,312	829,470	**846,031**	829,470
Total debt	O=M +N	**17,844,182**	17,866,376	9,511,670	**17,844,182**	9,511,670
Average debt	P	**17,839,294**	18,661,653	9,088,283	**18,270,957**	8,786,040
Total shareholders' equity	Q	**5,440,436**	5,401,579	3,269,854	**5,440,436**	3,269,854
Preferred shares	R	**533,656**	533,656	534,038	**533,656**	534,038
Common shareholders' equity	S=Q-R	**4,906,780**	4,867,923	2,735,816	**4,906,780**	2,735,816
Average common shareholders' equity	T	**4,753,346**	5,008,337	2,663,526	**4,885,049**	2,644,595
Average total shareholders' equity	U	**5,287,002**	5,541,993	3,088,007	**5,418,705**	3,039,556

Non-IFRS and IFRS Key Annualized Operating Ratios and per Share Information:

		As at and for the three months ended			As at and for the six months ended	
$ thousands (except % and per share amounts)		**June 30, 2016**	March 31, 2016	June 30, 2015	**June 30, 2016**	June 30, 2015
Before tax adjusted operating income per share [basic]	**(B-Y)/W**	**$ 0.41**	$ 0.45	$ 0.31	**$ 0.86**	$ 0.58
After-tax adjusted operating income per share [basic] (1)	**(D1)/W**	**$ 0.32**	$ 0.35	$ 0.23	**$ 0.66**	$ 0.44
After-tax proforma diluted adjusted operating income per share	**(D1+Z)/X**	**$ 0.30**	$ 0.33	$ 0.22	**$ 0.63**	$ 0.42
Key annualized operating ratios						
Leverage ratios						
Financial leverage ratio	O/Q	**3.28**	3.31	2.91	**3.28**	2.91
Tangible leverage ratio		**4.49**	4.58	3.07	**4.49**	3.07
Average financial leverage ratio	P/U	**3.37**	3.37	2.94	**3.37**	2.89
Average tangible leverage ratio		**4.17**	4.22	3.67	**4.20**	3.73
Other key operating ratios						
Allowance for credit losses as a percentage of finance receivables	F/E	**0.15%**	0.18%	0.20%	**0.15%**	0.20%
Adjusted operating income on average common shareholders' equity	(B-Y)/T	**13.29%**	13.90%	12.26%	**13.59%**	11.64%
Adjusted operating income on average earning assets	B/J	**3.49%**	3.62%	3.55%	**3.56%**	3.43%
After-tax adjusted operating income on average common shareholders' equity	(D-Y)/T	**10.25%**	10.74%	9.13%	**10.37%**	8.71%
After-tax adjusted operating income on average earning assets	D/J	**2.74%**	2.84%	2.72%	**2.76%**	2.64%
Per share information						
Number of shares outstanding (including special warrants)	V	**386,702**	386,155	265,923	**386,702**	265,923
Weighted average number of shares outstanding [basic]	W	**386,282**	386,135	264,516	**386,211**	264,291
Proforma diluted average number of shares outstanding	X	**433,386**	433,788	301,074	**433,315**	292,353
Cumulative preferred share dividends during the period	Y	**$ 8,912**	$ 8,912	$ 7,123	**$ 17,824**	$ 13,231
Other effects of dilution adjusted operating income basis	Z	**$ 8,955**	$ 9,203	$ 5,472	**$ 18,036**	$ 7,270
Net income (loss) per share [basic]	(A-Y)/W	**$ 0.24**	$ 0.24	$ 0.07	**$ 0.47**	$ 0.23
Net income (loss) per share [diluted]		**$ 0.23**	$ 0.24	$ 0.07	**$ 0.47**	$ 0.23
Book value per share	S/V	**$ 12.69**	$ 12.61	$ 10.29	**$ 12.69**	$ 10.29

The following table provides a reconciliation of the after tax adjusted operating income per share and the after-tax diluted adjusted operating income per share for the three months ended June 30, 2016:

in thousands (except per share amounts)	Amount $	Weighted average number of shares outstanding applicable	Amount per share $
Adjusted operating income before taxes	166,816		0.43
Less:			
Income taxes related to adjusted operating income	(36,104)		(0.09)
Preferred share dividends	(8,912)		(0.02)
After-tax adjusted operating income attributable to common shareholders	121,800	386,282	0.32
Dilution items:			
Employee stock option plan	—	3,617	—
Convertible debentures (after-tax net interest expense)	8,955	43,487	(0.02)
After-tax proforma diluted adjusted operating income	130,755	433,386	0.30

Non-IFRS and IFRS Key Annualized Operating Ratios and Indicators

	As at and for the three months ended			**As at and for the six months ended**	
	June 30, 2016	March 31, 2016	June 30, 2015	**June 30, 2016**	June 30, 2015
Allocation of average earning assets (1)					
Fleet Management	**67.0%**	66.6%	51.3%	**66.4%**	52.7%
Rail Finance	**11.6%**	11.6%	13.8%	**11.6%**	13.4%
Aviation Finance	**6.2%**	7.5%	12.7%	**7.2%**	12.1%
Commercial and Vendor Finance	**15.2%**	14.3%	22.2%	**14.8%**	21.8%
	100.0%	100.0%	100.0%	**100.0%**	100.0%

(1) Distribution of the Company's average earning assets outstanding during the period.

Updated Share Information

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

As at August 11, 2016, the Company had 386,749,308 common shares issued and outstanding. In addition, 22,760,836 options were issued and outstanding under the Company's stock option plan as at August 11, 2016. These convertible securities are convertible into, or exercisable for common shares of the Company of which 13,169,077 are exercisable at June 30, 2016 for proceeds to the Company upon exercise of $136.8 million. In addition, the Company had extendible convertible debentures outstanding that are convertible into an aggregate of 43,487,394 common shares.

As at August 11, 2016, the Company had 4,600,000 Preferred Shares, Series A, 5,126,400 Preferred Shares, Series C, 5,321,900 Preferred Shares, Series E and 6,900,000 Preferred Shares, Series G issued and outstanding.

This Management's Discussion and Analysis is dated as of the close of business on August 11, 2016.