Condensed Consolidated Interim Financial Statements
Unaudited
September 30, 2017

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CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2017, JUNE 30, 2017 and DECEMBER 31, 2016
(In thousands of Canadian dollars) Unaudited

	Notes	September 30, 2017	June 30, 2017	December 31, 2016
		$	$	$
Assets				
Cash and cash equivalents	4	**52,128**	48,571	3,771
Restricted cash	4	**23,337**	33,829	31,159
Non-securitized mortgage loans	8	**155,646**	28,744	9,323
Securitized mortgage loans	9	**228,162**	238,976	262,203
Deferred placement fees receivable	6	**52,145**	50,423	51,314
Prepaid portfolio insurance	6	**81,556**	80,008	79,049
Portfolio investments	17	**1,215**	1,825	3,026
Deferred income tax assets	16	**14,538**	14,557	14,429
Other assets	13	**21,517**	24,389	15,481
Intangible assets	14	**4,731**	4,972	5,187
Goodwill	14	**23,465**	23,465	23,465
Total assets		**658,440**	549,759	498,407
Liabilities				
Bank facilities	5	**-**	-	3,400
Deposits	10	**198,344**	72,187	-
Loans payable	18	**4,023**	4,143	4,251
Securitization liabilities	9	**229,260**	239,324	262,663
Accounts payable and accrued liabilities	15	**51,161**	64,049	53,870
Deferred income tax liabilities	16	**44,843**	43,139	43,914
Total liabilities		**527,631**	422,842	368,098
Shareholders' equity				
Share capital	22	**243,417**	243,180	242,526
Contributed surplus		**61,587**	61,217	61,433
Retained earnings (deficit)		**(168,414)**	(172,145)	(169,467)
Total shareholders' equity		**136,590**	132,252	134,492
Non-controlling interest	17	**(5,781)**	(5,335)	(4,183)
Total equity		**130,809**	126,917	130,309
Total liabilities and equity		**658,440**	549,759	498,407
Commitments and contingencies	19			

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

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2017 AND 2016
(In thousands of Canadian dollars, except per share data) Unaudited

		Three months ended September 30,		Nine months ended September 30,	
	Notes	**2017**	**2016**	**2017**	**2016**
		$	**$**	**$**	**$**
Revenue					
Gain on sale of mortgages		**39,531**	52,578	**103,695**	126,258
Acquisition costs		**(21,421)**	(30,608)	**(59,151)**	(71,903)
Net gain on sale of mortgages	6	**18,110**	21,970	**44,544**	54,355
Interest income - non-securitized assets		**1,164**	402	**1,544**	702
Interest expense - deposits and other		**(921)**	(679)	**(1,576)**	(1,167)
Net interest income (expense) - non-securitized assets	11	**243**	(277)	**(32)**	(465)
Provision for credit losses	8	**(136)**	-	**(136)**	-
Net interest income (expense) - non-securitized		**107**	(277)	**(168)**	(465)
Interest income - securitized mortgages		**1,612**	1,384	**5,083**	3,694
Interest expense - securitization liabilities		**(1,458)**	(1,210)	**(4,574)**	(3,352)
Net interest income - securitized mortgages	11	**154**	174	**509**	342
Total net interest income (expense)		**261**	(103)	**341**	(123)
Interest income - other		**9**	21	**36**	53
Interest expense - other		**(60)**	(103)	**(186)**	(318)
Net interest income (expense) - other	12	**(51)**	(82)	**(150)**	(265)
Fee and other income	12	**878**	191	**1,311**	1,158
Total other interest income, fee income and other income		**827**	109	**1,161**	893
Total revenue		**19,198**	21,976	**46,046**	55,125
Expenses					
Salaries and benefits		**8,836**	8,988	**24,387**	23,732
Selling, general and administrative expenses		**4,267**	4,126	**13,182**	11,407
Restructuring costs (recoveries)	2	**477**	-	**6,556**	(813)
Total expenses		**13,580**	13,114	**44,125**	34,326
Income before fair value adjustments		**5,618**	8,862	**1,921**	20,799
Fair value adjustments	17	**(610)**	2,556	**(529)**	394
Income before income taxes and discontinued operations		**5,008**	11,418	**1,392**	21,193
Income tax expense	16	**1,724**	2,691	**821**	5,741
Income from continuing operations		**3,284**	8,727	**571**	15,452
Income (loss) from discontinued operations	26	**-**	493	**(15)**	508
Net income and comprehensive income		**3,284**	9,220	**556**	15,960
Net income (loss) attributable to non-controlling interest	17	**(447)**	1,729	**(497)**	156
Net income and comprehensive income attributable to shareholders		**3,731**	7,491	**1,053**	15,804
Basic and diluted earnings per share					
Continuing operations	24	**$ 0.03**	$ 0.06	**$ 0.01**	$ 0.13
Discontinued operations		**0.00**	0.00	**0.00**	0.00
Basic and diluted earnings per share		**$ 0.03**	$ 0.06	**$ 0.01**	$ 0.13
Weighted average number of common shares outstanding (in thousands) - basic and diluted		**122,039**	121,833	**121,747**	121,889

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

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017 AND 2016
(In thousands of Canadian dollars) Unaudited

	Attributable to shareholders of the Company					
	Share capital (Note 22)	**Contributed surplus**	**Retained earnings (deficit)**	**Total shareholders' equity**	**Non-controlling interest (Note 17)**	**Total equity**
	$	**$**	**$**	**$**	**$**	**$**
Balance - December 31, 2015	**242,178**	**61,800**	**(185,733)**	**118,245**	**4,124**	**122,369**
Net income	-	-	15,804	15,804	156	15,960
Exercise of stock options	319	(134)	-	185	-	185
Conversion of deferred share units	796	(796)	-	-	-	-
Cancellation of shares related to NCIB	(750)	249	-	(501)	-	(501)
Share-based compensation	-	164	-	164	-	164
Repayment of shareholder loan	505	-	-	505	-	505
Net reduction in non-controlling interest investment	-	-	-	-	(6,203)	(6,203)
Balance - September 30, 2016	**243,048**	**61,283**	**(169,929)**	**134,402**	**(1,923)**	**132,479**
Balance - December 31, 2016	**242,526**	**61,433**	**(169,467)**	**134,492**	**(4,183)**	**130,309**
Net income	**-**	**-**	**1,053**	**1,053**	**(497)**	**556**
Exercise of stock options	**891**	**(382)**	**-**	**509**	**-**	**509**
Share-based compensation	**-**	**536**	**-**	**536**	**-**	**536**
Net reduction in non-controlling interest investment	**-**	**-**	**-**	**-**	**(1,101)**	**(1,101)**
Balance - September 30, 2017	**243,417**	**61,587**	**(168,414)**	**136,590**	**(5,781)**	**130,809**

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

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2017 AND 2016
(In thousands of Canadian dollars) Unaudited

		Three months ended September 30,		Nine months ended September 30,	
	Notes	**2017**	**2016**	**2017**	**2016**
		$	$	**$**	$
Operating activities					
Income from continuing operations		**3,284**	8,727	**571**	15,452
Non-cash items					
Deferred income taxes	16	**1,723**	2,875	**820**	5,924
Foreign exchange on loans payable		**(120)**	48	**(228)**	(174)
Depreciation and amortization		**587**	488	**1,723**	1,393
Fair value adjustments		**610**	(2,548)	**529**	(386)
Provision for credit losses		**136**	-	**136**	-
Share-based compensation		**470**	38	**536**	164
Write off of certain development costs		**-**	-	**378**	-
Other losses		**3**	-	**61**	-
Income tax expense of discontinued operations		**-**	(183)	**-**	(183)
Changes in operating assets and liabilities					
(Increase) decrease in restricted cash		**10,492**	22,937	**7,822**	(11,529)
(Increase) decrease in securitized mortgage loans		**10,814**	(82,478)	**34,041**	(74,671)
Increase in non-securitized mortgage loans		**(127,038)**	(31,692)	**(146,459)**	(54,071)
Increase in deferred placement fees receivable		**(1,722)**	(2,319)	**(831)**	(4,119)
Increase in prepaid portfolio insurance		**(1,548)**	(4,305)	**(2,507)**	(8,473)
(Increase) decrease in other assets		**2,730**	3,849	**(6,994)**	(6,670)
Increase in deposits		**126,157**	-	**198,344**	-
Increase (decrease) in bank facilities		**-**	30,600	**(3,400)**	49,508
Increase (decrease) in securitization liabilities		**(10,064)**	81,546	**(33,403)**	73,094
Increase (decrease) in restructuring accruals	15	**(1,004)**	(95)	**3,026**	(3,118)
Increase (decrease) in other accounts payable and accrued liabilities		**(11,884)**	(24,990)	**(5,735)**	17,802
Decrease in private equity distributions payable		**-**	-	**-**	(114)
Cash provided by (used in) continuing operations		**3,626**	2,498	**48,430**	(171)
Cash provided by (used in) discontinued operations		**-**	(349)	**214**	(39)
Cash provided by (used in) operating activities		**3,626**	2,149	**48,644**	(210)
Investing activities					
Purchase of capital assets		**(181)**	(111)	**(483)**	(800)
Purchase of intangible assets		**(27)**	(239)	**(723)**	(430)
Proceeds from sale of artwork		**2**	-	**196**	-
Net distributions from portfolio investments		**-**	-	**214**	1,562
Cash provided by (used in) investing activities		**(206)**	(350)	**(796)**	332
Financing activities					
Exercise of stock options		**137**	-	**509**	185
Common shares purchased for cancellation		**-**	(128)	**-**	(501)
Repayments of loans payable		**-**	-	**-**	(1,972)
Settlement of share purchase loan		**-**	-	**-**	505
Cash provided by (used in) financing activities		**137**	(128)	**509**	(1,783)
Increase (decrease) in cash and cash equivalents		**3,557**	1,671	**48,357**	(1,661)
Cash and cash equivalents - beginning of period		**48,571**	5,514	**3,771**	8,846
Cash and cash equivalents - end of period		**52,128**	7,185	**52,128**	7,185
Supplementary information					
Cash paid and received during the period					
Interest received		**2,470**	1,812	**6,497**	4,321
Interest paid		**2,171**	1,661	**5,281**	3,939
Income taxes paid (tax refunds received)		**-**	(4)	**3**	(15)
Effects of exchange rate changes on the balance of cash held in foreign currencies		**(25)**	-	**(48)**	(9)

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) Unaudited

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" or "the Bank", formerly "Street Capital Financial Corporation"), which was founded in 2007, the Company has operated principally as a mortgage lending business. On December 13, 2016 Street Capital Bank 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. Mortgage lending remains the Company's primary business, but the Schedule I bank license has allowed expansion into deposit taking and on-balance sheet mortgage lending.

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 September 30, 2017, June 30, 2017 and December 31, 2016:

	September 30, 2017	**June 30, 2017**	**December 31, 2016**
Street Capital Bank of Canada	**100%**	100%	100%
Knight's Bridge Capital Partners Inc.	**100%**	100%	100%

The unaudited condensed consolidated interim financial statements were approved by the Board of Directors and authorized for issue on November 2, 2017.

2. Corporate reorganization

In March 2017, the Company announced the retirement of its President, and $3.6 million was recorded as a retiring allowance in the first quarter of 2017. During the second and third quarters of 2017, the Company initiated further restructurings. These involved the reduction of approximately 10% of its workforce, on July 5, 2017 and during the third quarter, and the September 1, 2017 retirement of the CEO and current acting President concurrent with the appointment of a new President and CEO. Reorganization expenses of $2.48 million and $0.48 million were recorded in the second and third quarters, respectively, for these and related items. Total reorganization expenses are included as a component of Operating expense in the condensed consolidated statements of comprehensive income, and as part of Accrued liabilities in the condensed consolidated statement of financial position at September 30, 2017.

3. 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 Q3 2017 unaudited condensed consolidated interim financial statements.

Update – significant accounting policies
As described in Note 1, the Company's operations largely consist of Street Capital Bank's mortgage lending and banking operations. Its consolidated statement of financial position is therefore primarily composed of financial instruments, and the majority of the Company's comprehensive income is derived from these financial instruments.

In February 2017, Street Capital Bank began accepting deposits in the form of Guaranteed Investment Certificates ("GICs"), which are a financial instrument. These are classified 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.

During the second quarter of 2017 the Company began purchasing liquid investments in the form of Government of Canada Treasury Bills ("Treasury Bills") and bankers' acceptances. The Company uses these investments to meet its funding and liquidity requirements, particularly its mortgage lending operations. The investments are recorded in cash and cash equivalents on the consolidated statement of financial position, at fair value on the settlement date, as their term to maturity is less than three months, and they are readily convertible into cash subject to immaterial changes in fair value. Interest earned on cash and cash equivalents is recorded as a component of Interest income – deposits and other in the consolidated statements of comprehensive income.

In the third quarter of 2017, the Company securitized mortgages through the Government of Canada's National Housing Act Mortgage-Backed Securities ("NHA MBS") program, which were retained rather than sold to third parties. These "stamped mortgages" are classified as financial assets at amortized cost, and reported as a component of Non-securitized mortgages and loans on the consolidated statement of financial position.

During the third quarter of 2017 the Company securitized and sold a mortgage loan on a multi-unit residential property through the Canada Mortgage Bonds ("CMB") program. The conclusion of management's analysis of the transactions was that the risks and rewards of the loan were fully transferred to third parties, given that: a) the loan is closed to prepayment and therefore prepayment risk is minimal; and b) the Company purchased an interest rate swap to mitigate interest rate risk. The loan was therefore derecognized when sold, and the Company has not recorded a securitized mortgage loan and an associated securitization liability on the consolidated statement of financial position. The Company recognized a gain on the sale, calculated as the present value of the servicing fee and net interest spread over the mortgage term, less any acquisition or transaction costs. The gain is reported as a component of Fee and other income in the consolidated statements of comprehensive income. The Company also recognized a retained interest for the amounts to be collected, which is reported as a component of Other assets.

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; valuation of mortgages 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, retained interest on CMB securitizations and 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, at least quarterly.

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. This requires management's judgment in making assumptions and estimations that are primarily related to default and loss rates. The Company began its uninsured non-prime loans business, Street Solutions, during the second quarter of 2017. Although incurred losses on this portfolio to date are immaterial, an allowance for credit losses has been established to reflect management's estimate of losses that have been incurred at September 30, 2017. For other loans, the allowance for mortgage credit losses is not material and no provision has been recorded, since the remaining mortgage assets are either fully insured or deemed fully collectible. Additionally, at the date of these unaudited condensed consolidated interim financial statements, the vast majority of prime 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 measurement of the retained interest on a CMB securitization represents management's best estimate of expected future cash flows. Although the mortgage term is fixed, the amount recorded as a receivable requires judgment with respect to assumptions about the discount factors applied to measure the value of the cash flows.

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 loans to the purchaser, and it therefore derecognizes the mortgage loans. A similar determination was made regarding the multi-unit residential CMB securitization and sale that occurred during the third quarter of 2017, based on the factors noted above under *Update – significant accounting policies*.

Other mortgage loans that have been securitized by the Company have not been 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* ("IFRS 7"), which will require more extensive disclosures relating to such areas as classification, impairment and hedge accounting. The Company's current assessment of the impact of IFRS 9 and its amendments, and IFRS 7 (collectively "the New Standard"), is that it will not be material with respect to the Company's historic and current primary operations and products; i.e.: whole loan sales and mortgage securitization. The Company is assessing the impact of the New Standard on the results of operations, financial position, and disclosures that relate to the products and services that have been, or will be, introduced as part of bank operations; e.g.: uninsured lending, deposits, and credit cards. The most significant impact identified with respect to these operations is that the Company will calculate its allowances for credit losses on the basis of expected credit losses ("ECL"), rather than on the current basis, which is the Company's best estimate of incurred losses. The Company has established an implementation team for the New Standard that includes representatives from all relevant departments, and has also engaged an external consultant with specialized knowledge to assist with the development of the appropriate credit models, business processes and controls, as well as with the education of stakeholders including the Company's board of directors and Audit Committee. During the remainder of 2017, the Company will complete the work required to implement the New Standard on January 1, 2018. Given the relatively recent introduction of Street Solutions non-insured loans, and the minimal losses incurred to date on these loans, the Company does not expect the implementation of the New Standard to have a material effect on its current financial position or results of 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 or related disclosures.

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 will not be early adopting IFRS 16. 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.

4. Cash and cash equivalents, and restricted cash

The Company had the following cash and cash equivalents, and restricted cash, as at September 30, 2017, June 30, 2017, and December 31, 2016:

		September 30, 2017		June 30, 2017		December 31, 2016
Cash on deposit with regulated financial institutions	**$**	**52,128**	$	18,588	$	3,771
Liquid instruments		**-**		29,983		-
Cash and cash equivalents	**$**	**52,128**	$	48,571	$	3,771
Restricted cash - servicing	**$**	**19,136**	$	30,380	$	27,704
Restricted cash - securitization		**4,201**		3,449		3,455
Total restricted cash	**$**	**23,337**	$	33,829	$	31,159

Liquid instruments consist of Treasury Bills, bankers' acceptances and similar highly liquid short-term investments, with terms to maturity at purchase of less than 90 days.

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

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

5. Bank facilities

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

	Maturity date		**September 30, 2017**		June 30, 2017		December 31, 2016
Revolving credit facility - mortgage funding	Demand	**$**	**-**	$	-	$	1,400
Revolving credit facility - operating line	Demand		**-**		-		2,000
		$	**-**	$	-	$	3,400

At September 30, 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 are repaid from the proceeds of their sale and/or securitization. An operating line of $15.00 million is secured by a general security agreement. These lines can be drawn at any time providing the Company has met certain affirmative and financial covenants. At September 30, 2017, the Bank marginally breached the interest coverage ratio covenant. The Bank received a waiver for this covenant in the short term and is working with the syndicate on a revised calculation of the interest coverage ratio covenant that will better reflect the evolving business model of the Bank.

6. Prime mortgage sale activity

(a) Gain on sale of mortgages

Historically, the Company's primary source of revenue has been gains from the sale of mortgages. Under this business model, the Company originates mortgages that are sold to institutional investors primarily 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 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, 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 and nine months ended September 30:

	Three months ended September 30,		Nine months ended September 30,	
	2017	**2016**	**2017**	**2016**
Mortgages sold - new	**$ 1,521,342**	$ 2,493,132	**$ 4,234,529**	$ 5,839,284
Mortgages sold - renewals	**560,423**	361,844	**1,328,187**	1,070,491
Mortgages sold - total	**$ 2,081,765**	$ 2,854,976	**$ 5,562,716**	$ 6,909,775
Cash premium at sale	**$ 32,925**	$ 45,860	**$ 88,597**	$ 109,472
Deferred gain on sale	**6,606**	6,718	**15,098**	16,786
Acquisition costs	**(21,421)**	(30,608)	**(59,151)**	(71,903)
Net gain on sale of mortgages	**$ 18,110**	$ 21,970	**$ 44,544**	$ 54,355
% Gain	**0.87%**	0.77%	**0.80%**	0.79%

(b) Deferred placement fees receivable

The difference between the cash collected and the amortization of the deferred placement fees receivable is recognized as a component of Fee and other income in the consolidated statements of comprehensive income. The net deferred placement fees receivable at September 30, 2017, June 30, 2017 and December 31, 2016 are shown below:

	September 30, 2017			June 30, 2017			December 31, 2016		
	Capitalized at sale	Accumulated amortization	Net book value	Capitalized at sale	Accumulated amortization	Net book value	Capitalized at sale	Accumulated amortization	Net book value
Deferred placement fees receivable	**$ 140,556**	**$ (88,411)**	**$ 52,145**	$ 133,916	$ (83,493)	$ 50,423	$ 125,205	$ (73,891)	$ 51,314

In the second quarter of 2017 the Company renegotiated the terms with one of its servicers, resulting in a reduction in future servicing fees. This reduction in fees will be recognized over time as servicing income. Please see Note 12 for more information regarding servicing fees.

(c) 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 September 30, 2017, June 30, 2017 and December 31, 2016 is shown below, together with a continuity schedule for the three months ended September 30, 2017, June 30, 2017 and December 31, 2016.

	September 30, 2017			June 30, 2017			December 31, 2016		
	Capitalized at purchase	Accumulated amortization	Net book value	Capitalized at purchase	Accumulated amortization	Net book value	Capitalized at purchase	Accumulated amortization	Net book value
Prepaid portfolio insurance	**$ 113,188**	**$ (31,632)**	**$ 81,556**	$ 109,133	$ (29,125)	$ 80,008	$ 103,509	$ (24,460)	$ 79,049

		Three months ended	
	September 30, 2017	**June 30, 2017**	**December 31, 2016**
Balance, beginning of period	**$ 80,008**	$ 80,660	$ 75,145
Capitalized at purchase	**4,055**	1,722	6,044
Amortization during the period	**(2,507)**	(2,374)	(2,140)
Balance, end of period	**$ 81,556**	$ 80,008	$ 79,049

7. Mortgages under administration

Mortgages under administration include:

- the mortgages purchased by investors, which are administered by the Company;
- the mortgages securitized as NHA MBS or CMB;
- the stamped mortgages that the Company has securitized but not sold; and
- the mortgages that the Company holds on-balance sheet, primarily consisting of uninsured mortgage loans.

At September 30, 2017, total mortgages under administration amounted to $27.98 billion (June 30, 2017 - $27.81 billion; December 31, 2016 - $27.70 billion).

8. Non-securitized mortgages and loans

(a) Mortgages receivable

In the second quarter of 2017, the Company began offering uninsured mortgage loans under the name "Street Solutions". These are reported on the statement of financial position as a component of Non-securitized mortgage loans, with the associated interest revenue reported as a component of Interest income – non-securitized on the consolidated statements of comprehensive income.

As described above in Note 3, in the third quarter of 2017 the Company securitized prime insured mortgages that were retained rather than sold to third parties. These have been designated "stamped mortgages", which can be easily sold and are a component of the Company's liquidity portfolio.

The remaining balance of non-securitized mortgage loans consists of (i) insured or insurable mortgages that are either intended for whole loan sales to various purchasers or are awaiting securitization and sale through the NHA MBS program, and (ii) bridge loans. The composition at September 30, 2017, June 30, 2017 and December 31, 2016 is shown below:

	September 30, 2017	June 30, 2017	December 31, 2016
Street Solutions mortgage loans	**$ 140,810**	$ 10,220	$ -
Allowance for credit losses	**(136)**	-	-
Street Solutions mortgage loans, net	**$ 140,674**	$ 10,220	$ -
Stamped mortgages	**5,302**	-	-
Insured/insurable mortgage loans	**5,720**	10,794	1,944
Bridge loans - secured	**2,254**	5,285	5,536
Bridge loans - unsecured	**1,696**	2,445	1,843
Total non-securitized loans	**$ 155,646**	$ 28,744	$ 9,323

(b) Impaired and past due mortgages

Loans are considered impaired when the Company is no longer assured of timely collection of the full amount of principal and interest, when an insured loan is 365 days past due, or when an uninsured loan is more than 90 days past due. An aging table for the outstanding principal balances of the non-securitized loans is shown below:

						September 30, 2017
	Current	1 - 30 days	31 - 60 days	61 - 90 days	> 90 days	Total
Street Solutions mortgage loans, net	$ 139,913	$ 1,255	$ -	$ -	$ -	$ 141,168
Stamped mortgages	5,302	-	-	-	-	5,302
Insured/insurable mortgage loans	5,632	-	-	-	-	5,632
Bridge loans - secured	1,908	-	346	-	-	2,254
Bridge loans - unsecured	1,696	-	-	-	-	1,696
Total non-securitized loans	$ 154,451	$ 1,255	$ 346	$ -	$ -	$ 156,052

						June 30, 2017
	Current	1 - 30 days	31 - 60 days	61 - 90 days	> 90 days	Total
Street Solutions mortgage loans, net	$ 10,225	$ -	$ -	$ -	$ -	$ 10,225
Insured/insurable mortgage loans	9,582	1,118	-	-	-	10,700
Bridge loans - secured	5,285	-	-	-	-	5,285
Bridge loans - unsecured	2,278	167	-	-	-	2,445
Total non-securitized loans	$ 27,370	$ 1,285	$ -	$ -	$ -	$ 28,655

(c) Provisions and allowances for credit losses

At September 30, 2017, as shown above under (a) Mortgage receivables, the net balance of non-securitized mortgage loans included $0.14 million of allowances for credit losses that have been recorded for Street Solutions, based on management's judgement that these losses have been incurred. A continuity schedule of the Company's collective allowance for credit losses is shown below. There is no individual allowance for credit losses because no loans have been identified as impaired.

	September 30, 2017	June 30, 2017	December 31, 2016
Collective allowance - Street Solutions mortgages			
Balance, beginning of period	**$ -**	$ -	$ -
Provisions for credit losses	**(136)**	-	-
Write-offs	**-**	-	-
Recoveries	**-**	-	-
Balance, end of period	**$ (136)**	$ -	$ -
Provisions for credit losses - % of Street Solutions mortgages	**0.09%**	N/A	N/A
Allowance for credit losses - % of Street Solutions mortgages	**0.09%**	N/A	N/A

(d) Maturity profile

The non-securitized loans have maturities up to 5 years, as shown below:

				September 30, 2017
	Within 1 year	1 - 3 years	3 - 5 years	Total
Street Solutions mortgage loans, net	**$ 119,490**	**$ 21,678**	**$ -**	**$ 141,168**
Stamped mortgages	**-**	**-**	**5,302**	**5,302**
Insured/insurable mortgage loans	**540**	**1,333**	**3,759**	**5,632**
Bridge loans - secured	**2,254**	**-**	**-**	**2,254**
Bridge loans - unsecured	**1,696**	**-**	**-**	**1,696**
Total non-securitized loans	**$ 123,980**	**$ 23,011**	**$ 9,061**	**$ 156,052**

				June 30, 2017
	Within 1 year	1 - 3 years	3 - 5 years	Total
Street Solutions mortgage loans, net	$ 6,222	$ 4,003	$ -	$ 10,225
Insured/insurable mortgage loans	238	316	10,146	10,700
Bridge loans - secured	5,285	-	-	5,285
Bridge loans - unsecured	2,445	-	-	2,445
Total non-securitized loans	$ 14,190	$ 4,319	$ 10,146	$ 28,655

9. Securitization activity

(a) Mortgages receivable and securitization liabilities

The Company occasionally 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.

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

	September 30, 2017	
	Carrying amount of securitized mortgage loans	Carrying amount of securitization liabilities
Securitized mortgage loans	**$ 226,375**	**$ 229,939**
Deferred securitized mortgage acquisition costs	**1,787**	**-**
Deferred transaction costs	**-**	**(679)**
	$ 228,162	**$ 229,260**

	June 30, 2017	
	Carrying amount of securitized mortgage loans	Carrying amount of securitization liabilities
Securitized mortgage loans	$ 237,053	$ 240,069
Deferred securitized mortgage acquisition costs	1,923	-
Deferred transaction costs	-	(745)
	$ 238,976	$ 239,324

	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

(b) Securitized mortgages arrears

There are no incurred 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 September 30, 2017, June 30, 2017, and December 31, 2016, none of the securitized and sold mortgages were 365 or more days in arrears. An aging table for the securitized mortgage loan principal is shown below:

						September 30, 2017
	Current	1 - 30 days	31 - 60 days	61 - 90 days	> 90 days	Total
Total securitized mortgage loans	**$ 226,013**	**$ -**	**$ 362**	**$ -**	**$ -**	**$ 226,375**

						June 30, 2017
	Current	1 - 30 days	31 - 60 days	61 - 90 days	> 90 days	Total
Total securitized mortgage loans	$ 237,053	$ -	$ -	$ -	$ -	$ 237,053

(c) Maturity profiles

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

				September 30, 2017
	Within 1 Year	**1 -3 Years**	**3 -5 Years**	**Total**
Contractual repayments	**$ 40,323**	**$ 104,380**	**$ 81,672**	**$ 226,375**

				June 30, 2017
	Within 1 Year	**1 -3 Years**	**3 -5 Years**	**Total**
Contractual repayments	$ 25,105	$ 68,978	$ 142,970	$ 237,053

				December 31, 2016
	Within 1 Year	**1 -3 Years**	**3 -5 Years**	**Total**
Contractual repayments	$ 26,579	$ 83,307	$ 150,120	$ 260,006

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

				September 30, 2017
	Within 1 Year	**1 -3 Years**	**3 -5 Years**	**Total**
Projected payments	**$ 43,887**	**$ 104,380**	**$ 81,672**	**$ 229,939**

				June 30, 2017
	Within 1 Year	**1 -3 Years**	**3 -5 Years**	**Total**
Projected payments	$ 28,121	$ 68,978	$ 142,970	$ 240,069

				December 31, 2016
	Within 1 Year	**1 -3 Years**	**3 -5 Years**	**Total**
Projected payments	$ 30,148	$ 83,307	$ 150,120	$ 263,575

Securitization liabilities include $4.20 million (June 30, 2017 - $3.45 million; December 31, 2016 - $3.46 million) that has been collected from the securitized mortgage holders, but not yet paid to the MBS holders.

(d) Other securitization activity
In the third quarter of 2017, as referenced above in Note 3, the Company also entered into a transaction to securitize and sell a 10-year mortgage loan on a multi-unit residential property. The loan was securitized and sold through the CMB program. The underlying mortgage loan has no prepayment risk, and the Company purchased an interest rate swap in order to mitigate the interest rate risk. As a result, the Company did not retain any risks and rewards associated with the mortgage loan. The transaction therefore qualified for derecognition, and no asset or liability has been recorded on the Company's condensed consolidated statement of financial position. The Company recorded a gain on the sale, which is reported on the condensed consolidated interim statements of comprehensive income as a component of Fee and other income, and discussed below in Note 12.

At the time of the sale, the Company also set up a receivable (the "retained interest") for the present value of the expected net cash flows to be received over the mortgage term. The retained interest has been recorded as a component of Other assets, as reported in Note 13.

The key components of this transaction are shown below:

	Three months ended or as at September 30, 2017
Multi-unit residential mortgage securitized and sold	**$ 43,051**
Gain on sale of multi-unit residential mortgage	**$ 327**
Gain on sale as a percentage of the mortgage amount	**0.76%**
Carrying value of multi-unit residential mortgage retained interest	**$ 1,485**

10. Deposits

With the commencement of banking operations in February 2017, the Company began taking deposits, in the form of 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 showing the remaining term to maturity for these deposits at September 30, 2017 and June 30, 2017.

					September 30, 2017
	Cashable *	**Within 1 Year**	**1 -3 Years**	**3 -5 Years**	**Total**
Deposit maturities	**$ 4,292**	**$ 66,238**	**$ 84,146**	**$ 43,668**	**$ 198,344**
Average contractual rate	**1.16%**	**2.16%**	**2.34%**	**2.63%**	**2.32%**

					June 30, 2017
	Cashable *	**Within 1 Year**	**1 -3 Years**	**3 -5 Years**	**Total**
Deposit maturities	$ 4,023	$ 16,418	$ 38,256	$ 13,490	$ 72,187
Average contractual rate	1.21%	2.04%	2.28%	2.46%	2.20%

*** 90-day cashable 1 year GIC**

11. Net interest income

As the Company's bank operations are expanding, the presentation of the Company's net interest and other income on the condensed consolidated statements of comprehensive income has been amended to more clearly distinguish between the amounts related to its core business operations, and those that are either incidental, or related to real estate and private equity. The details of the reported amounts are as follows:

Interest income – non-securitized assets is the interest the Company earns on assets that it holds on-balance sheet. These include uninsured mortgages that have been advanced under the Bank's Street Solutions program, stamped mortgages (see Note 8), other mortgages held on-balance sheet that may be sold or securitized, and bridge loans. Non-securitized assets also include liquid cash equivalents such as Treasury Bills or bankers' acceptances, on which the Company earns interest prior to using the cash to fund mortgages or other loans. The amount reported as interest income is net of acquisition costs associated with the Company's non-securitized assets.

Interest expense – deposits and other includes the interest expense on deposits, which the Company began incurring with the launch of bank operations in the first quarter of 2017. It also includes the interest expense and the standby charges on the mortgage funding portion of the Bank's credit facility (see Note 5), and other miscellaneous interest expense related to mortgage lending.

Interest income – securitized mortgages is the total interest income and fees relating to the mortgages that the Company has securitized through the NHA MBS program.

Interest expense – securitization liabilities is the total interest expense, fees and acquisition costs associated with the securitization liabilities that correspond to the securitized mortgages.

12. Other interest income, fee income, and other income

Interest income – other consists primarily of interest income on a loan receivable associated with the Company's legacy businesses.

Interest expense – other consists primarily of interest expense on loans payable associated with the Company's legacy businesses.

Fee and other 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 from either the Company's banking operations or its legacy operations.

In the third quarter of 2017, this line item also includes the $0.32 million one-time net gain on the Company's securitization and sale of a multi-unit residential mortgage loan through the CMB program, as described in Note 9. The gain was calculated as the present value of the future cash flows of the expected net spread between the servicing fees and interest that will be collected, and the interest that will be paid, over the 10-year mortgage term.

Details of Fee and other income are shown below:

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	**2017**	2016
Servicing and fee income - loan sales	**$ 480**	$ 60	**$ 408**	$ 400
Gain on sale - CMB securitization	**327**	-	**327**	-
Other income	**71**	131	**576**	758
Total fee and other income	**$ 878**	$ 191	**$ 1,311**	$ 1,158

13. Other assets

The Company's other assets consist of:

	September 30, 2017	June 30, 2017	December 31, 2016
Gain on sale receivable	**$ 7,862**	$ 13,442	$ 4,376
CMB retained interest receivable	**1,485**	-	-
Accounts receivable	**3,679**	2,836	2,375
Non-mortgage loans receivable (net of credit allowance)	**2,440**	1,361	1,923
Prepaid and other assets	**1,785**	2,341	1,617
Capital assets	**3,583**	3,726	4,279
Assets of discontinued operations (Note 26)	**683**	683	911
	$ 21,517	$ 24,389	$ 15,481

Gain on sale receivable represents amounts not yet received on mortgage sale activities, and can fluctuate substantially based on both loan sales and the timing of cash receipts from third parties. The CMB retained interest receivable is described in Note 9. Loans receivable includes a loan made to a former subsidiary, and loans to senior executives of the Company, which are discussed further in Note 25 – *Related Party Transactions*. Accounts receivable includes mortgage insurance receivables, accrued interest receivable, trade receivables, and any other amounts receivable.

14. Intangible assets and goodwill

Intangible assets

At September 30, 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 September 30, 2017 and December 31, 2016, and at all times in between, there were no external or internal indicators of impairment of the acquired intangible assets. However, in the second quarter of 2017 the Company wrote down one internally developed intangible asset by $0.38 million.

Details of the Company's intangible assets are shown below:

	September 30, 2017	June 30, 2017	December 31, 2016
Acquired:			
Mortgage renewal stream	**$ 6,869**	$ 6,869	$ 6,869
Accumulated amortization	**(3,125)**	(3,002)	(2,755)
	$ 3,744	$ 3,867	$ 4,114
Internally developed:			
Systems and software	**3,787**	3,760	3,442
Accumulated amortization	**(2,800)**	(2,655)	(2,369)
	$ 987	$ 1,105	$ 1,073
	$ 4,731	$ 4,972	$ 5,187

Amortization expense for the mortgage renewal stream was $0.12 million and $0.37 million for the three and nine months, respectively, ending both September 30, 2017 and 2016. The amortization period of 15 years is based on historical renewal rates and industry benchmarks, and at September 30, 2017 the remaining amortization term was 8.75 years.

Amortization expense for the internally developed systems and software assets for the three and nine months ended September 30, 2017 was $0.15 million and $0.43 million, respectively (Q3 2016 - $0.10 million; YTD 2016 $0.30 million). The amortization period of 5 years is based on the assets' estimated useful lives, and at September 30, 2017 the remaining amortization terms varied from 1.5 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.

Goodwill

	September 30, 2017	June 30, 2017	December 31, 2016
Acquisition of Street Capital Bank of Canada	**$ 23,465**	$ 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. At September 30, 2017 and December 31, 2016, and at all times in between, there were no external or internal indicators of impairment.

15. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities are as shown below:

	September 30, 2017	June 30, 2017	December 31, 2016
Payment due to mortgage servicers	**$ 19,136**	$ 30,380	$ 27,704
Accrued mortgage acquisition costs	**12,624**	16,712	9,876
Accrued interest payable	**679**	603	645
Accrued restructuring costs	**10,966**	11,970	7,940
Accrued compensation	**4,216**	2,235	5,391
Liabilities of discontinued operations (Note 26)	**8**	8	8
Other	**3,532**	2,141	2,306
	$ 51,161	$ 64,049	$ 53,870

The accrued restructuring costs are related to both the reorganization activities discussed above in Note 2, and the corporate realignment that occurred in June 2015.

16. Income taxes

For the three months ended September 30, 2017, the Company recognized $1.72 million of deferred income tax expense and no current income tax expense. For the nine months ended September 30, 2017, the Company recognized a deferred income tax expense of $0.82 million (Q3 2016 – deferred tax expense of $2.69 million; YTD 2016 – deferred tax expense of $5.74 million) and no current income tax expense (Q3 2016 - nil; YTD 2016 - nil). The deferred income tax expense is primarily due to differences in tax and accounting treatment of the deferred gain on sale of mortgages, which will be taxable in the future.

The $44.84 million deferred income tax liability balance as at September 30, 2017 (June 30, 2017 - $43.14 million; 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 carry–forwards, the utilization of which is considered probable. The $14.54 million deferred tax asset as at September 30, 2017 (June 30, 2017 – $14.56 million; December 31, 2016 - $14.43 million) primarily represents tax losses of Street Capital Group Inc., a separate legal entity.

The combined Canadian federal and provincial statutory tax rate used for September 30, 2017 is 26.5% (June 30, 2017 - 26.5%). The income tax expense provision differs from the computed statutory rate due to permanent non-deductible differences.

As at September 30, 2017 the Company had recognized approximately $328.18 million (June 30, 2017 – approximately $330.97 million; December 31, 2016 - $333.27 million) in non-capital loss carry-forwards, which may be used to reduce future years' taxable income until 2035.

In addition, at September 30, 2017, the Company had approximately $81.51 million (June 30, 2017 and 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 statements of financial position at the end of the period.

17. Portfolio investments and non-controlling interest

Investments

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

	September 30, 2017	June 30, 2017	December 31, 2016
Portfolio investments	**$ 1,215**	$ 1,825	$ 3,026
Portfolio investments attributable to non-controlling interest	**(866)**	(1,249)	(2,272)
Portfolio investments attributable to shareholders	**$ 349**	$ 576	$ 754

A reconciliation of the carrying amount of portfolio investments from December 31, 2015 to September 30, 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	(353)
Foreign exchange adjustments	(169)
Distributions	(1,289)
Balance at September 30, 2017	**$ 1,215**

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 Private Equity in 2013, and by the end of 2016 Private Equity retained only two investments. Only one of these was material, and the Company received approximately $1.3 million when it was partially exited in January 2016. The remaining immaterial investment was exited in the second quarter of 2017, and the Company received $0.21 million. Although the timing is uncertain, the Company anticipates that at some point the remaining investment will be sold and the proceeds distributed.

Non-controlling interest

The net loss attributable to the non-controlling interest associated with the Private Equity business was $0.45 million and $0.50 million for the three and nine months, respectively, ended September 30, 2017 (Q3 2016 – net income of $1.73 million; YTD 2016 – net income of $0.16 million). The non-controlling interest in the Private Equity business amounts to $1.31 million at September 30, 2017 (June 30, 2017 - $1.76 million; 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 the three and nine month periods ending September 30, 2017 and 2016. The non-controlling interest in FFF amounts to $(7.09) million at September 30, 2017, June 30, 2017 and December 31, 2016.

18. Loans payable

Details of loans payable are as shown below:

	Maturity date	September 30, 2017	June 30, 2017	December 31, 2016
Corporate loan - $Cdn	Jan 15, 2018	**$ 1,028**	$ 1,028	$ 1,028
Corporate loan - $US	Jan 15, 2018	**2,995**	3,115	3,223
		$ 4,023	$ 4,143	$ 4,251

The loans 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.

19. 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.

20. Financial instruments

The amounts set out in the following table represent the carrying value, the fair value and the current/non-current classification of the Company's financial instruments. 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 valuation methods and assumptions are described below.

	September 30, 2017						December 31, 2016	
	Held for trading	Loans and receivables/ financial liabilities at amortized cost	Total carrying value	Fair value	Due within one year	Due after one year	Total carrying value	Fair value
Financial assets								
Cash and cash equivalents	**$ 52,128**	**$ -**	**$ 52,128**	**$ 52,128**	**$ 52,128**	**$ -**	$ 3,771	$ 3,771
Restricted cash	**23,337**	**-**	**23,337**	**23,337**	**23,337**	**-**	31,159	31,159
Street Solutions mortgage loans	**-**	**140,674**	**140,674**	**144,570**	**118,996**	**21,678**	58	58
Stamped mortgage loans	**-**	**5,302**	**5,302**	**5,258**	**-**	**5,302**	-	-
Insured mortgage loans	**-**	**5,720**	**5,720**	**5,733**	**628**	**5,092**	1,886	1,910
Other non-securitized mortgages and loans	**-**	**3,950**	**3,950**	**3,950**	**3,950**	**-**	7,379	7,379
Securitized mortgage loans	**-**	**228,162**	**228,162**	**228,129**	**40,865**	**187,297**	262,203	266,287
Deferred placement fees receivable	**-**	**52,145**	**52,145**	**52,145**	**18,075**	**34,070**	51,314	51,314
Other assets	**-**	**16,255**	**16,255**	**16,255**	**13,073**	**3,182**	9,691	9,691
Portfolio investments	**1,215**	**-**	**1,215**	**1,215**	**-**	**1,215**	3,026	3,026
	$ 76,680	**$ 452,208**	**$ 528,888**	**$ 532,720**	**$ 271,052**	**$ 257,836**	$ 370,487	$ 374,595
Financial liabilities								
Bank facilities	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	$ 3,400	$ 3,400
Deposits	**-**	**198,344**	**198,344**	**198,059**	**70,530**	**127,814**	-	-
Loans payable	**-**	**4,023**	**4,023**	**4,023**	**4,023**	**-**	4,251	4,251
Securitization liabilities	**-**	**229,260**	**229,260**	**226,359**	**43,544**	**185,716**	262,663	264,867
Accounts payable and accrued liabilities	**-**	**51,161**	**51,161**	**51,161**	**48,612**	**2,549**	53,870	53,870
	$ -	**$ 482,788**	**$ 482,788**	**$ 479,602**	**$ 166,709**	**$ 316,079**	$ 324,184	$ 326,388

Cash and cash equivalents (including 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 17).

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 September 30, 2017 and December 31, 2016, as classified by the fair value hierarchy described above:

				September 30, 2017
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Cash and cash equivalents	**$ 52,128**	**$ -**	**$ -**	**$ 52,128**
Restricted cash	**23,337**	**-**	**-**	**23,337**
Street Solutions mortgage loans	**-**	**-**	**144,570**	**144,570**
Stamped mortgage loans	**-**	**-**	**5,258**	**5,258**
Insured mortgage loans	**-**	**-**	**5,733**	**5,733**
Other non-securitized mortgages and loans	**-**	**-**	**3,950**	**3,950**
Securitized mortgage loans	**-**	**-**	**228,129**	**228,129**
Deferred placement fees receivable	**-**	**-**	**52,145**	**52,145**
Other assets	**-**	**-**	**16,255**	**16,255**
Portfolio investments	**1,215**	**-**	**-**	**1,215**
	$ 76,680	**$ -**	**$ 456,040**	**$ 532,720**
Financial liabilities				
Bank facilities	**$ -**	**$ -**	**$ -**	**$ -**
Deposits	**-**	**-**	**198,059**	**198,059**
Loans payable	**-**	**-**	**4,023**	**4,023**
Securitization liabilities	**-**	**-**	**226,359**	**226,359**
Accounts payable and accrued liabilities	**-**	**-**	**51,161**	**51,161**
	$ -	**$ -**	**$ 479,602**	**$ 479,602**

								December 31, 2016
		Level 1		Level 2		Level 3		Total
Financial assets								
Cash and cash equivalents	$	3,771	$	-	$	-	$	3,771
Restricted cash		31,159		-		-		31,159
Non-securitized mortgages and loans		-		-		9,347		9,347
Securitized mortgage loans		-		-		266,287		266,287
Deferred placement fees receivable		-		-		51,314		51,314
Other assets		-		-		9,691		9,691
Portfolio investments		2,275		-		751		3,026
	$	37,205	$	-	$	337,390	$	374,595
Financial liabilities								
Bank facilities	$	3,400	$	-	$	-	$	3,400
Loans payable		-		-		4,251		4,251
Securitization liabilities		-		-		264,867		264,867
Accounts payable and accrued liabilities		-		-		53,870		53,870
	$	3,400	$	-	$	322,988	$	326,388

21. 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. Although there have been no material changes to these risk factors subsequent to December 31, 2016, the Company's exposure to liquidity and funding risk, interest rate risk, investment risk and credit risk has increased during 2017 due to its launch of both deposits and uninsured loans. Please see the MD&A for the three and nine months ended September 30, 2017 for more discussion of these risks.

22. 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.

Common shares Issued and outstanding (000s)	**September 30, 2017**		**June 30, 2017**		**September 30, 2016**	
	Number of shares	**Amount**	**Number of shares**	**Amount**	**Number of shares**	**Amount**
						For the three months ended
Outstanding, beginning of period	**121,974**	**$ 245,092**	121,580	$ 244,515	121,876	$ 245,133
Options exercised	**210**	**237**	394	577	-	-
Deferred share units converted	**-**	**-**	-	-	-	-
Shares acquired via normal course issuer bid	**-**	**-**	-	-	(86)	(173)
	122,184	**$ 245,329**	121,974	$ 245,092	121,790	$ 244,960
Share purchase loans		**(1,912)**		(1,912)		(1,912)
Outstanding, end of period	**122,184**	**$ 243,417**	121,974	$ 243,180	121,790	$ 243,048

Common shares Issued and outstanding (000s)	**September 30, 2017**		**September 30, 2016**	
	Number of shares	**Amount**	**Number of shares**	**Amount**
				For the nine months ended
Outstanding, beginning of period	**121,532**	**$ 244,438**	121,226	$ 244,595
Options exercised	**652**	**891**	269	319
DSUs converted	**-**	**-**	667	796
Shares acquired via normal course issuer bid	**-**	**-**	(372)	(750)
	122,184	**$ 245,329**	121,790	$ 244,960
Share purchase loans		**(1,912)**		(1,912)
Outstanding, end of period	**122,184**	**$ 243,417**	121,790	$ 243,048

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 to 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 September 30, 2017, the Company had purchased and cancelled a total of 630,132 of its common shares through the NCIBs. All of these purchases were made during 2016.

Please see *Note 25 – Related party transactions* for discussion of the share purchase loans included in the table above.

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.

During the third quarter of 2017, the Company granted 3,225,000 options to officers and senior management. The fair value of the options was estimated at the grant dates using the Black-Scholes valuation model, with the following assumptions:

Risk-free rates	1.68% - 1.80%
Expected option term (years)	5.1
Volatility	48.8% - 49.5%
Dividends	$0.00
Weighted average fair value per option	$0.58

All of the grants vest as described above. There were no other grants during the nine months ended September 30, 2017, and none during 2016.

Stock based compensation expense associated with the Company's options was $0.54 million and $0.16 million, respectively, during the nine months ended September 30, 2017 and 2016.

	For the three months ended					
Stock options **Outstanding and exercisable (000s except price)**	**September 30, 2017**		**June 30, 2017**		**September 30, 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	**2,696**	**$ 1.19**	3,090	$ 1.15	3,138	$ 1.14
Granted	**3,225**	**1.29**	-	-	-	-
Exercised	**(210)**	**0.65**	(394)	0.84	-	-
Outstanding, end of period	**5,711**	**$ 1.27**	2,696	$ 1.19	3,138	$ 1.14
Exercisable, end of period	**2,962**	**$ 1.21**	2,527	$ 1.14	2,825	$ 1.05
Weighted-average market price per share at date of exercise		**$ 1.29**		$ 1.22		$ -
Weighted-average remaining contractual life in years		**3.95**		1.50		2.07

	For the nine months ended			
Stock options **Outstanding and exercisable (000s except price)**	**September 30, 2017**		**September 30, 2016**	
	Number of options	**Weighted-average exercise price**	**Number of options**	**Weighted-average exercise price**
Outstanding, beginning of period	**3,138**	**$ 1.14**	3,407	$ 1.11
Granted	**3,225**	**1.29**	-	-
Exercised	**(652)**	**0.78**	(269)	0.68
Outstanding, end of period	**5,711**	**$ 1.27**	3,138	$ 1.14
Exercisable, end of period	**2,962**	**$ 1.21**	2,825	$ 1.05
Weighted-average market price per share at date of exercise		**$ 1.27**		$ 1.21
Weighted-average remaining contractual life in years		**3.95**		2.07

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 September 30, 2017 approximately 146,000 DSUs, all of which are held by an active director, are outstanding.

23. 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 and nine months ended September 30, 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 September 30, 2017 and June 30, 2017. Street Capital Bank was not operating as a Schedule I Bank at September 30, 2016. The amounts presented for September 30, 2016 are provided for comparative purposes only. During the period February 1, 2017 to September 30, 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 %)	September 30, 2017	June 30, 2017	September 30, 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
Contributed surplus	452	-	-
Retained earnings	81,196	77,059	79,432
Less: Regulatory adjustments to CET 1	(987)	(1,104)	(924)
Total CET 1 capital	$ 97,087	$ 92,381	$ 94,934
Additional Tier 1 capital	-	-	-
Total Tier 1 capital	$ 97,087	$ 92,381	$ 94,934
Total Tier 2 capital	-	-	-
Total regulatory capital	$ 97,087	$ 92,381	$ 94,934

As noted above in Note 22, 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 nine months of 2017.

24. Net earnings per share

The following is a reconciliation of the numerators and denominators used in computing net income per share for the three and nine months ended September 30:

Basic and diluted net income per share	Three months ended September 30, 2017	Three months ended September 30, 2016	Nine months ended September 30, 2017	Nine months ended September 30, 2016
Numerator:				
Income from continuing operations	$ 3,284	$ 8,727	$ 571	$ 15,452
Income (loss) attributable to non-controlling interest	(447)	1,729	(497)	156
Income attributable to shareholders - continuing operations	3,731	6,998	1,068	15,296
Income (loss) from discontinued operations	-	493	(15)	508
Income attributable to non-controlling interest	-	-	-	-
Income (loss) attributable to shareholders - discontinued operations	-	493	(15)	508
Net income attributable to shareholders	$ 3,731	$ 7,491	$ 1,053	$ 15,804
Denominator:				
Weighted average common shares outstanding (000s) - basic and diluted	122,039	121,833	121,747	121,889
Basic and diluted net income per share from continuing operations	$ 0.03	$ 0.06	$ 0.01	$ 0.13
Basic and diluted net income per share from discontinued operations	0.00	0.00	0.00	0.00
Basic and diluted net income per share	$ 0.03	$ 0.06	$ 0.01	$ 0.13

In computing the diluted net income per share for the three and nine months ended September 30, 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 per share amounts for either period.

25. Related party transactions

The share purchase loans referenced in Note 22 were granted to certain key employees and former employees. They are collateralized by the shares purchased and by personal guarantees. At both September 30, 2017 and December 31, 2016 the outstanding loans totalled $1.91 million, and were for the purchase of 0.46 million common shares of the Company. $1.50 million of these loans are due on demand, and the remaining $0.41 million mature on December 31, 2020. The loans are non-interest bearing.

The Company has additional outstanding loans receivable from two senior executives.

The most recent of these is a $1.2 million loan that was advanced during the third quarter of 2017, which bears interest at 1% and is due on December 31, 2019. The loan was made to facilitate an executive's purchase of 1.00 million common shares of the Company.

The Company also has an outstanding non-interest bearing loan made to another senior executive of the Company, which was made to facilitate the purchase of 0.40 million shares. This loan had a balance of $0.57 million at both September 30, 2017 and December 31, 2016, and matures on December 31, 2017. Both loans are included in the loans receivable balance at September 30, 2017, reported within Other Assets as detailed in Note 12.

In the ordinary course of business, the Company underwrites mortgages for its senior management, other related parties, and employees of the Company. The mortgage terms are similar to those offered to unrelated parties, and incorporate an interest rate discount that is available to all employees of the Company.

26. Discontinued operations

At September 30, 2017 the Company's assets and liabilities of discontinued operations consist of net commissions receivable of $0.67 million (December 31, 2016 – net receivable of $0.90 million, consisting of $0.67 million net commissions receivable and a $0.23 million loan receivable). During the second quarter of 2017, the $0.23 million loan receivable was settled in return for a payment of $0.21 million. The Company reports discontinued assets and liabilities as components of Other assets and Accounts payable and accrued liabilities, respectively. Please see Note 13 and Note 15. There were no other significant transactions involving discontinued operations during 2017. In the third quarter of 2016, the Company settled the outstanding liabilities of discontinued operations, and recognized a pre-tax gain of $0.67 million. Net income from discontinued operations was $0.49 million and $0.51 million in the three and nine months, respectively, ended September 30, 2016.

27. Subsequent events

The Company has evaluated events subsequent to September 30, 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.