ROYAL BANK OF CANADA
Form 424B2
April 13, 2018

RBC Capital Markets®	Filed Pursuant to Rule 424(b)(2) Registration Statement No. 333-208507

Pricing Supplement Dated April 11, 2018 To the Product Prospectus Supplement FIN-1 Dated January 14, 2016, and the Prospectus and Prospectus Supplement, each dated January 8, 2016	$6,000,000 Redeemable Leveraged Steepener Notes, Due April 13, 2028 Royal Bank of Canada

Royal Bank of Canada is offering the Redeemable Leveraged Steepener Notes (the "Notes") described below.
The CUSIP number for the Notes is 78014RAE0.
The Notes will pay interest quarterly, on the 13th day of January, April, July and October of each year, commencing on July 13, 2018. The interest rate on the Notes will depend on the "Reference Rate." The "Reference Rate" will be equal to the difference between the 30 year CMS rate and the 2 year CMS rate. Interest will accrue at the following rates during the indicated years of the term of the Notes:

- Years 1-2: 6.00%
- Years 3-10: The Reference Rate multiplied by 8.5; provided that the interest rate can never be less than 0.00% or greater than 8.00% per annum.

We may call the Notes in whole, but not in part, on April 13, 2019 and annually thereafter on each April 13th, upon at least 10 New York or London business days' prior written notice.
The Notes will not be listed on any securities exchange.
Investing in the Notes involves a number of risks. See "Risk Factors" beginning on page S-1 of the prospectus supplement dated January 8, 2016, "Additional Risk Factors Specific to the Notes" beginning on page PS-5 of the product prospectus supplement FIN-1 dated January 14, 2016 and "Risk Factors" on page P-7 of this pricing supplement.
The Notes will not constitute deposits insured by the Canada Deposit Insurance Corporation, the U.S. Federal Deposit Insurance Corporation or any other Canadian or U.S. government agency or instrumentality.
Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined that this pricing supplement is truthful or complete. Any representation to the contrary is a criminal offense.
The initial estimated value of the Notes as of the date of this pricing supplement is $949.50 per $1,000 in principal amount, which is less than the price to public. The actual value of the Notes at any time will reflect many factors, cannot be predicted with accuracy, and may be less than this amount. We describe our determination of the initial estimated value in more detail below.
RBC Capital Markets, LLC has offered the Notes at varying public offering prices and will purchase the Notes from us on the issue date at purchase prices that is 98.80% of the principal amount. See "Supplemental Plan of Distribution (Conflicts of Interest)" on page P-9 below.
We will deliver the Notes in book-entry only form through the facilities of The Depository Trust Company on April 13, 2018, against payment in immediately available funds.
RBC Capital Markets, LLC

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SUMMARY

The information in this "Summary" section is qualified by the more detailed information set forth in this pricing supplement, the product prospectus supplement FIN-1, the prospectus supplement, and the prospectus.

Issuer:	Royal Bank of Canada ("Royal Bank")
Issue:	Senior Global Medium-Term Notes, Series G
Underwriter:	RBC Capital Markets, LLC
Currency:	U.S. Dollars
Minimum Investment:	$1,000 and minimum denominations of $1,000 in excess of $1,000
Pricing Date:	April 11, 2018
Issue Date:	April 13, 2018
Maturity Date:	April 13, 2028
CUSIP:	78014RAE0
Interest Rate:	Years 1-2: 6.00% Years 3-10: The value of the Reference Rate multiplied by 8.5; provided that the interest rate can never be less than 0.00% or greater than 8.00% per annum.
Reference Rate:	High-Side Reference Rate minus Low-Side Reference Rate
High-Side Reference Rate:	30 Year CMS Rate, as reported on Reuters Page ICESWAP1 or any successor page thereto at 11:00 am New York time
Low-Side Reference Rate:	2 Year CMS Rate, as reported on Reuters Page ICESWAP1 or any successor page thereto at 11:00 am New York time
Type of Note:	Your Notes are called a "Leveraged Steepener Note" because, from the beginning of year 3 until the Maturity Date or the date of redemption, as the case may be, the Notes bear a variable rate of interest at a "leveraged," or multiplied, rate, subject to a maximum interest rate, if the High-Side Reference Rate exceeds the Low-Side Reference Rate. If the High-Side Reference Rate does not exceed the Low-Side Reference Rate, interest will accrue at the rate of 0.00% for that interest period. FOR EVERY INTEREST PERIOD THAT THE HIGH-SIDE REFERENCE RATE DOES NOT EXCEED THE LOW-SIDE REFERENCE RATE, YOU WILL NOT RECEIVE A COUPON PAYMENT.
Interest Determination Dates:	Five U.S. government securities settlement days prior to the beginning of each interest period, beginning in the third year of the term of the Notes. A "U.S. government securities settlement day" is any day except a Saturday, a Sunday, or a day on which The Securities Industry and Financial Markets Association (or any successor thereto) recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

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Interest Payment Dates:	Quarterly, in arrears, on the 13th day of January, April, July and October of each year, commencing on July 13, 2018 and ending on the Maturity Date. If any Interest Payment Date is not a New York or London business day, interest will be paid on the next New York or London business day, without adjustment for period end dates and no additional interest will be paid in respect of the postponement.
Redemption:	Redeemable at our option, in whole, but not in part.
Call Date(s):	The Notes are callable, in whole, but not in part, on April 13, 2019 and annually thereafter on each April 13th, upon at least 10 New York or London business days' prior written notice.
Survivor's Option:	Not Applicable
Minimum Investment:	$1,000 (except for certain non-U.S. investors for whom the minimum investment will be higher)
U.S. Tax Treatment:	The Notes will be treated as debt instruments for U.S. federal income tax purposes. We intend to take the position that the Notes will be treated as contingent payment debt instruments. Please see the discussion (including the opinion of our counsel Morrison & Foerster LLP) in the product prospectus supplement FIN-1 dated January 14, 2016 under "Supplemental Discussion of U.S. Federal Income Tax Consequences" and specifically the discussion under "Supplemental Discussion of U.S. Federal Income Tax Consequences—Supplemental U.S. Tax Considerations—Where the term of your notes will exceed one year—Leveraged Steepener Notes," and under "Supplemental Discussion of U.S. Federal Income Tax Consequences—Supplemental U.S. Tax Considerations—Where the term of your notes will exceed one year—Rules Applicable to Notes Treated as Contingent Payment Debt Instruments for Tax Purposes," which apply to your Notes. These discussions do not address the tax consequences applicable to holders subject to Section 451(b) of the Code.
Calculation Agent:	RBC Capital Markets, LLC
Listing:	The Notes will not be listed on any securities exchange.
Clearance and Settlement:	DTC global (including through its indirect participants Euroclear and Clearstream, Luxembourg as described under "Description of Debt Securities—Ownership and Book-Entry Issuance" in the prospectus dated January 8, 2016).
Terms Incorporated in the Master Note:	All of the terms appearing above the item captioned "Listing" on pages P-2 and P-3 of this pricing supplement and the applicable terms appearing under the caption "General Terms of the Notes" in the product prospectus supplement FIN-1 dated January 14, 2016, as modified by this pricing supplement. In addition to those terms, the following two sentences are also so incorporated into the master note: RBC confirms that it fully understands and is able to calculate the effective annual rate of interest applicable to the Notes based on the methodology for calculating per annum rates provided for in the Notes. RBC irrevocably agrees not to plead or assert Section 4 of the Interest Act (Canada), whether by way of defense or otherwise, in any proceeding relating to the Notes.

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ADDITIONAL TERMS OF YOUR NOTES

You should read this pricing supplement together with the prospectus dated January 8, 2016, as supplemented by the prospectus supplement dated January 8, 2016 and the product prospectus supplement FIN-1 dated January 14, 2016, relating to our Senior Global Medium-Term Notes, Series G, of which these Notes are a part. Capitalized terms used but not defined in this pricing supplement will have the meanings given to them in the product prospectus supplement FIN-1. In the event of any conflict, this pricing supplement will control. The Notes vary from the terms described in the product prospectus supplement FIN-1 in several important ways. You should read this pricing supplement carefully.

This pricing supplement, together with the documents listed below, contains the terms of the Notes and supersedes all prior or contemporaneous oral statements as well as any other written materials including preliminary or indicative pricing terms, correspondence, trade ideas, structures for implementation, sample structures, brochures or other educational materials of ours. You should carefully consider, among other things, the matters set forth in "Risk Factors" in the prospectus supplement dated January 8, 2016, "Additional Risk Factors Specific to the Notes" in the product prospectus supplement FIN-1 dated January 14, 2016 and "Additional Risk Factors" in this pricing supplement, as the Notes involve risks not associated with conventional debt securities. We urge you to consult your investment, legal, tax, accounting and other advisors before you invest in the Notes. You may access these documents on the SEC website at www.sec.gov as follows (or if that address has changed, by reviewing our filings for the relevant date on the SEC website):

Prospectus dated January 8, 2016:
http://www.sec.gov/Archives/edgar/data/1000275/000121465916008810/j18160424b3.htm
Prospectus Supplement dated January 8, 2016:
https://www.sec.gov/Archives/edgar/data/1000275/000121465916008811/p14150424b3.htm
Product Prospectus Supplement FIN-1 dated January 14, 2016:
https://www.sec.gov/Archives/edgar/data/1000275/000114036116047762/form424b5.htm

Our Central Index Key, or CIK, on the SEC website is 1000275. As used in this pricing supplement, the "Company," "we," "us," or "our" refers to Royal Bank of Canada.

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HISTORICAL INFORMATION

Historically, the High-Side Reference Rate and the Low-Side Reference Rate, and the difference between them, have experienced significant fluctuations. Any historical upward or downward trend in these rates during any period shown below is not an indication that the interest payable on the Notes is more or less likely to increase or decrease at any time during the term of the Notes. Royal Bank cannot make any assurances that the future levels of the High-Side Reference Rate and the Low-Side Reference Rate will result in holders of the Notes receiving interest payments after the first four quarterly payments.

The Reference Rate was 0.237% on April 11, 2018. The graph below sets forth the historical performance of the Reference Rate from June 26, 2000 through April 11, 2018.

Source: Bloomberg L.P.

Historical Period	
Total number of days in the historical period	4,642
Number of days the High-Side Reference Rate was greater than the Low-Side Reference Rate	4,638
Number of days the High-Side Reference Rate was not greater than the Low-Side Reference Rate	4

The historical performance shown above is not indicative of future performance.

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HYPOTHETICAL EXAMPLES

The table below presents examples of the hypothetical interest which will accrue on the Notes with a principal amount of $1,000 after the second year of the term of the Notes. The examples below are for purposes of illustration only. The actual interest payments will depend on the actual difference between the High-Side Reference Rate and the Low-Side Reference Rate on each interest determination date. The applicable interest rate for each interest period will be determined on a per-annum basis but will apply only to that interest period. Whether or not you would receive interest at the hypothetical interest rates below would depend on whether or not we determine to exercise our redemption right prior to the interest period in which those interest rates would take effect.

Hypothetical Difference between the High-Side minus Low-Side Reference Rates	Hypothetical Interest Rate (per annum)	Hypothetical Quarterly Interest Payment
-2.00%	0.00%	$0.00
-1.85%	0.00%	$0.00
-1.70%	0.00%	$0.00
-1.55%	0.00%	$0.00
-1.40%	0.00%	$0.00
-1.25%	0.00%	$0.00
-1.10%	0.00%	$0.00
-0.95%	0.00%	$0.00
-0.80%	0.00%	$0.00
-0.65%	0.00%	$0.00
-0.50%	0.00%	$0.00
-0.35%	0.00%	$0.00
-0.20%	0.00%	$0.00
-0.05%	0.00%	$0.00
0.10%	0.85%	$2.13
0.25%	2.13%	$5.31
0.40%	3.40%	$8.50
0.55%	4.68%	$11.69
0.70%	5.95%	$14.88
0.85%	7.23%	$18.06
1.00%	8.00%	$20.00
1.15%	8.00%	$20.00
1.30%	8.00%	$20.00
1.45%	8.00%	$20.00
1.60%	8.00%	$20.00
1.75%	8.00%	$20.00
1.90%	8.00%	$20.00
2.05%	8.00%	$20.00

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RISK FACTORS

The Notes involve risks not associated with an investment in ordinary floating rate notes. An investment in Redeemable Leveraged Steepener Notes entails significant risks not associated with similar investments in a conventional debt security, including, but not limited to, fluctuations in the High-Side Reference Rate and the Low-Side Reference Rate and other events that are difficult to predict and beyond our control. This section describes the most significant risks relating to the terms of the Notes. For additional information as to the risks related to an investment in the Notes, please see the accompanying product prospectus supplement, prospectus supplement and prospectus. You should carefully consider whether the Notes are suited to your particular circumstances before you decide to purchase them. Accordingly, prospective investors should consult their financial and legal advisers as to the risks entailed by an investment in the Notes and the suitability of the Notes in light of their particular circumstances.

After the Second Year of the Notes, the Amount of Interest Payable Is Uncertain and Could Be 0.00%. During the variable interest rate period, the amount of interest payable on the Notes in any interest period will depend on whether and the extent to which the High-Side Reference Rate is greater than the Low-Side Reference Rate on the related interest determination date. If the High-Side Reference Rate does not exceed the Low-Side Reference Rate on any interest determination date, the rate of interest payable for the related interest payment period will be 0%. As a result, the effective yield on the Notes may be less than what would be payable on our conventional notes of comparable maturity. The actual interest payments on the Notes and return of only the principal amount at maturity may not compensate you for the effects of inflation and other factors relating to the value of money over time.

The Amount of Interest Payable on the Notes in Any Interest Period Is Capped. The interest rate on the Notes for each quarterly interest period during the variable interest rate period is capped for that period at the maximum interest rate of 8.00%. Accordingly, you could receive less than 8.00% interest for any given full year even when the difference between the High-Side Reference Rate and the Low-Side Reference Rate increases substantially in a quarterly interest period during that year if the difference between these rates in the other interest periods in that year do not also increase substantially, as you will not receive the full benefit of the outperforming period due to the interest rate cap.

The Notes Are Subject to Early Redemption at Our Option. Royal Bank has the option to redeem the Notes on the Call Dates set forth above. It is more likely that Royal Bank will redeem the Notes prior to their stated maturity date to the extent that the difference between the High-Side Reference Rate and the Low-Side Reference Rate during the term of the Notes results in an amount of interest payable that is greater than instruments of a comparable maturity and credit rating trading in the market. If the Notes are redeemed prior to their stated maturity date, you will not receive any interest payments on the Notes after the redemption date and you may have to reinvest the proceeds in a lower interest rate environment.

Investors Are Subject to Our Credit Risk, and Our Credit Ratings and Credit Spreads May Adversely Affect the Market Value of the Notes. Investors are dependent on Royal Bank's ability to pay all amounts due on the Notes on interest payment dates and at maturity, and, therefore, investors are subject to the credit risk of Royal Bank and to changes in the market's view of Royal Bank's creditworthiness. Any decrease in Royal Bank's credit ratings or increase in the credit spreads charged by the market for taking Royal Bank's credit risk is likely to adversely affect the market value of the Notes.

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The Initial Estimated Value of the Notes Is Less than the Price to the Public. The initial estimated value set forth on the cover page of this pricing supplement does not represent a minimum price at which we, RBCCM or any of our affiliates would be willing to purchase the Notes in any secondary market (if any exists) at any time. If you attempt to sell the Notes prior to maturity, their market value may be lower than the price you paid for them and the initial estimated value. This is due to, among other things, changes in the level of the Reference Rate, the borrowing rate we pay to issue securities of this kind, and the inclusion in the price to the public of the underwriting discount and the estimated costs relating to our hedging of the Notes. These factors, together with various credit, market and economic factors over the term of the Notes, are expected to reduce the price at which you may be able to sell the Notes in any secondary market and will affect the value of the Notes in complex and unpredictable ways. Assuming no change in market conditions or any other relevant factors, the price, if any, at which you may be able to sell your Notes prior to maturity may be less than your original purchase price, as any such sale price would not be expected to include the underwriting discount and the hedging costs relating to the Notes. In addition to bid-ask spreads, the value of the Notes determined for any secondary market price is expected to be based on the secondary rate rather than the internal funding rate used to price the Notes and determine the initial estimated value. As a result, the secondary price will be less than if the internal funding rate was used. The Notes are not designed to be short-term trading instruments. Accordingly, you should be able and willing to hold your Notes to maturity.

The Initial Estimated Value of the Notes Is an Estimate Only, Calculated as of the Time the Terms of the Notes Were Set. The initial estimated value of the Notes is based on the value of our obligation to make the payments on the Notes, together with the mid-market value of the derivative embedded in the terms of the Notes. See “Structuring the Notes” below. Our estimate is based on a variety of assumptions, including our credit spreads, expectations as to interest rates and volatility, and the expected term of the Notes. These assumptions are based on certain forecasts about future events, which may prove to be incorrect. Other entities may value the Notes or similar securities at a price that is significantly different than we do.

The value of the Notes at any time after the pricing date will vary based on many factors, including changes in market conditions, and cannot be predicted with accuracy. As a result, the actual value you would receive if you sold the Notes in any secondary market, if any, should be expected to differ materially from the initial estimated value of your Notes.

Recent Regulatory Investigations Regarding Potential Manipulation of the High Side Reference Rate and the Low Side Reference Rate May Adversely Affect Your Notes. It has been reported that certain U.S. and non-U.S.regulators are investigating potential manipulation of these rates and other swap rates. If such manipulation occurred, it may have resulted in these rates being artificially lower (or higher) than it or they would otherwise have been. Any changes or reforms affecting the determination or supervision of these rates in light of these investigations may result in a sudden or prolonged increase or decrease in these reported rates, which may have an adverse impact on the trading market for CMS-benchmarked securities, such as the Notes, the market value of your notes and the payments on your Notes after the second year of their term.

Uncertainty About the Future of LIBOR and The Potential Discontinuance of LIBOR May Adversely Affect the Value of the Notes. The Reference Rates Are Based on Hypothetical Interest Rate Swaps Referencing 3-Month U.S. Dollar LIBOR. The Chief Executive of the United Kingdom Financial Conduct Authority (the “FCA”), which regulates LIBOR, has recently announced that the FCA intends to stop persuading or compelling banks to submit rates for the calculation of LIBOR after 2021. At this time, it is not possible to predict the effect of any such changes on 3-month U.S.dollar LIBOR and, therefore, the High Side Reference Rate and the Low Side Reference Rate. Uncertainty as to the nature of such potential changes or other reforms may adversely affect the payments on the Notes after the second year of their term, and accordingly, the value of and the trading market for the Notes during their term. If either of these rates are discontinued, the Calculation Agent will have significant discretion in determining the interest payable on the Notes.

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SUPPLEMENTAL PLAN OF DISTRIBUTION (CONFLICTS OF INTEREST)

Delivery of the Notes will be made against payment for the Notes on April 13, 2018, which is the second (2^{nd}) business day following the Pricing Date (this settlement cycle being referred to as "T+2"). For additional information as to the relationship between us and RBC Capital Markets, LLC please see the section "Plan of Distribution Conflicts of Interest" in the prospectus dated January 8, 2016.

After the initial offering of the Notes, the price to the public may change. To the extent that the total aggregate principal amount of the Notes being offered by this pricing supplement is not purchased by investors in the offering, one or more of our affiliates may purchase the unsold portion. However, our affiliates will not purchase more than 15% of the principal amount of the Notes. Sales of these Notes by our affiliates could reduce the market price and the liquidity of the Notes that you purchase.

The value of the Notes shown on your account statement may be based on RBCCM's estimate of the value of the Notes if RBCCM or another of our affiliates were to make a market in the Notes (which it is not obligated to do). That estimate will be based upon the price that RBCCM may pay for the Notes in light of then prevailing market conditions, our creditworthiness and transaction costs. For a period of up to approximately six months after the issue date of the Notes, the value of the Notes that may be shown on your account statement is expected to be higher than RBCCM's estimated value of the Notes at that time. This is because the estimated value of the Notes will not include the underwriting discount and our hedging costs and profits; however, the value of the Notes shown on your account statement during that period is initially expected to be a higher amount, reflecting the addition of RBCCM's underwriting discount and our estimated costs and profits from hedging the Notes. This excess is expected to decrease over time until the end of this period. After this period, if RBCCM repurchases your Notes, it expects to do so at prices that reflect their estimated value.

We may use this pricing supplement in the initial sale of the Notes. In addition, RBC Capital Markets, LLC or another of our affiliates may use this pricing supplement in a market-making transaction in the Notes after their initial sale. Unless we or our agent informs the purchaser otherwise in the confirmation of sale, this pricing supplement is being used in a market-making transaction.

STRUCTURING THE NOTES

The Notes are our debt securities, the return on which is linked to the Reference Rate. As is the case for all of our debt securities, including our structured notes, the economic terms of the Notes reflect our actual or perceived creditworthiness at the time of pricing. In addition, because structured notes result in increased operational, funding and liability management costs to us, we typically borrow the funds under these Notes at a rate that is more favorable to us than the rate that we might pay for a conventional fixed or floating rate debt security of comparable maturity. Using this relatively lower implied borrowing rate rather than the secondary market rate, is a factor that reduced the initial estimated value of the Notes at the time their terms were set. Unlike the estimated value included in this pricing supplement, any value of the Notes determined for purposes of a secondary market transaction may be based on a different funding rate, which may result in a lower value for the Notes than if our initial internal funding rate were used.

In order to satisfy our payment obligations under the Notes, we may choose to enter into certain hedging arrangements (which may include call options, put options or other derivatives) on the issue date with RBCCM or one of our other subsidiaries. The terms of these hedging arrangements take into account a number of factors, including our creditworthiness, interest rate movements, the volatility of the Reference Rate, and the tenor of the Notes. The economic terms of the Notes and their initial estimated value depend in part on the terms of these hedging arrangements.

The lower implied borrowing rate is a factor that reduces the economic terms of the Notes to you. The initial offering price of the Notes also reflects the underwriting commission and our estimated hedging costs. These factors result in the initial estimated value for the Notes on the pricing date being less than their public offering price. See "Risk

Factors—The Initial Estimated Value of the Notes Is Less than the Price to the Public" above.

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VALIDITY OF THE NOTES

In the opinion of Norton Rose Fulbright Canada LLP, the issue and sale of the Notes has been duly authorized by all necessary corporate action of the Bank in conformity with the Indenture, and when the Notes have been duly executed, authenticated and issued in accordance with the Indenture and delivered against payment therefor, the Notes will be validly issued and, to the extent validity of the Notes is a matter governed by the laws of the Province of Ontario or Québec, or the laws of Canada applicable therein, and will be valid obligations of the Bank, subject to equitable remedies which may only be granted at the discretion of a court of competent authority, subject to applicable bankruptcy, to rights to indemnity and contribution under the Notes or the Indenture which may be limited by applicable law; to insolvency and other laws of general application affecting creditors' rights, to limitations under applicable limitations statutes, and to limitations as to the currency in which judgments in Canada may be rendered, as prescribed by the Currency Act (Canada). This opinion is given as of the date hereof and is limited to the laws of the Provinces of Ontario and Québec and the federal laws of Canada applicable thereto. In addition, this opinion is subject to customary assumptions about the Trustee's authorization, execution and delivery of the Indenture and the genuineness of signatures and certain factual matters, all as stated in the letter of such counsel dated January 8, 2016, which has been filed as Exhibit 5.1 to Royal Bank's Form 6-K filed with the SEC on January 8, 2016.

In the opinion of Morrison & Foerster LLP, when the Notes have been duly completed in accordance with the Indenture and issued and sold as contemplated by the prospectus supplement and the prospectus, the Notes will be valid, binding and enforceable obligations of Royal Bank, entitled to the benefits of the Indenture, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally, concepts of reasonableness and equitable principles of general applicability (including, without limitation, concepts of good faith, fair dealing and the lack of bad faith). This opinion is given as of the date hereof and is limited to the laws of the State of New York. This opinion is subject to customary assumptions about the Trustee's authorization, execution and delivery of the Indenture and the genuineness of signatures and to such counsel's reliance on the Bank and other sources as to certain factual matters, all as stated in the legal opinion dated January 8, 2016, which has been filed as Exhibit 5.2 to the Bank's Form 6-K dated January 8, 2016.

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(2,537

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4.4

%

Eliminations

(181

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(394

)

(54.1

%)

2,785

527

428.5

%

Income (loss) before income tax and

noncontrolling interests

$

15,190

$

(55,613

)

(127.3

%)

$

2,837

$

(60,584

)

(104.7

%)

36

Income (loss) before income taxes and noncontrolling interests attributable to the Container Ownership segment changed from a loss of $60,528 for the three months ended September 30, 2016 to income of $7,791 for the three months ended September 30, 2017. The following table summarizes the variances included within this change:

Increase in interest expense	$(8,813)	(1)
Decrease in unrealized gains on interest rate swaps, collars and caps, net	(7,006)	(2)
Decrease in container impairments	41,766	(3)
Decrease in bad debt expense	17,315	(4)
Decrease in depreciation expense	12,819	(5)
Increase in gain on sale of containers, net	5,780	(6)
Decrease in direct container expense	3,303	(7)
Change from realized losses on interest rate swaps, collars and caps, net to realized gains on interest rate swaps, collars and caps, net	2,422	(8)
Increase in lease rental income	1,094	(9)
Other	(361)	
	$68,319	

(1) The increase in interest expense was due to an increase in average interest rates of 1.33 percentage points primarily due to higher amortization of deferred debt issuance costs and a repricing of interest margins in some of our debt facilities during the three months ended September 30, 2017, partially offset by a decrease in average debt balances of $123,312.

(2) The decrease in unrealized gains on interest rate swaps, collars and caps, net was triggered by the change of the fair values of the Company’s interest rate hedging instruments, which were mainly due to factors such as projected levels of forward yield curves, credit spreads and the passage of time.

(3) The decrease in container impairment was due to a $14,609 decrease in impairments to write down the value of containers held for sale to their estimated fair value less cost to sell and a $35 reversal of previously recorded impairments on containers held for sale due to rising used container prices during the three months ended September 30, 2017 and a $4,973 decrease in impairments for containers that were unlikely to be recovered from lessees in default. The decrease in container impairment was also due to a $17,399 impairment during the three months ended September 30, 2016 to write down the carrying value of containers on terminated direct finance leases to their estimated fair market value and a $4,750 impairment net of estimated insurance proceeds during the three months ended September 30, 2016 for containers on operating and direct financing leases that were deemed unlikely to be recovered from a customer that filed for bankruptcy in August 2016.

(4) The decrease in bad debt expense was primarily due to a $17,092 provision, net of estimated insurance proceeds, for the bankruptcy of one customer during the three months ended September 30, 2016 and management’s assessment during the three months ended September 30, 2017 that the financial condition of certain lessees and their ability to make required payments had improved during 2017.

(5) The decrease in depreciation expense was primarily due to a $4,402 one-time charge for containers that were fully depreciated to their previous residual value on the change of our depreciation policy of decrease in the estimated future residual value and increase in the estimated useful lives, of certain types of containers effective July 1, 2016, a decrease resulting from an increase in the estimated future residual value of certain types of containers used in the calculation of depreciation expense effective July 01, 2017, and a decrease in the size of our owned fleet excluding fully depreciated containers.

(6) The increase in gain on sale of containers, net was primarily due to an increase in average sales proceeds of $279 per unit and an increase in net gain on sales-type leases, partially offset by a 40.6% decrease in the number of

containers sold and a $727 adjustment resulting from recording the fair value of replacement containers that were received in lieu of containers that were destroyed at a manufacturer's depot for the three months ended September 30, 2016.

(7) The decrease in direct container expense was primarily due to a decrease in storage expense, repositioning expense, repair and recovery costs for slow-paying and bankruptcy lessee and handling expense, partially offset by an increase in insurance expense. The decrease in direct container expense also included an increase in inter-segment management fees of $1,596 paid to our Container Management segment primarily due to higher profitability of the owned fleet, partially offset by a decrease in the size of the owned fleet and an increase in inter-segment sales commissions of $439 paid to our Container Resale segment primarily due to an increase in average sales proceeds of our owned container sales, partially offset by a decrease in the volume of owned container sales. Inter-segment management fees and sales commissions are eliminated in consolidation.

(8) Realized gains (losses) on interest rate swaps, collars and caps, net changed from a net loss for the three months ended September 30, 2016 to a net gain for the three months ended September 30, 2017 was due to a decrease in the average net

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settlement differential between variable interest rates received compared to fixed interest rates paid on interest rate swaps of 0.52 percentage points and a decrease in average interest rate swap notional amounts of $557,628.

(9) The increase in lease rental income was primarily due to a 0.8 percentage point increase in utilization for our owned fleet and a 3.5% increase in our owned fleet size that was available for lease, partially offset by a 0.1% decrease in average per diem rental rates. The increase in lease rental income for the three months ended September 30, 2017 also included a $2,566 decrease in revenue from Hanjin's bankruptcy in August 2016.

Loss before income taxes and noncontrolling interests attributable to the Container Ownership segment for the nine months ended September 30, 2017 decreased $60,718 (-79.1%) compared to the nine months ended September 30, 2016. The following table summarizes the variances included within this decrease:

Increase in interest expense	$(27,143)	(1)
Decrease in lease rental income	(25,217)	(2)
Increase in write-off of unamortized deferred debt issuance costs and bond discounts	(7,466)	(3)
Increase in depreciation expense	(3,137)	(4)
Decrease in container impairments	74,017	(5)
Decrease in bad debt expense	19,941	(6)
Increase in gain on sale of containers, net	14,464	(7)
Change from unrealized losses on interest rate swaps, collars and caps, net to unrealized gains on interest rate swaps, collars and caps, net	10,255	(8)
Decrease in realized losses on interest rate swaps, collars and caps, net	5,512	(9)
Other	(508)	
	$60,718	

(1) The increase in interest expense was due to an increase in average interest rates of 1.24 percentage points primarily due to higher amortization of deferred debt issuance costs and a repricing of interest margins in some of our debt facilities during the nine months ended September 30, 2017, partially offset by a decrease in average debt balances of $31,209.

(2) The decrease in lease rental income was primarily due to a 11.4% decrease in average per diem rental rates, partially offset by a 0.6 percentage point increase in utilization for our owned fleet and a 6.8% increase in our owned fleet size that was available for lease. The decrease in lease rental income for the nine months ended September 30, 2017 also included a $17,744 decrease in revenue from Hanjin's bankruptcy in August 2016.

(3) The write-off of unamortized debt issuance costs and bond discounts for the nine months ended September 30, 2017 amounted to $7,228 and $238, which related to the early redemption of TMCL III's 2013-1 Bonds, 2014-1 Bonds and 2017-A Notes, and amendment of TMCL II's Secured Debt Facility, respectively. There was no write-off of unamortized debt issuance costs or bond discounts for the nine months ended September 30, 2016.

(4) The increase in depreciation expense was primarily due to a net increase resulting from a decrease in the estimated future residual value and an increase in the estimated useful lives of certain types of containers used in the calculation of depreciation expense effective July 01, 2016, including a $4,402 one-time charge for containers that were fully depreciated to their previous residual value, partially offset by a decrease resulting from an increase in the estimated future residual value of certain types of containers used in the calculation of depreciation expense effective July 01, 2017, and a decrease in the size of our owned fleet excluding fully depreciated containers.

(5) The decrease in container impairment was due to a $41,783 decrease in impairments to write down the value of containers held for sale to their estimated fair value less cost to sell and a $9,657 reversal of previously recorded impairments on containers held for sale due to rising used container prices during the nine months ended September 30, 2017 and a $428 decrease in impairments for containers that were unlikely to be recovered from

lessees in default. The decrease in container impairment was also due to a $17,399 impairment during the nine months ended September 30, 2016 to write down the carrying value of containers on terminated direct finance leases to their estimated fair market value and a $4,750 impairment net of estimated insurance proceeds during the nine months ended September 30, 2016 for containers on operating and direct financing leases that were deemed unlikely to be recovered from a customer that filed for bankruptcy in August 2016.

(6) The decrease in bad debt expense, net, primarily due to a $18,992 provision, net of estimated insurance proceeds, for the bankruptcy of one customer during the nine months ended September 30, 2016 and management's assessment during the nine months ended September 30, 2017 that the financial condition of certain lessees and their ability to make required payments had improved during 2017.

(7) The increase in gain on sale of containers, net was primarily due to an increase in average sales proceeds of $165 per unit and an increase in net gain on sales-type leases, partially offset by a 13.5% decrease in the number of containers sold and a $727 adjustment resulting from recording the fair value of replacement containers that were received in lieu of containers that were destroyed at a manufacturer's depot for the nine months ended September 30, 2016.

(8) Unrealized gains (losses) on interest rate swaps, collars and caps, net changed from a net loss for the nine months ended September 30, 2016 to a net gain for the nine months ended September 30, 2017. This change was triggered by the change of the fair values of the Company's interest rate hedging instruments, which were mainly due to factors such as projected levels of forward yield curves, credit spreads and the passage of time.

(9) The decrease in realized gains (losses) on interest rate swaps, collars and caps, net was due to a decrease in the average net settlement differential between variable interest rates received compared to fixed interest rates paid on interest rate swaps of 0.40 percentage points and a decrease in average interest rate swap notional amounts of $142,031.

Income before income taxes and noncontrolling interests attributable to the Container Management segment for the three months ended September 30, 2017 increased $954 (20.4%) compared to the three months ended September 30, 2016. The following table summarizes the variances included within this increase:

Increase in management fees	$1,892	(1)
Decrease in long term incentive compensation expense	224	(2)
Increase in general and administrative expense	(868)	(3)
Increase in short term incentive compensation expense	(347)	(4)
Other	53	
	$954	

(1) The increase in management fees was due to a $1,596 increase in inter-segment management fees received from our Container Ownership segment primarily due to higher profitability of the owned fleet and a $502 increase in management fees from external customers resulting from a 14.7% increase in the size of the managed fleet and higher fleet profitability, partially offset by a $206 decrease in inter-segment acquisition fees received from our Container Ownership segment due to a decrease in the amount of owned container purchases. Inter-segment management fees and acquisition fees are eliminated in consolidation.

(2) The decrease in long term incentive compensation expense was due to an adjustment to forfeiture rates in 2017 and by additional share options and restricted share units that were each granted under the 2015 Plan in November 2016 and May 2017.

(3) The increase in general and administrative expense was due to an increase in compensation costs, rent expense and professional fees.

(4) The increase in short term incentive compensation expense was due to an increase in the expected amount of incentive compensation award resulting from an anticipated improvement of our financial performance for fiscal year 2017 compared to fiscal year 2016.

Income before income taxes and noncontrolling interests attributable to the Container Management segment for the nine months ended September 30, 2017 decreased $4,672 (-30.9%) compared to the nine months ended September 30, 2016. The following table summarizes the variances included within this decrease:

Decrease in management fees	$(3,041)	(1)
Increase in general and administrative expense	(1,748)	(2)

Increase in short term incentive compensation expense	(988)	(3)
Decrease in amortization expense	891	(4)
Other	214	
	$(4,672)	

(1) The decrease in management fees was due to a $2,211 decrease in inter-segment acquisition fees received from our Container Ownership segment due to a decrease in the amount of owned container purchases, a $641 decrease in inter-segment management fees received from our Container Ownership segment primarily due to lower profitability of the owned fleet and a $189 decrease in management fees from external customers resulting from lower fleet profitability, partially offset by a 1.5% increase in the size of the managed flee. Inter-segment management fees and acquisition fees are eliminated in consolidation.

(2) The increase in general and administrative expense was due to an increase in rent expense, compensation costs, professional fees and information technology costs.

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(3) The increase in short term incentive compensation expense due to an increase in the expected incentive compensation award resulting from an anticipated improvement of our financial performance for fiscal year 2017 compared to fiscal year 2016.
(4) The decrease in amortization expense was primarily due to a revision in management fee revenue estimates for the Capital, Amficon and Capital Intermodal fleets.

Income before income taxes and noncontrolling interests attributable to the Container Resale segment for the three months ended September 30, 2017 increased $1,919 (163.7%) compared to the three months ended September 30, 2016. The following table summarizes the variances included within this increase:

Increase in management fees	$1,001	(1)
Change from losses on container trading, net to gains on container trading, net	905	(2)
Other	13	
	$1,919	

(1) The increase in management fees was due to an increase in sales commissions resulting from a $562 increase in sales commissions from external customers primarily due to an increase in average sales proceeds of managed container sales, partially offset by a decrease in the volume of managed container sales and a $439 increase in inter-segment sales commissions received from our Container Ownership segment primarily due to an increase in average sales proceeds of owned containers sales, partially offset by a decrease in the volume of owned container sales. Inter-segment sales commissions are eliminated in consolidation.
(2) Net gains (losses) on container trading, net changed from a net loss for the three months ended September 30, 2016 to a net gain for the three months ended September 30, 2017 was primarily due to an increase in average sales proceeds per container, partially offset by an increase in the average cost per unit of containers sold and a 89.0% decrease in unit sales of containers resulting from a decrease in the number of trading containers that we were able to source and sell.

Income before income taxes and noncontrolling interests attributable to the Container Resale segment for the nine months ended September 30, 2017 increased $5,229 (172.7%) compared to the nine months ended September 30, 2016. The following table summarizes the variances included within this increase:

Change from losses on container trading, net to gains on container trading, net	$3,051	(1)
Increase in management fees	2,116	(2)
Other	62	
	$5,229	

(1) Net gains (losses) on container trading, net changed from a net loss for the nine months ended September 30, 2016 to a net gain for the nine months ended September 30, 2017 was primarily due an increase in average sales proceeds per container and a decrease in the average cost per unit of containers sold, partially offset by a 74.2% decrease in unit sales of containers resulting from a decrease in the number of trading containers that we were able to source and sell.
(2) The increase in management fees was due to an increase in sales commissions resulting from a $1,385 increase in sales commissions from external customers primarily due to an increase in average sales proceeds of managed

container sales, partially offset by a decrease in the volume of managed container sales and a $731 increase in inter-segment sales commissions received from our Container Ownership segment primarily due to an increase in average sales proceeds of owned container sales, partially offset by a decrease in the volume of owned container sales. Inter-segment sales commissions are eliminated in consolidation.

Loss before income taxes and noncontrolling interests attributable to Other activities unrelated to our reportable business segments for the three months ended September 30, 2017 increased $602 (111.0%) compared to the three months ended September 30, 2016 primarily due to a $377 increase in corporate overhead expense resulting primarily from an increase in professional fees and a $221 increase in long term incentive compensation expense.

Loss before income taxes and noncontrolling interests attributable to Other activities unrelated to our reportable business segments for the nine months ended September 30, 2017 increased $112 (4.4%) compared to the nine months ended September 30, 2016 primarily due to a $223 increase in long term incentive compensation expense and a $25 increase in corporate overhead expense resulting primarily from an increase in professional fees, partially offset by a $140 decrease in intercompany recharge expense related to a share compensation reimbursement arrangement, which is eliminated in consolidation.

Segment eliminations for the three months ended September 30, 2017 decreased $213 (-54.1%) compared to the three months ended September 30, 2016 and consisted of a $206 decrease in acquisition fees received by our Container Management segment from our Container Ownership segment and a $7 increase in depreciation expense related to capitalized acquisition fees received by our Container Management segment from our Container Ownership segment. Our Container Ownership segment capitalizes acquisition fees billed by our Container Management segment as part of containers, net and records depreciation expense to amortize the acquisition fees over the useful lives of the containers, which is eliminated in consolidation.

Segment eliminations for the nine months ended September 30, 2017 increased $2,258 (428.5%) compared to the nine months ended September 30, 2016 and consisted of a $2,211 decrease in acquisition fees received by our Container Management segment from our Container Ownership segment and a $47 increase in depreciation expense related to capitalized acquisition fees received by our Container Management segment from our Container Ownership segment. Our Container Ownership segment capitalizes acquisition fees billed by our Container Management segment as part of containers, net and records depreciation expense to amortize the acquisition fees over the useful lives of the containers, which is eliminated in consolidation.

Currency

Almost all of our revenues are denominated in U.S. dollars and approximately 71.5% and 73.8%, respectively, of our direct container expenses for the three and nine months ended September 30, 2017, were denominated in U.S. dollars. See the risk factor entitled “Because substantially all of our revenues are generated in U.S. dollars, but a significant portion of our expenses are incurred in other currencies, exchange rate fluctuations could have an adverse impact on our results of operations” under Item 3, “Key Information—Risk Factors” included in our 2016 Form 20-F. Our operations in non-U.S. dollar locations have some exposure to foreign currency fluctuations, and trade growth and the direction of trade flows can be influenced by large changes in relative currency values. For the three and nine months ended September 30, 2017, our non-U.S. dollar operating expenses were spread among up to 20 currencies, resulting in some level of self-hedging. We do not engage in currency hedging.

Liquidity and Capital Resources

As of September 30, 2017, we had cash and cash equivalents of $125,366. Our principal sources of liquidity have been (1) cash flows from operations including the sale of containers, (2) borrowings under conduit facilities (which allow for recurring borrowings and repayments) granted to Textainer Marine Containers II Limited (the “TMCL II Secured Debt Facility”) and TMCL IV (the “TMCL IV Secured Debt Facility”), (3) borrowings under the revolving credit facilities extended to TL (the “TL Revolving Credit Facility” and the “TL Revolving Credit Facility II”), TW (the “TW Credit Facility”) and TAP Funding (the “TAP Funding Revolving Credit Facility”), (4) proceeds from TL’s term loan (the “TL Term Loan”) and (5) proceeds from the issuance of Textainer Marine Container V Limited’s Series 2017-1 and 2017-2 Fixed Rate Asset Backed Notes (the “2017-1 Bonds” and “2017-2 Bonds”, respectively). As of September 30, 2017, we had the following outstanding borrowings and borrowing capacities under the TMCL II Secured Debt Facility, the TMCL IV Secured Debt Facility, the TL Revolving Credit Facility, the TL Revolving Credit Facility II, the TW Credit Facility, the TAP Funding Revolving Credit Facility, the TL Term Loan, the 2017-1 Bonds and the 2017-2 Bonds (in thousands):

Facility:	Current Borrowing	Additional Borrowing Commitment	Total Commitment	Current Borrowing	Available Borrowing, as Limited by our Borrowing Base	Current and Available Borrowing
TMCL II Secured Debt Facility	$598,751	$601,249	$1,200,000	$598,751	$ 84,177	$682,928
TMCL IV Secured Debt Facility	145,000	155,000	300,000	145,000	25,977	170,977
TL Revolving Credit Facility	445,000	255,000	700,000	445,000	84,906	529,906
TL Revolving Credit Facility II	158,000	32,000	190,000	158,000	6,974	164,974
TW Credit Facility	101,648	—	101,648	101,648	—	101,648
TAP Funding Revolving Credit Facility	140,250	9,750	150,000	140,250	9,750	150,000
TL Term Loan	364,000	—	364,000	364,000	—	364,000
2017-1 Bonds	403,662	—	403,662	403,662	—	403,662
2017-2 Bonds (1)	490,353	—	490,353	490,353	—	490,353
Total (2)	$2,846,664	$1,052,999	$3,899,663	$2,846,664	$ 211,784	$3,058,448

(1) Amount on the 2017-2 Bonds exclude an unamortized discount of $79.

(2) Current borrowing for all debts exclude prepaid debt issuance costs in an aggregate amount of $25,397.

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Our condensed consolidated financial statements do not reflect the income taxes that would be payable to foreign taxing jurisdictions if the earnings of a group of corporations operating in those jurisdictions were to be transferred out of such jurisdictions, because such earnings are intended to be permanently reinvested in those countries. At September 30, 2017, cumulative earnings of approximately $35,271 would be subject to income taxes of approximately $10,581 if such earnings of foreign corporations were transferred out of such jurisdictions in the form of dividends.

Assuming that our lenders remain solvent, we currently believe that cash flows from operations, proceeds from the sale of containers and borrowing availability under our debt facilities are sufficient to meet our liquidity needs, including the payment of dividends, for the next twelve months. We will continue to monitor our liquidity and the credit markets. However, we cannot predict with any certainty the impact on the Company of continuing and further disruptions in the credit markets.

The TMCL II Secured Debt Facility, the TMCL IV Secured Debt Facility, the TL Revolving Credit Facility, the TL Revolving Credit Facility II, the TW Credit Facility, the TAP Funding Revolving Credit Facility, the TL Term Loan, the 2017-1 Bonds and the 2017-2 Bonds require us to comply with certain financial and nonfinancial covenants. As of September 30, 2017, we were in compliance with all of the applicable covenants.

Cash Flow

The following table summarizes historical cash flow information for the nine months ended September 30, 2017 and 2016:

	Nine Months Ended September 30,		% Change Between
	2017	2016	2017 and 2016
	(Dollars in thousands)		
Net income (loss)	$2,406	$(58,231)	(104.1%)
Adjustments to reconcile net income (loss) to net cash provided by operating activities	194,048	273,301	(29.0%)
Net cash provided by operating activities	196,454	215,070	(8.7%)
Net cash provided by (used in) investing activities	101,035	(205,428)	(149.2%)
Net cash (used in) provided by financing activities	(234,306)	(31,077)	654.0%
Effect of exchange rate changes	149	(82)	(281.7%)
Net increase (decrease) in cash, cash equivalents and restricted cash	63,332	(21,517)	(394.3%)
Cash, cash equivalents and restricted cash, beginning of year	142,123	149,511	(4.9%)
Cash, cash equivalents and restricted cash, end of the period	$205,455	$127,994	60.5%

Operating Activities

Net cash provided by operating activities for the nine months ended September 30, 2017 decreased $18,616 (-8.7%) compared to the nine months ended September 30, 2016. The following table summarizes the variances included within this decrease:

Increase in gain on sale of containers, net	$(14,464)	(1)
Decrease in net income adjusted for non-cash items	(13,543)	(2)
Decrease in due to owners, net during the nine months ended September 30, 2017 compared to an increase during the nine months ended September 30, 2016	(7,996)	(3)
Larger increase in accounts receivable, net during the nine months ended September 30, 2016 compared to the nine months ended September 30, 2017	16,961	(4)
Other	426	
	$(18,616)	

(1) The increase in gain on sale of containers, net during the nine months ended September 30, 2017 was primarily due to an increase in average sales proceeds of $165 per unit and a $982 increase in net gain on sales-type leases, partially offset by a 13.5% decrease in the number of containers sold and a $727 adjustment resulting from recording the fair value of replacement containers that were received in lieu of containers that were destroyed at a manufacturer's depot for the nine months ended September 30, 2016.

(2) The decrease in net income adjusted for noncash items such as depreciation expense, container impairment, bad debts expense, net, discrete tax benefits for the re-measurement of unrecognized tax benefits, unrealized gains (losses) on interest rate swaps,

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collars and caps, net, amortization of debt issuance costs and accretion of bond discount was primarily due to a 11.4% decrease in average per diem rental rates, partially offset by a 0.6 percentage point increase in utilization for our owned fleet and a 6.8% increase in our owned fleet size that was available for lease.

(3) The decrease in due to owners, net during the nine months ended September 30, 2017 compared to an increase during the nine months ended September 30, 2016 was due to the timing of when payments were made.

(4) The increase in accounts receivable, net during the nine months ended September 30, 2017 was lower compared to the increase in accounts receivable, net during the nine months ended September 30, 2016 due to lower revenue and the timing of when collections on accounts were received.

Investing Activities

Net cash provided by (used in) investing activities changed from net cash used in investing activities of $205,428 for the nine months ended September 30, 2016 to net cash provided by investing activities of $101,035 for the nine months ended September 30, 2017 due to a lower amount of cash paid for container and fixed asset purchases, higher insurance proceeds received for unrecoverable containers and higher proceeds from the sale of containers and fixed assets, partially offset by a lower receipts of payments on direct financing and sales-type leases, net of income earned. The Company early adopted ASU 2016-15 on April 1, 2017, which resulted in a reclassification of $12,466 and $8,195 of insurance proceeds received for unrecoverable containers from operating activities to investing activities in the condensed consolidated statements of cash flows for the nine months ended September 30, 2017 and 2016, respectively (see Note 2 “Accounting Policies and Recent Accounting Pronouncements” to our condensed consolidated financial statements in Item 1, “Condensed Consolidated Financial Statements (Unaudited)” in this Form 6-K.

Financing Activities

Net cash used in financing activities for the nine months ended September 30, 2017 increased $203,229 (654%) compared to the nine months ended September 30, 2016. The following table summarizes the variances included within this increase:

Increase in net payments on debt	$(208,356)
Increase in debt issuance costs paid	(24,232)
Dividends paid during the nine months ended September 30, 2016	28,755
Proceeds received from the issuance of common shares upon the exercise of share options during the nine months ended September 30, 2017	494
Net tax benefit from share-based compensation awards during the nine months ended September 30, 2016	110
	$(203,229)

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Contractual Obligations and Commercial Commitments

The following table sets forth our contractual obligations by due date as of September 30, 2017:

	Payments Due by Twelve Month Period Ending September 30,						
	Total	2018	2019	2020	2021	2022	2023 and thereafter
	(Dollars in thousands) (Unaudited)						
Total debt obligations:							
TMCL II Secured Debt Facility (1)	$598,751	$—	$—	$4,970	$59,875	$59,875	$474,031
TMCL IV Secured Debt Facility (1)	145,000	30,000	30,000	85,000	—	—	—
TL Revolving Credit Facility	445,000	—	—	445,000	—	—	—
TL Revolving Credit Facility II	158,000	36,000	36,000	86,000	—	—	—
TW Credit Facility	101,648	26,207	22,673	17,582	21,195	13,991	-
TAP Funding Revolving Credit Facility (2)	140,250	—	140,250	—	—	—	—
TL Term Loan	364,000	39,600	324,400	—	—	—	—
2017-1 Bonds	403,662	37,184	38,479	37,608	48,633	61,381	180,377
2017-2 Bonds (3)	490,353	40,159	40,939	42,509	51,911	64,473	250,362
Interest on obligations (4)	367,602	95,979	80,441	62,109	42,070	35,264	51,739
Interest rate swap and collar payables (receivables), net (5)	960	(64)	425	359	165	55	20
Office lease obligations	18,200	2,011	2,015	1,942	1,877	1,657	8,698
Container contracts payable	134,308	134,308	—	—	—	—	—
Total contractual obligations (6)	$3,367,734	$441,384	$715,622	$783,079	$225,726	$236,696	$965,227

(1) The estimated future scheduled repayments for TMCL II and TMCL IV Secured Debt Facility are based on the assumptions that both facilities will not be extended on their associated conversion dates.
(2) Final maturity in December 2018; we expect this facility to be extended by the end of 2017.
(3) Future scheduled payments for the 2017-2 Bonds exclude an unamortized discount of $79.
(4) Using 1.23% which was one month spot interest rate of London InterBank Offered Rate ("LIBOR") plus a margin rate that varies based on each debt facility.
(5) Calculated based on the difference between our fixed contractual pay rates and the estimated receiving rate at 1.23% which was one month spot LIBOR rate as of September 30, 2017 for all periods, for all interest rate contracts outstanding as of September 30, 2017.
(6) Future scheduled payments for all debts exclude prepaid debt issuance costs in an aggregate amount of $25,397.

Off Balance Sheet Arrangements

As of September 30, 2017, we had no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, change in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.

Critical Accounting Policies and Estimates

We have identified the policies and estimates in Item 5, “Operating and Financial Review and Prospects” included in our 2016 Form 20-F as among those critical to our business operations and the understanding of our results of operations. These policies and estimates are considered critical due to the existence of uncertainty at the time the estimate is made, the likelihood of changes in estimates from period to period and the potential impact that these estimates can have on our financial statements. These policies remain consistent with those reported in our 2016 Form 20-F. Please refer to Item 5, “Operating and Financial Review and Prospects” included in our 2016 Form 20-F.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET AND CREDIT RISK
Quantitative and Qualitative Disclosures About Market Risk

We could be exposed to market risk from future changes in interest rates and foreign exchange rates. At times, we may enter into various derivative instruments to manage certain of these risks. We do not enter into derivative instruments for speculative or trading purposes.

For the nine months ended September 30, 2017, we did not experience any material changes in market risk that affect the quantitative and qualitative disclosures presented in Item 11, "Quantitative and Qualitative Disclosures About Market Risk—Foreign Exchange Risk" or in Item 11, "Quantitative and Qualitative Disclosures About Market Risk—Interest Rate Risk" included in our 2016 Form 20-F. Updated interest rate swap, collar and cap agreement information is set forth below.

Interest Rate Risk

We have entered into various interest rate swap, collar and cap agreements to mitigate our exposure associated with our variable rate debt. The swap agreements involve payments by us to counterparties at fixed rates in return for receipts based upon variable rates indexed to the London InterBank Offered Rate. The differentials between the fixed and variable rate payments under these agreements are recognized in realized gains (losses) on interest rate swaps, collars and caps, net in the condensed consolidated statements of comprehensive income (loss).

The notional amount of the interest rate swap agreements was $1,139,104 as of September 30, 2017, with termination dates between October 15, 2017 and July 15, 2023. Through the interest rate swap agreements, we have obtained fixed rates between 0.60% and 1.98%. Our interest rate swap agreements had a net fair value asset of $5,030 and $3,862 as of September 30, 2017 and December 31, 2016, respectively.

The notional amount of the interest rate collar agreements was $82,841 as of September 30, 2017, with termination dates between April 15, 2019 and June 15, 2023. The net fair value liability of these agreements was $205 and $250 as of September 30, 2017 and December 31, 2016, respectively.

The notional amount of the interest rate cap agreements was $98,000 as of September 30, 2017, with termination dates between May 15, 2018 and December 15, 2019.

Based on the debt balances and derivative instruments as of September 30, 2017, it is estimated that a 1% increase in interest rates would result in an increase in the net fair value asset of interest rate swaps, collars and caps of $14,674 and an increase in interest expense of $18,051 and a decrease in realized losses on interest rate swaps, collars and caps, net of $9,874 for the nine months ended September 30, 2017.

Quantitative and Qualitative Disclosures About Credit Risk

For the nine months ended September 30, 2017, we did not experience any material changes in our credit risks that affect the quantitative and qualitative disclosures about credit risk presented in Item 11, "Quantitative and Qualitative Disclosures About Market Risk – Quantitative and Qualitative Disclosures About Credit Risk" included in our 2016 Form 20-F.

ITEM 4. RISK FACTORS
There have been no material changes with respect to the risk factors disclosed in Item 3, "Key Information —Risk Factors" included in our 2016 Form 20-F. Please refer to that section for disclosures regarding the risks and uncertainties related to the Company's business and industry and the Company's common shares.

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: November 13, 2017

Textainer Group Holdings Limited

/s/ PHILIP K. BREWER
Philip K. Brewer
President and Chief Executive Officer

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