Condensed Consolidated Interim Financial Statements
Unaudited
March 31, 2017

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CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
AS AT MARCH 31, 2017 and DECEMBER 31, 2016
(In thousands of Canadian dollars) Unaudited

	Notes	March 31, 2017	December 31, 2016
		$	$
Assets			
Cash and cash equivalents	3	**7,196**	3,771
Restricted cash	3	**23,044**	31,159
Non-securitized mortgage loans	4	**11,420**	9,323
Securitized mortgage loans	5	**253,165**	262,203
Deferred placement fees receivable	6	**50,139**	51,314
Prepaid portfolio insurance	7	**80,660**	79,049
Portfolio investments	8	**3,214**	3,026
Deferred income tax assets	15	**14,489**	14,429
Other assets	9	**18,163**	15,481
Intangible assets	10	**5,484**	5,187
Goodwill	10	**23,465**	23,465
Total assets		**490,439**	498,407
Liabilities			
Bank facilities	11	**15,900**	3,400
Deposits payable on a fixed date	12	**2,358**	-
Loans payable	13	**4,220**	4,251
Securitization liabilities	5	**252,514**	262,663
Accounts payable and accrued liabilities	14	**44,480**	53,870
Deferred income tax liabilities	15	**43,064**	43,914
Total liabilities		**362,536**	368,098
Shareholders' equity			
Share capital	18	**242,603**	242,526
Contributed surplus		**61,436**	61,433
Retained earnings (deficit)		**(172,041)**	(169,467)
Total shareholders' equity		**131,998**	134,492
Non-controlling interest	8	**(4,095)**	(4,183)
Total equity		**127,903**	130,309
Total liabilities and equity		**490,439**	498,407
Commitments and contingencies	17		

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016
(In thousands of Canadian dollars, except per share data) Unaudited

	Notes	Three months ended March 31, 2017	2016
		$	$
Revenue			
Gain on sale of mortgages		**26,886**	26,883
Acquisition costs		**(16,166)**	(14,286)
Net gain on sale of mortgages	6	**10,720**	12,597
Net interest and other income	16	**36**	628
Total revenue		**10,756**	13,225
Expenses			
Salaries and benefits		**10,391**	6,643
Selling, general and administrative expenses		**3,954**	3,242
Restructuring costs (recoveries)	14	**-**	(813)
Total expenses		**14,345**	9,072
Income (loss) before fair value adjustments		**(3,589)**	4,153
Fair value adjustments	8	**186**	(352)
Income (loss) before income taxes and discontinued operations		**(3,403)**	3,801
Income tax expense (recovery)	15	**(910)**	1,111
Income (loss) from continuing operations		**(2,493)**	2,690
Income from discontinued operations	24	**2**	9
Net income (loss) and comprehensive income (loss)		**(2,491)**	2,699
Net income (loss) and comprehensive income (loss) attributable to non-controlling interest	8	**83**	(304)
Net income (loss) and comprehensive income (loss) attributable to shareholders		**(2,574)**	3,003
Basic and diluted earnings (loss) per share			
Continuing operations	19	**(0.02)**	0.02
Discontinued operations		**0.00**	0.00
Basic and diluted earnings (loss) per share		**(0.02)**	0.02
Weighted average number of common shares outstanding (in thousands) - basic and diluted		**121,541**	121,824

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016
(In thousands of Canadian dollars) Unaudited

	Attributable to shareholders of the Company					
	Share capital (Note 18)	**Contributed surplus**	**Retained earnings (deficit)**	**Total shareholders' equity**	**Non-controlling interest (Note 8)**	**Total equity**
	$	**$**	**$**	**$**	**$**	**$**
Balance - December 31, 2015	**242,178**	**61,800**	**(185,733)**	**118,245**	**4,124**	**122,369**
Comprehensive income	-	-	3,003	3,003	(304)	2,699
Cancellation of shares related to NCIB	(16)	6	-	(10)	-	(10)
Exercise of stock options	319	(134)	-	185	-	185
Conversion of deferred share units	796	(796)	-	-	-	-
Share-based compensation	-	70	-	70	-	70
Repayment of shareholder loan	505	-	-	505	-	505
Net reduction in non-controlling interest investment	-	-	-	-	(6,203)	(6,203)
Balance - March 31, 2016	**243,782**	**60,946**	**(182,730)**	**121,998**	**(2,383)**	**119,615**
Balance - December 31, 2016	**242,526**	**61,433**	**(169,467)**	**134,492**	**(4,183)**	**130,309**
Comprehensive income (loss)	**-**	**-**	**(2,574)**	**(2,574)**	**83**	**(2,491)**
Cancellation of shares related to NCIB	**-**	**-**	**-**	**-**	**-**	**-**
Exercise of stock options	**77**	**(35)**	**-**	**42**	**-**	**42**
Share-based compensation	**-**	**38**	**-**	**38**	**-**	**38**
Net reduction in non-controlling interest investment	**-**	**-**	**-**	**-**	**5**	**5**
Balance - March 31, 2017	**242,603**	**61,436**	**(172,041)**	**131,998**	**(4,095)**	**127,903**

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016
(In thousands of Canadian dollars) Unaudited

	Notes	Three months ended March 31, 2017	2016
		$	$
Operating activities			
Comprehensive income (loss) from continuing operations		**(2,493)**	2,690
Non-cash items			
Deferred income taxes	15	**(910)**	1,111
Foreign exchange on loans payable		**(31)**	(205)
Depreciation and amortization		**517**	439
Fair value adjustments		**(188)**	352
Share-based compensation		**38**	70
Other losses		**27**	-
Changes in operating assets and liabilities			
(Increase) decrease in restricted cash		**8,115**	(648)
Increase in securitized mortgage loans		**9,038**	3,201
(Increase) decrease in non-securitized mortgage loans		**(2,097)**	11,550
Decrease in deferred placement fees receivable		**1,175**	114
Increase in prepaid portfolio insurance		**(1,611)**	(1,466)
Increase in other assets		**(3,007)**	(3,666)
Increase in deposits		**2,358**	-
Increase (decrease) in bank facilities		**12,500**	(3,791)
Decrease in securitization liabilities		**(10,149)**	(4,194)
Decrease in restructuring accruals	14	**(96)**	(2,917)
Decrease in other accounts payable and accrued liabilities		**(9,294)**	(3,495)
Decrease in private equity distributions payable		**-**	(114)
Cash provided by (used in) continuing operations		**3,892**	(969)
Cash provided by discontinued operations		**-**	101
Cash provided by (used in) operating activities		**3,892**	(868)
Investing activities			
Purchase of capital assets		**(65)**	(376)
Purchase of intangible assets		**(531)**	(36)
Proceeds from sale of artwork		**87**	-
Net distributions from portfolio investments		**-**	1,562
Cash provided by (used in) investing activities		**(509)**	1,150
Financing activities			
Exercise of stock options		**42**	185
Common shares purchased for cancellation		**-**	(10)
Repayments of loans payable		**-**	(1,972)
Settlement of share purchase loan		**-**	505
Cash provided by (used in) financing activities		**42**	(1,292)
Increase (decrease) in cash and cash equivalents		**3,425**	(1,010)
Cash and cash equivalents - beginning of period		**3,771**	8,846
Cash and cash equivalents - end of period		**7,196**	7,836
Supplementary information			
Cash paid and received during the period			
Interest received		**1,720**	1,221
Interest paid		**1,590**	1,228
Income taxes paid (tax refunds received)		**3**	(11)
Effects of exchange rate changes on the balance of cash held in foreign currencies		**(2)**	(10)

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

(In thousands of Canadian dollars, except per share data, or where specified)

1. Corporate information

Street Capital Group Inc. ("Street Capital" or "the Company") is a public corporation traded on the Toronto Stock Exchange under the ticker symbol "SCB". The Company was incorporated in the province of Ontario in 1979. The address of its registered office is 1 Toronto Street, Suite 700, P.O. Box 3, Toronto, Ontario, M5C 2V6.

Since May 2011, following the acquisition of Street Capital Bank of Canada ("Street Capital Bank", formerly "Street Capital Financial"), the Company has operated principally as a mortgage lending business. Street Capital Financial was founded in 2007, and on December 13, 2016 it received Letters Patent from the Federal Minister of Finance and an Order to Commence and Carry on Business from the Office of the Superintendent of Financial Institutions, Canada, permitting it to continue and operate as a Canadian Schedule I bank. Bank operations began February 1, 2017, as Street Capital Bank of Canada in English and Street Capital Banque du Canada in French. Street Capital Bank's head office is located in Toronto.

The Company also controls a private equity business ("Private Equity") through a wholly owned subsidiary, Knight's Bridge Capital Partners Inc. ("Knight's Bridge"). Knight's Bridge is responsible for managing a private equity investment fund ("KBCP Fund I"), the legal entity that holds the Company's Private Equity portfolio investments. KBCP Fund I was founded in 2008 and has largely been liquidated. The Company is a Limited Partner ("LP") of KBCP Fund I and holds approximately 16% of its units.

The table below details the Company's principal subsidiaries and its respective ownership interest in each as at March 31, 2017 and December 31, 2016:

	March 31, 2017	**December 31, 2016**
Street Capital Bank of Canada	**100%**	100%
Knight's Bridge Capital Partners Inc.	**100%**	100%

The unaudited condensed consolidated interim financial statements were approved by the Board of Directors and authorized for issue on May 9, 2017.

2. Basis of preparation and significant accounting policies

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*, as issued by the International Accounting Standards Board (the "IASB"), and therefore do not include all information presented in full annual financial statements. These unaudited condensed consolidated interim financial statements should therefore be read in conjunction with the Company's audited consolidated financial statements as at, and for the year ended, December 31, 2016, as set out in the annual report on pages 68 to 101. The audited consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB and in effect at December 31, 2016. Except as discussed below, under *Update – significant accounting policies*, the accounting policies that the Company applied in its annual audited consolidated financial statements as at, and for the year ended, December 31, 2016 have not changed. These policies are disclosed in Note 3 of those financial statements, to which reference should be made in reading these unaudited condensed consolidated interim financial statements.

The Company's functional and presentation currency is Canadian dollars.

Certain items in the comparative audited consolidated financial statements and the comparative unaudited condensed consolidated interim financial statements have been reclassified from statements previously presented. This is to ensure conformity with the presentation of the 2017 unaudited condensed consolidated interim financial statements.

Update – significant accounting policies
As described in Note 3 of the Company's audited consolidated financial statements, in recent years the Company's operations have been principally in mortgage lending through Street Capital Bank. Its consolidated statement of financial position is therefore primarily composed of financial instruments, and the majority of the Company's net income is derived from these financial instruments. In February 2017, Street Capital Bank began operating as a Schedule I bank and began accepting customer deposits in the form of Guaranteed Investment Certificates ("GICs"), which are a financial instrument.

The Company classifies customer deposits as financial liabilities at amortized cost. They are recorded on the consolidated statement of financial position at amortized cost, including deferred deposit broker agent commissions, which are amortized and calculated on an effective yield basis as a component of interest expense.

Use of judgment and estimates
The preparation of unaudited condensed consolidated interim financial statements in accordance with IFRS requires the use of estimates, assumptions and judgments that in some cases relate to matters that are inherently uncertain. These affect the reported amounts of assets and liabilities, including disclosure of contingent assets and liabilities, at the financial statements dates, and the reported amounts of revenues and expenses during the reporting periods. Key areas of such judgment and estimation include: allowance for credit losses, valuations of mortgage and other loan receivables (i.e. duration factors on deferred placement fees receivable), the useful life and residual value of certain assets including prepaid portfolio insurance, intangible assets and goodwill, valuation of portfolio investments, and accounting for deferred income taxes. Actual results may differ from those estimated. Management reviews its estimates, assumptions and judgments on an ongoing basis.

The allowance for credit losses represents management's best estimate of losses incurred on the Company's loan portfolio at the date of the consolidated statement of financial position, and requires management's judgment in making assumptions and estimations that are primarily related to default and loss rates. At the date of these unaudited condensed consolidated interim financial statements the Company's allowance for mortgage credit losses is not material, since virtually all on-balance sheet mortgage assets are fully insured or deemed fully collectible. Additionally, at the date of these unaudited condensed consolidated interim financial statements, the majority of the originated mortgages had been sold to investors.

The measurement of deferred placement fees receivable represents management's best estimate of expected future cash flows. It therefore requires significant judgment with respect to assumptions about the duration of the underlying assets on which the fees are based.

The residual value of prepaid portfolio insurance represents management's best estimate of both the duration and the future value of the asset. It therefore requires significant management judgment with respect to assumptions about prepayment and renewal behaviors.

The reported values of intangible assets and capital assets represent management's best estimate of their fair value at acquisition, less accumulated amortization. The amortization period of intangible assets and capital assets corresponds to management's best estimate of their useful lives. Goodwill is determined as part of a business combination and is the residual amount that results from management's best estimate of the fair values of acquired assets and liabilities.

The determination of the fair value of portfolio investments not traded in an open market requires management judgment regarding valuation techniques and inputs to valuation models.

The determination of the Company's deferred income tax assets and liabilities requires significant management judgment, as the recognition is dependent on management's projection of future taxable profits and tax rates expected to be in effect in the period in which the asset is realized or the liability settled.

Management has exercised judgment in the application of its accounting policies. In particular, management has applied judgment in the application of its accounting policies related to derecognition of mortgage loans that are either sold through whole loan sales or used in its securitization programs. In the case of whole loan sales, management has determined that it has transferred substantially all of the risks and rewards of ownership of the mortgage loan to the purchaser, and it therefore derecognizes the mortgage loans. Mortgage loans that have been securitized by the Company are not derecognized, based on management's judgment that the Company has not transferred all of the risks and rewards of ownership of the mortgage loans.

Principles of Consolidation
These unaudited condensed consolidated interim financial statements include the assets, liabilities and results of operations of the Company and its consolidated subsidiaries, which are entities over which the Company has control, and which are identified in Note 1. Non-controlling interests in the equity and results of the Company's subsidiaries are shown separately in the unaudited condensed consolidated interim statements of changes in shareholders' equity. Intercompany balances and transactions among the Company and its subsidiaries are eliminated on consolidation.

Future accounting changes
IFRS 9 – Financial Instruments In July 2014, the IASB issued the final version of *IFRS 9 – Financial Instruments* ("IFRS 9"), which replaces *IAS 39 – Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. The Company will not be early adopting IFRS 9. Retrospective application is required, but comparative information is not compulsory.

Upon adoption of IFRS 9, the Company will also be required to adopt amendments to *IFRS 7 – Financial Instruments: Disclosures*, which will require more extensive disclosures relating to such areas as classification, impairment and hedge accounting. The Company's assessment of the impact of the new standard and the amendments on its results of operations, financial position and disclosures is in progress. It is not expected to be material with respect to the Company's current primary operations and products; i.e.: whole loan sales and mortgage securitization. During 2017, the Company is focusing on the implementation of IFRS 9, with particular emphasis on assessing the standard's impact on the products and services that have been, or will be, introduced as part of bank operations.

IFRS 15 – Revenue From Contracts with Customers In May 2014, with a subsequent amendment in April 2016, the IASB issued *IFRS 15 – Revenue From Contracts with Customers* ("IFRS 15"), which supersedes all current revenue recognition requirements under IFRS. The standard establishes a single, five-step, structured model for recognizing revenue from contracts with customers. The amendment clarifies how to identify a performance obligation and determine whether a company is a principal or an agent. The amendments have the same effective date as the original standard; i.e.: January 1, 2018. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company will not be early adopting IFRS 15. The Company's assessment of the impact of the new standard on its results of operations, financial position and disclosures is in progress. Given that the Company earns the majority of its revenue from financial instruments, which are accounted for under IFRS 9, adoption of IFRS 15 is not expected to be material with respect to current operations.

IFRS 16 – Leases In January 2016 the IASB issued *IFRS 16 – Leases* ("IFRS 16"), which supersedes *IAS 17 - Leases* and its interpretive guidance. The standard applies a control model to the identification of leases, and distinguishes between leases and service contracts on the basis of whether there is an identified asset controlled by the customer. The most significant changes are to lessee accounting, since the standard removes the distinction between operating and finance leases, and requires assets and liabilities to be recognized for all leases, with limited exceptions. The standard does not significantly change the accounting by lessors. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with early application permitted for entities that have also adopted IFRS 15. The Company's assessment of the impact of the new standard on its results of operations, financial position and disclosures is in progress. Implementation of IFRS 16 is expected to result in changes to the consolidated statements of financial position in the form of right of use assets and associated lease obligations.

IFRS 2 – Share-based Payment In June 2016, the IASB issued amendments to *IFRS 2 – Share-based Payment* ("IFRS 2"). These amendments are narrow in scope and are intended to eliminate diversity in accounting in three main areas: 1) the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction, 2) the classification of a share-based payment transaction with net settlement features for withholding tax obligations, and 3) the accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled. The amendments to IFRS 2 are effective for accounting periods beginning on or after January 1, 2018, with earlier application permitted. Prior periods need not be restated upon adoption. Entities may elect to apply the amendments retrospectively, providing this approach is adopted for all of them. The Company does not expect the impact to be material with respect to the currently outstanding options, and does not plan to apply the amendments retrospectively.

3. Cash and cash equivalents, and restricted cash

The Company had the following cash and cash equivalents, and restricted cash, as at March 31, 2017 and December 31, 2016:

	March 31, 2017	**December 31, 2016**
Deposits with regulated financial institutions	**$ 7,196**	$ 3,771
Cash and cash equivalents	**$ 7,196**	$ 3,771
Restricted cash - servicing	**$ 20,429**	$ 27,704
Restricted cash - securitization	**2,615**	3,455
Total restricted cash	**$ 23,044**	$ 31,159

Restricted cash - servicing represents mortgage loan repayments collected on behalf of mortgage servicers.

Restricted cash - securitization represents cash collected that has not yet been allocated to securitization liabilities, and accrued interest from mortgage loan repayments collected in connection with securitization activities.

4. Non-securitized mortgage loans

Non-securitized mortgage loans primarily consist of mortgages intended for whole loan sales to various purchasers, insured mortgages awaiting securitization and sale through the Government of Canada's National Housing Act Mortgage-Backed Securities ("NHA MBS") program, or bridge loans. An immaterial amount consists of mortgages or loans that the Company intends to hold until maturity.

The loans carry interest rates ranging from 1.85% to 7.70% with maturities up to 5 years (December 31, 2016 – 2.3% to 7.7%), as shown below:

	Within 1 Year	**1 -3 Years**	**3 -5 Years**	**March 31, 2017 Total book value**	**December 31, 2016 Total book value**
Maturities	**$ 5,562**	**$ 323**	**$ 5,535**	**$ 11,420**	$ 9,323

5. Securitization activity

The Company securitizes insured single-family residential mortgage loans by participating in the NHA MBS program. As the issuer of the MBS, the Company is responsible for advancing all scheduled principal and MBS interest payments to Canada Mortgage and Housing Corporation ("CMHC"), whether or not the amounts have been collected on the underlying transferred mortgages, and therefore the Company retains certain prepayment and/or interest rate risks and rewards.

There are no expected credit losses on the securitized mortgage assets as the mortgages are insured against default, and therefore the Company has not recorded a provision for credit losses. Insured mortgages are considered impaired when they are more than 365 days in arrears. At March 31, 2017 and December 31, 2016, none of the securitized and sold mortgages were 365 or more days in arrears.

The table below presents the carrying amounts of the securitized mortgages and the corresponding liabilities:

		March 31, 2017
	Carrying amount of securitized mortgage loans	**Carrying amount of securitization liabilities**
Securitized mortgage loans	**$ 251,105**	**$ 253,342**
Deferred securitized mortgage acquisition costs	**2,060**	**-**
Deferred transaction costs	**-**	**(828)**
	$ 253,165	**$ 252,514**

		December 31, 2016
	Carrying amount of securitized mortgage loans	**Carrying amount of securitization liabilities**
Securitized mortgage loans	$ 260,006	$ 263,576
Deferred securitized mortgage acquisition costs	2,197	-
Deferred transaction costs	-	(913)
	$ 262,203	$ 262,663

The tables below present the contractual principal repayments to be received with respect to the Company's securitized mortgage loans receivable:

				March 31, 2017
	Within 1 Year	**1 -3 Years**	**3 -5 Years**	**Total**
Contractual repayments	**$ 31,419**	**$ 79,808**	**$ 139,878**	**$ 251,105**

				December 31, 2016
	Within 1 Year	**1 -3 Years**	**3 -5 Years**	**Total**
Contractual repayments	$ 31,807	$ 82,188	$ 146,011	$ 260,006

The principal amounts of NHA MBS securitization liabilities are estimated to be paid as follows:

				March 31, 2017
	Within 1 Year	**1 -3 Years**	**3 -5 Years**	**Total**
Projected payments	**$ 33,656**	**$ 79,808**	**$ 139,878**	**$ 253,342**

				December 31, 2016
	Within 1 Year	**1 -3 Years**	**3 -5 Years**	**Total**
Projected payments	$ 35,377	$ 82,188	$ 146,011	$ 263,576

Securitization liabilities include $2.62 million (December 31, 2016 - $3.46 million) that has been collected from the securitized mortgages but not yet paid to the MBS holders to settle securitization liabilities.

6. Mortgage sale activity

Gain on sale of mortgages and deferred placement fees receivable

The Company originates mortgages, the majority of which are sold to institutional investors at commitment, who assume the contractual right to receive the associated mortgage cash flows. Since the Company transfers substantially all of the risks and rewards of ownership of these mortgages, they are not included in the consolidated statements of financial position, and the Company recognizes income from multiple sources when the mortgage is funded:

- a cash premium;
- a servicing fee that is received over the remaining life of the mortgage;
- in some cases, an excess interest rate spread over the remaining life of the mortgage;
- in some cases, mortgage life insurance referral fees;
- accrued interest.

The present value of (i) the difference between the servicing fee and fair value of servicing, and (ii) the excess spread, is recorded as gain on sale of mortgages in the consolidated statements of comprehensive income (loss) and as deferred placement fees receivable in the consolidated statements of financial position. As well, in some cases an excess interest rate spread is received over the remaining term of the mortgage. The present value of the excess interest rate spread, calculated based on a duration factor of the underlying mortgage sold, is recognized as gain on sale of mortgages in the consolidated statements of comprehensive income (loss), and a resulting deferred placement fee receivable is recognized in the consolidated statements of financial position.

The table below presents the mortgages sold and the associated gain on sale for the three months ended March 31:

	Three months ended March 31, 2017	2016
Mortgages sold - new	**$ 1,213,257**	$ 1,190,391
Mortgages sold - renewals	**304,597**	328,032
Mortgages sold - total	**$ 1,517,854**	$ 1,518,423
Cash premium at sale	**$ 23,294**	$ 22,921
Deferred gain on sale	**3,592**	3,962
Acquisition costs	**(16,166)**	(14,286)
Net gain on sale of mortgages	**$ 10,720**	$ 12,597
% Gain	**0.71%**	0.83%

The difference between the cash collected and the amortization of the deferred placement fees receivable is recognized as income or loss in the consolidated statements of comprehensive income (loss) through net interest and other income. The net deferred placement fees receivable at March 31, 2017 and December 31, 2016 are shown below:

	March 31, 2017 Capitalized at sale	March 31, 2017 Accumulated amortization	March 31, 2017 Net book value	December 31, 2016 Capitalized at sale	December 31, 2016 Accumulated amortization	December 31, 2016 Net book value
Deferred placement fees receivable	**$ 128,819**	**$ (78,680)**	**$ 50,139**	$ 125,205	$ (73,891)	$ 51,314

Mortgages under administration

Mortgages under administration include the mortgages purchased by investors, which are administered by the Company, the mortgages securitized as NHS MBS, and the mortgages that the Company holds on-balance sheet. As at March 31, 2017, total mortgages under administration amounted to $27.81 billion (December 31, 2016 - $27.70 billion).

7. Prepaid portfolio insurance

Prepaid portfolio insurance is amortized into income over a maximum period of 15 years, using a declining balance method that estimates the pattern of consumption based on management's assumptions about prepayments and renewals.

For portfolio mortgage insurance purchased prior to May 14, 2015, the Company was entitled to substitute prepaid mortgage amounts with another mortgage of equal value at no additional cost. The substitution period varied, by insurer, from 5 to 25 years. When estimating the pattern of amortization for portfolio mortgage pools purchased prior to this date, assumptions included the substitution feature.

For portfolio mortgage insurance purchased after May 14, 2015, there are no substitutions permitted, except for replacements of loans to the same borrower. This has the effect of speeding up the pattern of amortization compared to pools with substitution eligibility, while maintaining the maximum 15-year amortization period. This change only applies to portfolio mortgage insurance purchased after May 14, 2015.

The net unamortized amount of prepaid portfolio insurance at March 31, 2017 and December 31, 2016 is shown below, together with a continuity schedule for the three months ended March 31, 2017 and December 31, 2016.

	March 31, 2017			December 31, 2016		
	Capitalized at purchase	**Accumulated amortization**	**Net book value**	**Capitalized at purchase**	**Accumulated amortization**	**Net book value**
Prepaid portfolio insurance	**$ 107,411**	**$ (26,751)**	**$ 80,660**	$ 103,509	$ (24,460)	$ 79,049

	Three months ended	
	March 31, 2017	**December 31, 2016**
Balance, beginning of period	**$ 79,049**	$ 75,145
Capitalized at purchase	**3,902**	6,044
Amortization during the period	**(2,291)**	(2,140)
Balance, end of period	**$ 80,660**	$ 79,049

8. Portfolio investments and non-controlling interest

Investments

The Company's portfolio investments, and its net interest in those investments, are shown below:

	March 31, 2017	**December 31, 2016**
Portfolio investments	**$ 3,214**	$ 3,026
Portfolio investments attributable to non-controlling interest	**(2,402)**	(2,272)
Portfolio investments attributable to shareholders	**$ 812**	$ 754

A reconciliation of the carrying amount of portfolio investments from December 31, 2015 to March 31, 2017 is set out below:

Balance at December 31, 2015	**$ 13,506**
Fair value adjustments	(2,200)
Foreign exchange adjustments	(95)
Distributions	(8,185)
Balance at December 31, 2016	**$ 3,026**
Fair value adjustments	209
Foreign exchange adjustments	(21)
Distributions	-
Balance at March 31, 2017	**$ 3,214**

Although the Company holds only approximately 16% of the Private Equity business, it controls and therefore consolidates this business. As an LP of KBCP Fund I, the Company earns a preferred return and participates in profits. The Company is also entitled to a carried interest of 20% of the total profits remaining after all LPs have been returned their contributed capital and a preferred return on that capital.

The Company began exiting from its investments in 2013. By the end of 2016, it retained two investments, only one of which was material, and which had been partially exited in January 2016. This exit was composed of a cash redemption and the conversion of the remaining portion into publicly traded common shares. The cash was distributed to the LPs and the general partner, and the Company received approximately $1.3 million. There have been no subsequent exits or cash distributions. Although the timing is uncertain, the Company anticipates that ultimately the remaining investments will be sold and the proceeds will be similarly distributed.

Non-controlling interest
The net income attributable to the non-controlling interest associated with the Private Equity business was $0.08 million for the three months ended March 31, 2017 (March 31, 2016 – net loss of $0.30 million). The non-controlling interest in the Private Equity business amounts to $3.00 million at March 31, 2017 (December 31, 2016 - $2.91 million).

The Company also has a non-controlling interest associated with its legacy investment in Fleetwood Fine Furniture, LP ("FFF"). No income or loss was attributable to the non-controlling interest associated with FFF during either of the three month periods ending March 31, 2017 and 2016. The non-controlling interest in FFF amounts to $(7.09) million at both March 31, 2017 and December 31, 2016.

9. Other assets

The Company's other assets consist of:

	March 31, 2017	December 31, 2016
Gain on sale receivable	**$ 7,050**	$ 4,376
Loans receivable (net of credit allowance)	**1,579**	1,923
Capital assets	**3,946**	4,279
Accounts receivable	**2,155**	2,375
Prepaid and other assets	**2,519**	1,617
Assets of discontinued operations (Note 24)	**914**	911
	$ 18,163	$ 15,481

Gain on sale receivable represents amounts not yet received on mortgage sale activities. Loans receivable includes a loan made to a former subsidiary, and a loan to a senior executive of the Company, which is discussed further in Note 23 – *Related Party Transactions*. Accounts receivable includes mortgage insurance receivables, accrued interest receivable, trade receivables, and any other amounts receivable.

10. Intangible assets and goodwill

Intangible assets
At March 31, 2017, the Company has both acquired and internally generated intangible assets. The acquired intangible asset relates to the mortgage renewal stream associated with the Company's 2011 acquisition of Street Capital Bank. The internally generated intangible assets consist of internally developed systems and software. At March 31, 2017 and December 31, 2016, there were no external or internal indicators of impairment.

Details of the Company's intangible assets are as follows:

	March 31, 2017	December 31, 2016
Acquired:		
Mortgage renewal stream	**$ 6,869**	$ 6,869
Accumulated amortization	**(2,878)**	(2,755)
	$ 3,991	$ 4,114
Internally developed:		
Systems and software	**$ 3,973**	$ 3,442
Accumulated amortization	**(2,480)**	(2,369)
	$ 1,493	$ 1,073
	$ 5,484	$ 5,187

Amortization expense for the mortgage renewal stream was $0.12 million for the three months ending both March 31, 2017 and 2016. The amortization period of 15 years is based on historical renewal rates and industry benchmarks, and at March 31, 2017 the remaining amortization term was 9.25 years.

Amortization expense for the internally developed systems and software assets for the three months ended March 31, 2017 was $0.11 million (three months ended March 31, 2016 - $0.10 million). The amortization period of 5 years is based on their estimated useful lives, and at March 31, 2017 the remaining amortization terms varied from 0.1 to 5 years.

The amortization expense relating to intangible assets is reported in selling, general and administrative expenses in the consolidated statements of comprehensive income (loss).

Goodwill

	March 31, 2017	December 31, 2016
Acquisition of Street Capital Bank of Canada	**$ 23,465**	$ 23,465

The Company's sole cash generating unit ("CGU") is Street Capital Bank, and therefore all of the acquired goodwill is assigned to Street Capital Bank. There were no indicators of impairment at either March 31, 2017 or December 31, 2016.

11. Bank facilities

Details of the Company's bank facilities are shown below:

	Maturity date	March 31, 2017	December 31, 2016
Revolving credit facility - mortgage funding	Demand	**$ 3,900**	$ 1,400
Revolving credit facility - operating line	Demand	**12,000**	2,000
		$ 15,900	$ 3,400

At March 31, 2017, the Company had a total credit facility of $165.00 million with a syndicate of Schedule I Canadian banks, available in three tranches dependent on use of funds, with variable interest rates based on bankers' acceptance rates. Under the terms of the facility, the Company has $150.00 million available to fund insured or insurable mortgage loans, which must be on Canadian properties. Draws on the facility for funding mortgage loans are supported and secured by the underlying mortgages, and repaid from the proceeds of their sale and/or securitization. An operating line of $15.00 million is secured by a general security agreement, and can be drawn at any time providing the Company has met certain affirmative and financial covenants. As at March 31, 2017, the Company has met all required covenants under the agreement.

12. Deposits payable on a fixed date

Customer deposits include GICs offered through deposit broker agents. These deposits are insured by Canada Deposit Insurance Corporation ("CDIC") up to $0.10 million per depositor. Deposit terms range from 1 to 5 years. Shown below is a maturity table for these deposits.

					March 31, 2017
	Payable on Demand	Within 1 Year	1 -3 Years	3 -5 Years	Total
Deposit maturities	$ 189	$ 1,002	$ 426	$ 741	$ 2,358
Average rate	1.64%	1.64%	1.78%	2.08%	1.87%

13. Loans payable

Details of loans payable are as shown below:

	Maturity date	March 31, 2017	December 31, 2016
Corporate loan - $Cdn	Jan 15/2018	$ 1,028	$ 1,028
Corporate loan - $US	Jan 15/2018	3,192	3,223
		$ 4,220	$ 4,251

The loans outstanding at March 31, 2017 are associated with the Company's legacy businesses. They bear interest at 6%, are not subject to security or covenants, and can be prepaid by the Company without penalty.

14. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities are as shown below:

	March 31, 2017	December 31, 2016
Payment due to mortgage servicers	$ 20,429	$ 27,704
Accrued mortgage acquisition costs	10,035	9,876
Accrued restructuring costs	7,844	7,940
Accrued compensation	3,782	5,391
Liabilities of discontinued operations (Note 24)	8	8
Other	2,382	2,951
	$ 44,480	$ 53,870

The accrued restructuring costs are related to a corporate realignment that occurred in June 2015 and involved the exchange of Street Capital Bank shares held by Street Capital Bank's management for 20 million of the Company's common shares. Accrued compensation includes a $3.60 million allowance for a retiring executive.

15. Income taxes

For the three months ended March 31, 2017, the Company recognized a deferred income tax recovery of $0.91 million (three months ended March 31, 2016 – expense of $1.11 million). The deferred income tax recovery is primarily due to temporary differences in which revenue and expenses are recognized for tax purposes, which will be taxable in the future, and which will reduce available tax loss carryforwards.

The $43.06 million deferred income tax liability balance as at March 31, 2017 (December 31, 2016 - $43.91 million) reflects primarily the estimated tax liabilities from prior and current period earnings that are expected to be taxable in the future, net of available tax loss carryforwards, the utilization of which is considered probable. The $14.49 million deferred tax asset as at March 31, 2017 (December 31, 2016 - $14.43 million) primarily represents tax losses of the Street Capital Group Inc. separate legal entity.

The combined Canadian federal and provincial statutory tax rate used for the period ending March 31, 2017 is 26.48% (March 31, 2016 - 26.50%). The income tax expense provision differs from the computed statutory rate due to permanent non-deductible differences.

As at March 31, 2017 the Company had recognized approximately $330.79 million (December 31, 2016 – approximately $333.27 million) in non-capital loss carry-forwards, which may be used to reduce future years' taxable income until 2035.

In addition, at March 31, 2017, the Company had approximately $81.51 million (December 31, 2016 – approximately $81.51 million) of unrecognized capital losses that may be carried forward indefinitely. Substantially all of the Company's capital losses are unlikely to be utilized and accordingly these capital losses have not been recognized in the consolidated statements of financial position at the end of the period.

16. Net interest and other income (loss)

The table below details the breakdown of the Company's net interest and other income (loss):

	Three months ended March 31,	
	2017	**2016**
Interest income - mortgage lending	**$ 1,909**	$ 1,274
Interest expense - mortgage lending	**(1,451)**	(1,134)
Acquisition expense - mortgage lending	**(304)**	(187)
Net interest and other income (loss) - mortgage lending	**$ 154**	$ (47)
Servicing and fee income (loss)	**(48)**	221
Net other interest income (loss)	**(50)**	(74)
Other income (loss)	**(20)**	528
	$ 36	$ 628

Interest income – mortgage lending primarily includes the interest the Company earns on mortgages it holds on-balance sheet. These include mortgages that have been securitized by the Company through the NHA MBS program, mortgages held on-balance sheet prior to securitization or sale funding, and mortgages that the Company intends to hold to maturity.

Interest expense – mortgage lending includes the interest expense from the securitization liabilities resulting from the issuance of NHA MBS to fund the securitized mortgages, as well as interest expense on the credit facilities used to fund mortgages prior to take out funding. Effective the first quarter of 2017, it also includes interest expense on customer deposits, which is immaterial for the three months ended March 31, 2017.

Acquisition expense – mortgage lending includes the commissions and servicing fees associated with mortgages that have been securitized by the Company through the NHA MBS program.

Servicing and fee income is largely composed of the net servicing fees and trailing interest spread earned by the Company on mortgage loan sales, and represents the difference between the cash received by the Company and the amortization of the deferred placement fees. The amount realized is dependent on both the size of the portfolio and the extent to which actual experience differs from the assumptions made at the time of sale of the mortgages, and is therefore subject to variability. It also includes other variable fee revenue earned, such as on bridge loans.

Net other interest income (loss) consists primarily of the net interest on loans receivable and payable that are associated with the Company's legacy businesses. It also includes interest income on miscellaneous loans receivable, such as unsecured bridge loans, and interest income earned on cash and cash equivalents.

Other income (loss) is largely composed of items associated with the Company's legacy businesses. These include management fees and other income earned by the Private Equity business.

17. Commitments and contingencies

The Company, from time to time, is involved in various claims, legal proceedings and complaints arising in the ordinary course of business. The Company is not aware of any pending or threatened proceedings that would have a material adverse effect on the consolidated financial condition or future results of the Company.

18. Share capital and stock options

Share capital

The Company's authorized capital stock consists of an unlimited number of common and preferred shares with no par value. There are no preferred shares outstanding.

						For the three months ended
Common shares		**March 31,**		**December 31,**		**March 31,**
Issued and outstanding (000s)		**2017**		**2016**		**2016**
	Number of Shares	**Amount**	**Number of Shares**	**Amount**	**Number of Shares**	**Amount**
Outstanding, beginning of period	**121,532**	**$ 244,438**	121,790	$ 244,960	121,226	$ 244,595
Options exercised	**48**	**77**	-	-	269	319
Deferred share units converted	**-**	**-**	-	-	667	796
Shares acquired via normal course issuer bid	**-**	**-**	(258)	(522)	(8)	(16)
	121,580	**$ 244,515**	121,532	$ 244,438	122,154	$ 245,694
Share purchase loans		**(1,912)**		(1,912)		(1,912)
Outstanding, end of period	**121,580**	**$ 242,603**	121,532	$ 242,526	122,154	$ 243,782

The Company, with the approval of the Toronto Stock Exchange (the "Exchange") commenced a normal course issuer bid (the "NCIB") that became effective on March 23, 2016. It expired on March 22, 2017 and was subsequently renewed. The renewed NCIB will expire on March 22, 2018. The Company can purchase for cancellation up to 2% of the Company's common shares outstanding, and through its broker the Company purchases the common shares on the open market through the facilities of the Exchange and otherwise in accordance with the rules and policies of the Exchange. At March 31, 2017, the Company had purchased and cancelled a total of 630,132 of its common shares through the NCIBs.

Share purchase loans, which are collateralized by the shares purchased and by personal guarantees, were granted to certain key employees and former employees. At both March 31, 2017 and December 31, 2016 the share purchase loans outstanding totalled $1.91 million, and were for the purchase of 462,500 common shares of the Company. These loans are either demand or mature on December 31, 2020, and are non-interest bearing.

Stock options

The Company has two stock option plans available for the grant of options to its directors, officers, employees, and any other person or company engaged to provide ongoing management or consulting services for the Company. These plans are i) the Director, Officer and Employee Stock Option Plan (the "1992 Plan"), and ii) the 1997 Stock Option Plan (the "1997 Plan"). Under both plans, the exercise price of each option equals, at a minimum, the closing price of the Company's common shares on the day prior to the date of grant. Unless otherwise provided, the maximum term of the grant is six years from the date of the grant, and options vest 20% on the date of grant and 20% on each of the first through fourth anniversaries of the grant date. All unvested options vest upon a change of control of the Company.

A summary of the status of the Company's stock option plans and changes during the three months ended March 31 and December 31 is as follows:

								For the three months ended
Stock Options Outstanding and exercisable (000s except price)		**March 31, 2017**			**December 31, 2016**			**March 31, 2016**
	Number of options		**Weighted-average exercise price**	**Number of options**		**Weighted-average exercise price**	**Number of options**	**Weighted-average exercise price**
Outstanding, beginning of period	**3,138**	**$**	**1.14**	3,138	$	1.14	3,407	$ 1.11
Granted	**-**		**-**	-		-	-	-
Exercised	**(48)**		**0.87**	-		-	(269)	0.68
Forfeited	**-**		**-**	-		-	-	-
Outstanding, end of period	**3,090**	**$**	**1.15**	3,138	$	1.14	3,138	$ 1.14
Exercisable, end of period	**2,849**	**$**	**1.07**	2,888	$	1.07	2,433	$ 1.03
Weighted-average market price per share at date of exercise		**$**	**1.64**		$	-		$ 1.21
Weighted-average remaining contractual life in years			**1.58**			1.82		2.57

Deferred Share Units

The Company granted deferred share units ("DSUs") to its independent directors from 2006 until 2011, which are exchangeable for common shares of the Company upon a director's retirement. At March 31, 2017 approximately 146,000 DSUs, all of which are held by an active director, are outstanding.

19. Net earnings (loss) per share

The following is a reconciliation of the numerators and denominators used in computing net income (loss) per share for the three months ended March 31:

Basic and diluted net income (loss) per share	**Three months ended March 31, 2017**	**2016**
Numerator:		
Income (loss) from continuing operations	**$ (2,493)**	$ 2,690
Income (loss) attributable to non-controlling interest	**83**	(304)
Income (loss) attributable to shareholders - continuing operations	**(2,576)**	2,994
Income from discontinued operations	**2**	9
Income attributable to non-controlling interest	**-**	-
Income attributable to shareholders - discontinued operations	**2**	9
Net income (loss) attributable to shareholders	**$ (2,574)**	$ 3,003
Denominator:		
Weighted average common shares outstanding (000s) - basic and diluted	**121,541**	121,824
Basic and diluted net income (loss) per share from continuing operations	**$ (0.02)**	$ 0.02
Basic and diluted net income (loss) per share from discontinued operations	**0.00**	0.00
Basic and diluted net income (loss) per share	**$ (0.02)**	$ 0.02

In computing the diluted net income (loss) per share for the three months ended March 31, 2017 and 2016, the Company included in the calculation potential common share equivalents, which consist of incremental shares from stock options, and the outstanding DSUs held by directors. The inclusion of such common share equivalents was not sufficiently dilutive to change the income (loss) per share amounts for either period.

20. Capital management

The Company has a Board-approved Capital Management Policy that governs the quantity and quality of capital held. The objective of the policy is to ensure that the Company appropriately balances its capital allocation between retention of a prudent margin above regulatory capital adequacy minimums in order to provide access to contingency capital, and maintenance of sufficient freely available capital to achieve business goals and objectives. Management defines capital as the Company's equity and deficit. The Company's Capital Management Policy is reviewed at least annually, and more often if required by events or changing circumstances.

The Company's subsidiary, Street Capital Bank, commenced its banking operations on February 1, 2017. Street Capital Bank calculates capital ratios and regulatory capital based on the capital adequacy requirements issued by OSFI, which are based on standards issued by the Basel Committee on Banking Supervision, and which are discussed in more detail in the Company's Management's Discussion and Analysis ("MD&A"), as at and for the three months ended March 31, 2017, under *Capital Management*. Street Capital Bank maintains a capital management policy and an Internal Capital Adequacy Assessment Process ("ICAAP"), which governs the quality and quantity of capital utilized in its operations. Dividends paid to Street Capital by Street Capital Bank may be subject to restrictions by OSFI.

Shown below is the regulatory capital for Street Capital Bank at March 31, 2017. Street Capital Bank was not operating as a Schedule I Bank at December 31, 2016 or March 31, 2016. The amounts presented for December 31, 2016 and March 31, 2016 are presented for comparative purposes only. During the period February 1, 2017 to March 31, 2017, Street Capital Bank complied with all internal and external capital requirements.

Basel III Regulatory Capital (Based only on the consolidated subsidiary, Street Capital Bank of Canada)

(000s, except %)	March 31, 2017	December 31, 2016	March 31, 2016
	All-In Basis	All-In Basis	All-In Basis
	$	$	$
Common Equity Tier 1 capital (CET 1)			
Capital Stock	**16,426**	16,426	16,426
Retained Earnings	**77,317**	79,686	66,118
Less: Regulatory adjustments to CET 1	**(1,494)**	(1,073)	(730)
Total CET 1 capital	**92,249**	95,039	81,814
Additional Tier 1 capital	**-**	-	-
Total Tier 1 capital	**92,249**	95,039	81,814
Total Tier 2 capital	**-**	-	-
Total regulatory capital	**92,249**	95,039	81,814

As noted above in Note 18, Street Capital has an NCIB in place that will expire on March 22, 2018. During the period from March 23, 2016 to December 31, 2016, the Company repurchased a total of 630,132 of its common shares for $0.91 million, which reduced share capital by $1.27 million and increased contributed surplus by $0.36 million. The Company did not purchase any common shares through the NCIB during the first quarter of 2017.

21. Financial instruments

The amounts set out in the following table represent the fair value and the current/non-current classification of the Company's financial instruments.

			March 31, 2017		**December 31, 2016**	
	Due within one year	**Due after one year**	**Total carrying value**	**Fair value**	**Total carrying value**	**Fair value**
Financial assets						
Cash and cash equivalents (i)	**$ 7,196**	**$ -**	**$ 7,196**	**$ 7,196**	$ 3,771	$ 3,771
Restricted cash (i)	**23,044**	**-**	**23,044**	**23,044**	31,159	31,159
Non-securitized mortgage loans (ii)	**5,562**	**5,858**	**11,420**	**11,542**	9,323	9,347
Securitized mortgage loans (ii)	**31,965**	**221,200**	**253,165**	**256,832**	262,203	266,287
Deferred placement fees receivable (ii)	**14,331**	**35,808**	**50,139**	**50,139**	51,314	51,314
Other assets (ii)	**9,971**	**1,833**	**11,804**	**11,804**	9,691	9,691
Portfolio investments (i)	**-**	**3,214**	**3,214**	**3,214**	3,026	3,026
	$ 92,069	**$ 267,913**	**$ 359,982**	**$ 363,771**	$ 370,487	$ 374,595
Financial liabilities						
Bank facilities (iii)	**$ 15,900**	**$ -**	**$ 15,900**	**$ 15,900**	$ 3,400	$ 3,400
Customer deposits (iii)	**1,191**	**1,167**	**2,358**	**2,358**	-	-
Loans payable (iii)	**4,220**	**-**	**4,220**	**4,220**	4,251	4,251
Securitization liabilities (iii)	**33,326**	**219,188**	**252,514**	**254,766**	262,663	264,867
Accounts payable and accrued liabilities (iii)	**42,304**	**2,176**	**44,480**	**44,480**	53,870	53,870
	$ 96,941	**$ 222,531**	**$ 319,472**	**$ 321,724**	$ 324,184	$ 326,388

(i) Fair value through profit or loss
(ii) Loans and receivables at amortized cost
(iii) Financial liabilities at amortized cost

The valuation methods and assumptions are described below.

The estimated fair values approximate the price that would be received to sell an asset or paid to transfer a liability in an orderly market transaction in the principal or most advantageous market accessible to the Company.

The following assumptions and methods were used to determine the fair values of financial instruments:

Cash and cash equivalents (restricted cash), other assets, bank facilities and loans payable, accounts payable and accrued liabilities – fair value approximates carrying value due to the short-term nature of the financial instrument.

Non-securitized and securitized mortgage loans – fair value is determined by discounting the expected future cash flows, adjusting for prepayment and credit loss assumptions, if applicable, at current rates for offered loans with similar terms.

Deferred placement fee receivable – fair value approximates carrying value as the discount rates used to discount expected future cash flows from this asset have not changed materially from the time of recognition.

Portfolio investments – fair value is determined primarily by market prices (see Note 8).

Customer deposits - estimated fair value is determined by discounting the expected future contractual cash flows using observed market interest rates offered for deposits with similar terms.

Securitization liabilities – fair value is determined by discounting the expected future cash flows using current rates for MBS.

The Company uses the following hierarchy for determining the fair value of financial instruments:

Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 – inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instruments.

Level 3 – one or more significant inputs to the valuation methodology are unobservable.

The following tables present the financial instruments measured at fair value at March 31, 2017 and December 31, 2016 as classified by the fair value hierarchy set out above:

				March 31, 2017
	Level 1	Level 2	Level 3	Total
Financial assets				
Cash and cash equivalents (i)	$ 7,196	$ -	$ -	$ 7,196
Restricted cash (i)	23,044	-	-	23,044
Non-securitized mortgage loans (ii)	-	-	11,542	11,542
Securitized mortgage loans (ii)	-	-	256,832	256,832
Deferred placement fees receivable (ii)	-	-	50,139	50,139
Other assets (ii)	-	-	11,804	11,804
Portfolio investments (i)	1,870	-	1,344	3,214
	$ 32,110	$ -	$ 331,661	$ 363,771
Financial liabilities				
Bank facilities (iii)	$ 15,900	$ -	$ -	$ 15,900
Customer deposits (iii)	-	2,358	-	2,358
Loans payable (iii)	-	4,220	-	4,220
Securitization liabilities (iii)	-	-	254,766	254,766
Accounts payable and accrued liabilities (iii)	-	-	44,480	44,480
	$ 15,900	$ 6,578	$ 299,246	$ 321,724

				December 31, 2016
	Level 1	Level 2	Level 3	Total
Financial assets				
Cash and cash equivalents (i)	$ 3,771	$ -	$ -	$ 3,771
Restricted cash (i)	31,159	-	-	31,159
Non-securitized mortgage loans (ii)	-	-	9,347	9,347
Securitized mortgage loans (ii)	-	-	266,287	266,287
Deferred placement fees receivable (ii)	-	-	51,314	51,314
Other assets (ii)	-	-	9,691	9,691
Portfolio investments (i)	2,275	-	751	3,026
	$ 37,205	$ -	$ 337,390	$ 374,595
Financial liabilities				
Bank facilities (iii)	$ 3,400	$ -	$ -	$ 3,400
Loans payable (iii)	-	4,251	-	4,251
Securitization liabilities (iii)	-	-	264,867	264,867
Accounts payable and accrued liabilities (iii)	-	-	53,870	53,870
	$ 3,400	$ 4,251	$ 318,737	$ 326,388

(i) Fair value through profit or loss
(ii) Loans and receivables at amortized cost
(iii) Financial liabilities at amortized cost

22. Financial risk management

The Company is exposed to various types of risk owing to the nature of its business activities, and, like other financial institutions, is exposed to the symptoms and effects of global economic conditions and other factors that could adversely affect its business, financial condition and operating results. These risks include strategic, credit, liquidity, interest rate, investment, operational, reputational, and regulatory and legislative risk, and many of them cannot be directly controlled by the Company. The Company has established policies, processes and frameworks to measure and monitor the risks. The Company's Board of Directors, and Street Capital Bank's Enterprise Risk Management Committee, play an active role in monitoring the Company's key risks and in determining the policies and limits that are best suited to manage them. The policies are reviewed and approved by the Board of Directors at least annually. The Company's risk management policies and procedures are described under the headings *Risk Appetite Framework*, *Risk Governance*, *Credit Risk Management*, *Liquidity and Funding Risk*

Management, and *Market Risk Management* within the *Risk Management and Risk Factors* section of the MD&A that is contained within the Company's 2016 Annual Report. There have been no material changes to these risk factors subsequent to December 31, 2016.

23. Related party transactions

In addition to the shareholder loans described in Note 18, the Company has a non-interest bearing loan made to a senior executive of the Company, the balance of which was $0.57 million at both March 31, 2017 and December 31, 2016. This loan is included in the loans receivable balance at March 31, 2017, reported within Other Assets as detailed in Note 9.

24. Discontinued operations

At both March 31, 2017 and December 31, 2016 the Company's assets and liabilities of discontinued operations are a net receivable of $0.90 million, and consist of $0.67 million net commissions receivable and a $0.23 million loan receivable. The Company reports these amounts as components of Other Assets and Accounts Payable and Accrued Liabilities, respectively. Please see Note 9 and Note 14. There were no significant transactions involving discontinued operations during either of the three month periods ended March 31, 2017 and March 31, 2016.

25. Subsequent events

The Company has evaluated events subsequent to March 31, 2017 through to the date of approval of the unaudited condensed consolidated interim financial statements by the Board of Directors for disclosure. There were no material subsequent events requiring disclosure.