



News Release

For Immediate Release

Element Reports \$0.25 per share of Free Operating Cash Flow⁽¹⁾ in Q4 and \$0.76 for FY 2014 on \$9.7 billion of Earning Assets

- After tax adjusted operating earnings per share of \$0.19 for Q4 and \$0.57 for FY 2014
- Originations increase to \$1.7 billion in Q4 and exceed \$4.7 billion for FY 2014
- US market accounted for 71.4 % of originations and 49.1 % of financial revenue in Q4
- Financial revenue increased to 8.23% of average earning assets in Q4 versus 8.00% in Q3
- Interest expense remained flat at 2.35% of average earning assets in Q4 versus 2.33% in Q3
- Operating expenses decreased to 2.52% of average earning assets in Q4 versus 2.61% in Q3
- Before tax return on average common equity increased to double digits at 10.9% in Q4 from 9.7% in Q3
- Tangible leverage increased to 3.72:1 from 3.47:1 at the end of Q3
- Book value per share increased to \$9.34 at the end of Q4 from \$8.93 at the end of Q3

TORONTO, Ontario, February 25, 2015 - Element Financial Corporation (TSX:EFN) ("Element" or "the Company"), one of North America's leading equipment finance companies, today reported financial results for the 12-month and three-month periods ending December 31, 2014. **Free operating cash flow⁽¹⁾** amounted to \$189.5 million or \$0.76 per share for the 12-month period and \$71.8 million or \$0.25 per share for the three-month period. **After tax adjusted operating income** amounted to \$148.4 million or \$0.57 per share for the 12-month period ended December 31, 2014 and \$55.4 million or \$0.19 per share for the three-month period ended December 31, 2014.

"These results are in line with the guidance we provided to investors last year and offer improved visibility into how our fully integrated operations can be expected to perform through 2015," said Steven Hudson, Element's Chairman and CEO. "With total assets in excess of \$11 billion, we are steadily advancing toward our objective of establishing Element as a profitable and durable North American commercial finance company in each of our four chosen verticals," added Mr. Hudson.

Overall, **new originations** grew 41.8 percent to \$1.67 billion for the three-month period ended December 31, 2014 versus \$1.17 billion in Q3-2014. Fleet Management accounted for \$727.6 million of Q4 originations versus \$482.5 million in the previous period. The Rail Finance vertical contributed \$136.7 million to Q4 originations versus \$162.6 million in the previous period. Aviation Finance accounted for \$397.2 million of Q4 originations versus \$157.1 million in the previous period. The Commercial & Vendor vertical accounted for \$404.2 million of Q4 originations versus \$372.6 million in the previous quarter.

Financial revenue for the three-month period ended December 31, 2014 was \$175.7 million or 8.2 percent of average earning assets versus \$157.0 million in the previous quarter or 8.0 percent of average earning assets. **Other revenue** included in financial revenue amounted to \$54.8 million or 2.6 percent of average earning assets versus \$47.3 million or 2.4 percent of average earning assets in the previous quarter. **Interest expense** was \$50.0 million for the three-month period ended December 31, 2014 or 2.3 percent of average earning assets versus \$45.8 million or 2.3 percent of average earning assets in the previous quarter.

Net financial income for the three-month period ended December 31, 2014 was \$125.7 million for the quarter versus \$111.2 million in the preceding quarter. **Adjusted operating expense** for the three-month period ended December 31, 2014 was \$53.8 million or 2.5 percent of average earning assets versus \$51.2 million or 2.6 percent of average earning assets in the previous quarter.

Total earning assets increased by \$819.6 million during the three-month period to \$9.7 billion as at December 31, 2014 versus \$8.9 billion as at the end of the preceding quarter. **Finance receivables** increased to \$8.5 billion and **Equipment under operating leases** increased to \$1.3 billion as at December 31, 2014 versus \$7.8 billion and \$1.1 billion respectively reported at the end of the preceding quarter.

Total debt increased to \$8.0 billion as at December 31, 2014 from \$7.3 billion as at September 30, 2014. The Company's **tangible leverage ratio** increased to 3.72:1 as at December 31, 2014 versus 3.47:1 as at September 30, 2014.

"With the US market accounting for more than 71 percent of the new originations reported in the fourth quarter of last year, we started 2015 with more than 63 percent of our earning assets based in the US," noted Mr. Hudson. "The solid performance that we are seeing from this market in the first quarter gives us further confidence in our guidance of \$1.44 of free operating cash flow per share and \$1.05 of after tax adjusted operating EPS for the current fiscal year."

(1) See Non-IFRS Measures

Conference Call

A conference call to discuss the results with analysts will be held on Wednesday, February 25, 2015 at 6:00 p.m. ET. The conference call can be accessed by dialing the following numbers:

North America Toll-Free:	1-877-695-6175 passcode 5943633
Local & International:	416-340-2217 passcode 5943633

A series of presentation slides will be referenced by management during the conference call. These slides will be available on the Company's website in advance of the conference call and may be accessed at www.elementcorp.com/investors/presentations-1.

The conference call will be recorded and can be accessed until March 27, 2015 by dialing 1-800-408-3053 or 905-694-9451 and entering the pass code 8134713.

Audited Statements and MD&A

Element's audited financial statements and related management discussion and analysis as at and for the fiscal year ended December 31, 2014 have been filed on SEDAR (www.sedar.com).

Non-IFRS Measures

The Company's unaudited condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and accounting policies adopted are in accordance with IFRS.

The Company believes that certain Non-IFRS Measures can be useful to investors because they provide a means by which investors can evaluate the Company's underlying key drivers and operating performance of the business, exclusive of certain adjustments and activities that investors may consider to be unrelated to the underlying economic performance of the business of a given period. Throughout this Press Release, management used a number of 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. A full description of these measures can be found in the Management Discussion & Analysis that accompanies the financial statements for the quarter ended December 31, 2014.

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 years ended	
		December 31, 2014	September 30, 2014	December 31, 2013	December 31, 2014	December 31, 2013
<i>\$ thousands (except % and per share amounts)</i>						
Reported and adjusted income measures						
Net income (loss)	A	47,064	(19,959)	(278)	54,069	(1,650)
Adjustments:						
Amortization of debenture synthetic discount		1,445	1,418	—	2,863	—
Share-based compensation		6,135	4,861	4,212	18,851	11,949
Amortization of intangible assets from acquisitions		7,840	746	1,176	10,447	2,206
Integration costs		3,346	50,832	200	54,178	11,200
Transaction costs		—	31,856	14,560	44,963	35,060
Provision (recovery) of income taxes		6,008	(9,758)	489	4,099	6,496
Adjusted operating income	B	71,838	59,996	20,359	189,470	65,261
Provision for taxes applicable to adjusted operating income	C	(16,393)	(12,724)	(5,322)	(41,085)	(17,581)
After-tax adjusted operating income	D=B-C	55,445	47,272	15,037	148,385	47,680
Selected cash flow amounts						
Free operating cash flow	B	71,838	59,996	20,359	189,470	65,261
Selected statement of financial position amounts						
Finance receivables, before allowance for credit losses (1)	E	8,482,904	7,828,873	2,774,299	8,482,904	2,774,299
Allowance for credit losses	F	16,915	16,308	11,071	16,915	11,071
Finance receivables, net (1)	G=E-F	8,465,989	7,812,565	2,301,425	8,465,989	2,763,228
Equipment under operating leases (1)	H	1,279,670	1,113,530	239,055	1,279,670	239,055
Total earning assets	I=G+H	9,745,659	8,926,095	3,002,283	9,745,659	3,002,283
Average earning assets, net	J	8,543,386	7,853,916	2,454,446	5,888,922	1,893,778
Goodwill and intangible assets	K	863,008	821,288	182,673	863,008	182,673
Accounts payable and accrued liabilities	L	368,113	380,096	80,917	368,113	80,917
Secured borrowings	M	7,751,395	6,994,852	1,713,973	7,751,395	1,893,910
Unsecured convertible debentures	N	303,147	301,189	—	303,147	—
Total debt	O	8,054,542	7,296,041	1,893,910	8,054,542	1,893,910
Average debt	P	7,536,131	6,835,759	1,752,400	4,779,722	1,381,880
Total shareholders' equity	Q	2,830,951	2,723,435	889,072	2,830,951	1,446,656
Preferred shares	R	365,113	365,113	115,000	365,113	115,000
Common shareholders' equity	S=Q-R	2,465,838	2,358,322	1,331,656	2,465,838	1,331,656
Average common shareholders' equity	T	2,406,023	2,223,893	961,860	1,840,665	736,981
Average total shareholders' equity	U	2,771,135	2,588,328	977,678	2,121,399	740,968

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 years ended		
\$ thousands (except % and per share amounts)		December 31, 2014	September 30, 2014	December 31, 2013	December 31, 2014	December 31, 2013	
Free operating cashflow per share [basic] (1)	(B-Y)/W	\$ 0.25	\$ 0.21	\$ 0.12	\$ 0.76	\$ 0.47	
After-tax adjusted operating income per share [basic]	(D-Y)/W	\$ 0.19	\$ 0.16	\$ 0.09	\$ 0.57	\$ 0.34	
Key annualized operating ratios							
Financial leverage ratio	(O)/Q	2.85	2.68	1.31	2.85	1.31	
Tangible leverage ratio	(2)	3.72	3.47	1.56	3.72	1.56	
Average financial leverage ratio	P/U	2.72	2.64	1.79	2.25	1.86	
Allowance for credit losses as a percentage of finance receivables	F/E	0.20 %	0.21 %	0.40 %	0.20 %	0.40 %	
Adjusted operating income on average common shareholders' equity	(B-Y)/T	10.93 %	9.69 %	8.34 %	9.26 %	8.81 %	
Adjusted operating income on average earning assets	B/J	3.36 %	3.06 %	3.32 %	3.22 %	3.45 %	
After-tax adjusted operating income on average common shareholders' equity	(D-Y)/T	8.20 %	7.40 %	6.12 %	7.03 %	6.43 %	
After-tax adjusted operating income on average earning assets	D/J	2.60 %	2.41 %	2.45 %	2.52 %	2.52 %	
Per share information							
Number of shares outstanding (including special warrants)	V	264,059	264,056	188,935	264,059	188,935	
Weighted average number of shares outstanding [basic]	W	264,057	258,381	160,530	225,289	138,423	
Weighted average number of shares outstanding [diluted]	X	268,889	258,381	160,530	230,145	138,423	
Cumulative preferred share dividends during the period	Y	\$ 6,109	\$ 6,145	\$ 312	\$ 18,935	\$ 312	
Net income (loss) per share [basic]	(A-Y)/W	\$ 0.16	\$ (0.10)	\$ —	\$ 0.16	\$ (0.01)	
Net income (loss) per share [diluted]	(A-Y)/X	\$ 0.15	\$ (0.10)	\$ —	\$ 0.15	\$ (0.01)	
Book value per share	S/V	\$ 9.34	\$ 8.93	\$ 7.05	\$ 9.34	\$ 7.05	

(1) Prior period free operating cashflow per share [basic] has been restated for the change in definition applied in the current period.

(2) The tangible leverage ratio has been computed beginning September 30, 2014 to conform and be in accordance with the Company's latest secured borrowing agreements, prior periods have been computed based on (O+L)/(Q-K).

Selected Financial Information and Financial Ratios

The following tables summarize key financial data and key operating ratios for the three-month periods ended December 31, 2014, September 30, 2014 and December 31, 2013:

	As at and for the three months ended		
	December 31, 2014	September 30, 2014	December 31, 2013
(in \$000's for stated values, except ratios and per share amounts)	\$	\$	\$
After tax adjusted operating income (loss) per share (basic) (1)	0.19	0.16	0.09
Free operating cash flows per share (basic) (1)	0.25	0.21	0.12
Financial revenue (1)	175,703	157,043	50,945
Adjusted operating income (1)	71,838	59,996	20,359
After tax adjusted operating income (1)	55,445	47,272	15,037
Income/(loss) before taxes	53,072	(29,717)	211
Net income/(loss)	47,064	(19,959)	(278)
Total assets	11,290,502	10,449,512	3,454,653
Finance receivables, net	8,465,989	7,812,565	2,763,228
Equipment under operating leases	1,279,670	1,113,530	239,055
Total earning assets	9,745,659	8,926,095	3,002,283
New originations	1,665,765	1,174,764	997,172
New originations PHH Arval	662,772	414,041	—
Loan acquisitions (2)	—	4,298,224	—
Secured borrowings	7,751,395	6,994,852	1,893,910
Convertible debentures	303,147	301,189	—
Total debt	8,054,542	7,296,041	1,893,910
Average finance receivables (1)	7,396,499	6,914,798.86	2,398,255
Average equipment under operating leases (1)	1,146,887	939,117	56,191
Average earning assets (1)	8,543,386	7,853,915.86	2,454,446
Average debt outstanding (1)	7,536,131	6,835,759	1,752,400
Number of shares outstanding (including special warrants)	264,059	264,056	188,935
Weighted average number of shares outstanding (including special warrants) [basic]	264,057	258,381	160,530
Weighted average number of shares outstanding [diluted]	268,889	258,381	160,530
Total shareholders' equity	2,830,951	2,723,435	1,446,656
Average common shareholders' equity (1)	2,406,023	2,223,893	961,860
Net income (loss) per share [basic]	0.16	(0.10)	—
Net income (loss) per share [diluted]	0.15	(0.10)	—

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

(2) Fair value assigned to the finance receivable assets from the acquisition of PHH Arval on July 7, 2014.

The following table summarizes key operating ratios as at and for the three months ended:

	As at and for the three-months ended		
	December 31, 2014	September 30, 2014	December 31, 2013
Ratios			
Financial leverage ratio (2) (3)	2.85	2.68	1.31
Average financial leverage ratio (2)	2.72	2.64	1.79
Tangible leverage ratio (2) (4)	3.72	3.47	1.56
Average tangible leverage ratio (2) (4)	3.13	3.08	2.26
Allowance for credit losses as a percentage of finance receivables (2)	0.20 %	0.21%	0.40%
Annualized credit loss provision as a percentage of average finance receivables (2)	0.12 %	0.22%	0.18%
Portfolio average remaining life (in months, excluding equipment under operating leases) (2)	24.8	16.4	27.8
Adjusted operating income on average common shareholders' equity (2)	10.93 %	9.69%	8.34%
Adjusted operating income on average earning assets (2)	3.36 %	3.06%	3.32%
After-tax adjusted operating income on average common shareholders' equity (2)	8.20 %	7.40%	6.12%
After-tax adjusted operating income on average earning assets (2)	2.60 %	2.41%	2.45%
Book value per share	\$ 9.34	\$ 8.93	\$ 7.05

(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) The tangible leverage ratio has been computed beginning with the quarter ended September 30, 2014 to conform to the terms of the Company's latest secured borrowing agreements. For prior periods tangible leverage ratio has been computed as the sum of secured borrowings, convertible debentures and accounts payable and accrued liabilities, divided by shareholders equity less goodwill and intangible assets.

Selected Financial Information and Financial Ratios

The following tables summarize key financial data and key operating ratios as at and for the year ended December 31, 2014:

	As at and for the year ended	As at and for the year ended	As at and for the year ended	As at and for the nine-months ended	As at and for the year ended
	December 31, 2014	December 31, 2013	December 31, 2012	December 31, 2011	March 31, 2011
(in \$000's for stated values, except ratios and per share amounts)	\$	\$	\$	\$	\$
After tax adjusted operating income (loss) per share (basic) (1)	0.57	0.34	0.14	(0.01)	(0.34)
Free operating cash flows per share (basic) (1)	0.76	0.47	0.19	(0.01)	(0.34)
Financial revenue (1)	474,323	163,117	53,006	10,386	1,728
Adjusted operating income (1)	189,470	65,261	14,910	(428)	(1,449)
After tax adjusted operating income (1)	148,385	47,680	10,941	(1,034)	(1,449)
Income/(loss) before taxes	58,168	4,846	(11,370)	(7,544)	(1,449)
Net income/(loss)	54,069	(1,650)	(6,420)	(6,071)	(1,449)
Total assets	11,290,502	3,454,653	1,508,892	416,715	47,073
Finance receivables, net	8,465,989	2,763,228	1,314,617	231,537	37,586
Equipment under operating leases	1,279,670	239,055	—	—	—
Total earning assets	9,745,659	3,002,283	1,314,617	231,537	37,586
New originations	4,717,146	2,101,755	689,330	119,671	46,604
New originations PHH Arval	1,076,813	—	—	—	—
Loan acquisitions (2)	4,298,224	573,008	756,236	158,474	—
Secured borrowings	7,751,395	1,893,910	989,128	172,517	33,250
Convertible debentures	303,147	—	—	—	—
Total debt	8,054,542	1,893,910	989,128	172,517	33,250
Average finance receivables (1)	5,027,425	1,879,729	629,485	168,099	17,782
Average equipment under operating leases (1)	861,497	14,049	—	—	—
Average earning assets (1)	5,888,922	1,893,778	629,485	168,099	17,782
Average debt outstanding (1)	4,779,722	1,381,880	453,356	119,624	15,980
Number of shares outstanding (including special	264,059	188,935	102,542	66,380	4,412
Weighted average number of shares outstanding (including special warrants) [basic]	225,289	138,423	78,132	33,302	3,923
Weighted average number of shares outstanding [diluted]	230,145	138,423	78,132	33,302	3,923
Total shareholders' equity	2,830,951	1,446,656	423,425	238,341	8,001
Average common shareholders' equity (1)	1,840,665	736,981	300,807	91,687	7,178
Net income (loss) per share [basic]	0.16	(0.01)	(0.08)	(0.18)	(0.37)
Net income (loss) per share [diluted]	0.15	(0.01)	(0.08)	(0.18)	(0.37)

The following table summarizes key operating ratios as at and for the years ended:

	As at and for the year ended	
	December 31, 2014	December 31, 2013
Ratios		
Financial leverage ratio (1) (2)	2.85	1.31
Average financial leverage ratio (1)	2.25	1.86
Tangible leverage ratio (1) (3)	3.72	1.56
Average tangible leverage ratio (1) (3)	2.60	2.39
Allowance for credit losses as a percentage of finance receivables (1)	0.20%	0.40%
Annualized credit loss provision as a percentage of average finance receivables (1)	0.26%	0.29%
Portfolio average remaining life (in months, excluding equipment under operating leases) (1)	24.8	27.8
Adjusted operating income on average common shareholders' equity (1)	9.26%	8.81%
Adjusted operating income on average earning assets (1)	3.22%	3.45%
After-tax adjusted operating income on average common shareholders' equity (1)	7.03%	6.43%
After-tax adjusted operating income on average earning assets (1)	2.52%	2.52%
Book value per share	\$9.34	\$7.05

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

(2) Financial leverage ratio is computed as total debt (the sum of secured borrowings and extendible convertible debentures) divided by total shareholders equity.

(3) The tangible leverage ratio has been computed beginning with the quarter ended September 30, 2014 to conform to the terms of the Company's latest secured borrowing agreements. For prior periods tangible leverage ratio has been computed as the sum of secured borrowings, convertible debentures and accounts payable and accrued liabilities, divided by shareholders equity less goodwill and intangible assets.

Results of Operations – For the three months ended December 31, 2014, September 30, 2014 and December 31, 2013 and twelve months ended December 31, 2014 and 2013

The following table sets forth a summary of the Company's results of operations for the three months ended December 31, 2014, September 30, 2014 and December 31, 2013 and twelve months ended December 31, 2014 and 2013:

	For the three-month periods ended			For the years ended	
	December 31, 2014	September 30, 2014	December 31, 2013	December 31, 2014	December 31, 2013
<i>(in 000's for stated values, except per unit amounts)</i>	\$	\$	\$	\$	\$
Net Financial Income					
Interest income	102,527	96,249	41,030	298,868	135,262
Rental revenue, net (1)	20,664	17,306	1,058	62,645	1,058
Total interest income and rental revenue, net	123,191	113,555	42,088	361,513	136,320
Interest expense	50,046	45,819	16,745	140,383	49,525
Net interest income and rental revenue, net before provision for credit losses	73,145	67,736	25,343	221,130	86,795
Provision for credit losses	2,268	3,851	1,064	12,945	5,404
Net interest income and rental revenue, net	70,877	63,885	24,279	208,185	81,391
Other revenue items	54,780	47,339	9,921	125,755	32,201
Net financial income	125,657	111,224	34,200	333,940	113,592
Operating Expenses					
Salaries, wages and benefits	32,835	33,285	10,015	91,251	34,650
General and administration expenses	20,984	17,943	3,826	53,219	13,681
Amortization of debenture synthetic discount	1,445	1,418	—	2,863	—
Share-based compensation	6,135	4,861	4,212	18,851	11,949
	61,399	57,507	18,053	166,184	60,280
Business acquisition costs					
Amortization of intangibles from acquisition	7,840	746	1,176	10,447	2,206
Integration costs	3,346	50,832	200	54,178	11,200
Transaction costs	—	31,856	14,560	44,963	35,060
	11,186	83,434	15,936	109,588	48,466
Net income/(loss) before taxes	53,072	(29,717)	211	58,168	4,846
Tax expense/(recovery)	6,008	(9,758)	489	4,099	6,496
Net income/(loss) for the period	47,064	(19,959)	(278)	54,069	(1,650)
Net income/(loss) per share [basic]	0.16	(0.10)	—	0.16	(0.01)
Net income/(loss) per share [diluted]	0.15	(0.10)	—	0.15	(0.01)

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

Overall Performance Highlights for the Three-Months Ended December 31, 2014

The Company's earning assets, consisting of the Company's Finance receivables and Equipment under operating leases, have grown substantially during the period to December 31, 2014 to \$9,745.7 million from \$3,002.3 million reported at December 31, 2013. The growth over December 31, 2013 is primarily due to the combined effect of the total new originations for the year in the amount of \$4,717.1 million, helped by the large contribution of the Trinity vendor program and new origination volume contributed by PHH Arval, the acquisition of PHH Arval which added \$4,298.2 million of finance receivables on July 7, 2014, net of repayments, syndication activities, depreciation of equipment under operating leases, changes in foreign exchange rates and others of \$2,271.9 million.

The Company is reporting a net income of \$47.1 million for the three months ended December 31, 2014, compared to a net loss of \$0.3 million in the comparative period ended December 31, 2013, and a net loss of \$20.0 million in the immediately preceding quarter ended September 30, 2014. Basic net income per share was \$0.16 for the three-months ended December 31, 2014, compared to a net loss per share of \$0.00 for the comparative period ended December 31, 2013 and a net loss per share of \$0.10 for the immediately preceding quarter ended September 30, 2014. The increase over the comparative period ended December 31, 2013 is due to the increased volume of business and earning assets during the current quarter and the timing of acquisition costs incurred related to the acquisition of the rail and helicopter portfolios in December 2013. The increase over the immediately preceding quarter is primarily due to the timing of business acquisition costs related to the acquisition of PHH Arval.

As indicated previously, management believes that adjusted operating income 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. For the three months ended December 31, 2014, the Company is reporting adjusted operating income of \$71.8 million and after-tax adjusted operating income per share of \$0.19, compared to \$20.4 million in adjusted operating income or \$0.09 in after-tax operating income per share for the comparative three months ended December 31, 2013, and compared to \$60.0 million in adjusted operating income or \$0.16 in after-tax operating income per share for the immediately preceding quarter ended September 30, 2014.

As indicated previously, Management also believes that Free Operating Cash Flows and Free Operating Cash Flows per Share as described in the Non-IFRS Measures section of this MD&A are a key statistics 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 of \$0.19 for the three months ended December 31, 2014, free operating cash flows per share reaches \$0.25 per share, compared to \$0.09 and \$0.12, respectively, for the comparative three months ended December 31, 2013, and \$0.16 and \$0.21, respectively, for the immediately preceding quarter ended September 30, 2014.

Overall Performance Highlights for the Year Ended December 31, 2014

The Company's earning assets, consisting of the Company's Finance receivables and Equipment under operating leases, have grown substantially during the year ended December 31, 2014 to \$9,745.7 million from \$3,002.3 million reported at December 31, 2013. The growth over December 31, 2013 is primarily due to the combined effect of the total new originations for the year in the amount of \$4,717.1 million, helped by the large contribution of the Trinity vendor program and new origination volume contributed by PHH Arval, the acquisition of PHH Arval which added \$4,298.2 million of finance receivables on July 7, 2014, net of repayments, syndication activities, amortization of equipment under operating leases, and changes in foreign exchange rates and others of \$2,271.9 million.

The Company is reporting a net income for the year ended December 31, 2014 of \$54.1 million, compared to a net loss of \$1.7 million for the comparative year ended December 31, 2013. Basic net income per share for the year ended December 31, 2014 was \$0.16 versus a net loss per share of \$0.01 for the comparative year ended December 31, 2013.

As indicated previously, management believes that adjusted operating income 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. For the year ended December 31, 2014, the Company is reporting adjusted operating income of \$189.5 million and after-tax adjusted operating income per share of \$0.57, compared to \$65.3 million and \$0.34 per share in the comparative year ended December 31, 2013.

As indicated previously, Management also believes that Free Operating Cash Flows and Free Operating Cash Flows per Share as described in the Non-IFRS Measures section of this MD&A are a key statistics 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 of \$0.57 for the year ended December 31, 2014, free operating cash flows per share reaches \$0.76 per share, compared to \$0.34 and \$0.47 per share for the year ended December 31, 2013, respectively.

Consolidated Financial Position

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

	As at		
	December 31, 2014	September 30, 2014	December 31, 2013
<i>(in 000's for stated values, except per unit amounts)</i>	\$	\$	\$
Cash	66,869	46,776	12,401
Restricted cash	443,238	455,998	103,550
Finance receivables	8,465,989	7,812,565	2,763,228
Equipment under operating leases	1,279,670	1,113,530	239,055
Derivative financial instruments	5,746	5,424	—
Deferred tax assets	39,405	69,028	28,231
Non-portfolio assets	989,585	946,191	308,188
Total assets	11,290,502	10,449,512	3,454,653
Accounts payable and accrued liabilities	368,113	380,096	80,917
Secured borrowings	7,751,395	6,994,852	1,893,910
Convertible debentures	303,147	301,189	—
Derivative financial instruments	11,196	6,305	3,014
Deferred tax liabilities	25,700	43,635	30,156
Total liabilities	8,459,551	7,726,077	2,007,997
Shareholders' equity	2,830,951	2,723,435	1,446,656
Total liabilities and shareholders' equity	11,290,502	10,449,512	3,454,653

About Element Financial Corporation

With total assets in excess of \$11 billion, Element Financial Corporation is one of North America's leading equipment finance companies. Element operates across North America in four verticals of the equipment finance market - Commercial & Vendor Finance, Aviation Finance, Railcar Finance and Fleet Management

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This release includes forward-looking statements regarding Element and its business. Such statements are based on the current expectations and views of future events of Element's management. In some cases the forward-looking statements can be identified by words or phrases such as "may", "will", "expect", "plan", "anticipate", "intend", "potential", "estimate", "believe" or the negative of these terms, or other similar expressions intended to identify forward-looking statements, including, among others, statements regarding new originations in the current quarter, the anticipated pipeline of prospective transactions, and proposed purchases of portfolios of finance assets. The forward-looking events and circumstances discussed in this release may not occur and could differ materially as a result of known and unknown risk factors and uncertainties affecting Element, including risks regarding the equipment finance industry, economic factors, risks related to completion of the proposed purchases of portfolios of finance assets, and many other factors beyond the control of Element. No forward-looking statement can be guaranteed. Forward-looking statements and information by their nature are based on assumptions and involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statement or information. Accordingly, readers should not place undue reliance on any forward-looking statements or information. A discussion of the material risks and assumptions associated with this outlook can be found in Element's 2014 MD&A, and 2013 Annual Information Form, all of which have been filed on SEDAR and can be accessed at www.sedar.com. Accordingly, readers should not place undue reliance on any forward-looking statements or information. Except as required by applicable securities laws, forward-looking statements speak only as of the date on which they are made and Element undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.