Interim Condensed Consolidated Financial Statements

Element Financial Corporation

As at and for the three and nine months ended September 30, 2015

Element Financial Corporation

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

[unaudited, in thousands of Canadian dollars]

	As at September 30, 2015	As at December 31, 2014
	$	$
ASSETS		
Cash	**47,459**	66,869
Restricted funds *[notes 6 and 14]*	**466,540**	443,238
Finance receivables *[notes 3 and 19]*	**16,347,221**	8,465,989
Equipment under operating leases *[notes 4 and 19]*	**3,991,195**	1,279,670
Investment in managed fund *[note 5]*	**144,340**	—
Accounts receivable and other assets	**130,026**	64,258
Notes receivable *[note 11]*	**47,302**	45,299
Derivative financial instruments *[note 14]*	**15,831**	5,746
Property, equipment and leasehold improvements *[note 19]*	**94,153**	17,020
Intangible assets *[note 12]*	**432,496**	391,898
Deferred tax assets	**135,870**	39,405
Goodwill *[note 19]*	**1,720,045**	471,110
	23,572,478	11,290,502
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Accounts payable and accrued liabilities *[notes 9 and 19]*	**660,578**	368,113
Derivative financial instruments *[note 14]*	**65,066**	11,196
Secured borrowings *[note 6]*	**16,576,204**	7,751,395
Convertible debentures *[note 7]*	**831,916**	303,147
Deferred tax liabilities	**61,369**	25,700
Total liabilities	**18,195,133**	8,459,551
Shareholders' equity *[note 8]*	**5,377,345**	2,830,951
	23,572,478	11,290,502

See accompanying notes

On behalf of the Board:

Director

Director

Element Financial Corporation

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

[unaudited, in thousands of Canadian dollars, except for per share amounts]

	Three-month period ended September 30, 2015	Three-month period ended September 30, 2014
	$	$
NET FINANCIAL INCOME		
Interest income	**161,210**	96,249
Rental revenue, net *[note 4]*	**36,173**	17,306
	197,383	113,555
Interest expense	**73,590**	45,819
Net interest income before provision for credit losses	**123,793**	67,736
Provision for credit losses *[note 3]*	**4,770**	3,851
Net interest income	**119,023**	63,885
Management fees and other revenues *[note 10]*	**65,908**	47,339
	184,931	111,224
OPERATING EXPENSES		
Salaries, wages and benefits	**45,251**	33,285
General and administrative expenses	**32,559**	17,943
Amortization of convertible debenture synthetic discount *[note 7]*	**2,906**	1,418
Share-based compensation *[note 9]*	**8,774**	4,861
	89,490	57,507
BUSINESS ACQUISITION COSTS		
Amortization of intangible assets from acquisitions	**4,972**	746
Transaction and integration costs *[note 19]*	**128,068**	82,688
	133,040	83,434
Loss before income taxes	**(37,599)**	(29,717)
Recovery of income taxes	**(32,943)**	(9,758)
Net loss for the period	**(4,656)**	(19,959)
Basic loss per share *[note 13]*	**$ (0.04)**	$ (0.10)
Diluted loss per share *[note 13]*	**$ (0.04)**	$ (0.10)

See accompanying notes

Element Financial Corporation

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

[unaudited, in thousands of Canadian dollars, except for per share amounts]

	Nine-month period ended September 30, 2015	Nine-month period ended September 30, 2014
	$	$
NET FINANCIAL INCOME		
Interest income	**392,324**	196,341
Rental revenue, net *[note 4]*	**90,746**	41,981
	483,070	238,322
Interest expense	**185,300**	90,337
Net interest income before provision for credit losses	**297,770**	147,985
Provision for credit losses *[note 3]*	**11,281**	10,677
Net interest income	**286,489**	137,308
Management fees and other revenues *[note 10]*	**181,791**	70,975
	468,280	208,283
OPERATING EXPENSES		
Salaries, wages and benefits	**115,665**	58,416
General and administrative expenses	**78,340**	32,235
Amortization of convertible debenture synthetic discount *[note 7]*	**6,334**	1,418
Share-based compensation *[note 9]*	**24,748**	12,716
	225,087	104,785
BUSINESS ACQUISITION COSTS		
Amortization of intangible assets from acquisitions	**14,917**	2,607
Transaction and integration costs *[note 19]*	**168,536**	95,795
	183,453	98,402
Income before income taxes	**59,740**	5,096
Recovery of income taxes	**(10,258)**	(1,909)
Net income for the period	**69,998**	7,005
Basic earnings (loss) per share *[note 13]*	**$ 0.17**	$ (0.03)
Diluted earnings (loss) per share *[note 13]*	**$ 0.17**	$ (0.03)

See accompanying notes

Element Financial Corporation

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

[unaudited, in thousands of Canadian dollars]

	Three-month period ended September 30, 2015	Three-month period ended September 30, 2014
	$	$
Net loss for the period	**(4,656)**	(19,959)
OTHER COMPREHENSIVE INCOME (LOSS)		
Cash flow and foreign exchange hedges *[note 14]*	**(89,440)**	30,085
Net unrealized foreign exchange gain	**222,720**	64,387
	133,280	94,472
Deferred tax expense (recovery)	**(24,607)**	3,072
Total other comprehensive income	**157,887**	91,400
Comprehensive income for the period	**153,231**	71,441

See accompanying notes

Element Financial Corporation

INTERIM CONDENSED CONSOLIDATED
STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

[unaudited, in thousands of Canadian dollars]

	Nine-month period ended September 30, 2015	Nine-month period ended September 30, 2014
	$	$
Net income for the period	**69,998**	7,005
OTHER COMPREHENSIVE INCOME (LOSS)		
Cash flow and foreign exchange hedges *[note 14]*	**(82,939)**	(2,474)
Net unrealized foreign exchange gain	**381,189**	58,461
	298,250	55,987
Deferred tax recovery	**(24,923)**	(4,066)
Total other comprehensive income	**323,173**	60,053
Comprehensive income for the period	**393,171**	67,058

See accompanying notes

Element Financial Corporation

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

[unaudited, in thousands of Canadian dollars]

	Common share capital	Preferred share capital	Equity component of convertible debentures	Contributed surplus	Retained earnings (accumulated deficit)	Accumulated other comprehensive income	Total Shareholders' equity
	$	$	$	$	$	$	$
Balance, December 31, 2014	**2,248,103**	**365,113**	**33,135**	**39,692**	**18,299**	**126,609**	**2,830,951**
Comprehensive income for the period	**—**	**—**	**—**	**—**	**69,998**	**323,173**	**393,171**
Dividends accrued and/or paid *[note 8]*	**—**	**—**	**—**	**—**	**(22,135)**	**—**	**(22,135)**
Net taxes on dividends paid	**—**	**—**	**—**	**—**	**(646)**	**—**	**(646)**
Options exercised *[note 8]*	**23,137**	**—**	**—**	**(6,535)**	**—**	**—**	**16,602**
Shares issued *[note 8]*	**1,955,753**	**168,522**	**—**	**—**	**—**	**—**	**2,124,275**
Issuance of convertible debentures	**—**	**—**	**13,061**	**—**	**—**	**—**	**13,061**
Employee stock option expense *[note 9]*	**—**	**—**	**—**	**22,066**	**—**	**—**	**22,066**
Balance, September 30, 2015	**4,226,993**	**533,635**	**46,196**	**55,223**	**65,516**	**449,782**	**5,377,345**
Balance, December 31, 2013	1,323,897	110,387	—	25,059	(15,991)	3,304	1,446,656
Comprehensive income for the period	—	—	—	—	7,005	60,053	67,058
Dividends paid *[note 8]*	—	—	—	—	(13,091)	—	(13,091)
Net taxes on dividends paid	—	—	—	—	(390)	—	(390)
Options exercised *[note 8]*	6,204	—	—	(1,569)	—	—	4,635
Shares issued *[note 8]*	918,947	254,726	—	—	—	—	1,173,673
Issuance of convertible debentures	—	—	33,135	—	—	—	33,135
Employee stock option expense *[note 9]*	—	—	—	11,759	—	—	11,759
Balance, September 30, 2014	2,249,048	365,113	33,135	35,249	(22,467)	63,357	2,723,435

See accompanying notes

Element Financial Corporation

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

[unaudited, in thousands of Canadian dollars]

	Nine-month period ended September 30, 2015	Nine-month period ended September 30, 2014
	$	$
OPERATING ACTIVITIES *[note 18]*		
Net income for the period	**69,998**	7,005
Items not affecting cash		
Share-based compensation *[note 9]*	**22,066**	11,759
Depreciation of property, equipment and leasehold improvements	**3,338**	2,372
Amortization of intangible assets	**2,816**	475
Amortization of intangible assets from acquisitions	**14,917**	2,607
Amortization of deferred lease costs	**10,969**	7,731
Amortization of deferred financing costs	**18,451**	9,739
Amortization of equipment under operating leases	**30,854**	13,574
Amortization of convertible debenture synthetic discount and deferred costs	**9,890**	1,418
Write-off of intangible assets and other assets	**—**	7,237
Share of earnings from equity accounted investments	**(5,519)**	—
Provision for credit losses	**11,281**	10,677
	189,061	74,594
Changes in non-cash operating asset and liabilities		
Accounts receivable and other assets	**(59,533)**	35,561
Accounts payable and accrued liabilities	**113,743**	89,025
Investment in finance receivables	**(4,298,512)**	(2,182,622)
Repayments of finance receivables	**3,241,767**	1,443,207
Investment in equipment under operating leases	**(903,032)**	(868,717)
Proceeds on disposals of equipment under operating leases	**9,280**	4,108
Syndications of finance receivables	**315,171**	153,832
Deferred tax assets	**(97,430)**	(32,566)
Deferred tax liabilities	**33,073**	13,479
Derivative financial instruments	**2,477**	(2,133)
Cash used in operating activities	**(1,453,935)**	(1,272,232)
INVESTING ACTIVITIES *[note 18]*		
Business acquisition *[note 19]*	**(8,910,009)**	(1,228,173)
Acquisition of investment in managed fund *[note 5]*	**(128,915)**	—
Increase in restricted funds	**(22,999)**	(55,595)
Purchase of property, equipment and leasehold improvements	**(5,332)**	(4,263)
Proceeds on disposals of property, equipment and leasehold improvements, and intangible assets	**1,575**	805
Purchase of intangible assets	**(15,327)**	(5,445)
Change in notes receivable	**(2,004)**	(5,231)
Increase in deferred financing costs	**(49,924)**	(26,408)
Cash used in investing activities	**(9,132,935)**	(1,324,310)
FINANCING ACTIVITIES *[note 18]*		
Issuance of share capital, net *[note 8]*	**2,140,876**	1,178,308
Issuance of convertible debentures	**550,236**	332,399
Issuance of secured borrowings, net	**7,895,174**	1,131,495
Dividends paid on preferred shares	**(22,135)**	(13,091)
Cash provided by financing activities	**10,564,151**	2,629,111
Effects of exchange rates on cash	**3,309**	1,806
Net increase (decrease) in cash during the period	**(19,410)**	34,375
Cash, beginning of period	**66,869**	12,401
Cash, end of period	**47,459**	46,776

See accompanying notes

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

[unaudited, in thousands of Canadian dollars, except where otherwise noted and per share amounts]

September 30, 2015

1. CORPORATE INFORMATION

Element Financial Corporation [the "Company"] is an independent financial services company that originates, co-invests in and manages asset based financings and related service programs with operations in both Canada and the United States ["US"]. On September 30, 2015, the Company commenced operations in Mexico, Australia and New Zealand, following the acquisition of GE Capital's fleet operations [refer to note 18]. The Company originates the financing of a broad range of equipment and capital assets by way of secured loans, financial leases, conditional sales contracts, and operating leases.

The Company has organized its activities and operations around four verticals: [i] Fleet Management; [ii] Rail Finance; [iii] Commercial and Vendor Finance; and [iv] Aviation Finance. Fleet Management provides vehicle fleet leasing, management solutions, and related service programs including service cards, remarketing, maintenance management and accident services. Rail Finance, with a focus on vendor relationships with rail manufacturers, provides leases and other secured financing for railcars for the North American rail industry. Commercial and Vendor Finance, in conjunction with manufacturers and distributors, delivers financing and leasing solutions to end-user customers in the transportation, construction, commercial, industrial, healthcare, golf, technology and office products sectors. Aviation Finance provides leases and other secured financing for corporate airplanes and helicopters.

The Company was incorporated under the Business Corporations Act of Ontario (Canada) on May 11, 2007 and commenced operations on that date. The registered office of the Company is 161 Bay Street, Suite 3600, Toronto, Ontario. The Company is a public corporation traded on the Toronto Stock Exchange ["TSX"] under the symbol "EFN".

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These interim condensed consolidated financial statements are prepared in accordance with International Accounting Standards 34, *"Interim Financial Reporting"* as issued by the International Accounting Standards Board. These statements have been prepared in conformity with accounting policies disclosed in the consolidated financial statements for the year ended December 31, 2014. During the nine-month period ended September 30, 2015, the Company acquired an investment in an associate and accordingly, the Company has adopted accounting policies described below under "basis of consolidation".

These interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements of the Company as at December 31, 2014, which includes information necessary or useful to understanding the Company's business and financial statement presentation. The results reported in these interim condensed consolidated financial statements should not be regarded as necessarily indicative of results that may be expected for the entire year.

These interim condensed consolidated financial statements were authorized for issuance by the Board of Directors of the Company on November 10, 2015.

Basis of consolidation

Subsidiaries
These interim condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries from the dates of their acquisition. Transactions and balances amongst these entities have been eliminated upon consolidation.

Subsidiaries, which include certain private partnerships and structured entities, are entities over which the Company has control. The Company controls an entity when [1] it has the power over the entity; [2] it has exposure, or rights, to variable returns from its involvement with the entity, and [3] it has the ability to use its power over the entity to affect the amount of its returns.

Associates
Associates are entities which the Company has significant influence, but not control, over the operating and financial management policy decisions of the entity. Significant judgment is used to determine whether voting rights, contractual management and other relationships with the entity, if any, provide the Company with significant influence over the entity. Investments in associates are accounted for using the equity method and initially recorded at cost. Subsequently, the investment in an associate is adjusted for changes in the Company's share of net assets of the associate and such changes are reflected in the interim condensed consolidated statements of operations.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

[unaudited, in thousands of Canadian dollars, except where otherwise noted and per share amounts]

September 30, 2015

3. FINANCE RECEIVABLES

The following table presents finance receivables based on the ultimate obligor's location:

	September 30, 2015			
	Canada	US	Other	Total
	$	$	$	$
Gross investment	**3,218,420**	**12,997,866**	**598,689**	**16,814,975**
Unearned income	**(408,318)**	**(1,117,111)**	**(114,570)**	**(1,639,999)**
Net investment	**2,810,102**	**11,880,755**	**484,119**	**15,174,976**
Net realizable value of impaired receivables	**5,955**	**8,875**	**—**	**14,830**
Unamortized deferred costs and subsidies	**203**	**(45,967)**	**(163)**	**(45,927)**
Security deposits	**(5,429)**	**(7,953)**	**(3,103)**	**(16,485)**
Interim fundings	**86,658**	**354,213**	**—**	**440,871**
Fleet management service receivables	**109,694**	**558,203**	**54,215**	**722,112**
Other receivables	**4,756**	**76,223**	**—**	**80,979**
Allowance for credit losses	**(7,837)**	**(16,155)**	**(143)**	**(24,135)**
Total	**3,004,102**	**12,808,194**	**534,925**	**16,347,221**

	December 31, 2014			
	Canada	US	Other	Total
	$	$	$	$
Gross investment	3,439,180	5,118,968	106,530	8,664,678
Unearned income	(418,955)	(482,899)	(13,564)	(915,418)
Net investment	3,020,225	4,636,069	92,966	7,749,260
Net realizable value of impaired receivables	5,451	—	—	5,451
Unamortized deferred costs and subsidies	1,989	(41,460)	(194)	(39,665)
Security deposits	(20,909)	(23,388)	(5,017)	(49,314)
Interim fundings	56,052	358,621	—	414,673
Fleet management service receivables	138,820	206,740	—	345,560
Other receivables	4,295	52,644	—	56,939
Allowance for credit losses	(5,412)	(11,314)	(189)	(16,915)
Total	3,200,511	5,177,912	87,566	8,465,989

[unaudited, in thousands of Canadian dollars, except where otherwise noted and per share amounts]

The following table presents delinquency status of the net investment in finance receivables, by contract balance:

	September 30, 2015		December 31, 2014	
	$	%	$	%
31-60 days past due	**24,113**	**0.16**	17,270	0.22
61-90 days past due	**4,867**	**0.03**	5,118	0.07
Greater than 90 days past due	**1,225**	**0.01**	3,242	0.04
Total past due	**30,205**	**0.20**	25,630	0.33
Current	**15,144,771**	**99.80**	7,723,630	99.67
	15,174,976	**100.00**	7,749,260	100.00

Selected characteristics of the finance receivables

	September 30, 2015		December 31, 2014	
	Leases	Loans	Leases	Loans
Weighted average fixed interest rate	**5.85%**	**6.37%**	6.50%	6.56%
Weighted average floating interest rate	**2.99%**	**7.53%**	3.04%	5.72%
Percentage of portfolio with fixed interest rate	**44.20%**	**61.89%**	45.62%	78.99%

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

[unaudited, in thousands of Canadian dollars, except where otherwise noted and per share amounts]

September 30, 2015

Allowance for credit losses

An analysis of the Company's allowance for credit losses is as follows:

	Nine-month period ended September 30, 2015	Year ended December 31, 2014
	$	$
Allowance for credit losses, beginning of the period	**16,915**	11,071
Assumed through business acquisitions	**4,112**	2,529
Provision for credit losses	**11,281**	12,945
Charge-offs, net of recoveries	**(10,112)**	(10,439)
Impact of foreign exchange rates	**1,939**	809
Allowance for credit losses, end of the period	**24,135**	16,915
Allowance as a percentage of finance receivables	**0.15%**	0.20%
Finance receivables in arrears [90 days and over]	**1,225**	3,242
Arrears [90 days and over] as a percentage of net investment in finance receivables	**0.01%**	0.04%
Impaired receivables, at estimated net realizable value	**14,830**	5,451

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

[unaudited, in thousands of Canadian dollars, except where otherwise noted and per share amounts]

September 30, 2015

4. EQUIPMENT UNDER OPERATING LEASES

The Company acts as a lessor in connection with equipment under operating leases and continues to recognize the leased assets in its interim condensed consolidated statements of financial position. The lease payments received, net of depreciation, are recognized in net income as rental revenue, net.

	September 30, 2015			
	Railcar	**Aviation**	**Fleet Vehicles (1)**	**Total**
	$	$	$	$
Cost	**2,165,262**	**326,309**	**1,557,692**	**4,049,263**
Accumulated depreciation	**38,892**	**19,176**	**—**	**58,068**
Net carrying amount	**2,126,370**	**307,133**	**1,557,692**	**3,991,195**

	December 31, 2014			
	Railcar	**Aviation**	**Fleet Vehicles**	**Total**
	$	$	$	$
Cost	1,168,265	132,483	—	1,300,748
Accumulated depreciation	14,593	6,485	—	21,078
Net carrying amount	1,153,672	125,998	—	1,279,670

(1) Fleet Vehicles were acquired as part of the GE Capital fleet managment operations acquisition during the three months ended September 30, 2015. The Company is in the process of determining the lease classification under IFRS of the lease assets acquired from the GE Fleet Operations in Mexico, Australia and New Zealand and, as a result, $1,557,692 has been allocated to Equipment under operating leases and the balance of $458,328 has been allocated to finance leases.

Rental revenue, net, consists of the following:

	For the three-months periods ended		For the nine-month periods ended	
	September 30, 2015	**September 30, 2014**	**September 30, 2015**	**September 30, 2014**
	$	**$**	**$**	**$**
Rental revenue	**48,399**	22,649	**121,600**	55,555
Amortization of equipment under operating leases	**(12,226)**	(5,343)	**(30,854)**	(13,574)
	36,173	17,306	**90,746**	41,981

September 30, 2015

5. INVESTMENT IN MANAGED FUND

On June 22, 2015, the Company acquired a 32.5% interest in ECAF I Holdings Ltd., which is the parent holding company of ECAF I LuxCo S.ár.l., an entity that has invested in Class E-1 notes of ECAF I Ltd., a rated pooled-aircraft asset backed securities issuer. ECAF I Ltd. has total assets of $2,063.0 million and senior notes outstanding of $1,614.7 million, and subordinated Class E-1 notes outstanding of $427.0 million.

ECAF I Holdings Ltd. is accounted for using the equity method in the interim condensed consolidated financial statements. The carrying amount of the Company's investment is $144,340 at September 30, 2015. The Company has recorded $5,519 of income from its investment in associates for the three and nine months ended September 30, 2015, which has been included in interest income on the interim condensed consolidated statements of operations.

The Company has also recognized $15,428 in capital advisory fee revenue from the closing of the ECAF I Ltd. transaction during the nine-month period ended September 30, 2015.

[unaudited, in thousands of Canadian dollars, except where otherwise noted and per share amounts]

6. SECURED BORROWINGS

Secured borrowings outstanding were as follows:

	September 30, 2015			
	Balance outstanding	**Weighted average interest rate (1)**	**Pledged finance receivables and equipment under operating leases**	**Cash reserves**
	$	**%**	**$**	**$**
Term notes, in amortization period	**1,986,881**	**0.84%**	**2,136,326**	**41,068**
Term notes, in revolving period	**1,134,325**	**0.75%**	**1,219,636**	**23,446**
Variable-funding notes	**2,453,453**	**1.29%**	**2,607,053**	**50,711**
Other	**1,523**	**5.00%**	**1,523**	**—**
Vehicle management asset-backed debt	**5,576,182**	**1.02%**	**5,964,538**	**115,225**
Life insurance company term funding facilities	**505,509**	**3.22%**	**481,757**	**51,114**
Securitization programs	**1,004,692**	**2.13%**	**1,337,882**	**40,426**
Asset-backed securities	**957,266**	**3.40%**	**1,202,800**	**24,466**
Term senior credit facility (2)	**8,596,492**	**2.41%**	**—**	**—**
	16,640,141	**2.01%**	**8,986,977**	**231,231**
Deferred financing costs	**(63,937)**			
	16,576,204			

	December 31, 2014			
	Balance outstanding	Weighted average interest rate (1)	Pledged finance receivables and equipment under operating leases	Cash reserves
	$	%	$	$
Term notes, in amortization period	1,603,795	0.90 %	1,706,520	53,740
Term notes, in revolving period	928,080	0.64 %	987,471	11,619
Variable-funding notes	2,304,015	1.83 %	2,430,823	36,873
Other	8,818	5.55 %	15,278	—
Vehicle management asset-backed debt	4,844,708	1.30 %	5,140,092	102,232
Life insurance company term funding facilities	572,956	3.42 %	544,683	56,531
Securitization programs	753,090	2.31 %	984,557	39,192
Asset-backed securities	505,824	3.37 %	679,390	14,520
Term senior credit facility (2)	1,106,072	2.83 %	—	—
	7,782,650	1.91 %	7,348,722	212,475
Deferred financing costs	(31,255)			
	7,751,395			

(1) Represents the weighted average stated interest rate of outstanding debt at the period end, and excludes amortization of deferred financing costs, premiums or discounts, stand-by fees and the effects of hedging.
(2) The term senior credit facility is secured by a general security agreement in favour of the lenders consisting of a first priority interest on all property.

The Company was in compliance with all financial and reporting covenants with all of its lenders as at September 30, 2015.

Vehicle management asset-backed debt

Term notes, in amortization period
During the first quarter of 2015, US $800 million of revolving notes were converted into amortizing notes.

Term notes, in revolving period
During the first quarter of 2015, the Company issued US $850 million of term notes. The proceeds from this issuance were used to pay down the variable-funding notes.

As at September 30, 2015, the Company has available capacity in variable funding notes and other of $933,710 [December 31, 2014 - $975,903] under its vehicle management asset-backed debt facilities.

Life insurance company term funding facilities

During the first quarter of 2015 and as a result of a similar increase in the Company's term revolving senior credit facility, the Company reduced the size of its unutilized commitment from the Canadian life insurance companies by $100 million subject to further re-set as the commitment is utilized.

As at September 30, 2015, the Company has access to committed lines of funding of $472,356 from four Canadian life insurance companies [December 2014 - $600,000 from four Canadian life insurance companies]. As at September 30, 2015, the Company has access to $230,548 [December 31, 2014 - $318,376] of available financing under its life insurance company term funding facilities.

Securitization programs

During the second quarter of 2015, the Company established a new program with a Canadian bank for a committed facility of $100,000, subsequently increased to $150,000 on October 27,2015. Additionally, during the second quarter of 2015, the Company established bridge financing to temporarily finance assets in the Aviation Finance vertical in the amount of US $146,000. This bridge financing was repaid in full during the third quarter of 2015.

As at September 30, 2015, the Company has available capacity of $378,786 [December 31, 2014 - $360,085] from these securitization programs.

September 30, 2015

Asset-backed securities

During the first quarter of 2015, the Company entered into a secured borrowing agreement with unrelated investors for US $405,000 to fund eligible pools of finance assets in the Rail Finance vertical. In the third quarter of 2015, the Company unwound an aviation financing facility.

Term senior credit facility

During the first and second quarter, the Company syndicated an additional $100 million and $100 million, respectively, of its term revolving senior credit facility. Additionally, during the third quarter, the Company in conjunction with and to facilitate the financing of the acquisition of GE Capital's fleet operations *[note 19]*, expanded the term senior facility to provide added capacity and to allow borrowing in two additional currencies; Australian dollars and New Zealand dollars. The net impact was an increase of the facility to $8,500,000 USD at September 30, 2015 [December 31, 2014 - $1,950,000 CAD]. In connection with this increase in the facility, the Company incurred a total of $35,662 in direct financing charges of which $23,075 is directly related to the financing of the acquisition of GE Capital's fleet operations.

As at September 30, 2015, the Company had available capacity of $2,746,758 [December 31, 2014 - $843,928] from the term senior facility.

Restricted funds

Restricted funds include [i] cash reserves of $231,231 as at September 30, 2015 [December 31, 2014 - $212,475], which represents collateral for secured borrowing arrangements; and [ii] cash accumulated in the collection account of $218,559 as at September 30, 2015 [December 31, 2014 - $223,213], which represents repayments received on assets financed pursuant to the secured borrowing facilities, which are subsequently remitted back to the facilities on specific dates.

[unaudited, in thousands of Canadian dollars, except where otherwise noted and per share amounts]

7. CONVERTIBLE DEBENTURES

Convertible debentures consist of:

	September 30, 2015						
	Final maturity date	Conversion price per share	Interest rate (1)	Face value	Deferred costs	Synthetic discount	Net carrying value
		$	%	$	$	$	$
Convertible debentures issued on June 18, 2014	**June 30, 2019**	**17.85**	**5.125**	**345,000**	**(9,054)**	**(26,711)**	**309,235**
Convertible debentures issued on May 29, 2015	**June 30, 2020**	**23.80**	**4.250**	**575,000**	**(22,795)**	**(29,524)**	**522,681**
				920,000	**(31,849)**	**(56,235)**	**831,916**

	December 31, 2014						
	Final maturity date	Conversion price per share	Interest rate (1)	Face value	Deferred costs	Synthetic discount	Net carrying value
		$	%	$	$	$	$
Convertible debentures issued on June 18, 2014	June 30, 2019	17.85	5.125	345,000	(10,640)	(31,213)	303,147
				345,000	(10,640)	(31,213)	303,147

(1) Stated interest rate on face principal value.

On May 29, 2015, the Company closed an offering of $575,000, 4.25% extendible convertible unsecured subordinated debentures [the "Debentures"].

The Debentures are accounted for as a compound financial instrument with a debt component and a separate equity component. The debt component of the Debentures is measured at fair value on initial recognition. To determine the initial amount of the respective debt and equity components of the Debentures issued on May 29, 2015, the carrying amount of the financial liability was first calculated by discounting the stream of future principal and interest payments at the rate of 5.50% which represents the rate of interest prevailing at the date of issue for instruments of similar terms and risks.

The debt component was assigned a value of $519,886 [net of transaction costs of $23,757] and the equity component was assigned a value of $30,351 [net of after-tax transaction costs of $1,007, and before the impact of deferred taxes]. The debt component is subsequently accounted for at amortized cost using the effective interest rate method. Interest expense on the Debentures is composed of the interest calculated on the face value of the debentures and notional interest representing the accretion of the carrying value of the Debentures [the "convertible debenture synthetic discount"].

The Debentures bear interest at an annual coupon rate of 4.25% payable semi-annually on the last day of June and December in each year, commencing on December 31, 2015. The maturity date for the Debentures was initially December 31, 2015 and was extended to June 30, 2020 on the closing of the acquisition of GE Capital's fleet operations *[note 19]*.

Each Debenture is convertible into common shares at the option of the holder of a Debenture at any time prior to 5:00 p.m. (Toronto time) on June 30, 2020, at a conversion price of $23.80 per common share [the "Conversion Price"], subject to adjustment in accordance with the indenture agreement. Holders converting their Debentures will be entitled to receive, in addition to the applicable number of common shares to be received on conversion, accrued and unpaid interest thereon in cash for the period from the last interest payment date on their Debentures to, but excluding, the date of conversion.

The Company may redeem, subject to specified conditions and notice, on or after June 30, 2018 and prior to June 30, 2020, in whole or in part from time to time, at a redemption price equal to the principal amount plus accrued and unpaid interest, provided that the volume weighted trading price of the common shares on the TSX for the 20 consecutive days preceding the date on which notice of redemption is given is not less than 125% of the Conversion Price.

Subject to required regulatory approvals and provided that there is not a current Debenture event of default, the Company may, at its option and with notice, elect to repay, in whole or in part, the principal amount of the Debentures which are to be redeemed or which have matured by issuing common shares to the holders of the Debentures. Payment would be satisfied by delivering that number of common shares obtained by dividing the principal amount of the Debentures to be redeemed or that have matured, by 95% of the current market price of the common shares on the redemption date or maturity date. Any accrued and unpaid interest will be paid in cash.

[unaudited, in thousands of Canadian dollars, except where otherwise noted and per share amounts]

8. SHARE CAPITAL

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.

	Common shares	
	Shares	Amount
	#	$
Balance, December 31, 2014	**264,059,081**	**2,248,103**
Exercise of options	**35,085**	**204**
Balance, March 31, 2015	**264,094,166**	**2,248,307**
Exercise of options	**1,828,883**	**21,739**
Balance, June 30, 2015	**265,923,049**	**2,270,046**
Exercise of options	**140,111**	**1,194**
Issuance of shares, net of costs	**119,735,000**	**1,955,753**
Balance, September 30, 2015	**385,798,160**	**4,226,993**
Balance, December 31, 2013	188,935,301	1,323,897
Exercise of options	594,624	6,049
Exercise of non-employee options	109,332	155
Issuance of shares, net of costs	74,416,500	918,947
Balance, September 30, 2014	264,055,757	2,249,048

Common shares

On May 29, 2015, to fund future acquisitions, the Company closed an offering of 119,735,000 subscription receipts at a price of $17.00 per subscription receipt for gross proceeds of $2,035,495. The net proceeds were released to the Company on August 31, 2015 upon the closing of the acquisition of GE Capital's fleet management operations in the US *[note 19]*. *C*oncurrently the subscription receipts were exchanged for 119,735,000 common shares. The issuance included pre-tax transaction costs of $108,072 [or after-tax transaction costs of $79,742].

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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September 30, 2015

	Preferred Shares, Series A		Preferred Shares, Series C		Preferred Shares, Series E		Preferred Shares, Series G	
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount
	#	$	#	$	#	$	#	$
Balance, December 31, 2014	**4,600,000**	**110,375**	**5,126,400**	**124,744**	**5,321,900**	**129,994**	**—**	**—**
Balance, March 31, 2015	**4,600,000**	**110,375**	**5,126,400**	**124,744**	**5,321,900**	**129,994**	**—**	**—**
Issuance of shares, net of costs	—	—	—	—	—	—	**6,900,000**	**168,925**
Balance, June 30, 2015	**4,600,000**	**110,375**	**5,126,400**	**124,744**	**5,321,900**	**129,994**	**6,900,000**	**168,925**
Share issue costs, net	—	—	—	—	—	—	—	**(403)**
Balance, September 30, 2015	**4,600,000**	**110,375**	**5,126,400**	**124,744**	**5,321,900**	**129,994**	**6,900,000**	**168,522**
Balance, December 31, 2013	4,600,000	110,387	—	—	—	—	—	—
Issance of shares, net of costs	—	(12)	5,126,400	124,744	5,321,900	129,994	—	—
Balance September 30, 2014	4,600,000	110,375	5,126,400	124,744	5,321,900	129,994	—	—

Preferred shares

On May 29, 2015, the Company issued, through a public offering, 6,900,000 6.50% cumulative 5-Year Rate Reset Preferred Shares, Series G ["Series G shares"] at a price of $25.00 per preferred share for gross proceeds of $172,500. The issuance included pre-tax transaction costs of $5,551 [or after-tax transaction costs of $3,978].

For each five-year period, holders of the preferred shares are entitled to receive a fixed, cumulative, preferential cash dividend, if, as and when declared by the Board of Directors, payable quarterly on the last business day of March, June, September and December in each year. The annual dividend rate will reset at each five-year period to the non-callable Government of Canada bond yield with a term to maturity of five years plus 5.34%. The Company will have the right to redeem the Series G shares on September 30, 2020, and on September 30 every five years thereafter for $25 per Series G share, plus accrued and unpaid dividends. Subject to the right of the Company to redeem the Series G shares, the holders of the Series G shares will have the right on September 30, 2020, and on September 30 every five years thereafter, to convert all or any of the Series G shares into Series H shares, on the basis of one Series H share for each Series G share converted. Holders of Series H shares are entitled to receive floating rate cumulative preferential cash dividends, if, as and when declared by the Board of Directors, payable quarterly on the last business day of March, June, September and December in each year. The annualized floating quarterly dividend rate will equal the sum of the average three-month Government of Canada Treasury Bill rate plus 5.34%.

Preferred shares dividends

During the three-month and nine-month period ended September 30, 2015, the Company paid $9,917 and $22,135 in preference share dividends, respectively [three-month and nine-month periods ended September 30, 2014 - $6,407 and $13,091, respectively].

As at September 30, 2015, the unaccrued cumulative preference share dividends were $98 [December 31, 2014 - $67].

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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September 30, 2015

9. SHARE-BASED COMPENSATION

Share-based compensation expense consists of the following for the periods ended:

	Three-month period ended		Nine-month period ended	
	September 30, 2015 $	September 30, 2014 $	September 30, 2015 $	September 30, 2014 $
[a] Stock options	**7,404**	4,493	**22,066**	11,759
[b] Deferred share units ["DSU"]	**569**	134	**2,416**	723
[c] Performance share units ["PSU"]	**13,853**	10,185	**14,511**	10,185
	21,826	14,812	**38,993**	22,667
Allocated as:				
Share-based compensation	**8,774**	4,861	**24,748**	12,716
Transaction and integration costs	**13,052**	9,951	**14,245**	9,951
	21,826	14,812	**38,993**	22,667

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September 30, 2015

[a] Stock options

The changes in the number of stock options during the periods were as follows:

	Number of options #	Weighted average exercise price $
Outstanding, December 31, 2013	14,388,494	8.56
Granted	3,383,266	14.05
Forfeited	(168,386)	13.42
Exercised	(747,958)	7.03
Outstanding, December 31, 2014	16,855,416	9.68
Granted	**6,578,043**	**15.93**
Forfeited	**(123,529)**	**12.42**
Exercised	**(49,254)**	**6.60**
Outstanding, March 31, 2015	**23,260,676**	**11.43**
Granted	**20,000**	**18.27**
Forfeited	**(56,315)**	**14.78**
Exercised	**(1,900,932)**	**8.85**
Outstanding, June 30, 2015	**21,323,429**	**11.66**
Granted	**1,813,834**	**18.17**
Exercised	**(151,764)**	**6.38**
Outstanding, September 30, 2015	**22,985,499**	**12.21**

[unaudited, in thousands of Canadian dollars, except where otherwise noted and per share amounts]

The cost of the options granted during the periods was determined using the Black‑Scholes option valuation model with inputs to the model as follows:

	Unit	Nine-month period ended September 30, 2015	Year ended December 31, 2014
Weighted average share price	$	**16.42**	14.05
Average term to exercise	Years	**7.0**	7.0
Share price volatility	%	**27.7**	31.0
Weighted average expected annual dividend yield	%	**0**	0
Risk-free interest rate	%	**1.02**	1.87

[b] Deferred share units and Performance share units

	Number of Deferred Share Units #	Number of Performance Share Units #
Outstanding, December 31, 2013	1,401,264	—
Granted	126,671	1,389,033
Redeemed	(3,482)	—
Outstanding, December 31, 2014	1,524,453	1,389,033
Granted	**47,593**	**130,595**
Forfeited	—	**(5,793)**
Redeemed	—	**(739,133)**
Outstanding, March 31, 2015	**1,572,046**	**774,702**
Granted	**26,877**	—
Redeemed	**(171,821)**	**(130,595)**
Outstanding, June 30, 2015	**1,427,102**	**644,107**
Granted	**17,627**	**2,425,156**
Redeemed	—	**(157,697)**
Outstanding, September 30, 2015	**1,444,729**	**2,911,566**

[unaudited, in thousands of Canadian dollars, except where otherwise noted and per share amounts]

[i] Deferred share units

As at September 30, 2015, the fair value of DSUs recorded on the interim condensed consolidated statements of financial position as accounts payable and accrued liabilities was $26,323 [December 31, 2014 – $21,556].

[ii] Performance share units

As at September 30, 2015, 3,069,263 PSUs remain unvested and outstanding and the fair value of PSUs recorded on the interim condensed consolidated statements of financial position as accounts payable and accrued liabilities was $16,755 [December 31, 2014 – 1,389,033 unvested PSUs and $11,441, respectively]. The PSUs vest on achievement of specific performance conditions over 2015, 2016 and 2017.

[iii] Hedging of DSUs and PSUs

As at September 30, 2015, the Company has hedged 1,946,139 share units, and has derivative assets of $8,250 which will be applied to the settlement of DSU and PSU awards [December 31, 2014 - 2,858,684 share units hedged and net derivative asset of $448]. Subsequent to September 30, 2015, the Company has hedged all the share units outstanding as at September 30, 2015.

10. MANAGEMENT FEES AND OTHER REVENUES

Management fees and other revenues consist of the following for the periods ended:

	Three month period ended		**Nine month period ended**	
	September 30, 2015	**September 30, 2014**	**September 30, 2015**	**September 30, 2014**
	$	$	$	$
Syndication fees	**10,083**	4,653	**18,651**	9,712
Capital advisory fees	**355**	—	**15,783**	—
Fleet management and servicing fees	**51,154**	38,463	**129,590**	47,401
Prepayment charges	**1,426**	1,173	**8,581**	3,733
Wholesale program fees	**—**	623	**—**	1,721
Others	**2,890**	2,427	**9,186**	8,408
	65,908	47,339	**181,791**	70,975

[unaudited, in thousands of Canadian dollars, except where otherwise noted and per share amounts]

11. NOTES RECEIVABLE

Notes receivable of $47,302 as at September 30, 2015 [December 31, 2014 - $45,299] represent loans to certain employees and officers of the Company. These loans bear interest at a rate of 3% per annum. Interest is payable monthly or annually, and the principal is payable on demand in the event of non-payment of interest. The loans were granted in order to help finance the purchase of the Company's shares and are secured by the shares purchased and are full recourse to the employee.

The changes in the notes receivable during the periods were as follows:

	Nine-month period ended September 30, 2015 $	**Year ended December 31, 2014** $
Notes receivable, beginning of period	**45,299**	35,239
Additions	**4,975**	9,152
Interest income	**977**	1,107
Repayments [interest and principal]	**(3,949)**	(199)
Notes receivable, end of period	**47,302**	45,299

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September 30, 2015

12. INTANGIBLE ASSETS

Intangible assets consist of at each of the period ends:

	September 30, 2015		
	Customer lists	Computer software	Total
	$	$	$
Cost	**414,478**	**46,391**	**460,869**
Accumulated depreciation	**(23,440)**	**(4,933)**	**(28,373)**
Net carrying amount	**391,038**	**41,458**	**432,496**

	December 31, 2014		
	Customer lists	Computer software	Total
	$	$	$
Cost	374,752	26,643	401,395
Accumulated depreciation	(7,529)	(1,968)	(9,497)
Net carrying amount	367,223	24,675	391,898

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September 30, 2015

13. EARNINGS PER SHARE

Basic earnings per share is as follows for the periods ended:

	Three-month period ended		Nine-month period ended	
	September 30, 2015	**September 30, 2014**	**September 30, 2015**	**September 30, 2014**
Net income (loss) attributable to shareholders	**$ (4,656)**	$ (19,959)	**$ 69,998**	$ 7,005
Cumulative dividends on preferred shares	**$ (8,904)**	$ (6,145)	**$ (22,135)**	$ (12,826)
Net income (loss) available to common shareholders	**$ (13,560)**	$ (26,104)	**$ 47,863**	$ (5,821)
Weighted average number of common shares outstanding - basic [number]	**305,072,862**	258,381,372	**278,034,655**	212,366,449
Basic earnings (loss) per share	**$ (0.04)**	$ (0.10)	**$ 0.17**	$ (0.03)

Diluted earnings per share is as follows for the periods ended:

	Three-month period ended		Nine-month period ended	
	September 30, 2015	**September 30, 2014**	**September 30, 2015**	**September 30, 2014**
Net income (loss) available to common shareholders adjusted for the effects of dilution	**$ (13,560)**	$ (26,104)	**$ 47,863**	$ (5,821)
Weighted average number of common shares outstanding - basic [number]	**305,072,862**	258,381,372	**278,034,655**	212,366,449
Dilutive stock options and warrants [number]	**—**	—	**6,288,175**	—
Weighted average number of common shares outstanding - diluted [number]	**305,072,862**	258,381,372	**284,322,830**	212,366,449
Diluted earnings (loss) per share	**$ (0.04)**	$ (0.10)	**$ 0.17**	$ (0.03)

[unaudited, in thousands of Canadian dollars, except where otherwise noted and per share amounts]

Instruments outstanding at September 30, 2015 that could potentially dilute basic earnings per share in the future, but were not included in the calculation of diluted earnings per share because they were anti-dilutive for the periods presented, include 22,985,499 and 9,281,476 stock options for the three-month and nine-month periods ended September 30, 2015, respectively [three-month and nine-month periods ended September 30, 2014 - 16,259,861 and 16,259,861, respectively].

In addition, the convertible debentures *[note 7]* were excluded from the diluted earnings per share calculation as these were anti-dilutive for the three and nine-month periods ended September 30, 2015 and 2014, respectively.

14. DERIVATIVE FINANCIAL INSTRUMENTS

In the normal course of business, and consistent with its risk management program, the Company enters into interest rate derivatives to manage interest rate risk, foreign exchange forward agreements to manage foreign currency exposure, and total return swaps to manage exposure to share-based compensation.

Cash flow hedging relationships

The following table presents the fair value changes related to the cash flow hedges included in the Company's results for the periods ended:

	Three-month period ended		Nine-month period ended	
	September 30, 2015 $	**September 30, 2014 $**	**September 30, 2015 $**	**September 30, 2014 $**
Foreign exchange agreements recorded in other revenue items	**(17,801)**	(5,293)	**(26,499)**	(5,138)
Fair value change recorded in other revenue items from hedge ineffectiveness	**—**	—	**—**	35
Fair value changes recorded in other comprehensive income	**(89,440)**	30,085	**(82,939)**	(2,474)

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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September 30, 2015

Notional amounts and fair values of derivative instruments

The following table summarizes the notional principal and fair values of the derivative financial instruments outstanding:

	September 30, 2015	December 31, 2014
	$	$
Notional principal		
Derivative assets		
Interest rate contracts	**1,083,054**	886,338
Foreign exchange agreements	**545,281**	35,875
Total return swaps	**27,209**	30,596
	1,655,544	952,809
Derivative liabilities		
Interest rate contracts	**4,574,491**	1,927,943
Foreign exchange agreements	**413,686**	172,227
Total return swaps	—	9,377
	4,988,177	2,109,547
Fair values		
Restricted funds - collateral posted	**16,750**	7,550
Derivative assets		
Interest rate contracts	**5,554**	3,643
Foreign exchange agreements	**2,027**	1,426
Total return swaps	**8,250**	677
	15,831	5,746
Derivative liabilities		
Interest rate contracts	**61,569**	10,548
Foreign exchange agreements	**3,497**	419
Total return swaps	—	229
	65,066	11,196

[unaudited, in thousands of Canadian dollars, except where otherwise noted and per share amounts]

September 30, 2015

Fair values of derivatives designated in hedging relationships

The following table summarizes the fair values of the derivative financial instruments designated in an accounting hedging relationships, as at:

	September 30, 2015 $	**December 31, 2014 $**
Interest rate contracts	**(56,015)**	(6,843)
Foreign exchange agreements	**(1,470)**	1,007
Total return swaps	**8,250**	448
	(49,235)	(5,388)

Offsetting of Derivative Assets and Liabilities

The following tables present a summary of the Company's derivative portfolio, which includes the gross amounts of recognized financial assets and liabilities; the amounts offset in the interim condensed consolidated statements of financial position; the net amounts presented in the interim condensed consolidated statements of financial position; the amounts subject to an enforceable master netting arrangement or similar agreement that were not included in the offset amount above; and the amount of cash collateral received or pledged.

				Amounts subject to an enforceable master netting arrangement or similar agreement that are not set-off in the Statements of Financial Position		
	Gross amounts of recognized financial instruments before netting on the Statements of Financial Position	**Gross amounts of recognized financial instruments set-off in the Statements of Financial Position**	**Net amount of financial instruments presented in the Statements of Financial Position**	**Amounts subject to an enforceable master netting agreement**	**Collateral**	**Net Amount**
As at September 30, 2015						
Derivative financial instrument assets	**15,831**	**—**	**15,831**	**10,428**	**—**	**5,403**
Derivative financial instrument liabilities	**65,066**	**—**	**65,066**	**10,428**	**16,750**	**37,888**
As at December 31, 2014						
Derivative financial instrument assets	5,746	—	5,746	1,282	—	4,464
Derivative financial instrument liabilities	11,196	—	11,196	1,282	7,550	2,364

[unaudited, in thousands of Canadian dollars, except where otherwise noted and per share amounts]

15. CAPITAL DISCLOSURES

The Company's objectives when managing capital are to ensure sufficient liquidity to support its financial objectives and strategic plans, to ensure its financial covenants are met and to maximize shareholder value.

The Company's capitalization is as follows:

	September 30, 2015	**December 31, 2014**
	$	$
Secured borrowings	**16,576,204**	7,751,395
Convertible debentures	**831,916**	303,147
Total debt	**17,408,120**	8,054,542
Accounts payable and accrued liabilities	**660,578**	368,113
	18,068,698	8,422,655
Shareholders' equity	**5,377,345**	2,830,951
	23,446,043	11,253,606

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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September 30, 2015

16. SEGMENTED INFORMATION

For management purposes, the Company is organized into one business segment, which primarily operates in Canada, US and Other.

Geographic information as at and for the periods ended September 30, is as follows:

	2015				2014			
	Canada	US	Other (1)	Total	Canada	US	Other	Total
	$	$	$	$	$	$	$	$
For the three month period ended September 30,								
Financial revenue	**63,565**	**192,282**	**2,674**	**258,521**	62,854	92,724	1,465	157,043
Interest expense				**(73,590)**				(45,819)
Net financial income				**184,931**				111,224
For the nine month period ended September 30,								
Financial revenue	**210,483**	**436,583**	**6,514**	**653,580**	156,005	138,126	4,489	298,620
Interest expense				**(185,300)**				(90,337)
Net financial income				**468,280**				208,283
As at September 30,								
Non-current assets (1)								
Finance receivables	**3,004,102**	**12,808,194**	**534,925**	**16,347,221**	3,106,319	4,618,800	87,446	7,812,565
Equipment under operating leases	**343,234**	**2,028,241**	**1,619,720**	**3,991,195**	106,208	986,826	20,496	1,113,530
Goodwill	**111,399**	**1,290,295**	**318,351**	**1,720,045**	111,399	612,800	—	724,199
Other	**110,444**	**362,576**	**53,629**	**526,649**	63,623	47,681	—	111,304
	3,569,179	**16,489,306**	**2,526,625**	**22,585,110**	3,387,549	6,266,107	107,942	9,761,598

(1) The Company is in the process of finalizing the classification of finance receivables and equipment under operating leases, and the allocation of the purchase price for the acquisition of the GE Capital fleet management operations that closed on August 31, 2015 for the US operations, and September 30, 2015 for the Mexico, Australia and New Zealand operations, refer to Note 19.

Geographic net financial income, excluding interest expense ["Financial revenue"] is based on the location of customers and non-current assets are based on the location of the assets.

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17. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company estimates the fair value of the following financial instruments using the methodology described below.

Valuation methods and assumptions

Finance receivables and secured borrowings on finance receivables

The carrying value of finance receivables and secured borrowings approximates fair value. The assertion that the carrying value of the finance receivables approximates fair value requires the use of estimates and significant judgment. The finance receivables were credit-scored based on an internal model which is not used in market transactions. They comprise a large number of transactions with commercial customers in different businesses, are secured by liens on various types of equipment and may be guaranteed by third parties and cross-collateralized. The fair value of any receivable would be affected by a potential buyer's assessment of the transaction's credit quality, collateral value, guarantees, payment history, yield, term, documents and other legal matters, and other subjective considerations. Value received in a fair market sale transaction would be based on the terms of the sale, the buyer's views of the economic and industry conditions, the Company's and the buyer's tax considerations, and other factors.

Furthermore, it is not practical for the Company to estimate the fair value of its secured borrowings on finance receivables since, due to the limited sources of available funding for the type of business conducted by the Company, interest rates currently charged in the market for similar new borrowings are not readily available.

Notes receivable

The carrying value of the notes receivable approximates their fair value, as the interest rate on this asset is commensurate with market interest rates for this type of asset with similar duration and credit risk.

Derivatives

The fair values of derivatives are presented in Note 14 and are determined by the derivative counterparty using the related interest rate swap curves, foreign exchange forward values, intrinsic values and/or the Company's stock price for the total return swaps. Derivatives are classified as Level 2 financial instruments, whereby fair value is determined using valuation techniques and observable inputs.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

[unaudited, in thousands of Canadian dollars, except where otherwise noted and per share amounts]

September 30, 2015

18. SUPPLEMENT TO STATEMENT OF CASH FLOWS

The interim condensed consolidated statements of cash flows reflect only the impact of the Company's activities during the period. To simplify understanding of these transactions, and the related non-cash components, the major statement of financial position changes are more fully detailed below with indications as to the amounts included in the consolidated statements of cash flows.

	For the nine-month period ended September 30, 2015
	$
Finance receivables *[note 3]*	
Balance at December 31, 2014	**8,465,989**
Purchase of GE Capital's fleet management operations [included only at a net transaction level in cash flows] *[note 19]*	**6,234,161**
Originations [included in cash flows]	**4,298,512**
Repayments [included in cash flows]	**(3,241,767)**
Assets sold to syndications [included in cash flows]	**(315,171)**
Amounts transferred to equipment under operating leases	**(55,741)**
Amortization of deferred lease costs [adjustment to income in cash flows]	**(10,969)**
Provision for credit losses [adjustment to income in cash flows]	**(11,281)**
Impact of foreign exchange translation [excluded from cash flows]	**983,488**
Balance at September 30, 2015	**16,347,221**
Equipment under operating leases *[note 4]*	
Balance at December 31, 2014	**1,279,670**
Purchase of GE Capital's fleet management operations [included only at a net transaction level in cash flows] *[note 19]*	**1,557,692**
Originations [included in cash flows as Investment in equipment under operating leases]	**850,043**
Other additions [included in cash flows as Investment in equipment under operating leases]	**52,989**
Disposals [included in cash flows]	**(9,280)**
Amounts transferred from finance receivables	**55,741**
Amortization of equipment under operating leases [adjustment to income in cash flows]	**(30,854)**
Impact of foreign exchange translation [excluded from cash flows]	**235,194**
Balance at September 30, 2015	**3,991,195**

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

[unaudited, in thousands of Canadian dollars, except where otherwise noted and per share amounts]

September 30, 2015

	For the nine-month period ended September 30, 2015
	$
Secured borrowings *[note 6]*	
Balance at December 31, 2014	**7,751,395**
Net issuance [included in cash flows]	**7,895,174**
Increase in deferred financing costs [included in cash flows]	**(49,924)**
Amortization of deferred financing costs [adjustment to income in cash flows]	**18,451**
Impact of foreign exchange translation [excluded from cash flows]	**961,108**
Balance at September 30, 2015	**16,576,204**

19. BUSINESS ACQUISITION

Acquisition of General Electric Company ["GE"] fleet management businesses

On August 31, 2015, the Company completed the acquisition of GE Capital's fleet management operations in the US, and on September 30, 2015, completed the acquisition of GE Capital's fleet management operations in Mexico, Australia and New Zealand [collectively, the "GE Fleet Operations"].

The Company completed the transaction for cash consideration of $8,917,377. The purchase price was substantially funded from an increase in the senior facility and funds raised from an equity financing which closed on May 29, 2015.

[unaudited, in thousands of Canadian dollars, except where otherwise noted and per share amounts]

September 30, 2015

The following table summarizes the estimated fair value of the assets acquired and liabilities assumed at the acquisition dates:

	August 31, 2015 and September 30, 2015 $
Assets acquired	
Finance receivables [net of acquired allowance for credit losses of $4,112]	6,234,161
Equipment under operating leases	1,557,692
Accounts receivables and other	7,693
Capital and other assets	75,038
Goodwill	1,184,810
	9,059,394
Liabilities assumed	
Accounts payable and accrued liabilities	149,385
	8,910,009
Source of financing	
Cash, net of cash acquired of $7,368	8,910,009

The excess purchase consideration over the preliminary estimated net fair value of financial and other tangible and intangible assets acquired of $1,184,810 has been allocated to goodwill on a preliminary basis. The Company is in the process of [i] assessing the fair value of the tangible and intangible assets acquired, and as a result, the fair value of the assets acquired are expected to be adjusted pending the completion of final valuations and post-closing adjustments, including the valuation of customer list intangible assets and software intangible assets, and [ii] determining the lease classification under IFRS of the lease assets acquired from the GE Fleet Operations in Mexico, Australia and New Zealand and, as a result, the majority of these lease assets has been allocated to Equipment under operating leases, while $458,328 has been allocated to Finance Receivables.

[unaudited, in thousands of Canadian dollars, except where otherwise noted and per share amounts]

In connection with this acquisition, the Company incurred the following transaction costs:

	Three month period ended September 30, 2015 $	Nine month period ended September 30, 2015 $
Transaction costs		
Compensation expense	**23,724**	**23,724**
Performance-based compensation expense	**45,664**	**45,664**
	69,388	**69,388**
Deferred performance-based compensation expense	**(30,963)**	**(30,963)**
	38,425	**38,425**
Legal, investment banking fees and due diligence	**55,653**	**73,153**
Financing charges	**5,303**	**5,303**
Others	**3,998**	**4,688**
	103,379	**121,569**
Integration costs		
Staff rationalization	**23,354**	**23,354**
Abandonment of leased premises and related charges	**1,335**	**1,335**
	24,689	**24,689**
Total transaction and integration costs related to the acquisition of GE Capital's fleet management operations	**128,068**	**146,258**
Transaction and integration costs related to prior acquisitions	**—**	**22,278**
Total transaction and integration costs	**128,068**	**168,536**

Compensation expense and performance-based compensation expense represent compensation related payment granted and payable to over 140 key personnel in connection with the acquisition and integration of the GE Fleet Operations.

The performance-based compensation expense represent share-based compensation payable in the form of PSUs as either retention payments and/or integration incentives to be vested upon the achievement and satisfaction of integration targets.

The deferred performance-based compensation expense represents those amounts that have not yet vested and/or which integration achievement targets have not yet been met at September 30, 2015.

Included in compensation expense is an amount of $15,148 payable to key management personnel. Included in performance-based compensation expense is an amount of $25,222, that would be payable to key management personnel upon and conditional on the achievement of integration targets.

In connection with this acquisition, the Company incurred approximately $35,622 in financing charges in connection with its extension and increase to its revolving senior credit facility. Of this amount approximately $23,075 is directly attributable to the financing of the acquisition of the GE Fleet Operations. It is expected that this amount will be expensed as additional transaction costs once a dedicated financing structure is established.

In addition, the Company expects to invest US $75 million in its information technology infrastructure and systems over the next eighteen months to enhance its Fleet customer facing solutions and functionalities, as well as to provide additional capacity. Of this amount, approximately $25 million is expected to be recorded as integration costs and the remaining $50 million is expected to be treated as additional computer software intangible assets and/or property and equipment.

As at September 30, 2015, $121,417 of transaction and integration costs related to the GE Fleet Transaction remain payable and are included in accounts payable and accrued liabilities on the interim condensed consolidated statements of financial position.

Since the date of acquisition, the GE Fleet Operations has contributed $26,554 in net financial income and $11,010 in operating profits before income taxes [net income before acquisition costs, integration costs and income taxes].

20. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current period's presentation.