CEO Message to Shareholders
and
Management's Discussion and Analysis

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2017

CEO MESSAGE TO SHAREHOLDERS

Q3 2017 Highlights

- EPS $0.03, adjusted EPS $0.04
- Mortgages under administration $27.98 billion at September 30
- Q3 prime originations of $2.08 billion including $0.56 billion renewals
- Street Solutions originations of $131 million; YTD $142 million

We are on a long-term strategic journey, and our strategy will be grounded in delivering long-term returns to our shareholders, while recognizing the need to demonstrate progress in the year ahead.

Fellow shareholders,

It is my pleasure to write to you for the first time as President and CEO of Street Capital Group Inc. and its operating subsidiary Street Capital Bank of Canada. I joined the organization after more than 25 years in the financial services and technology sectors because I was compelled by the underlying fundamentals of the business and the opportunity to lead and grow a *de novo* Schedule I bank in Canada.

While the mortgage industry in Canada is experiencing headwinds brought on by regulatory change and other influences, there are meaningful addressable markets available to Street Capital, where we can deliver higher margin solutions and position the business for long term growth.

Since coming on board in early September, I have immersed myself in the Bank's business to gain a better understanding of those addressable markets, our "on" and "off" balance sheet funding strategies, our current operating model and our overall business strategy. I'm privileged to work with an outstanding management team in this regard, and have been collaborating with them to better define the go-forward strategy for Street Capital. This process is ongoing; however, I can tell you now that we plan on approaching the future of the business in two principal phases.

The Phase I objective will be to optimize our current deposit and lending platform with a more fulsome suite of solutions and offers to drive mid-term earnings and shareholder returns. Phase II will target the transformation of the business into a modern, digitally enabled "asset-light" banking offering that will expand addressable markets and our share of the customer wallet. We have identified five key opportunity spaces for the business over the next three years as follows:

1. Diversifying and deepening on and off balance sheet funding sources;
2. Unlocking addressable markets and focusing on growing higher margin products;
3. Improving the end-to-end experience for both consumers and our broker partners;
4. Modernizing our operating platform towards a lean, scalable operation; and
5. Driving higher customer renewal and retention rates.

Going forward, each initiative we implement will focus on achieving one or more of these five key objectives. Common to many of our objectives are 1) the need for competitive advantage in the area of funding; and 2) strength in product development and marketing. To this end, we have added two seasoned executives to lead these efforts. Along with the rest of our management team and Board of Directors, I would like to welcome to Street Capital:

- Greg Parker, Executive Vice President, Capital Markets and Treasury, and
- Jeff Marshall, Chief Product and Marketing Officer

I'd like to emphasize that this is a long-term strategic journey. This strategy will be grounded in delivering long-term returns to our shareholders, yet recognizes the need to demonstrate progress in the year ahead. I look forward to articulating in greater detail the mid and long-term opportunities for the business, starting with an investor day in the first half of 2018.

I would also like to take this opportunity to thank our highly committed staff, our Board of Directors, and all our stakeholders including shareholders and our valued mortgage broker partners, for welcoming me to Street Capital. I look forward to working with our entire team as we build on the company's impressive foundation to grow Street Capital Bank into a leading Canadian banking platform in the coming years.

Kind regards,

Duncan Hannay
President and CEO
Street Capital Group Inc. and Street Capital Bank of Canada

UPDATE: 2017 OBJECTIVES AND PROGRESS

Launch Uninsured Mortgage Product - Street Solutions Program

We successfully launched the Street Solutions Program, our mortgage program targeting the uninsured segment of the mortgage market, through a pilot group of mortgage brokers in May 2017. It is evident that there is strong demand in the Canadian market for alternative mortgage solutions and at September 30 we were close to our target of $150 million to $200 million in mortgage originations and funding targets for the fiscal year. We continue to accept Street Solutions applications with closing dates in 2018, while honouring all 2017 commitments through year end.

Maintain #4 broker market share

Street Capital has maintained a strong market position in the insurable, high ratio segment of the broker channel, but has largely been locked out of the large prime uninsurable origination market in the face of the changes in mortgage insurance rules announced in October 2016. Q3 2017 market share data was not available at the time of this letter, however in Q2 2017, Street Capital Bank was #5 overall in the broker channel, up from #6 in Q1 2017. This compares to #4 in Q2 2016, prior to the implementation of the new mortgage insurance rules.

Maintain renewal levels at 75% to 80% of mortgages available for renewal

As predicted, Street Capital has been benefiting from a strong renewal stream of prime mortgages in Q2 and Q3, with renewals up roughly 22% from Q2 and 55% from Q3 last year. Year-to-date, the 74% renewal rate is near our target, noting that renewal rates tend to be seasonally lower in the second and third quarters of the year.

Build credit card capability

The credit card program has been placed on hold subject to the ongoing strategic review of the business.

Maintain leading credit quality

The Bank's serious arrears rate at September 30, 2017 was 0.09%, as compared to an industry rate of 0.23% at July 31 in the markets in which the company operates.

STREET CAPITAL GROUP INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2017

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STREET CAPITAL GROUP INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
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INTRODUCTION

This Management's Discussion and Analysis ("MD&A") of the results of operations of Street Capital Group Inc. ("Street Capital" or "the Company") for the three and nine months ended September 30, 2017, and its financial condition as at September 30, 2017, is based on the Company's condensed consolidated interim financial statements prepared in accordance with accounting principles generally accepted in Canada ("GAAP"), which incorporate International Financial Reporting Standards ("IFRS"). This MD&A should be read in conjunction with these interim financial statements, and also with the audited consolidated financial statements and accompanying notes for the year ended December 31, 2016. The effective date of this MD&A is November 2, 2017.

The discussion and analysis are primarily concerned with the Company's wholly owned subsidiary, Street Capital Bank of Canada ("Street Capital Bank" or the "Bank", formerly "Street Capital Financial Corporation"), which carries out the majority of the Company's operations. Effective February 1, 2017, Street Capital Bank of Canada began operations as a federally regulated financial institution.

This MD&A contains non-GAAP measures that the Company uses to isolate the core operations and results of Street Capital Bank. These non-GAAP measures, and a glossary of terms used in this MD&A and the consolidated financial statements, are presented in the last section of this MD&A.

Additional information about the Company, including its continuous disclosure materials consisting of its interim filings, this MD&A, audited consolidated financial statements, Annual Information Form, Notice of Annual Meeting of Shareholders and Proxy Circular, can be found on the Company's website at *www.streetcapital.ca* and on the System for Electronic Document Analysis and Retrieval ("SEDAR") website at *www.sedar.com*.

At November 2, 2017 the Company had 122,184,182 common shares issued and outstanding.

FORWARD-LOOKING INFORMATION

This MD&A contains certain forward-looking statements and forward-looking information (collectively, forward-looking statements) that are based on management's exercise of business judgment as well as estimates, projections and assumptions made by, and information available to, management at the time the statement was made. When used in this document, the words "may", "will", "anticipate", "believe", "estimate", "expect", "intend", "forecast", "project" and "plan", and words of similar import, are intended to identify any forward-looking statements. You should not place undue reliance on these forward-looking statements. These statements reflect management's current view of future events and are subject to certain risks and uncertainties as outlined in this MD&A and in the Company's Annual Information Form and other filings made with securities regulators, which are available on SEDAR (www.sedar.com). These factors include, without limitation: expansion opportunities, technological changes, regulatory changes or regulatory requirements, changes to mortgage insurance rules and changes to the business and economic environment, including, but not limited to, Canadian housing market conditions and activity, interest rates, mortgage backed securities markets, and employment conditions, which may impact the Company, its mortgage origination volumes, launch of new products at planned times, investments and capital expenditures, and competitive factors that may impact revenue and operating costs. Any of these factors, amongst others, could cause actual results to vary materially from current results or from the Company's currently anticipated future results and financial condition. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, the Company's actual results could differ materially from those anticipated in these forward-looking statements. Management undertakes no obligation, and does not intend, to update, revise or otherwise publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date hereof, or to reflect the occurrence of any unanticipated events. Although management believes that its expectations are based on reasonable assumptions, management can give no assurance that its expectations will materialize.

BUSINESS PROFILE

Street Capital (TSX: SCB) was established to create shareholder value by building a substantial, diversified financial services company. The Company's operations are currently concentrated in residential mortgage lending through its wholly owned subsidiary, Street Capital Bank (*www.streetcapital.ca*), which was founded in 2007, was approved on December 13, 2016 to commence business operations as a federally regulated Schedule I bank, and began banking operations on February 1, 2017. Prior to obtaining its bank licence, Street Capital Bank established itself as one of the largest non-bank mortgage lenders in Canada, with a number four broker market share position at December 31, 2016 and a number five position at June 30, 2017.[1]

In prior years, the Company also had operations in other business areas, namely case goods, through Fleetwood Fine Furniture LP, asset liquidation, through Heritage Global Inc., and real estate. In the first quarter of 2013, the Company's board of directors (the "Board of Directors") approved a plan to dispose of these non-core operating business segments in order to focus on financial services through Street Capital Bank, and the dispositions were completed by the end of the first quarter of 2014. Please see *Legacy Business*, below, for a more detailed discussion.

BUSINESS OVERVIEW

Prime Residential Lending ($27.84 B MUA at September 30, 2017)

Since inception the Bank's primary operations have centered on the origination and subsequent sale of both high ratio and conventional prime insured residential mortgages at competitive interest rates in all provinces of Canada, except for Quebec. In 10 years this business line has grown to almost $28 billion in mortgages under administration ("MUA"). Prime residential mortgages are originated primarily through the Bank's network of high quality independent mortgage brokers. The majority of these prime mortgages are subsequently sold at the time of commitment to top-tier financial institutions in return for a cash premium, a servicing fee over the life of the mortgage, and, in some cases, an excess interest rate spread over the life of the mortgage.

Any remaining mortgages are either securitized through the National Housing Act Mortgage Backed Securities ("NHA MBS") program or held directly by the Bank. By selling the majority of its originated prime residential mortgages, the Bank transfers substantially all of the risks of ownership to the purchaser and/or the party insuring the mortgage.

Even with the sale and transfer of credit risk, the Bank has always focused on, and been committed to, the credit quality of the mortgages it underwrites, and it maintains stringent underwriting and robust quality assurance processes. This credit quality contributes to the strong wholesale demand from institutional purchasers for the Bank's prime mortgages. Since the Bank's institutional purchasers commit to the purchase of prime residential mortgages at the point of mortgage commitment, the Bank mitigates its exposure to both interest rate and liquidity risk. Much less frequently, the Bank may sell funded prime insured loans on a whole loan basis. These sale transactions may expose the Bank to interest rate and liquidity risk for short periods of time, which are within the Bank's risk limits.

The Bank also has a secondary source of liquidity for prime insured mortgages. As an approved issuer of NHA MBS and an approved seller under the Canada Mortgage Bonds ("CMB") program, the Bank can securitize the mortgages and access the market directly. However, although direct securitization of prime insured mortgages can be more profitable over the life of the mortgage, in the absence of a secondary transaction such as the sale of the interest only strip, the underlying mortgages remain on the balance sheet of the Bank and attract a commensurate increase in regulatory capital in the calculation of the leverage ratio prescribed by the Office of the Superintendent of Financial Institutions Canada ("OSFI"). Given that the Bank can earn a better rate of return on capital on its uninsured mortgage product, "Street Solutions", which was

[1] As measured by industry statistics. Market share data for the quarter ended September 30, 2017 was not available at the date of this MD&A.

launched in Q2 2017 and which is discussed further below, in the short term the Bank does not intend to make prime insured mortgage securitization a major part of its funding model.

The Bank outsources the servicing of its MUA to rated third party service providers, but continues to administer the mortgages, and therefore the Bank remains the face of all direct communication with borrowers throughout the mortgage term. This ongoing customer relationship promotes renewals and is a key part of the long-term growth, profitability and recognition of the Street Capital Bank brand. Renewals are highly profitable due to much lower acquisition costs compared to newly originated mortgages. Additionally, the customer relationships can be the source of potential cross-sell opportunities for the Bank's new products as its banking operations expand. Mortgage renewals are expected to remain an important part of the business model, and the Bank targets a renewal rate of approximately 75 - 80% of prime mortgages eligible for renewal. The Bank therefore expects to continue to achieve higher overall net sale margins as prime mortgage renewals become a greater part of its mix of business.

Deposit Products ($198 MM at September 30, 2017)

The Bank offers CDIC insurance-eligible deposits through a network of licensed investment dealers. Products include one to five year guaranteed investment certificates ("GICs") and a 90-day cashable GIC, all at competitive interest rates. Currently, the Bank does not offer demand deposit products such as High Interest Savings Accounts ("HISAs"). The GIC deposit base is funding the Bank's uninsured residential mortgage lending products, other mortgage loans that remain on-balance sheet, such as bridge loans or securitized mortgages awaiting sale, and its pool of high quality liquid assets.

Uninsured Residential Mortgage Lending ($141 MM at September 30, 2017)

In May 2017 the Bank introduced, through a small group of the Bank's existing network of high quality mortgage brokers, the Street Solutions program. The program is centred around the Bank's uninsured mortgage product suite, designed to provide Canadians with alternative lending options for achieving their goal of home ownership.

The Street Solutions program targets a market segment that consists of credit-worthy, but under-served, borrowers who may not qualify for a prime residential mortgage. It introduces unique lending solutions and relies on a common-sense approach to lending practices. Street Solutions mortgages broadly focus on the following segments:

- *New immigrants* – who may not have enough Canadian credit history, but who nonetheless have sufficient capital and a willingness and ability to pay;

- *Self-employed persons* – whose income, which may include multiple sources, requires additional diligence to verify;

- *Rental investors* – whose lending needs, due to regulatory changes, no longer qualify under insurable programs; and

- *Individuals with slightly bruised credit situations* – who, through life events, may have a lower credit score but have a willingness and ability to pay, along with sufficient capital.

Currently the Street Solutions uninsured mortgage products are funded on the Bank's balance sheet, and earn both net interest margin and fee income.

The introduction of the Street Solutions program has been highly successful for the Bank and it has been evident that there is strong demand in the Canadian market for alternative mortgage solutions. At the end of Q3 2017 the Bank was close to its targeted 2017 plans for both mortgage commitments and funding of Solutions products, and subsequently in mid-October it put a hold on issuing new commitments with closing dates in 2017. The Bank continues to accept Street Solutions applications with closing dates in 2018, and continues to expect to meet its targeted volumes in 2018 and 2019.

Legacy Business

As noted above under *Business Profile*, by the end of the first quarter of 2014 the Company had completed the dispositions of its non-core operations, although it retained some real estate assets and liabilities that in aggregate were immaterial to the Company's financial position and operations. In 2016, the Company settled its remaining real estate liabilities. The Company expects to realize most of its remaining real estate assets by the end of 2018.

As part of the plan described above, the Company also began winding down its private equity business ("Private Equity"). Private Equity is carried on through the Company's wholly-owned subsidiary, Knight's Bridge Capital Partners Inc. ("Knight's Bridge"), which manages the Company's portfolio investments. At the end of 2016 the Company retained two investments, only one of which was material. The non-material investment was exited in Q2 2017, and the Company continues to plan a final exit from the remaining investment, although the timing is uncertain.

BUSINESS OUTLOOK

Note to readers: This section includes forward-looking information and is qualified in its entirety by the discussion about Forward-Looking Information on page 1.

Regulatory and Policy Changes

Although home prices in Canada dipped close to a percentage point in September 2017, year over year, registering their most notable decline since early 2016, the prolonged periods of housing price appreciation observed in many areas of the country have sparked concerns from various groups and resulted in increased focus on the stability of the domestic housing market. This concern has contributed to the federal government's implementation of regulatory changes in the Fall of 2016, and changes to underwriting standards employed by federally regulated financial institutions in OSFI Guideline B-20, which will come into effect in January 2018.

Department of Finance – October 2016

In October 2016, the federal government's Department of Finance announced new mortgage insurance rules, with the most material items being increases to the qualifying rate for new insurable mortgages and the elimination of mortgage insurance on most refinance transactions. These changes, along with previous changes that eliminated mortgage insurance for purchases over $1.0 million and amortizations greater than 25 years have, as expected, decreased the volume of mortgages that qualify for individual or portfolio mortgage insurance. Since most of the Company's purchasers of prime mortgages securitize these mortgages through the NHA MBS and CMB programs, these changes have reduced the available funding for prime, but now uninsurable, mortgages. This has led to a marked decrease in prime mortgage origination volumes for the Company and other mono-line mortgage lenders. While the Company has the advantage of being a Schedule I Bank and having access to CDIC insurance-eligible GICs funding, the cost of funds through the broker GIC channel, combined with the capital requirements for prime uninsurable mortgages, makes funding these mortgages on its balance sheet uneconomical compared to higher margin Street Solutions mortgages.

As well, in 2016 OSFI introduced higher regulatory capital requirements for mortgage insurers. This increased the cost of portfolio insurance for lenders. Higher portfolio insurance costs in certain segments further reduce the size of Street Capital's addressable market of prime mortgages, as large banks that choose to hold these mortgages on balance sheet without portfolio insurance can do so at much higher margin than a lender requiring insurance.

While the Company continues to actively explore and prioritize access to alternative funding options for prime uninsurable mortgages, so that it can expand its suite of mortgage products, the development of funding options is progressing at a much slower pace than desired. In the meantime, Street Capital Bank only offers prime uninsured mortgages on a limited basis. To the extent funding for this product remains unavailable the Bank will continue to experience reduced prime origination volumes.

OSFI B-20 – October 2017

Additional regulatory changes occurred most recently on October 17, 2017, when OSFI released amendments to Guideline B-20–*Residential Mortgage Underwriting Practices and Procedures* ("Guideline B-20"). The amendments had originally been proposed in July 2017, and they will be effective on January 1, 2018. The basic framework of Guideline B-20 has not changed: the five fundamental principles for sound residential mortgage underwriting remain. However, OSFI tightened and clarified its expectations, and introduced new expectations, namely:

- Requiring a GDS/TDS stress test for all uninsured mortgages of the greater of i) 2.00% above the contractual interest rate, or ii) the five-year benchmark rate published by the Bank of Canada;
- Requiring that Loan-to-Value ("LTV") measurements remain dynamic and adjust for changes in local market conditions in order to accurately reflect the associated risks; and
- Expressly prohibiting co-lending arrangements that are designed, or appear to be designed, to circumvent LTV limits, or other underwriting policy or legal limitations.

The federal government has also proposed lender risk sharing arrangements that could further affect the insurable mortgage market, and provincial governments in British Columbia and Ontario have recently introduced, and may further introduce, measures intended to slow house price appreciation in those provinces.

It will take some time to fully understand the full impact that the combination of these changes will have on housing activity and prices, and ultimately on mortgage activity and mortgage rates.

As stated previously, the recent changes in Guideline B-20 have the potential to reduce the size of mortgage a borrower may qualify for, as well as require more documentation for self-employed borrowers, and therefore reduce the level of uninsured mortgage lending activity originated by OSFI-regulated financial institutions. However, management is maintaining its previously outlined origination targets for Street Solutions, given that they are relatively modest compared to the overall size of the addressable market.

There remains a great deal of uncertainty in the housing markets, making it challenging to predict outcomes, and as a result the Company's views can change over time in response to observed factors and market trends.

Prime Mortgage Lending

Recent regulatory changes, discussed above, have reduced the volume of prime mortgages that qualify for insurance, leading to a decline in the Bank's lending activity in the prime insurable mortgage segment in 2017.

While it remains difficult to estimate the potential reduction in prime mortgage activity in the market and for the Bank, the Company has been able to maintain strong origination volumes for *prime insurable mortgages*. The Company has more than adequate funding for this product and there continues to be strong market demand, and the Bank remains competitive in this mortgage segment.

For mortgages that previously qualified for mortgage insurance, i.e.: *prime uninsured mortgages,* the Bank is offering these mortgages on a very limited basis. As discussed, the Company remains active in pursuing additional funding for this specific product, but there remains uncertainty regarding both the timing of funding availability and the potential profitability of these mortgages through new funding structures. As such, management is maintaining its conservative view of overall new prime origination volumes. The Company expects that total new prime originations volumes for 2017 will be 30%-35% below 2016. For new sales of *prime insurable mortgages*, for which funding remains stable, management expects gain on sale rates in the range of average rates earned over the last two years.

Softness in new originations of prime mortgages will be partly offset by the Bank's expected highly profitable renewal activity in Q4 2017, 2018 and 2019. Based on the maturity profile of the MUA, the Bank will experience material increases in renewal activity over these periods, as evidenced in this quarter. Gain on sale rates for renewal volumes are expected to be in the range of averages earned over 2017. To optimize this revenue stream, the Bank will continue to focus on its service and retention activities. The Bank's almost $28 billion of MUA provides both a sustainable portfolio of quality revenue generating assets and a customer base to drive significant value over the coming years as it expands into additional product areas. It should also be noted that the stress test associated with the recent changes to Guideline B-20, which applies to all refinances of mortgages or a change in mortgage lender, potentially buoys renewal rates in 2018 and beyond. Management will monitor this carefully.

Uninsured Mortgage Lending

The Bank launched its uninsured mortgage product, Street Solutions, in Q2 2017. The market response was very positive, with many existing mortgage broker partners welcoming another provider in this segment. For the nine months ending September 30, 2017 the Street Solutions originations were $142 million, and therefore the Company was close to the lower end of its targeted $150 million - $200 million in mortgage originations and funding targets for 2017. As discussed above, in mid-October the Bank put a hold on new commitments for closings in 2017. The Bank continues to take applications for closings in 2018 and still expects to meet its target originations for this product in 2018 and 2019.

Funding and Liquidity

The Bank continues to diversify its off-balance sheet funding sources in the prime insurable mortgage market and on-boarded one new institutional investor during Q3 2017. As noted above under *Prime Residential Lending*, when investors purchase prime insurable mortgages at commitment, the Company transfers substantially all of the risks and rewards of the ownership of the mortgage. The Company's access to this funding is more than adequate, and the Bank remains competitive in this mortgage segment.

As also noted above, the Bank has a secondary source of funding for prime insurable mortgages, through their securitization. However, when the underlying mortgages remain on the Bank's balance sheet, they attract a commensurate increase in regulatory capital in the calculation of the Bank's leverage ratio. During Q3 2017, the Bank did enter into a transaction to securitize and sell, through the CMB program, a $43 million 10-year mortgage loan on a multi-unit residential property. The purchase of an accompanying outright seller swap allowed the Bank to get off balance sheet treatment for this transaction and recognize an upfront one-time gain, rather than net interest income over the mortgage term.

In order to fund its on-balance sheet loans and liquid assets (e.g.: Street Solutions mortgages, uninsurable prime mortgages, stamped mortgages, bridge loans and liquid investments such as Treasury Bills), the Bank offers a full product suite of CDIC insurance-eligible retail GICs ranging in terms from 1 to 5 years, including a 90-day cashable option. Currently, the Bank's GIC distribution strategy is focused on the third party deposit broker network, including IIROC, MFDA, RDBA and MGA members. Management believes the Bank is well-positioned to penetrate this channel, and is in the process of hiring a business development manager who will be charged with diversifying the Bank's deposit broker relationships. Success in building a well-diversified portfolio of stable retail term deposits will enable the Bank to meet its targets for uninsurable mortgage originations. During Q3 2017 the Company raised net $126.1 million in new deposit funding, bringing total deposits, net of broker commissions, to a total of $198.3 million at September 30.

Operating Expenses

In Q3 2017, the Company accrued additional restructuring expenses of $0.5 million. The initial restructuring in Q2 2017 involved the reduction of approximately 10% of the Company's workforce, and associated reorganization expenses of $2.5 million, pre-tax, were recorded as a component of operating expense in Q2 2017. Together with the $3.6 million retiring allowance recorded in Q1 2017 for Mr. DaRocha, the former President, total pre-tax reorganization expenses in 2017 are $6.6 million. The anticipated ongoing expense savings from the staff reduction are between $1.5 million to $2.0 million per year. However, as the Bank more formally defines and develops its mid- and long-term strategy and priorities, the Company expects to add additional staff with the relevant skills and experience to execute on its strategy. The Bank is still targeting positive operating leverage for the twelve months of 2018 and in 2019.

Strategic Priorities

Management continues to evaluate the go-forward strategy for the Bank, and will finalize its strategic plan and 3-year financial projections for presentation to the Board later in Q4 2017. In the near-term, the Company plans to focus on delivering against its 2017 objectives and positioning the Bank for success in 2018 and beyond. Among these initiatives is the selection and implementation of a core banking system, which will facilitate the Bank's expansion of its product offerings and improvement of the customer experience.

Given the near-term strategic priorities and in consideration of balancing the use of the Bank's resources, both financial and people, management has de-prioritized the implementation and launch of the credit card program. The credit card program was not expected to add materially to revenue over the mid-term, so there are no changes to the financial outlook.

BUSINESS DEVELOPMENTS

On September 1, 2017, as previously announced on June 29, 2017, the Company's former CEO and acting President, Mr. W. Edward Gettings, retired from Street Capital Group Inc. and Street Capital Bank. Mr. Gettings has continued to serve as a member of the Company's Board of Directors.

Also on September 1, 2017, as previously announced on June 29, 2017, Duncan Hannay, a seasoned financial services and technology executive leader, assumed the responsibilities of President and CEO of both the Company and Street Capital Bank.

On September 5, 2017, the Company announced that Jeff Marshall, an experienced financial product development and marketing executive, was appointed Chief Product and Marketing Officer of Street Capital Bank. Mr. Marshall assumed these responsibilities on the date of the announcement.

On September 28, 2017, the Company announced that Greg Parker, an experienced capital markets, treasury and risk management leader, has been appointed Executive Vice President, Capital Markets and Treasury of Street Capital Bank. Mr. Parker assumed these responsibilities on October 23, 2017.

YTD 2017 RESULTS AGAINST 2017 OBJECTIVES

2017 Objectives	***YTD 2017 Results or Status***
• Launch uninsured mortgage product, with $150 to $200 million in new originations in 2017.	• Street Solutions originations totaled $142 million by the end of Q3.
• Maintain broker market share at #4.	• Market share was #5 at June 30 and #6 at March 31.
• Maintain renewal volumes of 75 – 80% of mortgages eligible for renewal.	• Renewed 74% of eligible mortgages YTD.
• Build credit card capability and be ready to launch the product in 2018.	• As discussed above – de-prioritized by management.
• Maintain credit quality, with serious arrears and early delinquency rates better than industry averages.	• Serious arrears rate for prime mortgages of 0.09% compared to industry averages of 0.23%[2] in the markets in which the Company operates.

Please see *Q3 2017 Summary and Highlights*, and *2017 Earnings Review*, below, for discussion of the Company's 2017 results.

[2] As measured by statistics from the Canadian Bankers Association.

FINANCIAL EXPECTATIONS – 2017 to 2019

Note: The Bank may not realize the financial expectations indicated below if business or competitive conditions, the regulatory environment, the housing market, or general economic conditions change, or if any of the other management assumptions do not materialize in the amount or within the timeframes expected. Please refer to the Forward-Looking Information on page 1.

Management's financial expectations for new prime originations have been modified for 2017 since last quarter, but remaining financial expectations remain unchanged since they were originally presented on May 10, 2017.

	2016 – Actual	**2017**	**2018**	**2019**
Prime New Originations [1]	$7.94 billion	30% - 35% lower than 2016 *	Maintain market share	Maintain market share
Prime Renewal Volume	$1.43 billion	$1.80 - $1.90 billion	$2.40 - $2.60 billion	$2.60 - $2.70 billion
Uninsured Originations	Nil	$150 - $200 million	$600 - $700 million	$850 - $950 million
Uninsured Net Interest Margin (net of provisions for credit losses)	N/A	2.0% -2.5%	2.0% -2.5%	2.0% -2.5%
Expense Ratio (% of originations and renewals) [2]	0.50%	N/A	Positive operating leverage [3]	Positive operating leverage [3]

* In the last quarterly report, prime new originations were expected to be 20% - 30% lower than 2016.

[1] Estimating future prime insurable originations remains challenging, given the recent regulatory changes, and competitors' and consumers' potential reactions thereto. The projections reflect management's current views only and are subject to change over time.

[2] As revenues from balance sheet lending begin to grow, the Bank will begin to measure itself on operating leverage.

[3] Positive operating leverage is defined as: percentage growth in net revenue, minus percentage growth in expenses, is greater than zero.

For new prime insured mortgage sales management expects the gain on sale rates to be in the range of the averages earned over the last two years, while gain on sale rates for renewal volumes are expected to be in the range of averages earned in 2017. These expectations are subject to change based on market conditions, funding strategies and the spreads available in the market.

Dividends

The Company and its management are committed to consistently creating shareholder value. Right now, this means retaining our earnings and allocating capital to the business opportunities within the growing potential of the bank platform. Over the next few years, it is the Company's intention that the creation of shareholder value will include consideration of an allocation between retaining and investing earnings, and distributing common shareholder dividends.

Sustainable Tax Advantage

The Company continues to generate a sustainable tax advantage, given the differing treatment between accounting and income tax rules for gains on sale. Its tax loss carryforwards were approximately $328 million at September 30, 2017. This represents a real and sustainable tax advantage as the Company is not paying cash taxes and does not expect to pay cash taxes for many years.

Legacy Operations

The Company's non-mortgage lending legacy businesses still include investments and assets associated with Private Equity, real estate and case goods, which are in the process of being liquidated or run-off. During Q2 2017, the Company received payment of a $0.2 million loan receivable, and received $0.2 million proceeds upon exiting a Private Equity investment. There were no other significant transactions YTD 2017. The remaining net assets represent $0.9 million on the balance sheet at September 30, 2017. These assets have associated fair value risk that could continue to create some minimal volatility in unadjusted earnings until they are realized. It is anticipated that the sole remaining Private Equity investment and most of the remaining real estate investments will be realized by the end of 2018.

Risk and Compliance

As a newly licensed federally regulated Schedule I Bank, and a long standing financial services company with almost $28 billion in MUA, the Bank continues to develop a strong and embedded risk and compliance culture, which starts with the tone at the top. Over the last four years, and through the bank application process, the Bank has more formally defined its risk culture, governance processes, and risk management and compliance frameworks. This includes a commitment to the three lines of defense model, supported by effective Board of Directors oversight, along with an effective system of internal controls that is commensurate with the size and complexity of the Bank, and meets regulatory expectations.

The Bank operates with the following risk appetite framework:

- The Bank will operate in markets where risks are understood and where long term macro-economic indicators support retail lending.

- The Bank will manage credit risk prudently by establishing and adhering to stringent underwriting guidelines.

- The Bank will maintain adequate capital and liquidity for its operations above regulatory minimums and sufficient to sustain the entity during times of stressed conditions.

- The Bank will limit market risk by pricing mortgages effectively and managing interest rates prudently in its banking book. Derivatives will only be used to enable effective risk management and product funding requirements.

- The Bank will maintain thorough and effective policies, standards, guidelines and other related measures including limits and key risk indicators that guide risk-taking activities to protect Street Capital's brand and reputation while adhering to all legal and regulatory obligations.

- The Bank will promote a sound risk management culture and awareness throughout the organization by promoting operational excellence, corporate governance, and risk and control practices that minimize the risk of any unforeseen adverse events occurring.

- The Bank will hire, retain and invest in quality and experienced staff that operate with high ethical standards and conduct themselves with integrity, honesty and respect.

- The Bank will not take risks that could expose it to any one single and severe loss event, including acquisitions, business ventures/partnerships or products.

- The Bank will continually assess the adequacy of its IT and operational infrastructure in relation to its business volumes and complexity and, where required, will make the necessary investment to scale supporting processes to required levels.

Q3 2017 SUMMARY AND HIGHLIGHTS

The table below sets out certain financial highlights for the three and nine months ending September 30, 2017, together with comparative information for prior periods. This table contains non-GAAP measures. The Company uses these non-GAAP measures in order to highlight its core operating business (the Bank) by removing non-recurring items, including non-recurring restructuring costs or recoveries, and items associated with the Company's legacy businesses. Please see the section *Non-GAAP Measures* for further detail and numerical reconciliations of these non-GAAP measures to the most directly comparable measure specified, defined or determined under the GAAP presented in the Company's financial statements.

Table 1 – Financial Highlights

(in thousands of $, except where defined)	**For the three months ended or as at**			**For the nine months ended or as at**	
	September 30, 2017	**June 30, 2017**	**September 30, 2016**	**September 30, 2017**	**September 30, 2016**
Financial performance					
Shareholders' net income (loss)	**$ 3,731**	$ (104)	$ 7,491	**$ 1,053**	$ 15,804
Shareholders' diluted earnings per share	**$ 0.03**	$ 0.00	$ 0.06	**$ 0.01**	$ 0.13
Adjusted shareholders' net income (i)	**$ 4,297**	$ 1,845	$ 6,171	**$ 6,212**	$ 14,460
Adjusted shareholders' diluted earnings per share (i)	**$ 0.04**	$ 0.02	$ 0.05	**$ 0.05**	$ 0.12
Total revenue (net of acquisition costs)	**$ 19,198**	$ 16,092	$ 21,976	**$ 46,046**	$ 55,125
Net gain on sale of mortgages - new	**$ 10,175**	$ 9,274	$ 16,997	**$ 25,930**	$ 38,712
Net gain on sale - new mortgages - % of prime originations	**0.67%**	0.62%	0.68%	**0.61%**	0.66%
Net gain on sale of mortgages - renewals	**$ 7,935**	$ 6,440	$ 4,973	**$ 18,614**	$ 15,643
Net gain on sale - renewals - % of prime renewals	**1.42%**	1.39%	1.37%	**1.40%**	1.46%
Net interest income (expense) - non-securitized assets	**$ 243**	$ (202)	$ (277)	**$ (32)**	$ (465)
Net interest margin - non-securitized assets	**0.78%**	N/A	N/A	**N/A**	N/A
Return on tangible equity (i)	**14.4%**	0.1%	29.6%	**1.8%**	22.1%
Adjusted return on tangible equity (i)	**16.5%**	7.5%	24.5%	**8.2%**	20.3%
Mortgages originated and under administration					
Mortgages under administration ***(in billions of $)***	**$ 27.98**	$ 27.81	$ 26.83	**$ 27.98**	$ 26.83
Prime mortgage originations	**$ 1,521,342**	$ 1,499,930	$ 2,493,132	**$ 4,234,529**	$ 5,839,284
Prime mortgage renewals	**560,423**	463,167	361,844	**1,328,187**	1,070,491
Total prime originations and renewals	**$ 2,081,765**	$ 1,963,097	$ 2,854,976	**$ 5,562,716**	$ 6,909,775
Total Street Solutions originations	**$ 131,376**	$ 10,225	N/A	**$ 141,601**	N/A
Credit quality - mortgages					
Provision for credit losses	**$ (136)**	$ -	$ -	**$ (136)**	$ -
Provision for credit losses - rate	**0.09%**	N/A	N/A	**0.09%**	N/A
Allowance for credit losses - % of Street Solutions assets	**0.09%**	N/A	N/A	**0.09%**	N/A
Regulatory Capital Ratios - Street Capital Bank					
Risk-weighted assets	**$ 352,467**	$ 308,014	N/A		
Common equity Tier 1 (CET1) ratio	**27.54%**	29.99%	N/A		
Total capital ratio	**27.54%**	29.99%	N/A		
Leverage ratio	**15.85%**	18.37%	N/A		
Equity and share information					
Shareholders' equity	**$ 136,590**	$ 132,252	$ 134,402		
Shares outstanding end of period (000s)	**122,184**	121,974	121,790		
Book value per share	**$ 1.12**	$ 1.08	$ 1.10		
Market capitalization	**$ 171,058**	$ 164,665	$ 219,222		
Share price at close of market	**$ 1.40**	$ 1.35	$ 1.80		

(i) Non-GAAP measure the Company uses to measure its performance from continuing and recurring income from its core business. Please see the section *Non-GAAP Measures* for a reconciliation of amounts to GAAP measures.

Significant or Non-Recurring Financial Developments in Q3 2017

- During Q3 2017, Street Capital Bank entered into a transaction to securitize and sell, through the CMB program, a $43.1 million 10-year mortgage loan on a multi-unit residential property. Based on a combination of the features of the mortgage and mitigation of interest rate risk through purchase of a CMB swap, the Bank was able to derecognize the securitized mortgage upon its sale to a third party. Therefore the mortgage did not remain on the Bank's balance sheet, and the Bank recognized a $0.3 million one-time gain on sale. The Company may strategically engage in similar transactions in the future.

- As discussed above, under *Operating Expenses*, during Q3 2017 the Company accrued an additional $0.5 million expense relating to the business reorganization that was developed in Q2 2017 and implemented early in Q3 2017. Total restructuring expense for 2017 therefore increased to $6.6 million. These amounts are incorporated in the determination of non-GAAP adjusted performance measures.

- During Q3 2017 the Company awarded 3.2 million options to purchase shares of the Company's common stock to officers and members of senior management. The options vest over 4 years, with the first 20% vesting on the date of grant. The option grants increased salaries and benefits expense by $0.5 million in the quarter.

- During Q3 2017 the Company recorded net fair value losses of $0.6 million, primarily due to a reduction in the value of its $US Private Equity investment, inclusive of foreign exchange fluctuations. $0.4 million was allocated to the Company's non-controlling interests.

Significant or Non-Recurring Financial Developments in Q2 2017

- During Q2 2017, the Company initiated a business reorganization that involved the reduction of approximately 10% of its workforce. Associated expenses of $2.5 million, pre-tax, were recorded as a component of operating expense in Q2 2017, bringing total pre-tax reorganization expense to June 30, 2017 to $6.1 million.

- During Q2 2017 the Company recorded net fair value losses of $0.11 million, primarily due to foreign exchange fluctuations in the value of its $US Private Equity investments, of which $0.09 million was allocated to the Company's non-controlling interests.

- In June 2017, Private Equity exited its portfolio investment in Fresh Brands ("The Works") for proceeds of $1.3 million, with the Company receiving $0.2 million. Following this exit, the sole remaining portfolio investment is in Differential Brands Group Inc., ("DBGI"), a publicly traded US company.

Q3 2017 Financial Highlights

- Q3 2017 net shareholders' income of $3.7 million includes the net loss of $0.9 million due to the items discussed above. Adjusted net income, which is primarily affected by eliminating the post-tax reorganization expense and the net fair value losses, was $4.3 million in Q3 2017 (please see the *Non-Core and Non-Recurring Items* section of this MD&A for more detail) compared to $6.2 million in Q3 2016 and $1.9 million in Q2 2017.

- Prime new mortgage originations were $1.52 billion in Q3 2017, down 39% from $2.49 billion in Q3 2016, and relatively flat to $1.50 billion originated in Q2 2017. As discussed, the reduction from last year reflects changes in mortgage insurance rules in 2016 that have affected the Bank's ability to fund and therefore originate prime uninsurable mortgages. Sales of newly originated prime mortgages generated a net gain on sale, as a percentage of mortgages sold, of 0.67%. This was comparable to 0.68% in Q3 2016 and up noticeably from 0.62% in Q2 2017.

- Street Solutions mortgage originations were $131.4 million, up from $10.2 million last quarter, putting the Company close to the lower end of its 2017 origination targets of $150 million - $200 million at the end of the quarter.

- Mortgages under administration ("MUA") were $27.98 billion at September 30, 2017, up $0.17 billion from June 30, 2017, and up $1.15 billion from September 30, 2016. Relatively lower new originations combined with seasonally higher maturities and mid-term liquidations have slowed the relative growth of MUA during 2017, both quarter over quarter and year over year.

- Renewal mortgage volumes, which have more than double the profitability of new mortgage originations, increased as expected to $0.56 billion in Q3 2017. This represents an increase of 55% and 22% from $0.36 billion in Q3 2016 and $0.46 billion in Q2 2017, respectively. These renewals generated a net gain on sale, as a percentage of mortgages sold, of 1.42% compared to 1.37% in Q3 2016 and 1.39% in Q2 2017.The Company continues to anticipate higher total renewal volumes in 2017 compared to 2016 with further increases into 2018.

- The Company recognized $0.2 million net interest income on its non-securitized assets in Q3 2017, as its uninsured lending has grown to offset its deposit-taking activities. Its average spread (weighted average yield on mortgages minus average weighted yield on deposits) on new Street Solutions mortgages was 2.46% in the quarter.

- In Q3 2017, the Company also recorded a collective provision for expected credit losses of $0.1 million, or approximately 0.09% of its uninsured mortgages, based on management's best estimate of incurred losses on its Street Solutions mortgages.

- Q3 2017 operating expenses, net of $0.5 million reorganization expenses as discussed above, decreased $0.6 million from Q2 2017 and were essentially unchanged from Q3 2016. Q3 2017 compensation expense includes the $0.5 million non-cash expense related to stock options, as discussed above under *Operating Expenses*.

- The serious arrears rate on the prime mortgages under administration was 0.09% at September 30, 2017, compared to 0.11% at both June 30, 2017 and September 30, 2016. This remained significantly better than industry average[3] in the markets where the Company operates. While the Company is not directly exposed to the credit risk of its prime MUA, credit and underwriting quality, as measured by the serious arrears rate, is a key performance indicator of a portfolio's quality. A relatively high-quality portfolio helps to maintain strong wholesale demand from liquidity providers.

- The average origination beacon score for prime MUA improved slightly over the periods presented: 749 at September 30, 2017 compared to 748 at June 30, 2017 and 745 at September 30, 2016. There was also little change in both the loan to value (LTV) and total debt service (TDS) ratios. Average origination LTV was 80.9% at September 30, 2017 compared to 80.8% at June 30, 2017 and 81.0% at September 30, 2016, while average origination TDS was 36.6% at September 30, 2017, 36.5% at June 30, 2017

[3] As measured by statistics from the Canadian Bankers Association.

and 36.2% at September 30, 2016. As with the serious arrears rate, the ratios are indicative of the high credit quality of prime MUA.

- The average origination LTV for Street Solutions mortgages was 72.6% in Q3 2017, compared to 72.4% in Q2 2017.

YTD 2017 Financial Highlights

- YTD 2017 net shareholders' income of $1.1 million includes $6.6 million reorganization expense, as well as the Q3 gain on the CMB securitization and sale, and the increased stock based compensation expense discussed above. Adjusted net income, which is primarily affected by eliminating the post-tax reorganization expense, was $6.2 million YTD 2017 (please see the *Non-Core and Non-Recurring Items* section of this MD&A for more detail) compared to $14.5 million YTD 2016. As with the quarterly results, the difference is almost entirely due to higher gains on sale in 2016.

- Prime new mortgage originations were $4.23 billion YTD 2017, down 27% from the $5.84 billion originated in the same period last year. As discussed, the reduction from last year reflects mortgage insurance rule changes in 2016 that have affected the Bank's ability to fund and therefore originate prime uninsurable mortgages. Sales of newly originated prime mortgages generated a net gain on sale, as a percentage of mortgages sold, of 0.61% YTD. This was compressed compared to the 0.66% earned in the same period of last year, reflecting spread compression and competitive factors.

- Prime renewal mortgage volumes were $1.32 billion YTD and, as expected, this was up 23% from the $1.07 billion renewed YTD 2016. These renewals generated a net gain on sale, as a percentage of originations, of 1.40% compared to 1.46% in 2016.

- Street Solutions mortgage originations were $141.6 million YTD, putting the Company close to the lower end of its 2017 origination targets of $150 million - $200 million at the end of the quarter.

- As noted above, in Q3 2017 Company also recorded a $0.1 million provision for expected credit losses, based on management's best estimate of incurred losses on its Street Solutions mortgages.

- YTD 2017 operating expenses, net of $6.6 million restructuring expenses as discussed above, increased $2.4 million compared to YTD 2016. This was due in part to the $0.5 million non-cash compensation for stock option issuances discussed above. The remaining increase is due to professional fees associated with negotiating various contractual agreements, and increased regulatory and compliance expenses.

2017 EARNINGS REVIEW

Mortgage Activity

Table 2 - Mortgage Activity and MUA

	For the three months ended or as at			For the nine months ended or as at	
	September 30, 2017	June 30, 2017	September 30, 2016	**September 30, 2017**	September 30, 2016
Mortgages sold and mortgages under administration					
(in billions of $)					
Prime mortgages originated and sold	**$ 1.52**	$ 1.50	$ 2.49	**$ 4.24**	$ 5.84
Prime mortgage renewals sold	**0.56**	0.46	0.36	**1.32**	1.07
Total prime mortgages sold	**$ 2.08**	$ 1.96	$ 2.85	**$ 5.56**	$ 6.91
% Prime renewals	**26.9%**	23.5%	12.6%	**23.7%**	15.5%
Street Solutions originations ***(in thousands of $)***	**$ 131,376**	$ 10,225	N/A	**$ 141,601**	N/A
Mortgages under administration	**$ 27.98**	$ 27.81	$ 26.83	**$ 27.98**	$ 26.83
Prime mortgage sale financial highlights					
(in thousands of $)					
Cash premium at sale - new	**$ 26,008**	$ 26,634	$ 41,293	**$ 72,031**	$ 95,429
Deferred gain on sale - new	**5,025**	3,746	5,883	**11,679**	13,987
Gain on sale of mortgages - new	**$ 31,033**	$ 30,380	$ 47,176	**$ 83,710**	$ 109,416
As a % of mortgages sold	**2.04%**	2.03%	1.89%	**1.98%**	1.87%
Acquisition expenses - new	**$ 20,858**	$ 21,106	$ 30,179	**$ 57,780**	$ 70,704
As a % of mortgages sold	**1.37%**	1.41%	1.21%	**1.36%**	1.21%
Net gain on sale - new	**$ 10,175**	$ 9,274	$ 16,997	**$ 25,930**	$ 38,712
As a % of mortgages sold	**0.67%**	0.62%	0.68%	**0.61%**	0.66%
Cash premium at sale - renewals	**$ 6,917**	$ 5,744	$ 4,566	**$ 16,566**	$ 14,043
Deferred gain on sale - renewals	**1,581**	1,154	836	**3,419**	2,799
Gain on sale of mortgages - renewals	**$ 8,498**	$ 6,898	$ 5,402	**$ 19,985**	$ 16,842
As a % of mortgages sold	**1.52%**	1.49%	1.49%	**1.50%**	1.57%
Acquisition expenses - renewals	**$ 563**	$ 458	$ 429	**$ 1,371**	$ 1,199
As a % of mortgages sold	**0.10%**	0.10%	0.12%	**0.10%**	0.11%
Net gain on sale - renewals	**$ 7,935**	$ 6,440	$ 4,973	**$ 18,614**	$ 15,643
As a % of mortgages sold	**1.42%**	1.39%	1.37%	**1.40%**	1.46%
Total cash premium at sale	**$ 32,925**	$ 32,378	$ 45,859	**$ 88,597**	$ 109,472
Total deferred gain on sale	**6,606**	4,900	6,719	**15,098**	16,786
Total gain on sale of mortgages	**$ 39,531**	$ 37,278	$ 52,578	**$ 103,695**	$ 126,258
As a % of total mortgages sold	**1.90%**	1.90%	1.84%	**1.86%**	1.83%
Total acquisition expenses	**$ 21,421**	$ 21,564	$ 30,608	**$ 59,151**	$ 71,903
As a % of total mortgages sold	**1.03%**	1.10%	1.07%	**1.06%**	1.04%
Total net gain on sale	**$ 18,110**	$ 15,714	$ 21,970	**$ 44,544**	$ 54,355
As a % of total mortgages sold	**0.87%**	0.80%	0.77%	**0.80%**	0.79%

Q3 2017 vs. Q3 2016

New prime origination volume of $1.52 billion was down 39% from $2.49 billion originated in Q3 2016. As noted previously, the decline reflects the previously discussed effect of changes in mortgage insurance eligibility criteria that have reduced the availability of mortgage insurance. Most of the Bank's liquidity providers currently purchase only insurable mortgages, and therefore the absence of liquidity for prime uninsured mortgages shrunk the Bank's accessible market.

Net new prime mortgage gains on sale were $10.2 million, down from $17.0 million in the same period last year. This reflects the lower volume sold, as the quarter's net gain on sale rate of 0.67% was comparable to 0.68% in Q3 2016.

The new prime origination gross gain on sale ratio was 2.04% this quarter compared to 1.89% in the same period last year. The increase of 0.15% primarily reflects the following:

- A promotion with an investor that increased the premiums earned for certain mortgage products;
- A commission promotion introduced in Q2 2017 and continued in Q3, under which the Bank paid additional commission to brokers and the cost was partially recovered through an increase in the premium paid by investors; and
- A renegotiation of a servicing contract that reduced the servicing cost to the Bank, which in turn increases the deferred gain on sale the Bank earns with one investor.

Similar to Q2 2017, the increase in gross gain on sale rates was offset by a 0.16% increase in the acquisition expense ratio, to 1.37% from 1.21% last year. The increase primarily reflects the following:

- The additional expense of the commission promotion mentioned above; and
- The amortization of portfolio insurance is relatively higher given the lower new origination volumes.

Q3 2017 prime renewal volume of $0.56 billion increased significantly, by 55%, compared to $0.36 billion in the same period last year. This reflects management's expectations, which are based on the historical increases in new originations that are coming up for renewal. The renewal rate was approximately 73% in the quarter, below our target range of 75%-80%. The renewal rate is below our internal targets primarily due to requests by some clients to refinance at renewal, which the Bank cannot currently offer, and increased competition for insurable mortgages.

Net gains on prime renewals were $7.9 million, up 58% from $5.0 million in the same period last year. This tracks the increased volume, together with an increased net gain on sale ratio of 1.42% compared to 1.37% last year.

Q3 2017 vs. Q2 2017

New prime insured originations were up slightly, at $1.52 billion compared to $1.50 billion last quarter.

New prime insured mortgage gains were up approximately 10%, to $10.2 million from $9.3 million last quarter. This reflects the small increase in volume and a net increase in gain on sale rates to 0.67% from 0.62% last quarter.

Prime renewal volumes were up 22% to $0.56 billion compared to $0.46 billion last quarter. Prime renewals generated $7.9 million in net gains on sale compared to $6.4 million last quarter, reflecting both the increase in volume and an improvement in net gains on sale rates to 1.42% from 1.39%

YTD 2017 vs. YTD 2016

YTD 2017 new prime insured volumes of $4.23 billion are down 27% from $5.84 billion in the same period last year, largely due to the limitations in the Bank's prime mortgage offerings, discussed above.

YTD 2017 new prime insured net gains on sale of $25.9 million are down from $38.7 million in the same period last year. The decline reflects both lower volumes and compressed net gain on sale rates of 0.61% compared to 0.66% in the same period last year.

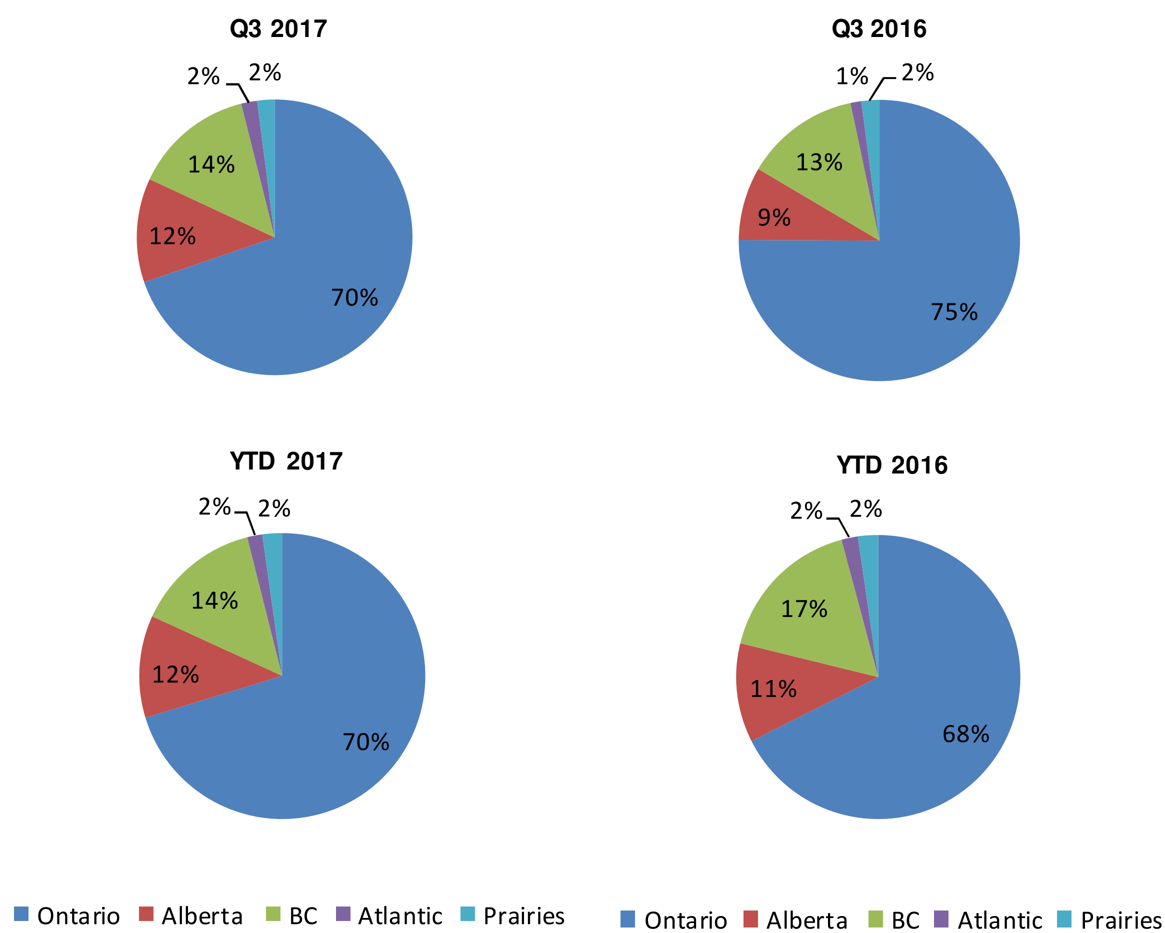
The YTD 2017 new prime insured gross gains on sale ratio was 1.98%, up from 1.87% last year. This increase reflects primarily the same factors discussed above in the Q3 2017 vs. Q3 2016 section. The YTD 2017 new prime insured acquisition expense ratio also increased to 1.36% from 1.21% year over year, and also reflects the factors discussed above.

YTD 2017 renewal prime insured volumes were $1.32 billion, up 23% as expected from $1.07 billion YTD 2016. As previously communicated, management expected the second half of 2017 to show greater increases in renewal volume than the first half, and these expectations have begun to be realized in Q3 2017. The net gain on sales for renewals was $18.6 million YTD 2017 compared to $15.6 million YTD 2016. This reflects the increase in volumes in 2017 being offset by a decrease in the net gain on sale ratio to 1.40% from 1.46% last year.

Geographic Distribution – Prime Mortgages

The Bank originates mortgages across Canada, except for Quebec. The charts below show the geographic distribution of mortgage originations and MUA, together with a table of the contractual maturity profile of the Company's MUA.

Chart 1 – Geographic Distribution of Prime New Originations (% of $)



During 2017, as compared to 2016, the relative distribution of prime mortgage originations as a percentage of mortgage funding amounts has increased slightly in Ontario while decreasing slightly in BC and remaining essentially stable in Alberta. As noted in previous quarters, this is likely attributable to economic and political factors that were observed throughout 2016 and have changed little during 2017, despite the national dip in housing prices that was observed in September. In particular, both Ontario and BC have experienced overall price appreciation, particularly in the major centres of those provinces. Although government actions in BC, such as higher taxes on foreign buyers, may have helped introduce some downward pressure in that region earlier this year, that trend may be short-lived. Compared to both Q2 2017 and Q3 2016, the average deal size in all provinces increased, with the exception of a small decline in Alberta when compared to Q2 2017.

Management, along with its business partners, continually monitors the economic and housing market conditions along with the credit quality in local regions, and adjusts underwriting criteria and origination volumes as circumstances warrant.

Chart 2 – Geographic Distribution of Prime Mortgages under Administration (% of $)

As would be expected, given the volume of the Company's prime MUA, and the relatively static demographic and economic trends within the country, the relative distribution of prime MUA is little changed from either Q2 2017 or Q3 2016. They reflect both the relative population density in urban centers of Ontario, and higher average housing prices there compared to most of Canada.

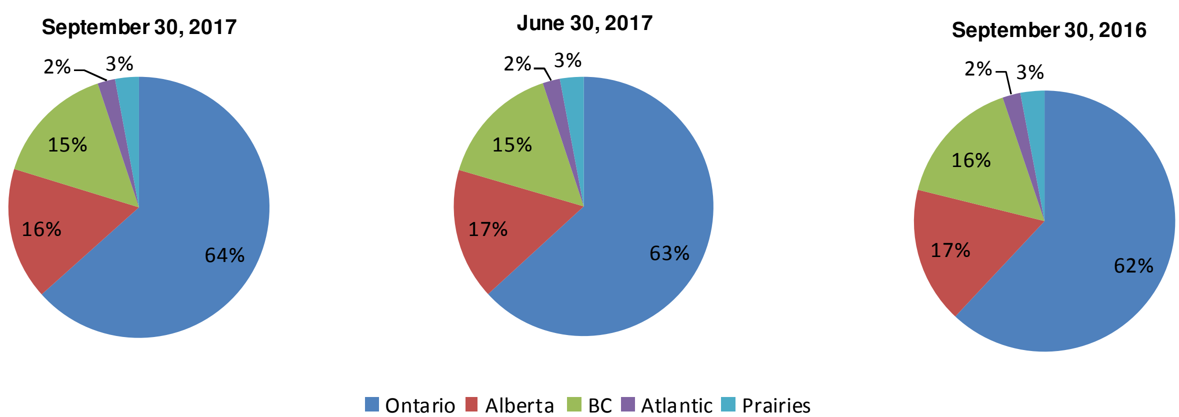


Table 3 – Contractual maturity profile of the Company's Prime MUA at September 30, 2017

(in billions of $)	2017	2018	2019	2020	2021	2022 and beyond	Total
	$	$	$	$	$	$	$
MUA maturities	0.69	3.77	4.82	6.23	7.46	4.87	**27.84**

Net interest income, and Fee and other income

Table 4 - Interest, fee, and other income (expense)

A breakdown of the Company's net interest and other income is shown below, allocated among the Company's core banking business components and other items. To date, net mortgage lending interest income (loss) has been a relatively minor contributor to the Company's revenue, since the majority of originated mortgages have been sold or securitized. With the beginning of its banking operations in 2017, and the launch of the Street Solutions uninsured lending program in Q2 2017, the Company expects that net lending interest income will increase over time, and will ultimately make up a significant part of its revenue.

	For the three months ended					For the nine months ended	
(in thousands of $)	**September 30, 2017**	**Average rate**	June 30, 2017	Average rate	September 30, 2016	**September 30, 2017**	September 30, 2016
Interest income - Street Solutions	**$ 906**	**4.88%**	$ 18	4.34%	$ -	**$ 924**	$ -
Interest income - bridge loans	**125**	**6.89%**	102	6.68%	171	**330**	339
Interest income - other mortgages and loans	**70**	**2.55%**	93	2.46%	215	**178**	285
Interest income - cash and liquidity	**63**	**0.71%**	36	0.61%	16	**112**	78
Total interest income - non-securitized assets	**$ 1,164**	**3.63%**	$ 249	2.15%	$ 402	**$ 1,544**	$ 702
Interest expense - deposits and other	**(921)**	**2.94%**	(451)	3.82%	(679)	**(1,576)**	(1,167)
Net interest income (expense) - non-securitized assets	**$ 243**	**0.78%**	$ (202)	N/A	$ (277)	**$ (32)**	$ (465)
Provision for credit losses	**(136)**		-		-	**(136)**	-
Net interest income (expense) - non-securitized	**$ 107**		$ (202)	N/A	$ (277)	**$ (168)**	$ (465)
Interest income - securitized mortgages	**1,612**	**2.76%**	1,689	2.75%	1,384	**5,083**	3,694
Interest expense - securitization liabilities	**(1,458)**	**2.49%**	(1,565)	2.54%	(1,210)	**(4,574)**	(3,352)
Net interest income - securitized	**$ 154**	**0.26%**	$ 124	0.20%	$ 174	**$ 509**	$ 342
Total net interest income (expense) [1]	**$ 261**	**0.45%**	$ (78)	N/A	$ (103)	**$ 341**	$ (123)
Other net interest income (expense) - non-core	**$ (51)**		$ (45)		$ (82)	**$ (150)**	$ (265)
Servicing and fee income - loan sales	**480**		14		60	**408**	400
Gain on sale - CMB securitization	**327**		-		-	**327**	-
Other income	**71**		487		131	**576**	758
Total fee and other income	**$ 878**		$ 501		$ 191	**$ 1,311**	$ 1,158
Total interest, fee and other income	**$ 1,088**		$ 378		$ 6	**$ 1,502**	$ 770

[1] based on interest earning assets only

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 made under the Bank's Street Solutions program, stamped mortgages (see Note 8 of the unaudited condensed consolidated interim financial statements), 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 Bank'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 of the unaudited condensed consolidated interim financial statements), and other miscellaneous interest 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.

Other net interest income (loss) – non-core consists primarily of the net interest on loans receivable and payable that are 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.

Q3 2017 discussion

As would be expected, given the growth of the Bank's Street Solutions lending portfolio to $141 million at September 30, 2017 from $10 million at June 30, 2017, interest income from non-securitized mortgages increased significantly in Q3 2017 compared to both Q2 2017 and Q3 2016. This increase was accompanied by an equally significant increase in deposit interest expense, as deposits grew to $198 million from $72 million over the same period. The Bank's net interest margin on these assets and liabilities was positive in Q3 2017, although it remained negative YTD 2017 because the Company began accepting deposits in advance of accepting mortgage commitments, in order to build a sufficient liquidity pool.

The Q3 2017 increase in servicing and fee income associated with loan sales, compared to Q2 2017, is due to the renegotiation of a contract with a third-party servicer, which increased the ongoing servicing spread earned by the Company.

Also in Q3 2017, the Company recognized a $0.3 million upfront net gain on the securitization and sale of a $43.1 million multi-unit residential mortgage loan through the CMB program, as described above under *Significant or Non-Recurring Financial Developments in Q3 2017*. The gain was calculated as the present value of the servicing fee and net interest spread over the 10-year mortgage term, less any acquisition or transaction costs.

Compared to Q3 2016, the increases in interest income from non-securitized mortgages and the corresponding interest expense were due to the launch of uninsured lending and deposit taking, respectively, as noted above. Both interest income and interest expense related to securitized mortgages increased in 2017, although the spread in 2017 was compressed, due to issuances of NHA MBS in Q3 and Q4 2016. Total fee and other income was greater in Q3 2017 primarily due to the items referenced above; i.e.: the $0.3 million gain on sale and the increase in servicing income.

YTD 2017 discussion

As noted above under *Q3 2017 discussion*, the introduction of uninsured lending and deposits during 2017 increased both interest income and interest expense relating to non-securitized assets and liabilities. Year over year, net interest income from securitized mortgages increased due to NHA MBS issuances in Q3 and Q4 2016.

Other income and fee income YTD 2017 was greater than YTD 2016 primarily due to the Q3 2017 $0.3 million one-time net gain on the CMB program securitization and sale described above. The other significant item YTD 2017 is Private Equity fee income of $0.5 million earned in Q2 2017. The most significant item YTD

2016 was the $0.5 million gain associated with the Q1 2016 sale of a key man life insurance policy on a former officer of the Company. As well, fee income from bridge loans was $0.1 million in 2017, down from $0.2 million in 2016.

Adjusted operating expenses

Adjusted operating expenses are defined as the Company's total operating expenses net of the $6.6 million reorganization expenses charged to income YTD 2017 and the partial recovery of 2015 restructuring expense in Q1 2016 (please see the section *Non-GAAP Measures*, and the table below). Adjusted operating expenses as a percentage of mortgages sold declined to 0.63% in Q3 2017 compared to 0.70% in Q2 2017, and were up from 0.46% in Q3 2016. Major components of the Company's operating expenses, such as base salaries, premises, and items related to legal and similar professional services, are essentially fixed costs and therefore do not fluctuate with quarterly changes in mortgages sold. The increased percentages in 2017 relate directly to reduced mortgage sales in 2017 compared to 2016.

A breakdown of the Company's adjusted operating expenses is shown below.

Table 5 Adjusted Operating Expenses

	For the three months ended			**For the nine months ended**	
(in thousands of $)	**September 30, 2017**	June 30, 2017	September 30, 2016	**September 30, 2017**	September 30, 2016
Salaries and benefits	**$ 8,836**	$ 8,760	$ 8,988	**$ 24,387**	$ 23,732
Professional services	**754**	790	707	**2,177**	2,124
Legal, regulatory and audit	**447**	564	200	**1,341**	651
Premises	**642**	664	618	**1,983**	1,764
Business development	**772**	1,009	940	**2,689**	2,949
Other	**1,652**	1,934	1,661	**4,992**	3,919
Adjusted operating expenses	**13,103**	13,721	13,114	**37,569**	35,139
Restructuring costs (recoveries)	**477**	2,479	-	**6,556**	(813)
Total operating expenses	**$ 13,580**	$ 16,200	$ 13,114	**$ 44,125**	$ 34,326
Mortgages sold	**$ 2,081,765**	$ 1,963,097	$ 2,854,976	**$ 5,562,716**	$ 6,909,775
Adjusted operating expenses as a % of mortgages sold	**0.63%**	0.70%	0.46%	**0.68%**	0.51%

Q3 2017 discussion

As noted in previous reports, the growth of the Company's business has involved a corresponding increase in operating expenses, as the Company made the necessary investments in the people, processes and technology required to offer additional products and services as a Bank. The majority of the growth had occurred by Q2 2016, which is reflected in the relative stability of total operating expenses shown above, both quarter over quarter and year over year. Employee headcount at September 30, 2017 was 224, compared to 240 at June 30, 2017 in advance of the reductions that were made in early July, and reduced from 238 at September 30, 2016. The Company anticipates selective increases to employee headcount as banking operations expand to new products and services.

Salaries and benefits in Q3 2017 include $0.5 million of non-cash expense associated with the 3.2 million stock options granted during the quarter, 20% of which vested on the grant date and whose fair value was therefore expensed immediately. When this item is excluded, salaries and benefits expenses are reduced to $8,384, and therefore as expected decline from both Q2 2017 and Q3 2016.

Professional services include tax and other consulting fees, and fees paid to the Board of Directors.

Legal, regulatory and audit in Q3 2017 increased compared to Q3 2016 primarily due to new and renegotiated agreements relating to bank operations, and additional regulatory and compliance expenses. Business development includes sales and marketing expenses. Sales expenses primarily consist of sales-related travel and business development. Marketing expenses primarily consist of promotional materials, the maintenance of the Company's website, and broker-related costs. The lower expense in Q3 2017 compared to both Q2 2017 and Q3 2016 is largely due to reduced spend reflecting lower anticipated revenue. The decrease in other operating expenses in Q3 2017 compared to Q2 2017 largely reflects timing of expenditures for technology and telecommunications items.

YTD 2017 discussion

Operating expenses YTD 2017 increased compared to YTD 2016 largely due to the following items, some of which were referenced above:

- $0.5 million of non-cash stock based compensation in Q3 2017;
- legal, regulatory and audit expenses relating to new and renegotiated agreements, and additional regulatory and compliance expenses;
- an increase in premises expense as part of preparation for banking operations; and
- reduced commodity tax credits compared to 2016, given that 2016 included recoveries from prior years.

Non-Core and Non-Recurring Items

Note: these amounts are incorporated in the determination of adjusted non-GAAP performance measures.

Q3 2017 discussion

- As discussed above, under *Q3 2017 Summary and Highlights*, during Q3 2017 the Company accrued additional expenses relating to the business reorganization that had been developed in Q2 2017 and implemented early in Q3 2017, recognizing additional pre-tax restructuring expense of $0.5 million.
- In connection with its portfolio investments, which are part of its legacy business, during Q3 2017 the Company recorded unrealized net fair value losses of $0.6 million, primarily due to a reduction in the value of its $US Private Equity investment, inclusive of foreign exchange fluctuations related to the strengthening of the Canadian dollar against the US dollar. $0.4 million was allocated to the Company's non-controlling interests.

Q2 2017 discussion

- During Q2 2017 the Company recorded expenses of $2.5 million, pre-tax, in connection with the business reorganization referenced above.
- During Q2 2017 the Company recorded unrealized fair value losses of $0.11 million in connection with its Private Equity investments, of which approximately $0.09 million was allocated to the Company's non-controlling interests. The losses were primarily associated with foreign exchange fluctuations.

Q3 2016 discussion

- During Q3 2016 the Company recorded unrealized net fair value increases of $2.6 million in connection with its Private Equity investments, inclusive of foreign exchange fluctuations. Approximately $1.7 million was allocated to the Company's non-controlling interests.

- During Q3 2016, the Company negotiated final settlement of the outstanding liabilities associated with its discontinued real estate operations. In return for payments of $0.47 million, $1.14 million of liabilities were extinguished, resulting in a pre-tax gain of $0.67 million.

Fair Value Adjustments and Non-Controlling Interests

The Company's fair value adjustments relate to its legacy businesses, particularly its Private Equity investments. As discussed above under *Legacy Business*, at September 30, 2017 the investments consist solely of an investment in the publicly traded common shares in DBGI. Throughout 2016 and YTD 2017, fair value fluctuations have largely been driven by changes in the value of DBGI, with some contribution from the investment in The Works, which was exited in Q2 2017. The effects of fair value fluctuations in Q3 2017 as compared to Q2 2017 and Q3 2016 are discussed above under *Non-Core and Non-Recurring Items*.

Discontinued Operations

In the first quarter of 2013 the Company discontinued its asset liquidation, case goods and real estate segments. The case goods business and the last real estate property were sold in Q1 2014, while the asset liquidation business was distributed to the Company's shareholders via a dividend-in-kind of all of the Company's shares of Heritage Global Inc.

During Q2 2017 the Company settled an outstanding loan receivable of $0.23 million for total payments of $0.21 million, thereby reducing the net assets and liabilities relating to discontinued operations to $0.67 million. There have been no other significant transactions YTD 2017. The only significant transaction during 2016 is discussed above under *Non-Core and Non-Recurring Items*.

Income Taxes

The net income tax expense YTD 2017 is largely related to the operating results of Street Capital Bank, net of recoveries generated at the parent Company level.

At September 30, 2017, the Company had approximately $328.2 million in non-capital loss carryforwards that may be used to reduce future years' taxable income until 2035.

The income tax expense or recovery reported in the statement of comprehensive income is based on a number of different estimates made by management. The effective tax rate can change from period to period, based on the mix of income or loss among the different jurisdictions in which the Company operates, changes in tax laws in these jurisdictions, and changes in the estimated values of deferred tax assets and liabilities recorded on the statement of financial position. This is in addition to permanent differences that are either not in, or deductible from, the computation of taxable income. For a given period, the reported income tax expense or recovery reflects an estimate of cash taxes in the current year, offset by the associated utilization of non-capital loss carryforwards, and a provision for changes arising during the year in the value of the deferred tax assets and liabilities. The likelihood of recovering value from deferred tax assets such as loss carry-forwards, future tax depreciation of capital assets, and other assets, is assessed and recognized at each quarter-end. Material changes in income tax assets, liabilities, expense and recoveries may occur in the short term. Please see Note 16 to unaudited condensed consolidated interim financial statements for more information on the Company's tax rates, as well as both current and deferred income taxes.

QUARTERLY HIGHLIGHTS

The following table sets out financial highlights of the Company's consolidated quarterly results of operations for the eight quarters ended September 30, 2017. Please see the section *Non-GAAP Measures* for the definitions of adjusted net income, other related non-GAAP measures, and credit quality indicators.

Table 6 – Quarterly Financial Highlights

(in thousands of $, except where defined)	2015 Q4	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2017 Q1	2017 Q2	**2017 Q3**
Financial performance								
Shareholders' net income (loss)	$ (2,795)	$ 3,003	$ 5,310	$ 7,491	$ 462	$ (2,574)	$ (104)	**$ 3,731**
Adjusted shareholders' net income	$ 4,792	$ 2,444	$ 5,845	$ 6,171	$ 1,900	$ 69	$ 1,845	**$ 4,297**
Shareholders' diluted earnings (loss) per share	$ (0.02)	$ 0.02	$ 0.04	$ 0.06	$ 0.00	$ (0.02)	$ 0.00	**$ 0.03**
Adjusted shareholders' diluted earnings per share	$ 0.04	$ 0.02	$ 0.05	$ 0.05	$ 0.02	$ 0.00	$ 0.02	**$ 0.04**
Return on equity	(9.4%)	10.0%	17.1%	22.9%	1.4%	(7.7%)	(0.3%)	**11.1%**
Adjusted return on equity	16.0%	8.1%	18.8%	18.9%	5.7%	0.2%	5.6%	**12.8%**
Return on tangible equity	(11.7%)	13.6%	22.5%	29.6%	2.2%	(9.3%)	0.1%	**14.4%**
Adjusted return on tangible equity	21.5%	11.1%	24.7%	24.5%	7.6%	0.7%	7.5%	**16.5%**
Mortgages sold and under administration								
Prime mortgages sold - new	$ 1,553,556	$ 1,190,391	$ 2,155,761	$ 2,493,132	$ 2,101,474	$ 1,213,257	$ 1,499,930	**$ 1,521,342**
Prime mortgages sold - renewal	587,061	328,032	380,615	361,844	358,043	304,597	463,167	**560,423**
Prime mortgages sold - total	$ 2,140,617	$ 1,518,423	$ 2,536,376	$ 2,854,976	$ 2,459,517	$ 1,517,854	$ 1,963,097	**$ 2,081,765**
Total Street Solutions originations	N/A	N/A	N/A	N/A	N/A	N/A	$ 10,225	**$ 131,376**
Mortgages under administration ***(in billions of $)***	$ 24.75	$ 25.02	$ 25.67	$ 26.83	$ 27.70	$ 27.81	$ 27.81	**$ 27.98**
Gain on sale of mortgages	$ 35,729	$ 26,883	$ 46,797	$ 52,578	$ 40,793	$ 26,886	$ 37,278	**$ 39,531**
As a % of mortgages sold	1.67%	1.77%	1.85%	1.84%	1.66%	1.77%	1.90%	**1.90%**
Acquisition expenses	$ 19,313	$ 14,286	$ 27,009	$ 30,608	$ 26,735	$ 16,166	$ 21,564	**$ 21,421**
As a % of mortgages sold	0.90%	0.94%	1.06%	1.07%	1.09%	1.07%	1.10%	**1.03%**
Net gain on sale of mortgages	$ 16,416	$ 12,597	$ 19,788	$ 21,970	$ 14,058	$ 10,720	$ 15,714	**$ 18,110**
As a % of mortgages sold	0.77%	0.83%	0.78%	0.77%	0.57%	0.71%	0.80%	**0.87%**
Operating expenses	$ 11,459	$ 9,885	$ 12,140	$ 13,114	$ 11,631	$ 10,745	$ 13,721	**$ 13,103**
As a % of mortgages sold	0.54%	0.65%	0.48%	0.46%	0.47%	0.71%	0.70%	**0.63%**
Equity and share performance								
Shareholders' equity	$ 118,245	$ 121,998	$ 127,001	$ 134,402	$ 134,492	$ 131,998	$ 132,252	**$ 136,590**
Shares outstanding end of period **(in 000s)**	121,226	122,154	121,876	121,790	121,532	121,580	121,974	**122,184**
Book value per share	$ 0.98	$ 1.00	$ 1.04	$ 1.10	$ 1.11	$ 1.09	$ 1.08	**$ 1.12**
Market capitalization	$ 162,443	$ 157,579	$ 152,345	$ 219,222	$ 228,480	$ 182,370	$ 164,665	**$ 171,058**
Share price at close of market	$ 1.34	$ 1.29	$ 1.25	$ 1.80	$ 1.88	$ 1.50	$ 1.35	**$ 1.40**

Mortgage originations tend to follow seasonal housing market trends, where the spring and summer markets outperform the fall and winter ones, generally leading to relatively higher gains on sale in Q2 and Q3 compared to Q4 and Q1. The Company's results are consistent with this trend, as shown in the table above.

Q3 2017 FINANCIAL POSITION REVIEW

The following table sets out the Company's consolidated financial position as at September 30, 2017, June 30, 2017 and December 31, 2016.

Table 7 - Financial Position

	As at		
(in thousands of $)	**September 30, 2017**	**June 30, 2017**	**December 31, 2016**
Assets			
Cash and cash equivalents	**$ 52,128**	$ 48,571	$ 3,771
Restricted cash	**23,337**	33,829	31,159
Street Solutions uninsured loans	**140,673**	10,220	-
Other non-securitized mortgages and loans	**14,973**	18,524	9,323
Securitized mortgage loans	**228,162**	238,976	262,203
Deferred placement fees receivable	**52,145**	50,423	51,314
Prepaid portfolio insurance	**81,556**	80,008	79,049
Portfolio investments	**1,215**	1,825	3,026
Deferred income tax assets	**14,538**	14,557	14,429
Other assets	**21,517**	24,389	15,481
Goodwill and intangible assets	**28,196**	28,437	28,652
Total assets	**$ 658,440**	$ 549,759	$ 498,407
Liabilities			
Bank facilities	**$ -**	$ -	$ 3,400
Deposits	**198,344**	72,187	-
Loans payable	**4,023**	4,143	4,251
Securitization liabilities	**229,260**	239,324	262,663
Accounts payable and accrued liabilities	**51,161**	64,049	53,870
Deferred income tax liabilities	**44,843**	43,139	43,914
Total liabilities	**527,631**	422,842	368,098
Total shareholders' equity	**136,590**	132,252	134,492
Non-controlling interests	**(5,781)**	(5,335)	(4,183)
Total liabilities and equity	**$ 658,440**	$ 549,759	$ 498,407

CASH AND CASH EQUIVALENTS, RESTRICTED CASH, AND BANK FACILITIES

Cash and cash equivalents, and restricted cash

Cash and cash equivalents at the balance sheet date represent funds on deposit with regulated Canadian financial institutions. It includes highly liquid investments such as Treasury Bills and bankers' acceptances. Restricted cash represents mortgage loan repayments collected on behalf of third party investors via a third party service provider, cash collected that has not yet been allocated to securitization liabilities, and accrued interest from mortgage loan repayments collected in connection with securitization activities. Please see Note 4 of the unaudited condensed consolidated interim financial statements.

The Company's primary sources of cash are the premiums received on the sale of mortgages, the net servicing revenue and excess spread received on mortgages under administration, and deposits. The Company also has a mortgage purchase facility and an operating credit facility, as discussed in more detail below.

Bank Facilities
The Company has a total credit facility of $165.0 million through a syndicate of Schedule I Canadian banks, which is available in three tranches, dependent on use of funds. These lines can be drawn at any time providing the Bank has met certain affirmative and financial covenants. As of September 30, 2017, the Bank marginally breached the interest coverage ratio covenant. The Bank does not have funds drawn against any of the lines (June 30, 2017 - unutilized; December 31, 2016 - $1.4 million mortgage funding and $2.0 million operating line), and does not require funds from the facilities for its operations or financial targets. 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. Please see Note 5 of the unaudited condensed consolidated interim financial statements.

MORTGAGE LENDING ASSETS AND LIABILITIES

The tables below detail the geographic distribution and remaining amortization of the loans that the Company holds on-balance sheet, inclusive of credit provisions. More information about the various components is provided following the tables.

Table 8 – Single-family Residential Loans by Province

					As at September 30, 2017
(in thousands of $, except %)	**Insured Residential Mortgages**	**Percentage of Total by Province**	**Uninsured Residential Mortgages**	**Percentage of Total by Province**	**Total**
British Columbia	**$ 19,421**	**69.2%**	**$ 8,635**	**30.8%**	**$ 28,056**
Alberta	**23,973**	**95.8%**	**1,039**	**4.2%**	**25,012**
Prairies	**3,265**	**100.0%**	**-**	**-**	**3,265**
Ontario	**185,847**	**58.0%**	**134,611**	**42.0%**	**320,458**
Atlantic	**2,825**	**92.1%**	**242**	**7.9%**	**3,067**
	$ 235,331	**62.0%**	**$ 144,527**	**38.0%**	**$ 379,858**

					As at June 30, 2017
(in thousands of $, except %)	**Insured Residential Mortgages**	**Percentage of Total by Province**	**Uninsured Residential Mortgages**	**Percentage of Total by Province**	**Total**
British Columbia	$ 20,231	97.9%	$ 433	2.1%	$ 20,664
Alberta	24,173	100.0%	-	-	24,173
Prairies	3,798	100.0%	-	-	3,798
Ontario	195,208	93.7%	13,058	6.3%	208,266
Atlantic	2,844	92.1%	245	7.9%	3,089
	$ 246,254	94.7%	$ 13,736	5.3%	$ 259,990

The Bank defines “insured” residential mortgage loans as any loan that has been insured individually or as part of a portfolio of loans, by either CMHC or one of two government backed private insurers in the Canadian market.

Table 9 – Insured and Uninsured Single-Family Residential Mortgages by Effective Remaining Amortization Period

(in thousands of $, except %)	≤ 20 years	> 20 and ≤ 25 years	> 25 and ≤ 30 years	> 30 and ≤ 35 years	Total
					As at September 30, 2017
Balance outstanding	**$ 1,457**	**$ 187,349**	**$ 189,451**	**$ 1,601**	**$ 379,858**
Percentage of total	**0.4%**	**49.3%**	**49.9%**	**0.4%**	**100.0%**

(in thousands of $, except %)	≤ 20 years	> 20 and ≤ 25 years	> 25 and ≤ 30 years	> 30 and ≤ 35 years	Total
					As at June 30, 2017
Balance outstanding	$ 1,288	$ 190,414	$ 67,215	$ 1,073	$ 259,990
Percentage of total	0.5%	73.2%	25.9%	0.4%	100.0%

Street Solutions Uninsured Loans

The Company launched its uninsured lending product, Street Solutions, in Q2 2017. Street Solutions mortgages are funded from the Company's GIC deposit base. The loans are originated through the Bank's existing broker channel, and are targeted at the market segment that consists of credit-worthy, but under-served, borrowers who may not qualify for a prime insurable residential mortgage in the current lending environment. As the Company's bank operations continue to expand, Street Solutions mortgages are expected to become a more significant and long-term component of its revenue-generating assets. The table below shows the weighted average loan to value ("LTV") ratios for all uninsured mortgages originated during Q2 and Q3 2017, including Street Solutions mortgages. Please see Note 8 of the unaudited condensed consolidated interim financial statements.

Table 10 – Weighted Average LTV Ratios – Uninsured Single-Family Residential Mortgages Originated Q3 and Q2 2017

	For the three months ended September 30, 2017					
	(Held on balance sheet)		**(Originated and sold)**		**(Total originated)**	
(in thousands of $, except %)	**Volume**	**LTV**	**Volume**	**LTV**	**Volume**	**LTV**
British Columbia	**$ 7,679**	**73.1%**	**$ -**	**N/A**	**$ 7,679**	**73.1%**
Ontario	**122,654**	**72.6%**	**-**	**N/A**	**122,654**	**72.6%**
Alberta	**1,042**	**70.4%**	**-**	**N/A**	**1,042**	**70.4%**
	$ 131,376	**72.6%**	**$ -**	**N/A**	**$131,376**	**72.6%**

	For the three months ended June 30, 2017					
	(Held on balance sheet)		**(Originated and sold)**		**(Total originated)**	
(in thousands of $, except %)	**Volume**	**LTV**	**Volume**	**LTV**	**Volume**	**LTV**
British Columbia	$ 431	79.9%	$ 1,276	74.7%	$ 1,707	76.0%
Ontario	11,625	72.0%	16,810	67.4%	28,435	69.3%
Atlantic	244	80.0%	-	N/A	244	80.0%
	$ 12,300	72.4%	$ 18,086	67.9%	$ 30,386	69.8%

Non-Securitized Mortgages and Loans
From time to time the Company originates loans that remain on balance sheet, are bridge loans, or are intended for future securitization and sale. The Company's bank operations expanded in Q2 2017 to include Street Solutions uninsured loans. Other non-securitized mortgages and loans are not expected to become a significant component of revenue-generating assets at this time. Please see Note 8 of the unaudited condensed consolidated interim financial statements.

Securitized Mortgage Loans and Securitization Liabilities
The Company occasionally originates prime insurable mortgages that are securitized through the NHA MBS program and then sold to third-party investors as MBS. These mortgages and the associated securitization liabilities remain on balance sheet. The Company has not securitized and sold any prime insured residential mortgages during 2017; it securitized $116.9 million during 2016. Please see Note 9 of the unaudited condensed consolidated interim financial statements.

In Q3 2017, the Company entered into a transaction to securitize and sell a $43.1 million 10-year mortgage loan on a multi-unit residential property, through the CMB program. The Company did not retain any risks or rewards associated with the mortgage loan, thereby qualifying the transaction for derecognition, and no asset or liability has been recorded on the Company's condensed consolidated interim statement of financial position. The Company recorded a $0.3 million gain on the sale. At the same time, the Company also set up a $1.5 million retained interest for the present value of the expected net cash flows to be received over the mortgage term, net of any acquisition or transaction costs. The retained interest has been recorded as a component of Other assets. Please see Note 9 and Note 13 of the unaudited condensed consolidated interim financial statements.

Deferred Placement Fees Receivable
When mortgages are sold on a fully serviced basis the Company charges the institutional investor a servicing fee, which is received over the life of the underlying mortgage. In some cases, an excess interest rate spread is also received over the remaining mortgage term. The present value of (i) the servicing fee net of the Company's cost of servicing, plus (ii) the excess interest rate spread, is recognized as gain on sale of mortgages in the consolidated statement of comprehensive income and a resulting deferred placement fee receivable is recognized in the consolidated statement of financial position. Please see Note 6 of the unaudited condensed consolidated interim financial statements.

Prepaid Portfolio Insurance
Prepaid portfolio insurance represents portfolio mortgage insurance premiums paid by the Company to insure a pool of low ratio prime mortgages. Portfolio mortgage insurance provides insurance coverage over a pool of mortgages and is not mortgage specific. The length of the coverage is for the amortization period of the original underlying mortgages. 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 contractual terms and management assumptions about mortgage prepayments and renewals. For portfolio mortgage insurance purchased prior to May 14, 2015, if any part of a mortgage is prepaid in advance of the contractual amortization period, the Company is entitled to substitute that prepaid amount with another mortgage of equal value, at no additional cost. The substitution period varies by insurer, and can be as short as 5 years and as long as the amortization period, which can be up to 25 years. This substitution eligibility is factored into the pattern of amortization. Beginning in May 2015 the substitution entitlement was discontinued, and therefore the amortization pattern for portfolio insurance premiums paid for new mortgage pools after May 2015 tends to be shorter than for those purchased earlier. Please see Note 6 of the unaudited condensed consolidated interim financial statements.

DEPOSITS

The Company's first new business activity, as it began banking operations in Q1 2017, was to begin offering CDIC insurance-eligible GIC deposits. These have been sourced through third party deposit agents, and at September 30, 2017 totaled $198.3 million, net of deferred commissions (June 30, 2017 - $72.2 million), with terms ranging from 1 to 5 years, at interest rates between 0.90% and 3.09% (June 30, 2017 - 1.00% to 2.80%). The table below shows the original term structure of the principal amount of the Company's deposits. Please see Note 10 of the unaudited condensed consolidated interim financial statements for a schedule of the remaining term to maturity.

Table 11 – Term Structure of Deposits

	As at September 30, 2017						
Contractual term	Cashable *	1 Year	2 Year	3 Year	4 Year	5 Year	Total
Deposit principal	**$ 4,336**	**$ 67,421**	**$ 54,978**	**$ 28,622**	**$ 8,122**	**$ 35,738**	**$ 199,217**
% of principal	**1%**	**34%**	**28%**	**15%**	**4%**	**18%**	**100%**

	As at June 30, 2017						
Contractual term	Cashable *	1 Year	2 Year	3 Year	4 Year	5 Year	Total
Deposit principal	$ 4,030	$ 16,446	$ 25,934	$ 12,484	$ 3,430	$ 10,174	$ 72,498
% of principal	5%	23%	36%	17%	5%	14%	100%

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

OTHER ASSETS

Other Assets

Other assets include receivables for mortgage sale activity and mortgage insurance; the retained interest described above under *Securitized Mortgage Loans and Securitization Liabilities*; loans and other receivables; accrued interest; capital assets; prepaid expenses; and assets associated with the Company's discontinued real estate operations. The most significant change from December 31, 2016 is the $3.5 million increase in gain on sale receivable, which is associated with normal fluctuations in the timing of mortgage loan sales. The loans receivable include a loan from the Company's former subsidiary, Heritage Global Inc., and two share purchase loans to senior executives of the Company. The share purchase loans are described further in Note 25 of the unaudited condensed consolidated interim financial statements. Assets of discontinued operations have decreased since December 31, 2016 due to settlement of outstanding receivables. Please see Note 13 of the interim financial statements for more detail.

Goodwill and Intangible Assets

The Company's goodwill relates to its acquisition of Street Capital Bank in 2011. The Company's intangible assets are also related to Street Capital Bank, and consist of both acquired and internally generated assets. There was no indication of impairment of either goodwill or the acquired intangible assets in either 2016 or YTD 2017. However, in Q2 2017 the Company wrote down one internally developed intangible asset by $0.4 million. Please see Note 14 of the unaudited condensed consolidated interim financial statements.

DEFERRED INCOME TAX ASSETS AND DEFERRED INCOME TAX LIABILITIES

Deferred income tax assets are almost exclusively associated with non-capital losses related to the Company's legacy businesses and head office operations, and deferred income tax liabilities are almost exclusively associated with the Company's mortgage lending business. Please see Note 16 of the unaudited condensed consolidated interim financial statements.

OTHER LIABILITIES

Other Liabilities

Other liabilities include accounts payable; accrued operating liabilities including restructuring costs; accrued mortgage acquisition costs; accrued interest; and liabilities associated with the Company's discontinued real estate operations. Over the period December 31, 2016 to September 30, 2017, the most significant changes have been a $5.8 million decrease in payments related to mortgage servicing and mortgages acquisitions, and a net $3.0 million increase in accrued restructuring costs. These are related to the reorganization discussed above under *Significant or Non-Recurring Financial Developments in Q3 2017*. Please see Note 15 of the unaudited condensed consolidated interim financial statements.

LEGACY ASSETS AND LIABILITIES

Portfolio Investments and Non-Controlling Interests

At September 30, 2017, the Company's portfolio investments of $1.2 million consist of a single investment in Differential Brands Group Inc. ("DBGI"), held by the Company's Private Equity business (see also the discussion under *Fair Value Adjustments and Non-Controlling Interests*, above). The Company holds only approximately 16% of Private Equity, but it controls and consolidates the business due to its ability to influence its management and investments. At September 30, 2017, approximately $0.9 million of the portfolio investments were attributable to the Company's non-controlling interest (June 30, 2017 - $1.2 million; December 31, 2016 - $2.3 million).

As noted above under *Legacy Operations*, the Company is in the process of exiting Private Equity, with the most recent investment exit occurring in Q2 2017 and providing cash proceeds of $0.2 million to the Company. Although management cannot know with certainty the exit date for DBGI, it forecasts that this will occur in 2018, at which time the proceeds would be distributed to the investors. Pending that exit, changes in the reported balance of portfolio investments and the associated non-controlling interest, quarter over quarter and year over year, are primarily related to changes in the share price and Canadian dollar value of DBGI. Please see Note 17 of the unaudited condensed consolidated interim financial statements.

Loans Payable

The loans payable are related to the Company's legacy businesses. The decrease from Q4 2016 is due to foreign exchange fluctuation on the $US loan. Please see Note 18 of the unaudited condensed consolidated interim financial statements.

SHAREHOLDERS' EQUITY AND UPDATED SHARE INFORMATION

The largest component of the net $2.1 million increase in shareholders' equity since December 31, 2016 is the Company's YTD 2017 comprehensive income of $1.1 million. The remainder is attributable to $0.5 million relating to exercise of stock options, and an additional $0.5 million relating to the amortization of stock-based compensation. During 2017 there have been no share repurchases under the normal course issuer bid, which is discussed below under *Capital Management*.

At October 31, 2017, the Company had 122,184,182 common shares issued and outstanding. In addition, there were 5,710,643 unexercised stock options, which are, or will be, exercisable to purchase common shares for maximum proceeds of $7.3 million.

CONTINGENCIES

The Company, from time to time, is involved in various claims, legal and tax 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.

OFF BALANCE SHEET ARRANGEMENTS

At September 30, 2017 the Company had $86.7 million of outstanding commitments for advances on mortgage loans that it intended to fund on-balance sheet (June 30, 2017 - $32.9 million; December 31, 2016 - none). In the normal course of business the Company does not expect to fund 100% of the outstanding commitments. Such offers to extend credit are in the normal course of business and are planned through the Company's liquidity management practices.

RELATED PARTY TRANSACTIONS

The Company's related parties include the following individuals or entities:

- Associates, or entities which are controlled or significantly influenced by the Company;
- Key management personnel, comprised of the Company's directors and officers, and other employees having authority and responsibility for planning, directing and controlling the Company's activities; and
- Entities controlled by key management personnel

The Company has few related party transactions. They are described in Note 13 and Note 25 to the unaudited condensed consolidated interim financial statements, and consist of share purchase loans to certain key employees and former employees.

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.

CAPITAL MANAGEMENT

The Company has a Board-approved Capital Management Policy that governs the quantity and quality of capital held. The policy was developed with significant reference to the operations of the Company's wholly owned Schedule I bank, Street Capital Bank, which is the Company's sole operating subsidiary. 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. There have been no material changes to the policy that was described in the Company's 2016 Annual Report.

Effective with the commencement of its banking operations on February 1, 2017, Street Capital Bank is required to calculate capital ratios and regulatory capital based on the capital adequacy requirements issued by OSFI, which are based on *International Convergence of Capital Measurement and Capital Standards – A Revised Framework* ("Basel II") and *Basel III: A global regulatory framework for more resilient banks and banking systems – A Revised Framework* ("Basel III"). Accordingly, the Company manages Street Capital Bank's capital through utilization of an Internal Capital Adequacy Assessment Process ("ICAAP"). Street Capital Bank defines capital as meeting the definition of regulatory capital as defined by the capital adequacy requirements defined by OSFI, which in its case is Street Capital Bank's common equity and retained earnings.

Two regulatory capital requirements are addressed in Street Capital Bank's policy: the Leverage Ratio and the Risk-Based Capital Ratios. OSFI establishes Leverage Ratio targets for each financial institution, which are confidential. At September 30, 2017, Street Capital Bank's Leverage Ratio was 15.85%, and Street Capital Bank was fully compliant with its regulatory requirements.

Under the Bank's capital and risk management policies, and OSFI's guidelines, the Bank is required to assess the adequacy of current and projected capital resources under expected and stressed conditions. At September 30, 2017, based on the Company's ICAAP, management has concluded that the Bank is adequately capitalized to continue operations and execute on its business plans. In the event the Bank or OSFI determined additional capital was required, the Bank could look to the Company to provide or access capital for the benefit of the Bank.

Shown below are Street Capital Bank's capital measures as at September 30, 2017 and June 30, 2017. They are presented together with the same ratios as at September 30, 2016, based on Street Capital Bank's financial position at September 30, 2016, and calculated as if Street Capital Bank had been operating as a Schedule I bank at that date.

Table 12 – Basel III Regulatory Capital (based only on the consolidated subsidiary, Street Capital Bank)

(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
Total risk-weighted assets	**$ 352,467**	$ 308,014	$ 271,227
Regulated capital to risk-weighted assets			
Common equity Tier 1 ratio	**27.54%**	29.99%	35.00%
Tier 1 capital ratio	**27.54%**	29.99%	35.00%
Total regulatory capital ratio	**27.54%**	29.99%	35.00%
Leverage ratio	**15.85%**	18.37%	19.56%
National regulatory minimum			
CET 1 ratio	**7.00%**	7.00%	7.00%
Tier 1 capital ratio	**8.50%**	8.50%	8.50%
Total regulatory capital ratio	**10.50%**	10.50%	10.50%
Leverage ratio	**3.00%**	3.00%	3.00%

Normal Course Issuer Bid

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. Under the NCIB, the Company can purchase for cancellation up to 2% of its common shares outstanding. The Company makes those purchases on the open market through the facilities of the Exchange and otherwise in accordance with the rules and policies of the Exchange. The Company believes that the potential repurchase of a portion of its outstanding common shares is an appropriate use of available cash and is in the best interests of the Company and its shareholders.

During the period March 23, 2016 to December 31, 2016, the Company repurchased 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. Between December 31, 2016 and September 30, 2017, the Company did not purchase any additional common shares through the NCIB.

Dividends

There were no dividends declared or paid during 2016 or YTD 2017.

There is no restriction on the Company's ability to declare dividends, subject to the following: the declaration and payment of dividends is decided by the Board of Directors from time to time based upon and subject to the Company's earnings, financial requirements and other conditions prevailing at the time. The Company's wholly owned subsidiary, Street Capital Bank, has regulatory capital and business requirements stipulated by OSFI that must be met before dividends can be declared and paid. Its ability to pay dividends is also constrained by certain financial covenants associated with its credit facilities.

RISK MANAGEMENT

The Company's business strategies and operations expose the Company to a wide range of risks. The Company's continual investment in, and commitment to, risk management is a key component of its long-term success. In particular, through Street Capital Bank, the Company has exposure to risks that are similar to those of other regulated financial institutions. These include the symptoms and effects of domestic and global economic conditions, among others, many of which are beyond the Company's control. Exposure to these risks could adversely affect the Company's operations, financial condition or financial performance, and in turn could influence an investor to buy, hold or sell the Company's shares.

When evaluating risks, the Company makes decisions with reference to its risk appetite framework. This process defines the Company's risk capacity and sets out which risks it will accept, which risks it mitigates, and which risks it will avoid. The Board of Directors has the overall responsibility for both establishment and oversight of the Company's risk appetite framework.

The Company's most significant risks, with respect to its business activities, are credit risk, liquidity and funding risk, and market risk. A detailed discussion of these and the other risks that affect the Company can be found in the Management's Discussion and Analysis section of the Company's 2016 Annual Report, under the section *Risk Management and Risk Factors*, on pages 54 - 62.

Credit Risk

Credit risk is the risk of financial loss associated with a counterparty's inability or unwillingness to fulfill its payment obligations. Through its wholly owned subsidiary, Street Capital Bank, the Company's credit risk has been mainly associated with its mortgage lending business, in the form of the risk of default on the part of the borrower.

Historically, the majority of the Company's revenue has been earned from the placement, servicing and securitization activities of its mortgage lending business. Under this business model, most of the mortgages underwritten by the Company are sold to institutional investors and are insured or insurable against default with Canada Mortgage and Housing Corporation ("CMHC") and other government backed private insurers.
This makes the residual credit risk to the Company immaterial overall. However, given that the vast majority

of these mortgages have been sold to institutional investors, mortgage credit quality remains an important measure in ensuring continued demand from these investors.

The Company therefore applies a detailed set of Board-approved credit policies and underwriting procedures to ensure mortgages are insurable and meet investor requirements. Its serious arrears rate of 0.09%, at September 30, 2017, is significantly better than the industry average (excluding Quebec) of 0.23% at July 31, 2017 (the most recent information available).

During Q2 2017, Street Capital Bank began to expand its products and services to include uninsured mortgages under the "Street Solutions" brand, which increased the Company's exposure to credit risk. The amount, geographic distribution and other information relating to these mortgages are detailed above in Tables 8, 9 and 10. In order to mitigate its credit risk, the Company has established appropriate credit policies and underwriting requirements and has ensured that these are being applied. The Company is also mitigating its risk by targeting the market segment that consists of credit-worthy quality borrowers who may not qualify for a prime insurable residential mortgage under current regulations, and limiting its lending areas to urban locations. Please see more detailed discussion of this market segment under *Uninsured Residential Mortgage Lending* in the *Business Overview* section of this MD&A.

Loans are considered impaired when the Company is no longer assured of timely collection of the full amount of principal and interest, or when the loan is more than 90 days past due for an uninsured mortgage loan, and more than 365 days past due for an insured mortgage loan. Historically, no provisions have been required on prime insured or insurable mortgages. With respect to the Company's uninsured mortgages, at September 30, 2017 the Bank has collective credit allowances of $0.14 million based on management's judgement of losses that have been incurred. The Bank has not recorded any write-offs in the uninsured portfolio to date, nor has it recorded any specific allowances for credit losses as none of the uninsured loans have been identified as impaired. At September 30, 2017, 99.1% of Solutions mortgages were current with 0.9% in the 1-30 day arrears bucket. The Company has enhanced default management and collection strategies associated with Street Solutions mortgages, as these mortgages carry higher credit risk and higher propensity to default.

With respect to any multi-unit residential loans sold through the CMB program, while there is no prepayment or credit risk associated with the retained interest or the cost of servicing, the Company would be obligated to fund any deficiency in any interest owing to CMB investors in the event that a loan became delinquent during the term of the loan, and to fund the balloon outstanding balance at maturity. As the loans under this program are insured, any funding by the Company would be recoverable through an insurance claim.

As the Company launches other financial products, it will continue to develop and apply the appropriate credit policies and underwriting requirements, taking into consideration such key factors as asset quality, loan to value ratio, debt service ratio, property location, and economic factors.

The Company's credit risk on liquid assets, the majority of which are cash and cash equivalents, is relatively limited as all counterparties are Schedule I Canadian banks with high credit ratings assigned by international rating agencies. The Company purchases highly 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 readily convertible into cash subject to immaterial changes in fair value, and therefore have not increased the Company's credit risk.

The Company has credit risk associated with specific loans receivable that are related to its discontinued asset liquidation and case goods businesses. The balance of these loans, net of credit provisions, was $0.7 million at September 30, 2017 (June 30, 2017 - $0.8 million; December 31, 2016 - $1.6 million).

Liquidity and Funding Risk

Liquidity and funding risk is the risk that the Company is unable to generate sufficient funds, in a timely and reasonably priced manner, to meet its financial obligations as they come due. This risk arises from the fluctuations in the Company's cash flows that are associated with loan sales, securitization, lending and deposits, investing, and other business activities. As Street Capital Bank expands its operations and increases on-balance sheet lending and deposit taking, fluctuations in these cash flows will become significant contributors to liquidity and funding risk.

The Company has a low tolerance for liquidity and funding risk and has a Liquidity and Funding Management policy that is managed in conjunction with other policies, all of which are designed to ensure that cash balances and other high-quality liquid assets a) are sufficient to meet all cash outflows, in both ordinary and stressed conditions, and b) are in compliance with regulatory requirements, including the Liquidity Coverage Ratio and Net Cumulative Cash Flow metrics prescribed by OSFI. The Company currently manages liquidity risk through both daily monitoring and measurement of the Company's liquidity position, and regular liquidity forecasting. Monitoring includes liquidity metrics such as maturity gap analysis and survival horizons. Even with the Bank's underlying policies and monitoring there is a risk of disruption in the funding markets beyond the Bank's control. In cases where the disruption is severe or prolonged the Bank may need to take further contingency actions, which could include curtailing lending activity.

The Bank's current funding sources for its Solutions products is through the broker GIC channel, as discussed above under *Funding and Liquidity*.

The Company holds liquid assets primarily in the form of cash in bank deposits, and, beginning Q2 2017, as Treasury Bills and bankers' acceptances. At September 30, 2017, the Company had $52.1 million in cash and cash equivalents on deposit with a Schedule I Canadian bank (June 30, 2017 - $18.6 million; December 31, 2016 - $3.8 million), and no Treasury Bills and bankers' acceptances (June 30, 2017 - $30 million combined).

As an approved NHA MBS issuer, the Bank can also access the NHA MBS market to fund insured mortgages. At September 30, 2017 the Bank held $5.3 million of mortgages that it had securitized through the NHA MBS program and not yet sold to investors ("stamped mortgages"), which can be readily converted to cash. The liquid assets of Street Capital Bank are shown in the table below:

Table 13 – Liquid assets (based only on the consolidated subsidiary, Street Capital Bank)

			As at
(in thousands of $)	**September 30, 2017**	June 30, 2017	December 31, 2016
Deposits with regulated financial institutions	**$ 50,069**	$ 16,557	$ 2,788
Liquid instruments	**-**	29,983	-
Stamped mortgages	**5,302**	-	-
Balance - end of period	**$ 55,371**	$ 46,540	$ 2,788

As discussed above under *Bank Facilities*, the Bank has a $165.0 million credit facility with a syndicate of Schedule I Canadian banks, which is available in three tranches depending on the use of funds. These lines can be drawn at any time providing the Bank has met certain affirmative and financial covenants. As of September 30, 2017, the Bank marginally breached one covenant, and subsequently received a waiver for this covenant in the short term. The Bank does not have funds drawn against any of the lines and does not require funds from the facilities for its operations or financial targets.

Market Risk

Market risk is largely composed of two related risks: interest rate risk and investment risk. These are discussed below.

Interest Rate Risk

Interest rate risk is the risk of lost earnings or capital due to changes in interest rates. The objective of interest rate risk management is to ensure that the Company is able to realize stable and predictable earnings, over specific time periods, despite fluctuations in interest rates. Street Capital Bank has a Board-approved market risk management framework that defines strategies and policies that are aligned with the Company's risk appetite.

The Company's primary exposure to interest rate risk arises from the possibility that a significant portion of its assets and liabilities could have unmatched terms and/or interest rates. Generally, the Company is not exposed to material levels of interest rate risk arising from prime insurable mortgage commitments, because the purchase price for mortgages sold to investors is normally based on customer commitment rates rather than the funded rate, thereby passing on the interest rate risk to the investors. Where the Company securitizes prime insured mortgages directly, or sells these loans on a whole loan basis after funding, it is exposed to interest rate risk arising from mortgage commitments issued, and from the point of loan funding to the pooling of the loan for securitization. The level of risk has historically been low overall given low relative volumes.

During Q2 2017 Street Capital Bank entered into on-balance sheet lending and deposit taking operations, and therefore its inherent interest rate risk increased. Interest expense on deposits YTD 2017 was $1.0 million as compared to interest income of $0.9 million on Street Solutions uninsured mortgage loans. However, during Q3 2017 these income and expense items were $0.9 million and $0.8 million, respectively, and therefore resulted in a positive net interest margin of $0.1 million. Although net interest income is not a significant contributor to revenue at this point in the Company's new banking operations, the Company does expect to earn an increasing net interest margin as its uninsured lending business matures.

The table below details the results, for Street Capital Bank, of sensitivity modelling both interest rate increases and decreases during the 12 month period beginning on September 30, 2017. The model is based on a number of assumptions, and actual results could vary from these assumptions should an actual rate change occur.

Table 14 – Net interest income shock (based only on the consolidated subsidiary, Street Capital Bank)

	As at September 30, 2017	
(000s, except %)	**Increase in interest rates**	**Decrease in interest rates**
100 basis point shift		
Impact on net interest income	$ 680	$ (680)
Impact on EVE	1,816	(2,475)
EVE as a % of shareholders' equity	1.28%	(1.75%)
200 basis point shift		
Impact on net interest income	$ 1,361	$ (1,361)
Impact on EVE	3,495	(5,189)
EVE as a % of shareholders' equity	2.47%	(3.67%)

Although interest rate risk is concentrated within the Bank's operations, the Company does have legacy items that, while immaterial to overall operations, must also be considered. At September 30, 2017, an immediate and sustained 100 basis point increase in interest rates on these legacy items would result in approximately $0.03 million expense over the next 12 months.

Investment Risk

Investment risk is the risk of loss due to impairment in the fair value of investments, and the Company has adopted a Board-approved investment policy that specifies the sources of cash to be invested and the constraints within which investments can be made. The Company's investment risk has historically been linked to its portfolio investments, as the Company was not a deposit taking institution prior to Street Capital Bank beginning operations as a Schedule I bank. At September 30, 2017 the Company has not begun more complex investing operations, although it expects to do so as its deposit taking and uninsured lending operations expand.

The portfolio investments are carried at fair value, and at September 30, 2017 had a fair value of $1.2 million, of which $0.9 million is attributable to the Company's non-controlling interests (June 30, 2017 - $1.8 million and $1.2 million, respectively; December 31, 2016 - $3.0 million and $2.3 million, respectively). At September 30, 2017, the Company retains an interest in only one investment, in the form of publicly traded shares in a US company. The Company's primary risk with respect to this investment is that its valuation fluctuates with both the price of its stock, and the relative strength of the Canadian and US dollars. There is therefore potential for a decline in value prior to exiting the investment.

Operational Risk Management

Operational risk is the risk of loss resulting from either inadequate or failed internal processes, people and systems, or from external events. Operational risk cannot be completely eliminated, since it is inherent in all business activities, and it can occur in such diverse areas as fraud, equipment damage, system failure, cyber security, business disruption, human error, and natural disasters.

As part of normal operations as a mortgage lender, the Company is exposed to fraud risk through the mortgage origination and underwriting processes. The Company has robust quality control and fraud management practices in place to mitigate these risks. As mortgage underwriting and mortgage insurance qualification requirements become more stringent (either as a result of changes in regulatory requirements, as seen through recent updates from the Department of Finance in October 2016 and most recently from OSFI in October 2017 in respect of updates to Guideline B-20, or through changes in general industry practice), the inherent risk of mortgage fraud can increase. This is particularly the case when income qualification rules are tightened. The Company is aware of the heightened risks associated with such changes, and believes its current practices are reasonable. However, even with reasonable and prudent controls in place, operational risks such as fraud cannot be fully mitigated or eliminated.

While aware of these constraints, the Company takes proactive steps to mitigate its operational risk. The Company has adopted an Enterprise Risk Management ("ERM") Framework that includes strategies to manage operational risk, including avoidance, transfer, insurance, acceptance and mitigation by controls. The Company employs a risk and compliance information system that facilitates the application of an enhanced operational risk methodology.

CRITICAL ACCOUNTING ESTIMATES AND ACCOUNTING STANDARDS AND POLICIES

The preparation of consolidated financial statements requires the use of estimates, assumptions and judgments that in some cases relate to matters that are inherently uncertain, and that affect the reported amounts of assets, liabilities, revenues and expenses, as well as the disclosure of contingent assets and liabilities. The Company's management regularly reviews its estimates, assumptions and judgments, and updates them as required by events or changes in circumstances. The Company's key areas of judgment and estimation include: allowance for credit losses, valuations of mortgage and other loan receivables (i.e. duration factors on deferred placement fees receivable), retained interests, 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 these estimates.

This MD&A should be read in conjunction with the Company's Q3 2017 unaudited condensed consolidated interim financial statements and the notes thereto. The significant accounting policies and critical accounting estimates are described in Note 3 of the audited consolidated financial statements included in the Company's 2016 Annual Report. These policies have the potential to significantly impact the Company's financial statements, either because of the significance of the financial statement item to which they relate, or because they require judgment and estimation due to the uncertainty involved in measuring, at a specific point in time, events that are continuous in nature.

There have been four changes to the Company's significant accounting policies during 2017, due to the commencement of Street Capital Bank's banking operations, its deposit-taking and securitization activities, and its expanded investing activities. These updates, together with future changes in accounting standards that may have an impact on the Company's financial position and results of operations, are discussed in Note 3 to the Q3 2017 unaudited condensed consolidated interim financial statements.

COMPARATIVE CONSOLIDATED FINANCIAL STATEMENTS

Certain items in the comparative unaudited condensed consolidated interim financial statements have been reclassified from statements previously presented to conform to the presentation of the Q3 2017 unaudited condensed consolidated interim financial statements.

DISCLOSURE CONTROLS AND INTERNAL CONTROL OVER FINANCIAL REPORTING

The Company’s disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by the Company is recorded, processed, summarized and reported within the time periods specified under Canadian securities laws. They include controls and procedures that are designed to ensure that information is accumulated and communicated to senior management, including the Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

The Company’s management is responsible for establishing and maintaining adequate internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP.

There were no changes to the Company’s internal controls over financial reporting during the period ended September 30, 2017 that have materially affected, or are expected to have a material effect on, the Company’s financial reporting.

RESPONSIBILITIES OF MANAGEMENT AND THE BOARD OF DIRECTORS

Management is responsible for the information disclosed in this MD&A and the accompanying unaudited condensed consolidated interim financial statements. Street Capital has in place appropriate information systems and procedures to ensure that information used internally by management and disclosed externally is materially complete and reliable. In addition, the Company’s Audit Committee, on behalf of the Board of Directors, performs an oversight role with respect to all public financial disclosures made by the Company. The Audit Committee has reviewed this MD&A and the accompanying unaudited condensed consolidated interim financial statements, and recommended them to the Board of Directors for approval and filing.

NON-GAAP MEASURES

Management uses a variety of financial measures in its assessment and description of the Company's performance. In addition to GAAP-defined measures, such as earnings per share ("EPS"), management uses non-GAAP measures in order to provide investors with useful information regarding the Company's financial condition and results of operations. These non-GAAP measures do not have any standardized meaning under GAAP. These measures, therefore, may not be comparable to, or consistent with, similarly titled non-GAAP measures presented by other companies. The non-GAAP measures used in this MD&A are defined as follows:

Adjusted shareholders' net income and adjusted diluted shareholders' earnings per share
The adjusted results are intended to highlight the core operating business of the Company (the Bank) by removing material non-recurring items, and items associated with the Company's legacy businesses. These items include: i) fair value adjustments, provisions, private equity management expenses, and the results of discontinued operations associated with the Company's legacy businesses, ii) non-recurring income and expense items, net of applicable taxes, and iii) non-recurring restructuring expenses or recoveries, net of applicable taxes. The reconciliation of shareholders' net income (loss) to adjusted shareholders' net income, and the resulting adjusted earnings per share, are presented below. Adjusted diluted earnings per share is calculated using adjusted net income.

Reconciliation of Shareholders' Net Income (Loss) to Adjusted Shareholders' Net Income

(in thousands of $, except per share data)	For the three months ended			For the nine months ended	
	September 30, 2017	June 30, 2017	September 30, 2016	**September 30, 2017**	September 30, 2016
Net income (loss)	**$ 3,731**	$ (104)	$ 7,491	**$ 1,053**	$ 15,804
Fair value adjustments (net of non-controlling interest)	**163**	(28)	(827)	**32**	(238)
Private equity management expense (net of tax)	**52**	137	-	**291**	-
Restructuring expense (recovery) (net of tax)	**351**	1,823	-	**4,821**	(598)
Discontinued operations (net of tax)	**-**	17	(493)	**15**	(508)
Adjusted net income	**$ 4,297**	$ 1,845	$ 6,171	**$ 6,212**	$ 14,460
Shareholders' diluted earnings (loss) per share	**$ 0.03**	$ 0.00	$ 0.06	**$ 0.01**	**$ 0.13**
Adjusted shareholders' diluted earnings per share	**$ 0.04**	$ 0.02	$ 0.05	**$ 0.05**	**$ 0.12**

Return on equity is defined as the net income (loss) available to common shareholders as a percentage of average shareholders' equity. It is calculated on an annualized basis.

Adjusted return on equity is calculated as the adjusted net shareholders' net income as a percentage of average shareholders' equity. It is calculated on an annualized basis.

Reconciliation of shareholders' equity to shareholders' tangible equity
Shareholders' tangible equity is defined as shareholders' equity less the Goodwill and Customer Intangibles related to Street Capital's acquisition of the Bank in 2011.

(in thousands of $)			As at
	September 30, 2017	June 30, 2017	September 30, 2016
Shareholders' equity	**$ 136,590**	$ 132,252	$ 134,402
Deduct: goodwill from purchase of Street Capital Bank	**(23,465)**	(23,465)	(23,465)
Deduct: intangible assets from purchase of Street Capital Bank	**(3,744)**	(3,867)	(4,237)
Shareholders' tangible equity	**$ 109,381**	$ 104,920	$ 106,700

Return on tangible shareholders' equity ("**ROTE**") is defined as the net income (loss) available to common shareholders, excluding the amortization of the Customer Intangibles referenced above, as a percentage of average shareholders' tangible equity. It is calculated on an annualized basis.

	For the three months ended			For the nine months ended	
(in thousands of $)	**September 30, 2017**	June 30, 2017	September 30, 2016	**September 30, 2017**	September 30, 2016
Net income (loss)	**$ 3,731**	$ (104)	$ 7,491	**$ 1,053**	$ 15,804
Add back: amortization of intangible assets	**123**	124	124	**370**	370
Net income (loss) for return on shareholders' tangible equity	**$ 3,854**	$ 20	$ 7,615	**$ 1,423**	$ 16,174
ROTE	**14.4%**	0.1%	29.6%	**1.8%**	22.1%

Adjusted return on shareholders' tangible equity ("**Adjusted ROTE**") is defined as the adjusted net income available to common shareholders, excluding the amortization of the Customer Intangibles referenced above, as a percentage of average shareholders' tangible equity. It is calculated on an annualized basis.

	For the three months ended			For the nine months ended	
(in thousands of $)	**September 30, 2017**	June 30, 2017	September 30, 2016	**September 30, 2017**	September 30, 2016
Net adjusted income	**$ 4,297**	$ 1,845	$ 6,171	**$ 6,212**	$ 14,460
Add back: amortization of intangible assets	**123**	124	124	**370**	370
Adjusted net income for return on shareholders' tangible equity	**$ 4,420**	$ 1,969	$ 6,295	**$ 6,582**	$ 14,830
Adjusted ROTE	**16.5%**	**7.5%**	24.5%	**8.2%**	20.3%

Average beacon
Average beacon refers to the credit scores of new mortgage clients, and is calculated as the portfolio weighted average at the date of mortgage origination.

Book value per share
Book value per share is calculated by dividing shareholders' equity by the number of common shares outstanding.

Economic Value of Shareholders' Equity ("EVE")
Economic value of shareholders' equity is a risk analysis tool that is used to model the effect of interest rate changes on an entity's total capital. EVE is calculated by subtracting the present value of liability cash flows from the present value of asset cash flows.

Leverage Ratio
The Leverage Ratio provided in this MD&A is that of the Company's wholly owned subsidiary Street Capital Bank. The calculations are in accordance with guidelines issued by OSFI. The Leverage Ratio is defined as the Capital Measure divided by the Exposure Measure, with the ratio expressed as a percentage. The Capital Measure is the all-in Tier 1 capital of Street Capital Bank. The Exposure Measure consists of on-balance sheet, derivative, securities financing transactions and off-balance sheet exposures.

Loan to value ratio
The loan to value ratio ("**LTV**") is calculated as the portfolio weighted average ratio of outstanding loan balance to collateral value at origination.

Market capitalization
Market capitalization at a given date is calculated by multiplying that day's closing price of the Company's common shares by the number of common shares outstanding.

Mortgages under administration ("MUA")
Mortgages under administration includes all securitized and non-securitized mortgage loans, as well as all off-balance sheet mortgages that qualify for derecognition under IFRS.

New mortgage originations
New mortgage originations includes all mortgages sold to investors, all new mortgage originations held on-balance sheet, conversions of adjustable rate mortgages to fixed rate mortgages, and mortgages that are securitized under the NHA MBS program.

Adjusted operating expenses
Adjusted operating expenses are defined as the total of the Company's i) salaries and benefits expense, plus ii) selling, general and administrative expense, less iii) restructuring expenses, plus iv) restructuring recoveries.

	For the three months ended			For the nine months ended	
(in thousands of $)	**September 30, 2017**	**June 30, 2017**	**September 30 2016**	**September 30, 2017**	**September 30 2016**
Expenses					
Salaries and benefits	**$ 8,836**	$ 8,760	$ 8,988	**$ 24,387**	$ 23,732
Selling, general and administrative expenses	**4,267**	4,961	4,126	**13,182**	11,407
Restructuring expense (recovery)	**477**	2,479	-	**6,556**	(813)
Total expenses	**13,580**	16,200	13,114	**44,125**	34,326
Deduct: restructuring expense	**(477)**	(2,479)	-	**(6,556)**	-
Add: restructuring recovery	**-**	-	-	**-**	813
Operating expenses	**$ 13,103**	$ 13,721	$ 13,114	**$ 37,569**	$ 35,139

Renewed Mortgages
Renewed mortgages includes all mortgages that are renewed at the end of their contractual term, with no changes to the contractual terms except interest rate.

Risk-Based Capital Ratios
The risk-based capital ratios are composed of the Common Equity Tier 1, Tier 1, and Total Capital Ratios. The capital ratios provided in this MD&A are those of the Company's wholly owned subsidiary Street Capital Bank. The calculations are in accordance with guidelines issued by OSFI.

Risk-weighted assets
The risk-weighted assets reported in this MD&A are those of the Company's wholly owned subsidiary Street Capital Bank. The calculations are in accordance with guidelines issued by OSFI.

Serious arrears rate
Serious arrears rate is defined as the number of mortgages that are greater than 90 days in arrears, plus the number of mortgages involved in legal action due to non-payment, divided by the number of mortgages under administration. The calculation includes mortgages that have been sold to institutional investors.

Total debt service ratio
The total debt service ratio ("**TDSR**") refers to the debt service ratios of new mortgage clients, and is calculated as the portfolio weighted average at the date of mortgage origination.

GLOSSARY

Allowance for credit losses
An allowance for credit losses is a deduction from mortgages and loans receivable at a given balance sheet date. It represents management's best estimate of the amount of impaired loans that will ultimately be deemed uncollectible. It is increased by provisions for credit losses (see below) and decreased when individual loans are written off.

Basis point
A basis point ("bp") is one hundredth of a percentage point.

Canada Deposit Insurance Corporation ("CDIC")
The Canada Deposit Insurance Corporation is a Canadian federal Crown corporation that insures Canadians' deposits held at Canadian banks up to CDN $0.10 million per issuer in case of a bank failure.

Canada Mortgage and Housing Corporation ("CMHC")
The Canada Mortgage and Housing Corporation is a Canadian federal Crown corporation whose main function is to sell insurance to Canadian residential mortgage lenders to protect them against mortgage defaults. The cost of the insurance premiums is typically passed along to the borrower when a loan's LTV is > 80%, and paid by the lender when a loan's LTV is < 80%.

Guaranteed Investment Certificate ("GIC")
A Guaranteed Investment Certificate is an investment security, sold by Canadian banks and trust companies, that offers a guaranteed rate of return (interest rate) over a fixed period of time, commonly 1 to 5 years.

Impaired Loans
Loans are considered to be impaired when there is no reasonable assurance that principal and interest will be remitted to the lender on a timely basis. The Company considers uninsured mortgage loans to be impaired when they are more than 90 days past due, and insured mortgage loans to be impaired when they are more than 365 days past due.

Liquidity Adequacy Requirements ("LAR")
A guideline published by OSFI (see below) that requires banks, bank holding companies, trust and loan companies and cooperative retail associations to maintain adequate and appropriate forms of liquidity.

Liquidity Coverage Ratio ("LCR")
The Liquidity Coverage Ratio is a standard, and a component of the LAR, that aims to ensure that an institution has an adequate stock of unencumbered high-quality liquid assets ("**HQLA**") that consists of cash or assets that can be converted into cash at little or no loss of value in private markets, to meet its liquidity needs for a 30 calendar day liquidity stress scenario.

National Housing Act Mortgage-Backed Securities ("NHA MBS") Program
NHA mortgage-backed securities are pools of CMHC insured residential mortgages that are sold to investors ("securitized" – see "Securitization", below).

Net Cumulative Cash Flow ("NCCF")
The Net Cumulative Cash Flow is a tool, and a component of the LAR, that measures an institution's cash flows beyond the 30 day horizon in order to capture the risk posed by funding mismatches between assets and liabilities, after the application of assumptions around the functioning of assets and modified liabilities (i.e. where rollover of certain liabilities is permitted). The NCCF measures an institution's cash flow horizon both on the basis of the consolidated balance sheet as well as by major individual balance sheets and components. The metric helps identify gaps between contractual inflows and outflows for various time bands over and up to a 12 month time horizon, which indicate potential liquidity shortfalls an institution may need to address.

Office of the Superintendent of Financial Institutions Canada ("OSFI")
The Office of the Superintendent of Financial Institutions Canada is the federal government agency that is responsible for regulation and supervision of banks, insurance companies, trust companies, loan companies and pension plans in Canada.

Prime insurable mortgage loans
A prime mortgage loan is considered insurable when it can be insured individually, or insured as part of a portfolio of loans. Prime insurable mortgages originated by the Bank and sold to third parties may be insured either by the Bank or by the investor.

Provision for credit losses
A provision for credit losses is a charge to income that represents management's best estimate of the amount required to fully provide for impaired loans that will ultimately be deemed uncollectible.

Securitization
Securitization is the sale of pools of assets, such as insured residential mortgages, to third parties.