MAKING CAPITAL WORK

element

FIRST QUARTER 2015 FINANCIAL RESULTS

MAY 2015

Certain information in this presentation is forward-looking and related to anticipated financial performance, events and strategies. When used in this context, words such as “will”, “anticipate”, “believe”, “plan”, “intend”, “target” and “expect” or similar words suggest future outcomes. Forward-looking statements relate to, among other things, Element Financial Corporation’s (“Element”) objectives and strategy; future cash flows, financial condition, operating performance, financial ratios, projected asset base and capital expenditures; Element’s anticipated dividend policy; anticipated cash needs, capital requirements and need for and cost of additional financing; future assets; demand for services; Element’s competitive position; and anticipated trends and challenges in Element’s business and the markets in which it operates.

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Steven Hudson

CEO

Introduction

Performing on Plan

- After-tax adjusted EPS on track at $0.21 in Q1 to achieve 2015 target of $1.05
- Tangible leverage at 3.92:1 continues to track to target of 4.55:1 exiting 2015
- ROA at a seasonal 3.30% provides strong entry point for 2015 on lower interest expense and operating expense ratio
- ROE continues to strengthen to +11% with 20 bp increase in leverage over Q4-2014

Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015
After-tax Adjusted Operating Income per Share				
$0.10	$0.11	$0.16	$0.19	**$0.21**
Tangible Leverage				
1.81:1	1.53:1 (1)	3.47:1	3.72:1	**3.92:1**
Before Tax Return on Assets (2)				
3.13%	3.30%	3.06%	3.36%	**3.30%**
Before Tax Return on Equity (3)				
7.04%	7.90%	9.69%	10.93%	**11.01%**

(1) Reduction due to additional equity raised for PHH Arval acquisition
(2) Adjusted Operating Income on Average Earning Assets
(3) Adjusted Operating Income on Average Common Shareholders' Equity

Building Momentum in Fee Revenue

- Total fee revenue ("other revenue items") continues to increase as a percent of net financial income

	2013	2014	Q1 2015
Total fee revenue [1]	28%	38%	40%
Spread revenue [2]	72%	62%	60%

- Fleet management fees are approaching three quarters of total fee revenue

	2013	2014	Q1 2015
Fleet management fees ($ thousands)	14,262	86,450	38,586
Fleet management fees as a % of total fee revenue	44%	69%	73%

(1) Other revenue items
(2) Net interest income and rental revenue, net

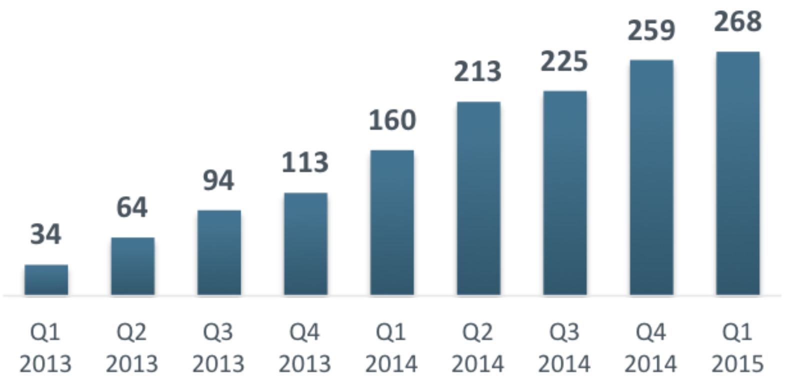
Geographic Diversification

Originations Q1-2015 ($ millions)	Canada	US
Fleet	151	513
Rail	11	150
C&V	99	268
Aviation	148	117
Total	**409**	**1,048**

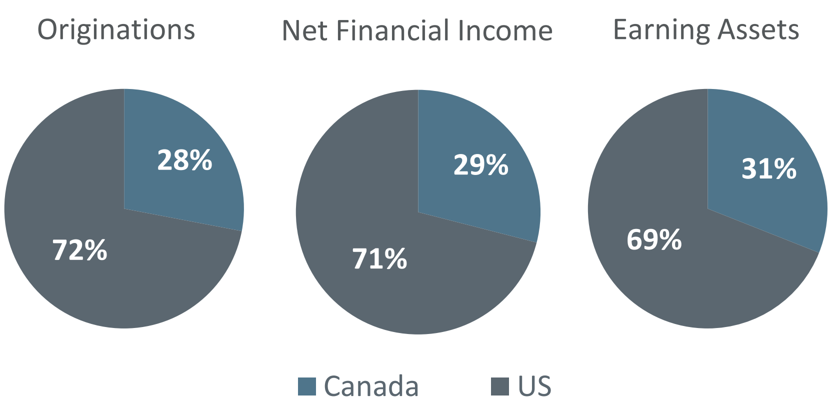
As at and for the three month period ending	Q1 2014		Q4 2014		Q1 2015	
	CDA	US	CDA	US	CDA	US
Originations	39%	61%	29%	71%	28%	72%
Net Financial Income	55%	45%	30%	70%	29%	71%
Earning Assets	60%	40%	34%	66%	31%	69%

US Commercial & Vendor Originations

($ millions)



Q1 2015



Bradley Nullmeyer

President

Fleet Management Business

Commercial & Vendor Finance Business

Fleet Management

- Financial Revenue Yield in line with management's expectations
  - Consistent with prior years, ~30 bps decline from Q4 due to typical seasonal variation in maintenance and repair patterns
  - November and April are the busiest months for fleet maintenance
  - ~10 bps due to decline in Canadian BA rates offset by corresponding decline in cost of funds
- The seasonal decline in fleet management fees and other revenues was more than offset by a reduction in operating expenses resulting in an increased ROA
- Fleet management fees are tracking on target for the year and will increase through the remainder of 2015 in keeping with prior year patterns

	Q1 2014	Q4 2014	Q1 2015
Financial Revenue Yield	8.4%	8.4%	8.0%
Net Interest Margin Yield	5.5%	6.7%	6.4%
Adjusted OpEx Ratio	3.5%	3.5%	3.1%
ROA (1)	2.0%	3.2%	3.3%
Contracted Debt Advance Rate	75.0%	96.0%	96.0%
% of Total Earning Assets	25.0%	58.0%	55.0%

(1) Adjusted Operating Income on Average Earning Assets

Commercial & Vendor Finance

- US Commercial & Vendor originations continue steady increase
- Canadian volumes reflect continued shift away from direct finance activity
- Q1-2015 revenue yield is in line with management's expectations with variance from previous periods mainly due to:
  - Seasonally higher syndication and other fee income in Q4-2014, and
  - Consistent fee income in Q1-2014 but on a smaller portfolio of average earning assets
- ROA is consistent with management's full year expectations

Originations ($ thousands)	**Q1 2014**	**Q4 2014**	**Q1 2015**
U.S.	160,454	258,793	268,294
Canada	141,038	145,441	98,874

Financial Revenue Yield	7.7%	7.9%	7.2%
Net Interest Margin Yield	4.7%	4.7%	4.3%
Adjusted OpEx Ratio	2.1%	2.0%	1.8%
ROA (1)	2.6%	2.7%	2.5%
Contracted Debt Advance Rate	85.0%	85.0%	85.0%
% of Total Earning Assets	37.0%	20.0%	20.0%

(1) Adjusted Operating Income on Average Earning Assets

David McKerroll

President – Rail & Aviation

Aviation Finance Business

Rail Finance Business

Aviation Finance

- $265 million in originations is on plan for 2015 following seasonally strong Q4
- Strong yields due to fee income
- OpEx ratio remains in line at < 1%
- Backlog continues to look strong through 2015

	Q1 2014	Q4 2014	Q1 2015
Financial Revenue Yield	7.8%	9.0%	9.4%
Net Interest Margin Yield	6.3%	6.4%	6.7%
Adjusted OpEx Ratio	0.7%	0.8%	0.8%
ROA (1)	5.6%	5.6%	5.9%
Contracted Debt Advance Rate	65.0%	65.0%	65.0%
% of Total Earning Assets	20.0%	11.0%	12.0%

(1) Adjusted Operating Income on Average Earning Assets

Rail Finance

- $161 million originated in Q1 in line with 2015 outlook
- Higher volumes expected in remaining quarters from the Trinity program
- Yield in Q1-2014 represents initial acquired portfolio
- OpEx remains in line at ~1%
- Key portfolio attributes:
  - Youngest railcar portfolio in NA
  - Diversified by car type, lessee, industry and term
  - Average lease term is approximately five years
  - High credit quality of lessees

	Q1 2014	Q4 2014	Q1 2015
Financial Revenue Yield	8.5%	7.6%	7.5%
Net Interest Margin Yield	4.3%	4.3%	4.1%
Adjusted OpEx Ratio	1.2%	1.0%	0.9%
ROA (1)	3.1%	3.3%	3.2%
Contracted Debt Advance Rate	75.0%	75.0%	75.0%
% of Total Earning Assets	18.0%	12.0%	13.0%

(1) Adjusted Operating Income on Average Earning Assets

Rail Developments

Common North American Tank Car Standards

- New regulations were released on May 1 for tank cars containing flammable commodities
- Overall impact on Element's portfolio is minimal due to:
  - **Fleet age:** average flammable commodity tank car age of 2.2 years
  - **Fleet composition:** DOT III vs CPC-1232[1]
    - DOT-111 jacketed (≤ 1/2 of 1%)
      - ~US$43K retrofit per car
    - DOT-111 unjacketed (≤ 5%)
      - Ethanol service
      - ~US$68K per car
      - Eight year window to modify or repurpose
  - **Lease agreements:** all portfolio lease agreements include provisions that allow higher monthly lease payments upon a regulatory required modification
- Regulations offer incremental origination opportunities for Element to provide financing to customers looking to modernize their railcar fleets and bring into compliance with the new regulations

[1]Unjacketed CPC-1232 modification costs are the responsibility of two high quality lessees

Michel Beland

Chief Financial Officer

Financial Statements

Financial Statements

Income Statement

	3 Months Ended ($ thousands)		
	Mar 31 2014	**Dec 31 2014**	**Mar 31 2015**
Financial revenue	66,500	175,703	187,320
Interest expenses	21,533	50,046	53,602
Net financial income	44,967	125,657	133,718
Adjusted operating expenses	18,665	53,819	55,328
Adjusted operating income before taxes	26,302	71,838	78,390
Adjusted operating income after taxes	20,655	55,445	60,442

Financial Statements

Balance Sheet

	3 Months Ended		
	Mar 31 2014	**Dec 31 2014**	**Mar 31 2015**
Total assets ($ millions)	4,235	11,291	12,531
Total earning assets ($ millions)	3,799	9,746	10,842
Financial leverage ratio	1.53	2.85	2.97
Tangible leverage ratio	1.81	3.72	3.92

Financial Statements

Yields (% of Average Earning Assets)

	3 Months Ended		
	Mar 31 2014	Dec 31 2014	Mar 31 2015
Financial revenue	7.90	8.23	7.90
Interest expense	2.55	2.35	2.27
Net financial income margin	5.35	5.88	5.63
Adjusted operating expenses	2.22	2.52	2.33
Adjusted operating income before taxes	3.13	3.36	3.30

Financial Statements

Return on Average Shareholders’ Equity

	3 Months Ended		
	Mar 31 2014	Dec 31 2014	Mar 31 2015
After-tax adjusted operating income	5.37%	8.20%	8.28%
Before-tax adjusted operating income (1)	7.04%	10.93%	11.01%

(1) Average Operating Income on Average of Common Shareholders’ Equity

Financial Statements

Per-Share Amounts

	As at, and For the 3 Months Ended		
	Mar 31 2014	Dec 31 2014	Mar 31 2015
Book value	\$7.22	\$9.34	\$10.20
Free operating cash flow	\$0.13	\$0.25	\$0.27
After-tax adjusted operating income (basic)	\$0.10	\$0.19	\$0.21[1]

(1) \$0.20 per share after-tax pro forma adjusted operating income (diluted)

Asset Quality

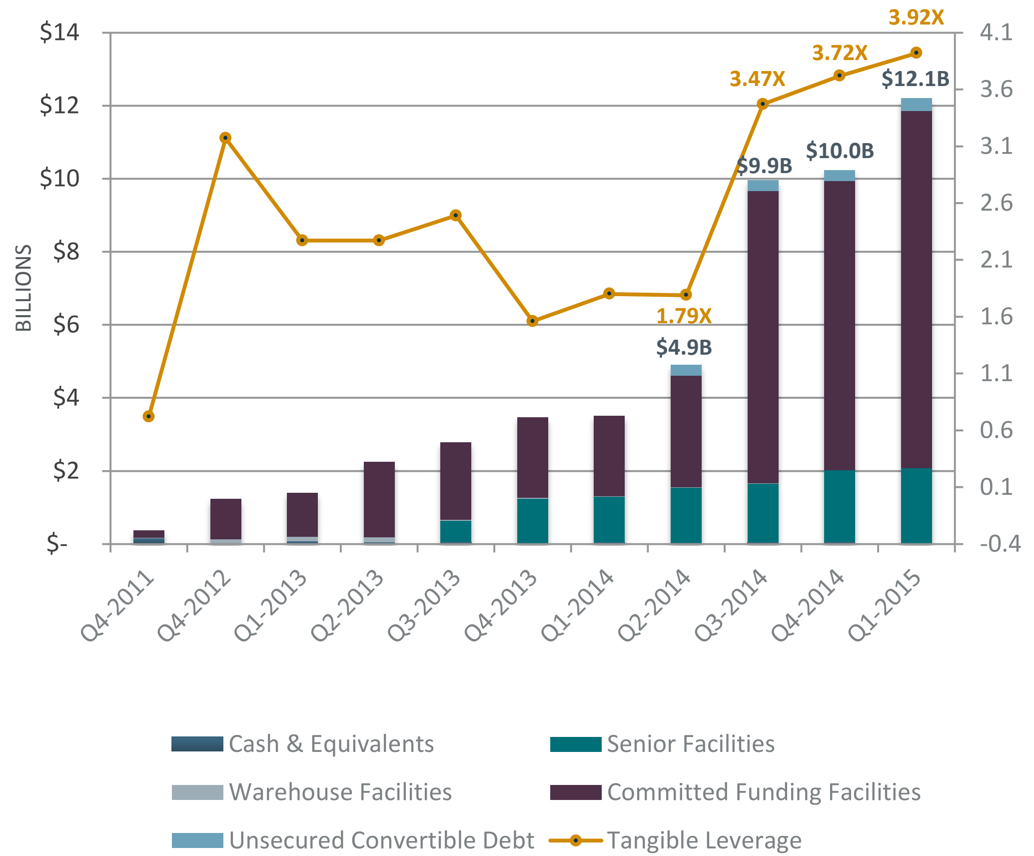
Low Risk Financial Assets Deliver Minimal Credit Losses

	Delinquencies as a % of Finance Receivables			
	Q2 2014	**Q3 2014**	**Q4 2014**	**Q1 2015**
Non-current (> 31 days)	0.41	0.30	0.33	**0.34**
Impaired	0.18	0.07	0.07	**0.05**
Allowance for credit loss	0.37	0.21	0.20	**0.20**

Funding

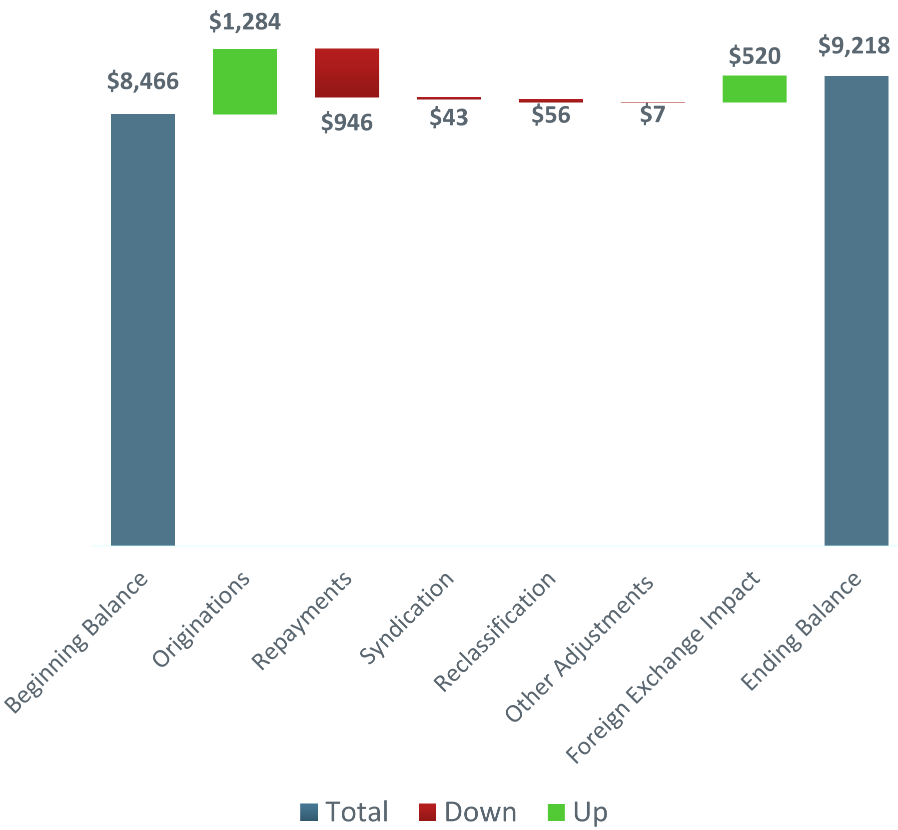
Balance Sheet Capacity to Fund Planned Growth

- Committed facilities amounted to $12.1 billion
- At March 31, 2015, the Company had $3.0 billion in available financing to fund ongoing originations
- Committed facilities are supplemented by access to the ABS market to fund both rail and fleet verticals



Cash Flows

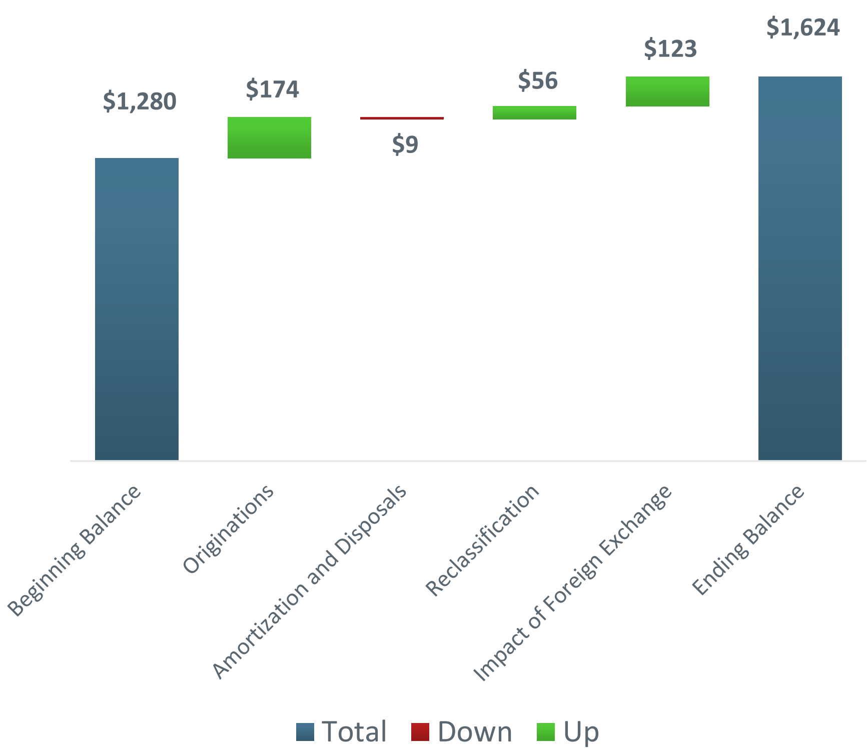
Finance Receivables ($ millions)



	3 Months Ended	
	Dec 31 2014	Mar 31 2015
Beginning balance	7,812.6	8,465.9
Originations	1,529.1	1,283.3
Repayments of principal	(940.5)	(946.3)
Syndication	(110.7)	(42.6)
Finance leases to operating leases	0	(55.7)
Others	(8.1)	(7.0)
Impact of foreign exchange	183.7	519.9
Ending balance	**8,466.0**	**9,217.6**

Cash Flows

Equipment Under Operating Leases ($ millions)



	3 Months Ended	
	Dec 31 2014	**Mar 31 2015**
Beginning balance	1,113.5	1,279.7
Originations	136.7	174.1
Amortization and disposals	(6.8)	(8.8)
Finance leases to operating leases	0	55.7
Impact of foreign exchange	36.3	123.3
Ending balance	**1,279.7**	**1,624.0**

Balance Sheet Outlook

Increase Leverage and Lower COF

- Increased senior bank line
- Exit 2015 with tangible leverage at ~4.6:1
- Secure additional IG rating
- Diversify funding with access to rated MTN market
- Bring overall average cost of funds down by 10 to 15 basis points

December 31, 2015 (estimated)

Finance Assets and Operating Leases	$15.1B[1]
Other Assets	$1.8B
Total	$16.9B
Debt	$13.4B
Equity	$3.5B
Leverage	3.69 : 1
Tangible Leverage	4.55 : 1

(1) Includes two portfolio "tuck-in" acquisitions funded with debt and preferred shares (if required)

Steven Hudson

Chairman & CEO

Summary

Industry Consolidation

How the NA Commercial Finance Industry has Evolved since 2008

2008 – 2010 Retrenchment	2011 – 2013 Renaissance	2014 – Present Consolidation
• Absolute decline in new business volumes and number of industry participants • Weak participants fail, reorganize or are acquired at opportunistic valuations • Capex replacement decisions deferred by customers • Market demand for new equipment financing declines by +30% from 2008 to 2009	• Deferred capex spending comes back to the market • Market demand for new equipment financing expands by +16% per year from 2010 to 2012 • Regulated participants remain constrained from acquisitions • Balance sheets restored to health • Experienced new participants funded with private equity and public markets • Little bank liquidity provided to the industry	• Banks and pension plans able to acquire and provide liquidity to the industry • Market demand for new equipment driven by US economic expansion • Manufacturer expansion requires optimized capital allocations • Strong buyers meet strong sellers to drive economies of scale • Banks and pension plans begin to acquire commercial finance companies (e.g. CIT; Huntington) • Specialty finance companies seeking economies of scale (e.g. GATX/GE boxcar fleet, Bohai Leasing/Cronos, AerCap/ILFC)

Summary

Growth Focus

- Organic Growth
  - Basis for 2015 forecast
  - Fueled by leverage increasing to 4.6 to 1 in 2015
  - Leverage continues to increase to 5+ in 2016
  - Continue to focus on four North American business verticals
  - Includes “tuck-in” portfolio acquisitions delivering economies of scale and increased leverage
  - Focus is on posting a series of organically driven quarters
- Acquisitive Growth
  - Not required to achieve 2015 results
  - Economies of scale and leverage driven
  - Accretion will be a focus of acquisition initiatives
  - Industry consolidation (3rd phase) continues in both bank and non-bank sector

MAKING CAPITAL WORK

QUESTIONS