STREET CAPITAL
GROUP INC.

Audited Consolidated Financial Statements
December 31, 2017

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Management's Responsibility for Financial Reporting

The consolidated financial statements and Management's Discussion and Analysis ("MD&A") of Street Capital Group Inc. (the "Company") have been prepared by management. Management is responsible for the integrity and fairness of the financial information presented. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and in effect at December 31, 2017, and pursuant to the requirements of the Bank Act (Canada) (the "Bank Act"), which is applicable to the Company's wholly-owned subsidiary, Street Capital Bank of Canada (the "Bank"). The consolidated financial statements reflect amounts which must, of necessity, be based on management's best judgments and estimates, with appropriate consideration regarding materiality. The financial information presented elsewhere in this report is consistent with the information in the consolidated financial statements. The MD&A has been prepared in accordance with the requirements of securities regulators.

As part of its responsibility for the fairness and integrity of the Company's financial information, management is responsible for the implementation of supporting accounting systems. Management therefore maintains and monitors a system of internal controls. These controls are designed to provide reasonable assurance that assets are safeguarded, that transactions are properly authorized, and that the financial records are accurate and complete. Management also administers a program of ethical business conduct, whose controls include, among other things, quality standards in hiring and training employees, written policies and procedures, compliance with authorization limits for managers, appropriate management information systems, and a corporate code of conduct and ethical behavior. As at December 31, 2017, the Company's Chief Executive Officer and Chief Financial Officer have determined that the Company's internal control over financial reporting is effective.

The internal control systems are further supported by a regulatory compliance function, which ensures that the Company and its employees comply with all regulatory requirements, as well as by enterprise risk management and operational risk management functions that ensure proper risk control including maintaining the related documentation and the measurement of the financial impact of risks. In addition, the internal auditors periodically assess various aspects of the Company's operations and make recommendations to management for, among other things, improvements to the internal control systems.

Annually, the Office of the Superintendent of Financial Institutions Canada ("OSFI") makes such examinations and inquiries as deemed necessary to satisfy itself that the Bank is in a sound financial position and that it complies with the provisions of the Bank Act, particularly those regarding the safety of the depositors of the Bank.

Ernst & Young LLP has been appointed as independent auditors by the shareholders to perform an annual audit of the Company's consolidated financial statements. Their report follows.

The internal auditors and the independent auditors meet periodically with the Audit Committee, in the presence or absence of management, to discuss all aspects of their duties and matters arising therefrom. In addition, OSFI meets with the Board of Directors annually to present its comments on the Bank's operations.

The Company's Board of Directors is responsible for reviewing and approving the consolidated financial statements and MD&A. Its Audit Committee is responsible for oversight of management's preparation and presentation of the consolidated financial statements, management's maintenance of internal controls, and management's assessment of significant transactions and related party transactions. The Audit Committee is also responsible for selecting the external auditors. The Audit Committee is composed solely of Independent Directors.

Duncan Hannay
President and Chief Executive Officer

Marissa Lauder, CPA, CA
Executive Vice President and
Chief Financial Officer

Toronto, Canada
February 27, 2018

Independent Auditors' Report

To the Shareholders of Street Capital Group Inc.

We have audited the accompanying consolidated financial statements of Street Capital Group Inc. ("Street"), which comprise the consolidated statements of financial position as at December 31, 2017 and 2016, and the consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Street as at December 31, 2017 and 2016, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto Canada
February 27, 2018

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2017 AND 2016
(In thousands of Canadian dollars)

	Notes	December 31, 2017	December 31, 2016
		$	$
Assets			
Cash and cash equivalents	4	**89,414**	3,771
Restricted cash	4	**35,543**	31,159
Non-securitized mortgage loans	8	**214,063**	9,323
Securitized mortgage loans	9	**220,774**	262,203
Deferred placement fees receivable	6	**52,325**	51,314
Prepaid portfolio insurance	6	**82,511**	79,049
Portfolio investments	17	**859**	3,026
Deferred income tax assets	16	**14,568**	14,429
Other assets	13	**22,929**	15,481
Intangible assets	14	**4,961**	5,187
Goodwill	14	**23,465**	23,465
Total assets		**761,412**	498,407
Liabilities			
Bank facilities	5	**-**	3,400
Deposits	10	**292,976**	-
Loans payable	18	**4,039**	4,251
Securitization liabilities	9	**221,594**	262,663
Accounts payable and accrued liabilities	15	**64,802**	53,870
Deferred income tax liabilities	16	**45,889**	43,914
Total liabilities		**629,300**	368,098
Shareholders' equity			
Share capital	22	**243,417**	242,526
Contributed surplus		**61,920**	61,433
Retained earnings (deficit)		**(167,175)**	(169,467)
Total shareholders' equity		**138,162**	134,492
Non-controlling interest	17	**(6,050)**	(4,183)
Total equity		**132,112**	130,309
Total liabilities and equity		**761,412**	498,407
Commitments and contingencies	19		

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

On behalf of the Board:

Duncan Hannay
President and Chief Executive Officer

Lea Ray, CPA, ICD.D
Chair of Audit Committee

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(In thousands of Canadian dollars, except per share data)

		Year ended December 31,	
	Notes	**2017**	**2016**
		$	**$**
Revenue			
Gain on sale of mortgages		**133,772**	167,051
Acquisition costs		**(76,443)**	(98,638)
Net gain on sale of mortgages	6	**57,329**	68,413
Interest income - non-securitized assets		**4,140**	1,329
Interest expense - deposits and other		**(3,380)**	(1,975)
Net interest income (expense) - non-securitized assets	11	**760**	(646)
Provision for credit losses	8	**(291)**	-
Net interest income (expense) - non-securitized		**469**	(646)
Interest income - securitized mortgages		**6,705**	5,542
Interest expense - securitization liabilities		**(6,007)**	(4,927)
Net interest income - securitized mortgages	11	**698**	615
Total net interest income (expense)		**1,167**	(31)
Fee and other interest income (expense)	12	**1,675**	(110)
Total revenue		**60,171**	68,272
Expenses			
Salaries and benefits		**31,230**	31,117
Selling, general and administrative expenses		**17,899**	15,653
Restructuring costs (recoveries)	2	**6,779**	(813)
Total expenses		**55,908**	45,957
Income before fair value adjustments		**4,263**	22,315
Fair value adjustments	17	**(885)**	(2,476)
Income before income taxes and discontinued operations		**3,378**	19,839
Income tax expense	16	**1,837**	6,187
Income from continuing operations		**1,541**	13,652
Income (loss) from discontinued operations	28	**(15)**	510
Net income and comprehensive income		**1,526**	14,162
Net income (loss) attributable to non-controlling interest	17	**(766)**	(2,104)
Net income and comprehensive income attributable to shareholders		**2,292**	16,266
Basic and diluted earnings per share			
Continuing operations	26	**$ 0.02**	$ 0.13
Discontinued operations		**0.00**	0.00
Basic and diluted earnings per share		**$ 0.02**	$ 0.13
Weighted average number of common shares outstanding (in thousands) - basic and diluted		**121,857**	121,825

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

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(In thousands of Canadian dollars)

	Attributable to shareholders of the Company					
	Share capital (Note 22)	**Contributed surplus**	**Retained earnings (deficit)**	**Total shareholders' equity**	**Non-controlling interest (Note 17)**	**Total equity**
	$	**$**	**$**	**$**	**$**	**$**
Balance - December 31, 2015	**242,178**	**61,800**	**(185,733)**	**118,245**	**4,124**	**122,369**
Comprehensive income	-	-	16,266	16,266	(2,104)	14,162
Cancellation of shares related to NCIB	(1,272)	360	-	(912)	-	(912)
Exercise of stock options	319	(134)	-	185	-	185
Conversion of deferred share units	796	(796)	-	-	-	-
Share-based compensation	-	203	-	203	-	203
Repayment of shareholder loan	505	-	-	505	-	505
Net reduction in non-controlling interest investment	-	-	-	-	(6,203)	(6,203)
Balance - December 31, 2016	**242,526**	**61,433**	**(169,467)**	**134,492**	**(4,183)**	**130,309**
Comprehensive income	**-**	**-**	**2,292**	**2,292**	**(766)**	**1,526**
Exercise of stock options	**891**	**(382)**	**-**	**509**	**-**	**509**
Share-based compensation	**-**	**869**	**-**	**869**	**-**	**869**
Net reduction in non-controlling interest investment	**-**	**-**	**-**	**-**	**(1,101)**	**(1,101)**
Balance - December 31, 2017	**243,417**	**61,920**	**(167,175)**	**138,162**	**(6,050)**	**132,112**

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

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(In thousands of Canadian dollars)

	Year ended December 31,	
	2017	**2016**
	$	**$**
Operating activities		
Income from continuing operations	**1,541**	13,652
Non-cash items		
Deferred income taxes	**1,837**	6,370
Foreign exchange on loans payable	**(212)**	(99)
Depreciation and amortization	**2,305**	1,890
Fair value adjustments	**885**	2,487
Provision for credit losses	**291**	-
Share-based compensation	**869**	203
Write off of certain development costs	**378**	-
Other losses	**192**	-
Income tax expense of discontinued operations	**-**	(183)
Changes in operating assets and liabilities		
Restricted cash	**(4,384)**	(18,081)
Non-securitized mortgage loans	**(205,031)**	7,520
Securitized mortgage loans	**41,429**	(96,559)
Deferred placement fees receivable	**(1,011)**	(4,872)
Prepaid portfolio insurance	**(3,462)**	(12,377)
Other assets	**(8,521)**	(1,007)
Deposits	**292,976**	-
Bank facilities	**(3,400)**	(12,292)
Securitization liabilities	**(41,069)**	97,456
Restructuring accruals	**2,398**	(3,205)
Other accounts payable and accrued liabilities	**8,534**	19,041
Private equity distributions payable	**-**	(114)
Cash provided by (used in) continuing operations	**86,545**	(170)
Cash provided by (used in) discontinued operations	**214**	(39)
Cash provided by (used in) operating activities	**86,759**	(209)
Investing activities		
Purchase of capital assets	**(876)**	(905)
Purchase of intangible assets	**(1,223)**	(679)
Proceeds from sale of artwork	**260**	-
Net distributions from portfolio investments	**214**	1,562
Cash used in investing activities	**(1,625)**	(22)
Financing activities		
Exercise of stock options	**509**	185
Common shares purchased for cancellation	**-**	(912)
Repayments of loans payable	**-**	(4,622)
Settlement of share purchase loan	**-**	505
Cash provided by (used in) financing activities	**509**	(4,844)
Increase (decrease) in cash and cash equivalents	**85,643**	(5,075)
Cash and cash equivalents - beginning of period	**3,771**	8,846
Cash and cash equivalents - end of period	**89,414**	3,771
Supplementary information		
Cash paid and received during the period		
Interest received	**10,388**	6,786
Interest paid	**5,709**	5,913
Income taxes paid (tax refunds received)	**6**	(8)
Effects of exchange rate changes on the balance of cash held in foreign currencies	**(47)**	-

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

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

1. Corporate information

Street Capital Group Inc. ("Street Capital" or "the Company") is a public corporation traded on the Toronto Stock Exchange under the ticker symbol "SCB". The Company was incorporated in the province of Ontario in 1979. The address of its registered office is 1 Yonge Street, Suite 2401, Toronto, Ontario, M5E 1E5.

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

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

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

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

The consolidated financial statements were approved by the Board of Directors and authorized for issue on February 27, 2018.

2. Corporate reorganization and restructuring charges

In March 2017, the Company announced the retirement of its President, and $3.6 million was recorded as a retiring allowance in the first quarter of 2017. During the remainder of 2017, the Company underwent further restructurings. These involved the reduction of approximately 10% of its workforce during the third quarter, and the September 1, 2017 retirement of the CEO and current acting President concurrent with the appointment of a new President and CEO. Additional reorganization expenses totalling $3.2 million were recorded during the second, third and fourth quarters for these and related items. Total reorganization expenses are reported separately as Restructuring costs in the consolidated statements of comprehensive income, and the unpaid portion is recorded as part of Accounts Payable and Accrued Liabilities in the consolidated statement of financial position at December 31, 2017.

3. Basis of preparation and significant accounting policies

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and in effect at December 31, 2017. The Company's functional and presentation currency is the Canadian dollar.

The significant accounting policies used in the preparation of these consolidated financial statements are described below.

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

Principles of consolidation

The consolidated financial statements include the assets, liabilities and results of operations of the Company and its consolidated subsidiaries, which are entities over which the Company has control, and which are identified in Note 1. Control exists when the Company has exposure to variable returns from its investment in the investee, along with the power, directly or indirectly, to govern the financial and operating policies of the investee so as to affect its returns. The Company reassesses its control of an entity in the event that facts and circumstances indicate there may have been changes in the elements required for control. Non-controlling interests in the equity and results of the Company's subsidiaries are shown separately in the consolidated statement of changes in shareholders' equity. Intercompany balances and transactions among the Company and its subsidiaries are eliminated on consolidation.

Use of judgment and estimates

The preparation of consolidated financial statements in accordance with IFRS requires the use of estimates, assumptions and judgments that in some cases relate to matters that are inherently uncertain. These affect the reported amounts of assets and liabilities, including disclosure of contingent assets and liabilities, at the financial statements date, as well as the reported amounts of revenues and expenses during the reporting period. Key areas of such judgment and estimation include: amount of allowance for credit losses; valuation of mortgages and other loans receivable (including estimates such as duration factors on deferred placement fees receivable); the amount of variable mortgage broker compensation; the useful life and residual value of certain assets including prepaid portfolio insurance, retained interest on Canada Mortgage Bond ("CMB") securitizations and intangible assets and goodwill; valuation of portfolio investments; and accounting for deferred income taxes.

Management reviews its estimates, assumptions and judgments on an ongoing basis, and at least quarterly. Changes to estimates and assumptions may therefore affect the reported amounts of assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Additionally, actual results could differ from those estimates under different assumptions and conditions.

Credit losses and non-impaired loans
(i) Allowances and provisions

The allowance for credit losses represents management's best estimate of losses incurred on the Company's mortgage loan portfolio at the date of the consolidated statement of financial position. This requires management's judgment with respect to assumptions and estimations that are primarily related to default and loss rates. The allowance for credit losses can be a combination of a collective allowance based on the total portfolio, and individual allowances on specific loans that are deemed to be impaired.

(ii) Impairment

Loans are considered impaired when the Company is no longer assured of timely collection of the full amount of principal and interest, which requires judgment of indicators of impairment.

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

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

The measurement of the retained interest on a CMB securitization represents management's best estimate of expected future cash flows. Although the mortgage term is fixed, the amount recorded as a receivable requires judgment with respect to assumptions about the discount factors applied to measure the value of the cash flows.

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

Variable mortgage broker compensation
The Company has various broker compensation programs in place, some of which are based on a broker's volume of business over the entire fiscal year. At each balance sheet date, management must exercise judgement in determining and recording the amount of compensation that will be payable.

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

Derecognition
A significant portion of the Company's operations involves the transfer of mortgage loans to third parties, through either whole loan sales or participation in securitization programs. Management therefore must apply significant judgment with respect to its accounting policies related to derecognition of the transferred mortgage loans. This judgment is particularly required with respect to the evaluation of the extent of the Company's continuing involvement with, and/or exposure to, the risks and rewards of the loans.

In the case of whole loan sales of prime insured mortgages, management has determined that it has transferred substantially all of the risks and rewards of ownership of the mortgage loans to the purchaser, and it therefore derecognizes the mortgage loans.

In cases where the Company securitizes and sells multi-unit residential securities ("MURS") through the CMB program, management's judgment is that the risks and rewards of the loans are fully transferred to third parties. This is because a) the loans are closed to prepayment, and b) the Company enters into arrangements with third parties to manage interest rate risk associated with the CMB seller swap. The loans are therefore derecognized when securitized and sold.

In cases where the Company securitizes prime single family residential mortgage loans through the National Housing Act Mortgage Backed Securities ("NHA MBS") program, management's judgment is that the Company retains some risks, particularly prepayment risk, rather than transferring significantly all of the associated risks and rewards of ownership. The loans are therefore not derecognized upon sale of the MBS.

Accounting policies

Financial instruments

As described above in Note 1, in recent years the Company's operations have been principally in mortgage lending and banking through Street Capital Bank. Its consolidated statement of financial position is therefore primarily composed of financial instruments, and the majority of the Company's net income is derived from these financial instruments.

Detailed below is the classification of the Company's financial instruments in effect at, and for the period ended, December 31, 2017:

(i) Financial assets and liabilities at fair value through profit or loss ("FVTPL")

Financial assets or liabilities are classified as at FVTPL if acquired principally for the purpose of selling or repurchasing in the short-term, or if designated as at FVTPL at acquisition. Financial instruments in this category are recognized initially at fair value, and subsequent gains and losses due to changes in fair value are recognized in the consolidated statements of comprehensive income in the periods in which they occur. The fair values of financial assets that are not traded in an active market are determined by using valuation techniques appropriate for each asset or class of assets. The Company classifies cash and cash equivalents, restricted cash, marketable securities and portfolio investments as at FVTPL.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's classification of loans and receivables (collectively, "receivables") includes the majority of its financial assets, comprising: Street Solutions uninsured loans; other non-securitized mortgage loans; securitized mortgage loans; deferred placement fees receivable and accrued gain on sale; retained interests on CMB securitizations; accounts receivable; interest receivable; and non-mortgage loans receivable.

Receivables are initially recognized at the amount expected to be received less, when material, a discount to reduce the amount to fair value. Subsequently, receivables are measured at amortized cost using the effective interest rate method, less any allowance for impairment. Interest income is allocated over the expected term of the loan by applying the effective interest rate to the loan's carrying amount. The effective interest rate is the rate that exactly discounts future cash receipts over the life of the loan. Net origination costs, plus any premium or discount relating to mortgage origination, are amortized to income on an effective yield basis over the term of the loans to which they relate, and are included in interest income in the consolidated statements of comprehensive income. Loans are carried net of credit allowances.

(iii) Financial liabilities at amortized cost

The Company classifies bank facilities; deposits; mortgages and loans payable; securitization liabilities; interest payable; and accounts payable and accrued liabilities, as financial liabilities at amortized cost. Bank facilities, mortgages and loans payable, and securitization liabilities are recognized initially at fair value net of any transaction costs incurred, and subsequently at amortized cost using the effective interest rate method. Deposits are initially recognized at the amount invested by the depositor, net of deferred broker agent commissions, and subsequently at amortized cost using the effective interest rate method. Accounts payable and accrued liabilities are initially recognized at the amount required to be paid less, when material, a discount to reduce the payables to fair value. Subsequently, accounts payable and accrued liabilities are measured at amortized cost using the effective interest rate method. At December 31, 2017 the Company does not have any financial liabilities designated as at FVTPL.

The accounting policies for the Company's individual financial instruments are discussed in more detail below.

Cash and cash equivalents

Cash and cash equivalents includes cash deposited with regulated financial institutions, restricted cash, and other short-term highly liquid investments with original maturities of three months or less, such as Treasury Bills or bankers' acceptances. Interest income earned on cash and cash equivalents is included in Interest Income – Non-Securitized Assets in the consolidated statements of comprehensive income.

Restricted cash
Restricted cash includes cash and cash equivalents that are contractually restricted, primarily related to principal and interest payments collected on behalf of mortgage servicers.

Street Solutions uninsured loans
The Street Solutions uninsured lending program was launched in the second quarter of 2017, with the mortgages funded from the Company's Guaranteed Investment Certificates ("GICs") deposit base. Street Solutions mortgages are carried at amortized cost, net of acquisition costs and deferred income, using the effective interest rate method. The associated interest revenue is reported as a component of Interest Income – Non-Securitized Assets, with the funding interest expense reported as a component of Interest Expense – Deposits and Other, on the consolidated statements of comprehensive income.

Non-securitized mortgage loans
Non-securitized mortgage loans primarily consist of mortgages intended for sale to investors, insured mortgages awaiting securitization and sale, and bridge loans. They are carried at amortized cost, using the effective interest rate method. The associated interest revenue is reported as a component of Interest Income – Non-Securitized Assets, with the funding interest expense reported as a component of Interest Expense – Deposits and Other, on the consolidated statements of comprehensive income.

Securitized mortgage loans and securitization liabilities
Securitized mortgage loans result from the Company's participation in the Government of Canada's NHA MBS program, which is facilitated by Canada Mortgage and Housing Corporation ("CMHC"). As noted above under *Use of judgment and estimates*, these loans are not derecognized when sold, and they are carried at amortized cost using the effective interest rate method. Interest income is recognized over the expected life of the mortgage by applying the effective interest rate to the mortgage's carrying amount, and reported as Interest Income – Securitized Mortgages on the consolidated statements of comprehensive income.

Securitization liabilities, which correspond to the securitized mortgage loans, are also recorded at amortized cost using the effective interest rate method. Any premiums or discounts and transaction costs incurred in obtaining the secured financing are amortized to income on an effective yield basis over the term of the liabilities to which they relate, and the amortization of these amounts is reported as a component of Interest Expense – Securitization Liabilities in the consolidated statements of comprehensive income. Interest expense is allocated over the expected term of borrowing by applying the effective interest rate to the carrying amount of the liability, and is also included in Interest Expense – Securitization Liabilities in the consolidated statements of comprehensive income.

Credit provisions and impaired loans
Credit provisions are primarily associated with the Company's uninsured mortgage loans. The majority of the uninsured loans have been advanced under the Bank's Street Solutions program, which is the uninsured non-prime mortgage lending business that the Company entered during the second quarter of 2017. Collective allowances for credit losses are established on the performing portfolio in order to reflect management's estimate of losses that have been incurred at the reporting date. Individual allowances for credit losses are recorded when a loan is specifically identified as being impaired.

Mortgage loans guaranteed by the Government of Canada ("insured mortgages"), are deemed to be impaired when payment is contractually 365 days past due, or when the Company is no longer assured of timely collection of principal and interest. Uninsured loans are considered to be impaired when payment is more than 90 days past due, or when the Company is no longer assured of timely collection of principal and interest. For individual loans identified as impaired, interest continues to be accrued, but the credit provision is adjusted to include the increase in the accrued interest. Changes in the estimated realizable amount of an impaired loan are recorded as a component of Provision for Credit Losses in the consolidated statements of comprehensive income. Write-offs and recoveries associated with impaired loans are recorded as an adjustment to the Allowance for Credit Losses.

Deposits
The Company's deposits, which are sourced through deposit broker agents and which are in the form of 1 to 5 year GICs, are carried at amortized cost, net of deferred broker agent commissions. The commissions are amortized and calculated on an effective yield basis as a component of interest expense, and reported in Interest Expense – Deposits and Other on the consolidated statements of comprehensive income. Interest expense is allocated over the contractual deposit term by applying the effective interest rate to the deposit principal amount, and is also included in Interest Expense – Deposits and Other in the consolidated statements of comprehensive income.

Deferred placement fees receivable
Deferred placement fees receivable relate to mortgages that the Company sells to investors on a fully serviced basis. At the point of sale, the Company charges the investor a servicing fee that is received over the life of the underlying mortgage. The present value of the servicing fee, less the Company's cost of servicing, is recognized as Gain on Sale of Mortgages in the consolidated statements of comprehensive income, and a resulting Deferred Placement Fee Receivable is recognized in the consolidated statements of financial position.

In some cases an excess interest rate spread is also received over the remaining term of the mortgage. The present value of the excess interest rate spread is recognized as Gain on Sale of Mortgages in the consolidated statements of comprehensive income, and a resulting Deferred Placement Fee Receivable is recognized in the consolidated statements of financial position. The present value of this excess spread is calculated based on a duration factor of the underlying mortgage sold.

Any difference between the cash collected and the amortization of the deferred placement fee receivable is recognized as income or loss in the consolidated statements of comprehensive income, through Fee and Other Income.

Prepaid portfolio insurance
The Company purchases portfolio mortgage insurance on some of its low ratio insurable mortgages, which provides coverage over the amortization, rather than the contractual period, of the original underlying mortgage pools. The portfolio insurance is capitalized and amortized into income over a maximum period of 15 years, using a declining balance method that estimates the pattern of consumption based on management's assumptions about prepayments and renewals.

Portfolio investments
The Company's portfolio investments are carried at fair value. Changes in fair value, inclusive of foreign exchange, are recognized as income or loss and reported in Fair Value Adjustments in the consolidated statements of comprehensive income.

Other assets and liabilities

Capital assets
The Company's capital assets consist of office furniture, fixtures and equipment, computer hardware and software, leasehold improvements, and artwork. Capital assets, other than artwork, are recorded at cost, which includes expenditures that are directly attributable to the asset acquisitions, and are amortized over their estimated useful lives on the following basis:

Office furniture, fixtures and equipment	Straight-line over periods from 3 to 10 years
Leasehold improvements	Straight-line over the shorter of the term of the lease or estimated useful life of the asset
Computer hardware and software	Straight-line over 1 to 3 years

At each reporting date, the Company assesses whether there are any indications that a capital asset may be impaired. If indicators of impairment exist, the Company performs an impairment test to determine whether an impairment loss should be recognized.

Artwork is recorded at appraised value, which represents deemed cost.

Intangible assets
The Company recognizes both acquired and internally generated intangible assets, when the asset costs can be reliably measured and it is probable that associated future economic benefits will accrue to the Company. Acquired intangible assets are recorded at fair value upon acquisition, which is deemed to be their cost, and amortized on a straight-line basis over their estimated lives. Subsequent to acquisition, the assets are carried at deemed cost less accumulated amortization and accumulated impairment losses. Internally generated intangible assets, which consist of systems and software, include all directly attributable costs necessary to create an asset that is capable of operating as intended by management. Overhead, research and training costs are excluded, as are costs incurred after the asset is substantially complete and available for use. Internally generated intangible assets are amortized on a straight-line basis over their estimated lives. The Company has no indefinite life intangible assets.

At each reporting date the Company qualitatively assesses its intangible assets for indicators of impairment. If such indicators exist, an impairment test is conducted to determine whether the carrying amount of an intangible asset exceeds its recoverable amount. If so, an impairment loss is recognized in the consolidated statements of comprehensive income for the amount of the difference between the carrying and recoverable amounts.

Goodwill
Goodwill is the residual amount by which the purchase price of a business acquisition exceeds the sum of the fair values allocated to the net identifiable tangible and intangible assets acquired. The amount of the goodwill is allocated to each cash generating unit ("CGU"), or group of CGUs, that is expected to benefit from the business acquisition. A CGU is the smallest identifiable group of assets that generates cash flows that are largely independent of those from other assets or groups of assets. Each unit to which goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Such units may not be higher than an operating segment. At December 31, 2017, the Company had only one CGU, banking operations.

Subsequent to acquisition, goodwill is carried at cost less accumulated impairment losses. It is tested annually for impairment, with more frequent testing required if events or changes in circumstances indicate possible impairment. Goodwill is considered impaired if the carrying value of a CGU, including its allocated goodwill, exceeds the CGU's recoverable amount. If so, an amount equal to the difference between the carrying value and the recoverable value is recognized in the consolidated statements of comprehensive income.

Income taxes
Income taxes consist of both current and deferred tax. The Company uses the asset and liability method of accounting for income taxes. Under this method, deferred income tax assets and liabilities are determined based on the difference between the carrying values of assets and liabilities, and their values for tax purposes. Any change in the net amount of deferred income tax assets and liabilities is included in income. Deferred income tax assets and liabilities are determined based on enacted or substantively enacted tax rates and laws that are expected to apply to the Company's taxable income in the periods during which the assets and liabilities will be recovered or settled. Deferred income tax assets are recognized when it is probable that they will be recovered.

Current taxes are the expected taxes payable on the taxable income for the reporting period, using tax rates enacted, or substantively enacted, at the end of the reporting period, and any adjustments to taxes payable in respect of previous years.

Income taxes are recognized in the consolidated statements of comprehensive income except to the extent that they relate to items recognized directly in equity, in which case the income taxes are also recognized directly in equity.

Discontinued operations

A discontinued operation is a component of a business that represents a separate major line of business, a geographical area of operations, or a subsidiary acquired exclusively with a view to resale, and that has been disposed of, abandoned, or otherwise meets the criteria to be classified as held for sale. Discontinued operations are presented in the consolidated statements of comprehensive income (including the comparative period) as a single line comprising the post-tax profit or loss of the discontinued operation. Where relevant, it includes the post-tax gain or loss recognized on the re-measurement to fair value less costs to sell, or on disposal.

Revenue recognition

Mortgage loan sales

The majority of the Company's revenue is earned from the placement, servicing and securitization activities of its mortgage lending business. Under this model, the Company sells whole loan mortgages to third parties and receives some or all of the following forms of compensation:

- Cash premium – The cash premium received for the mortgages sold is recognized and reported in Gain on Sale of Mortgages in the consolidated statements of comprehensive income.

- Servicing fees – 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. The present value of the servicing fee, less the Company's cost of servicing, is recognized in Gain on Sale of Mortgages in the consolidated statements of comprehensive income. The corresponding receivable is reported as Deferred Placement Fees Receivable in the consolidated statements of financial position.

- Excess interest rate spread – In some cases, an excess interest rate spread is received over the remaining term of the mortgage. The present value of the excess interest rate spread is recognized in Gain on Sale of Mortgages in the consolidated statements of comprehensive income, and the corresponding receivable is reported as Deferred Placement Fees Receivable in the consolidated statements of financial position.

- Mortgage life insurance referral fees – The Company receives a fee when life insurance is purchased for a mortgage that the Company originates. It is received as part of the deal closing, and recognized as a component of Fee and Other Income.

- Mortgage prepayment penalty fees – The prepayment penalty received when a securitized mortgage is prepaid is recognized as Interest Income – Securitized Mortgages.

Net interest margin – mortgage lending

The net interest margin earned on the Company's lending and deposit-taking operations is currently a minor component of the Company's revenue. The net interest margin is calculated using the effective interest rate method, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortized cost of a financial liability. The Company's net interest margin has two components:

- Net interest income (expense) – non-securitized – The revenue portion of this component consists of interest income from uninsured and other non-securitized lending, and interest income earned on cash and cash equivalents. It is reported in the consolidated statements of comprehensive income as Interest Income – Non-Securitized Assets. The expense portion consists of interest expense on deposits, which is reported as Interest Expense – Deposits and Other. It also includes the interest expense and standby charges on the mortgage funding portion of the Bank's credit facility. The net of these two amounts is adjusted to include the provision for credit losses on uninsured lending, in order to determine the net interest income (expense) – non-securitized.

- Net interest income (expense) – securitized mortgages – This amount consists of the difference between interest income from securitized mortgages and the interest expense on the associated securitization liabilities. These two amounts are reported in the consolidated statements of comprehensive income as, respectively, Interest Income – Securitized Mortgages and Interest Expense – Securitization Liabilities.

Fee income – mortgage lending
The Company earns various one-time and ongoing fees as part of its mortgage lending operations. These are currently an immaterial component of the Company's revenue, and recognized as part of Fee and Other Income.

Private equity
Private equity revenue is incidental to the Company's core operations, given that KBCP Fund I has largely been liquidated and now holds only one investment. Revenue consists of management fees and occasional miscellaneous fees, and is reported in Fee and Other Income on the consolidated statements of comprehensive income. Gains and losses relating to changes in the value of KBCP Fund I investments, inclusive of foreign exchange fluctuations, are not recorded as part of the Company's revenue. They are reported in the consolidated statements of comprehensive income as Fair Value Adjustments.

Other items

Stock-based compensation plans
The Company and its subsidiaries issue share-based awards, in the form of options to purchase the Company's common stock, to both employees and non-employee directors. The cost of these awards is determined to be the fair value of the options on the grant date, as calculated using the Black-Scholes fair value model. This cost is recognized in Salaries and Benefits expense on a proportionate basis consistent with the vesting features of each tranche of the grant, with the offsetting credit recorded in Contributed Surplus.

Employee benefits
The Company's contributions to the Group Retirement Savings Plan are expensed when paid, as a component of Salaries and Benefits expense.

Earnings per share
Basic earnings (loss) per share ("EPS") is calculated by dividing the net income (loss) for the period attributable to equity owners of the Company by the weighted average number of common shares outstanding during the period.

Diluted EPS is calculated by adjusting the weighted average number of common shares outstanding for dilutive instruments, which consist of common stock options and deferred share units. The number of shares included with respect to dilutive instruments is computed using the treasury stock method.

Non-controlling interest
At December 31, 2017, Non-Controlling Interest represents the interests in controlled assets owned by outside investors in KBCP Fund I and Fleetwood Fine Furniture, LP. The share of net assets attributable to the non-controlling interest is presented as a separate component within equity. The non-controlling interest share of net income is presented separately in the consolidated statements of comprehensive income. Changes in the Company's ownership interest in subsidiaries that do not result in a loss of control are accounted for as equity transactions.

Foreign currency translation
The financial statements of entities that have a functional currency different from that of Street Capital ("foreign operations") are translated into Canadian dollars as follows: assets and liabilities – at the closing rate at the date of the consolidated statement of financial position; income and expenses – at the average rate during the period (as this is considered a reasonable approximation of actual rates). Transactions in foreign currencies are translated into Canadian dollars using the exchange rates prevailing at the transaction dates. Foreign exchange gains and losses are recognized in Selling, General and Administrative Expenses in the consolidated statements of comprehensive income, with the exception of foreign exchange fluctuations on KBCP Fund I investments, which are recognized as a component of Fair Value Adjustments.

Future accounting changes

IFRS 9 and IFRS 7
As described in Note 1, the Company's operations consist almost exclusively of Street Capital Bank's mortgage lending and banking operations. Its consolidated statement of financial position is therefore primarily composed of financial instruments, and the majority of the Company's comprehensive income is derived from these financial instruments.

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

Upon adoption of IFRS 9, the Company will also be required to adopt amendments to *IFRS 7 – Financial Instruments: Disclosures* ("IFRS 7"), which requires more extensive disclosures relating to such areas as classification, impairment and hedge accounting. IFRS 9 and IFRS 7 are collectively referred to as the "New Standard".

During 2017 the Company has assessed the impact of the New Standard on its financial position, results of operations, and disclosures, and determined, as outlined below, that the impact of adopting the New Standard will not be material. The Company's assessment at December 31, 2017 is based on currently available information and therefore may be subject to change should additional information be identified during the adoption of the New Standard.

<u>Classification and measurement</u>
Under IFRS 9, the classification of all financial assets, except equity instruments and derivatives, is based on the combined assessment of i) an entity's business model for managing financial assets, and ii) the contractual cash flow characteristics of those assets.

IAS 39 classifies financial assets in the following categories:

- fair value through profit and loss (FVTPL);
- available for sale (AFS);
- held to maturity; and
- amortized cost.

IFRS 9 classifies financial assets as follows:

- debt instruments at amortized cost;
- debt instruments at fair value through other comprehensive income (FVOCI), with gains or losses recycled to profit or loss on derecognition;
- financial assets at FVTPL; and
- equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition.

Under both IAS 39 and IFRS 9, financial liabilities are primarily classified at amortized cost. There are limited exceptions, but these are not relevant to the Company's current operations.

The Company does not expect significant impacts to its asset and liability balances, or to its 2018 opening retained earnings, as a result of applying IFRS 9 classification and measurement.

The Company's financial assets primarily consist of loans and mortgages receivable, which under IAS 39 are classified at amortized cost. The majority of these loans and mortgages are held to collect contractual cash flows that are solely payments of principal and interest ("SPPI") and meet the IFRS 9 criteria to be held at amortized cost.

Financial assets currently measured at FVTPL, which consist of cash, cash equivalents and portfolio investments, are expected to remain at FVTPL.

The Company's financial liabilities are classified at amortized cost under IAS 39 and the Company has not identified any changes to this classification under IFRS 9.

Impairment

Under IFRS 9, the accounting for mortgage and other loan loss impairments is based on a forward-looking expected credit loss ("ECL") model, rather than the incurred loss approach under IAS 39. The ECL model requires the Company to record an allowance for ECLs for all loans and other debt instruments that are held at either amortized cost or FVOCI. The calculated allowance is designed to be an unbiased and probability-weighted amount that has been determined by: evaluating possible outcomes; the time value of money; reasonable and supportable information about past events; and current and forecasted economic conditions.

The general principle of the ECL model is to reflect the general pattern of deterioration or improvement in the credit quality of the associated financial instruments. The ECL amount at a given measurement date depends on the extent of credit deterioration since initial recognition, as recorded by the movement of financial instruments among three "stages":

- Stage 1 – includes financial instruments that have not had a significant increase in credit risk since initial recognition, or that have low credit risk at the reporting date. An ECL equal to expected credit losses over the next 12 months ("12-month ECL") is recognized and interest revenue is calculated on the assets' gross carrying amounts.

- Stage 2 – includes financial instruments that have had a significant increase in credit risk since initial recognition, but for which there is no objective evidence of impairment at the reporting date. An ECL equal to expected credit losses over the assets' lifetime ("lifetime ECL") is recognized and interest revenue is calculated on the assets' gross carrying amounts.

- Stage 3 – includes financial instruments that have objective evidence of impairment at the reporting date. The lifetime ECL is recognized and interest revenue is calculated on the assets' net carrying amounts, which are determined as the asset amount net of their lifetime ECL.

In order to comply with the requirements of IFRS 9, the Company has engaged the services of an independent third party to assist in the development of models to measure ECLs on the relevant financial instruments. The models incorporate both historical and forward-looking information, and will be updated and refined as required.

The Company does not expect a material change to its provision or allowance for credit losses upon adoption of IFRS 9, given the relatively small size of the on-balance sheet mortgage portfolio at the date of adopting the standard. The Company is developing credit provisioning models in compliance with the requirements of IFRS 9. The provisions calculated by these models are being evaluated independently and are not being compared to the provisions calculated under IAS 39.

Hedge accounting

At December 31, 2017 the Company does not have any hedging transactions and therefore changes to hedge accounting standards do not require discussion or analysis.

IFRS 15 – Revenue from Contracts with Customers
In May 2014, with a subsequent amendment in April 2016, the IASB issued *IFRS 15 – Revenue from Contracts with Customers* ("IFRS 15"), which supersedes all current revenue recognition requirements under IFRS. The standard establishes a single, five-step, structured model for recognizing revenue from contracts with customers, with the amendment clarifying how to identify a performance obligation and determine whether a company is a principal or an agent. IFRS 15 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. Either a full retrospective or a modified retrospective application is required. The Company will adopt IFRS 15 on January 1, 2018.

During 2017 the Company has assessed the impact of IFRS 15 on its financial position, results of operations, and disclosures. Since the Company earns the majority of its revenue from financial instruments, which are accounted for under IFRS 9, the Company expects only minor changes to its disclosures, in particular the specific identification of revenue that is within the scope of IFRS 15. The Company's assessment at December 31, 2017 is based on currently available information and therefore may be subject to change should additional information be identified during its adoption of IFRS 15.

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

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

4. Cash and cash equivalents, and restricted cash

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

	December 31, 2017	December 31, 2016
Cash on deposit with regulated financial institutions	**$ 89,414**	$ 3,771
Cash and cash equivalents	**$ 89,414**	$ 3,771
Restricted cash - servicing	**$ 31,621**	$ 27,704
Restricted cash - securitization	**3,922**	3,455
Total restricted cash	**$ 35,543**	$ 31,159

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

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

5. Bank facilities

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

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

At December 31, 2017, the Company had a total credit facility of $165.00 million with a syndicate of Schedule I Canadian banks, available in three tranches dependent on use of funds, with variable interest rates based on bankers' acceptance rates. Under the terms of the facility, the Company has $150.00 million available to fund insured or insurable mortgage loans, which must be on Canadian properties. Draws on the facility for funding mortgage loans are supported and secured by the underlying mortgages, and are repaid from the proceeds of their sale and/or securitization. An operating line of $15.00 million is secured by a general security agreement. These lines can be drawn at any time provided the Company has met certain affirmative and financial covenants. At December 31, 2017, although no balances were outstanding for either mortgage funding or operations financing, the Company met all required covenants under the agreement.

6. Prime mortgage sale activity

(a) Gain on sale of mortgages

Historically, the Company's primary source of revenue has been gains from the sale of mortgages. Under this business model, the Company originates mortgages that are sold to institutional investors, primarily at the point of commitment. Upon sale, the investors assume the contractual right to receive the associated mortgage cash flows. Since the Company transfers substantially all of the risks and rewards of ownership of these mortgages, they are not included in the consolidated statements of financial position, and the Company recognizes income from multiple sources when the mortgage is funded:

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

The present value of (i) the difference between the servicing fee and fair value of servicing, and (ii) the excess spread, is recorded as Gain on sale of mortgages in the consolidated statements of comprehensive income and as Deferred placement fees receivable in the consolidated statements of financial position. When an excess interest rate spread is received over the remaining term of the mortgage, the present value of the spread, calculated based on a duration factor of the underlying mortgage sold, is recognized as Gain on sale of mortgages in the consolidated statements of comprehensive income. An associated Deferred placement fee receivable is recognized in the consolidated statements of financial position.

The table below presents the mortgages sold and the associated gain on sale for the years ended December 31:

	Year ended December 31,	
	2017	**2016**
Mortgages sold - new	**$ 5,372,803**	$ 7,940,758
Mortgages sold - renewals	**1,859,267**	1,428,534
Mortgages sold - total	**$ 7,232,070**	$ 9,369,292
Cash premium at sale	**$ 113,418**	$ 144,900
Deferred gain on sale	**20,354**	22,151
Acquisition costs	**(76,443)**	(98,638)
Net gain on sale of mortgages	**$ 57,329**	$ 68,413
% Gain	**0.79%**	0.73%

(b) Deferred placement fees receivable

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

	December 31, 2017			**December 31, 2016**		
	Capitalized at sale	**Accumulated amortization**	**Net book value**	**Capitalized at sale**	**Accumulated amortization**	**Net book value**
Deferred placement fees receivable	**$ 145,819**	**$ (93,494)**	**$ 52,325**	$ 125,205	$ (73,891)	$ 51,314

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

(c) Prepaid portfolio insurance

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

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

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

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

	December 31, 2017			December 31, 2016		
	Capitalized at purchase	Accumulated amortization	Net book value	Capitalized at purchase	Accumulated amortization	Net book value
Prepaid portfolio insurance	$ 116,726	$ (34,215)	$ 82,511	$ 103,509	$ (24,460)	$ 79,049

	Year ended December 31,	
	2017	2016
Balance, beginning of period	$ 79,049	$ 66,672
Capitalized at purchase	13,217	19,963
Amortization during the period	(9,755)	(7,586)
Balance, end of period	$ 82,511	$ 79,049

7. Mortgages under administration

Mortgages under administration include all mortgages that are administered by the Company:

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

At December 31, 2017, total mortgages under administration amounted to $28.02 billion (December 31, 2016 - $27.70 billion).

8. Non-securitized mortgages and loans

(a) Mortgages receivable

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

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

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

	December 31, 2017	December 31, 2016
Street Solutions mortgage loans	**$ 201,020**	$ -
Collective allowance for credit losses	**(216)**	-
Street Solutions mortgage loans, net	**$ 200,804**	$ -
Stamped mortgages	**5,270**	-
Other non-securitized mortgage loans	**6,662**	1,944
Bridge loans - secured	**1,152**	5,536
Individual allowance for credit losses	**(75)**	-
Bridge loans - secured - net	**1,077**	5,536
Bridge loans - unsecured	**250**	1,843
Total non-securitized loans	**$ 214,063**	$ 9,323

(b) Impaired and past due mortgages

An aging table for the outstanding principal balances of the non-securitized mortgage loans that are not impaired is shown below:

						December 31, 2017
	Current	1 - 30 days	31 - 60 days	61 - 90 days	> 90 days	Total
Street Solutions mortgage loans	$ 201,425	$ -	$ -	$ -	$ -	$ 201,425
Stamped mortgages	5,270	-	-	-	-	5,270
Other non-securitized mortgage loans	6,572	-	-	-	-	6,572
Bridge loans - secured	836	-	-	-	161	997
Bridge loans - unsecured	250	-	-	-	-	250
Total non-securitized loans	$ 214,353	$ -	$ -	$ -	$ 161	$ 214,514

As noted above, loans are considered impaired when the Company is no longer assured of timely collection of the full amount of principal and interest, when an insured loan is 365 days past due, or when an uninsured loan is more than 90 days past due. At December 31, 2017 the Company identified a secured bridge loan in the amount of $0.15 million as impaired, and recorded an individual allowance of $0.07 million, as shown above under *(a) Mortgages receivable*.

(c) Provisions and allowances for credit losses

At December 31, 2017, as shown above under *(a) Mortgages receivable*, the net balance of non-securitized mortgage loans included $0.22 million of collective allowances for credit losses that have been recorded for Street Solutions, and $0.07 million of individual allowances recorded for bridge loans, based on management's judgment that these losses have been incurred. Continuity schedules of the Company's allowances for credit losses are shown below.

	Year ended December 31, 2017		2016	
Collective allowance - Street Solutions mortgages				
Balance, beginning of period	**$**	**-**	$	-
Provisions for credit losses		**(216)**		-
Write-offs		**-**		-
Recoveries		**-**		-
Balance, end of period	**$**	**(216)**	$	-
Individual allowance - Bridge loans				
Balance, beginning of period	**$**	**-**	$	-
Provisions for credit losses		**(75)**		-
Write-offs		**-**		-
Recoveries		**-**		-
Balance, end of period	**$**	**(75)**	$	-
Total allowances, end of period	**$**	**(291)**	$	-
Provisions for credit losses - % of uninsured loans		**0.39%**		N/A
Allowance for credit losses - % of uninsured loans		**0.14%**		N/A

(d) Maturity profile

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

	December 31, 2017							
		Within 1 year		**1 - 3 years**		**3 - 5 years**		**Total**
Street Solutions mortgage loans	**$**	**168,928**	**$**	**31,748**	**$**	**749**	**$**	**201,425**
Stamped mortgages		**-**		**-**		**5,270**		**5,270**
Other non-securitized mortgage loans		**818**		**152**		**5,602**		**6,572**
Bridge loans - secured		**1,152**		**-**		**-**		**1,152**
Bridge loans - unsecured		**250**		**-**		**-**		**250**
Total non-securitized loans	**$**	**171,148**	**$**	**31,900**	**$**	**11,621**	**$**	**214,669**

9. Securitization activity

(a) Mortgages receivable and securitization liabilities

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

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

	December 31, 2017	
	Carrying amount of securitized mortgage loans	Carrying amount of securitization liabilities
Securitized mortgage loans	**$ 219,124**	**$ 222,190**
Deferred securitized mortgage acquisition costs	**1,650**	**-**
Deferred transaction costs	**-**	**(596)**
	$ 220,774	**$ 221,594**

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

(b) Maturity profiles

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

				December 31, 2017
	Within 1 Year	1 -3 Years	3 -5 Years	Total
Contractual repayments	**$ 51,334**	**$ 106,235**	**$ 61,555**	**$ 219,124**

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

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

				December 31, 2017
	Within 1 Year	1 -3 Years	3 -5 Years	Total
Projected payments	**$ 54,400**	**$ 106,235**	**$ 61,555**	**$ 222,190**

				December 31, 2016
	Within 1 Year	1 -3 Years	3 -5 Years	Total
Projected payments	$ 30,148	$ 83,307	$ 150,121	$ 263,576

(c) Securitized mortgages arrears

There are no incurred credit losses on the securitized mortgage assets as the mortgages are insured against default, and therefore the Company has not recorded a provision for credit losses. Insured mortgages are considered impaired when they are more than 365 days in arrears. At December 31, 2017 and 2016, none of the securitized and sold mortgages were 365 or more days in arrears. An aging table for the securitized mortgage loan principal is shown below:

						December 31, 2017
	Current	**1 - 30 days**	**31 - 60 days**	**61 - 90 days**	**> 90 days**	**Total**
Total securitized mortgage loans	**$ 217,877**	**$ 748**	**$ 499**	**$ -**	**$ -**	**$ 219,124**

						December 31, 2016
	Current	**1 - 30 days**	**31 - 60 days**	**61 - 90 days**	**> 90 days**	**Total**
Total securitized mortgage loans	$ 258,258	$ 1,748	$ -	$ -	$ -	$ 260,006

(d) Other securitization activity

In the third and fourth quarters of 2017, the Company also entered into two transactions to securitize and sell 10-year insured NHA MBS mortgage loans on multi-unit residential properties. The loans were securitized and sold through the CMB program. The underlying mortgage loans are closed to prepayment, and the Company entered into third party arrangements to manage its CMB seller swaps, thereby mitigating its interest rate risk. As a result, the Company transferred control over the mortgage loans and did not retain any risks and rewards associated with them. The transactions therefore qualified for derecognition, and no assets or liabilities have been recorded on the Company's consolidated statement of financial position. The Company recorded a gain on each sale, both of which are reported on the consolidated statements of comprehensive income as a component of Fee and other income, and discussed below in Note 12.

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

The key components of the transactions are shown below:

	Year ended or as at December 31, 2017
Multi-unit residential mortgages securitized and sold	**$ 74,188**
Gain on sales of multi-unit residential mortgage	**$ 574**
Gain on sales as a percentage of the mortgage amounts	**0.77%**
Carrying value of multi-unit residential mortgage retained interests	**$ 2,810**

10. Deposits

With the commencement of banking operations in February 2017, the Company began taking deposits, in the form of GICs offered through deposit broker agents. These deposits are eligible to be insured by Canada Deposit Insurance Corporation ("CDIC") up to $100 thousand per depositor. Deposit terms range from 1 to 5 years. Shown below is a maturity table of the remaining term to maturity for these deposits at December 31, 2017.

	Cashable *	Within 1 Year	1 -3 Years	3 -5 Years	Total
					December 31, 2017
Deposit maturities	$ 3,920	$ 89,775	$ 134,870	$ 64,411	$ 292,976
Average contractual rate	1.13%	2.13%	2.35%	2.70%	2.34%

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

The Company's deposits include deferred deposit agent commissions, as shown below:

	December 31, 2017
Deposit principal	$ 294,219
Deferred deposit agent commissions	(1,243)
Net deposits	$ 292,976

11. Net interest income

Net interest income is made up of the following components:

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

Interest expense – deposits and other includes the interest expense on deposits, and the interest expense and the standby charges on the mortgage funding portion of the Bank's credit facility (see Note 5). Interest expense is calculated using the effective interest rate method.

Provision for credit losses includes both the collective and individual provisions related to the Company's uninsured lending (see Note 8).

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 income is calculated using the effective interest rate method.

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

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

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

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

Fee and other income is largely composed of:

- the net servicing fees and trailing interest spread earned by the Company on mortgage loan sales, representing 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.

- fee and other non-interest revenue earned from the Company's banking operations.

- beginning in the third quarter of 2017, net gains on the Company's securitizations and sales of multi-unit residential mortgage loans through the CMB program, as described in Note 9. The gains were calculated as the present value of the future cash flows of the expected net spread between the servicing fees and the interest that will be collected, and the interest that will be paid, over the 10-year mortgage terms.

- other variable income earned from the Company's legacy operations.

The details of Fee and other interest income (expense) are shown below:

	Year ended December 31, 2017	2016
Servicing and fee income - mortgages	**$ 1,010**	$ 715
Gain on sale - CMB securitization	**574**	-
Other income	**91**	(825)
Total fee and other income	**$ 1,675**	$ (110)

13. Other assets

The Company's other assets consist of:

	December 31, 2017	December 31, 2016
Gain on sale receivable	**$ 6,275**	$ 4,376
CMB retained interest receivable	**2,810**	-
Accrued interest receivable	**794**	336
Accounts receivable	**4,992**	2,039
Employee loans receivable (Note 24)	**1,765**	565
Non-mortgage loans receivable (net of credit allowance)	**479**	1,358
Prepaid and other assets	**1,662**	1,617
Capital assets	**3,469**	4,279
Assets of discontinued operations (Note 28)	**683**	911
	$ 22,929	$ 15,481

Gain on sale receivable represents amounts not yet received on mortgage sale activities, and can fluctuate substantially based on both loan sales and the timing of cash receipts from third parties. The CMB retained interest receivable is described in Note 9. Loans receivable includes a loan made to a former subsidiary, and loans to senior executives of the Company, which are discussed further in Note 24. Accrued interest receivable primarily comprises interest receivable related to the Company's on-balance sheet lending. Accounts receivable includes mortgage insurance receivables, trade receivables, and any other amounts receivable.

14. Goodwill and intangible assets

Goodwill

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

The Company's sole CGU is Street Capital Bank, and therefore all of the acquired goodwill is assigned to Street Capital Bank.

For purposes of the annual impairment test as at December 31, 2017, the Company used the value-in-use method to assess the recoverable amount of the CGU and compare it to its carrying amount. This method requires estimated future cash flows to be discounted using an appropriate discount rate. It also requires sensitivity testing to be conducted. The sensitivity testing is required in order to assess the impact by which the values assigned to the key assumptions must change in order for the CGU's recoverable amount to be equal to its carrying amount.

The Company used the following inputs to its value-in-use discounted cash flow model:

- free-cash flow estimated using the Company's Board-approved forecasts from 2018 to 2020, on a pre-tax basis given the existing tax losses carried forward;
- a terminal value free cash flow, on an after-tax basis, with no net growth assumption; and
- a discount rate of 15.5%, which is higher than the Company's estimated weighted average cost of capital.

For purposes of the annual impairment test as at December 31, 2017, the estimated recoverable amount of the CGU was determined to exceed its carrying value by $67.5 million. Based on the model, a discount rate of 23.8%, or a weighted average decrease in free cash flow of 74.1%, in the 2018 to 2020 forecasted periods, is required before the recoverable amount equals the Company's carrying amount. As such, the Company has determined that there is no goodwill impairment and no adjustments to goodwill have been recorded.

Intangible assets

At December 31, 2017, the Company has both acquired and internally generated intangible assets. The acquired intangible asset relates to the mortgage renewal stream associated with the Company's 2011 acquisition of Street Capital Bank. The internally generated intangible assets consist of internally developed systems and software.

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

	December 31, 2017	December 31, 2016
Acquired:		
Mortgage renewal stream	**$ 6,869**	$ 6,869
Accumulated amortization	**(3,248)**	(2,755)
	$ 3,621	$ 4,114
Internally developed:		
Systems and software	**4,287**	3,442
Accumulated amortization	**(2,947)**	(2,369)
	$ 1,340	$ 1,073
	$ 4,961	$ 5,187

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

Amortization expense for the mortgage renewal stream was $0.49 million for both 2017 and 2016. The amortization period of 15 years is based on historical renewal rates and industry benchmarks, and at December 31, 2017 the remaining amortization term was 8.5 years.

Amortization expense for the internally developed systems and software assets for 2017 was $0.58 million (2016 - $0.40 million). The amortization period of 5 years is based on the assets' estimated useful lives, and at December 31, 2017 the remaining amortization terms varied from 1.5 to 5 years. In the second quarter of 2017 the Company wrote down one internally developed intangible asset by $0.38 million.

At December 31, 2017 and 2016, management assessed potential external and internal indicators of impairment for both classes of intangible assets, and concluded that none were present. Impairment testing of the intangible assets was therefore not required.

15. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities are as shown below.

	December 31, 2017	December 31, 2016
Payment due to mortgage servicers	**$ 31,621**	$ 27,704
Accrued mortgage acquisition costs	**12,504**	9,876
Accrued interest payable	**3,139**	645
Accrued restructuring costs	**10,338**	7,940
Accrued compensation	**4,519**	5,391
Liabilities of discontinued operations (Note 28)	**8**	8
Other	**2,673**	2,306
	$ 64,802	$ 53,870

The accrued restructuring costs are related to both the reorganization activities discussed above in Note 2, and the corporate realignment that occurred in June 2015. Accrued interest payable primarily comprises interest payable related to the Company's deposits.

16. Income taxes

The Company recognized the following tax expense in its income from continuing operations for the years ended December 31:

	Year ended December 31, 2017	2016
Current tax expense - current year	**$ -**	$ -
Deferred tax expense - current year	**1,614**	6,229
Deferred tax attributable to changes in tax rates and laws	**223**	(42)
Total income tax expense recognized in the current year in income	**$ 1,837**	$ 6,187

The Company's provision for income taxes differs from the provision computed at statutory rates for the years ended December 31, as follows:

	Year ended December 31, 2017	2016
Income before income taxes, non-controlling interest and discontinued operations	**$ 3,379**	$ 19,839
Income tax expense based on a statutory income tax rate of 26.50%	**$ 895**	$ 5,257
Increase (decrease) in income taxes resulting from:		
Unrecognized tax losses	**283**	732
Other non-deductible items	**432**	171
Other	**227**	27
Income tax expense recognized in income from continuing operations	**$ 1,837**	$ 6,187
Income tax expense attributable to a discontinued operation	**-**	183
	$ 1,837	$ 6,370

The combined Canadian federal and provincial statutory income tax rate used for 2017 is 26.50% (2016 – 26.50%).

At December 31, 2017 the Company had $14.57 million (December 31, 2016 - $14.43 million) in deferred income tax assets and $45.89 million (December 31, 2016 - $43.91 million) in deferred income tax liabilities, comprising net liabilities of $31.30 million (December 31, 2016 – net liabilities of $29.48 million). The composition of the Company's net income tax liabilities at December 31 is shown below.

	Opening balance	Recognized in income (loss)	Recognized in discontinued operations	Closing balance
	Year ended December 31, 2017			
Capital assets	**$ 569**	**$ 519**	**$ -**	**$ 1,088**
Intangible assets	**(1,090)**	**130**	**-**	**(960)**
Accrued liabilities	**2,354**	**54**	**-**	**2,408**
Other financial liabilities	**(102,418)**	**2,541**	**-**	**(99,877)**
Deferred portfolio insurance	**(20,943)**	**(1,027)**	**-**	**(21,970)**
Other	**468**	**(124)**	**-**	**344**
	$ (121,060)	**$ 2,093**	**$ -**	**$ (118,967)**
Tax losses - non capital	**88,229**	**-3,930**	**-**	**84,299**
Tax losses - restricted non capital	**3,346**	**-**	**-**	**3,346**
	$ (29,485)	**$ (1,837)**	**$ -**	**$ (31,322)**

	Opening balance	Recognized in income (loss)	Recognized in discontinued operations	Closing balance
	Year ended December 31, 2016			
Capital assets	$ 377	$ 192	**$ -**	$ 569
Intangible assets	(1,221)	131	**-**	(1,090)
Accrued liabilities	3,050	(696)	**-**	2,354
Other financial liabilities	(93,865)	(8,553)	**-**	(102,418)
Deferred portfolio insurance	(17,667)	(3,276)	**-**	(20,943)
Other	475	(7)	-	468
	$ (108,851)	$ (12,209)	$ -	$ (121,060)
Tax losses - non capital	82,578	5,834	(183)	88,229
Tax losses - restricted non capital	3,158	188	-	3,346
	$ (23,115)	$ (6,187)	$ (183)	$ (29,485)

The composition of the Company's aggregate unrecognized deductible temporary differences and unused tax losses at December 31 is as shown below.

	December 31, 2017	December 31, 2016
Investment property	**3,086**	2,722
Tax losses – non-capital – legacy businesses	**6,419**	6,870
Tax losses – capital – legacy businesses	**63,433**	81,514
	72,938	91,106

As at December 31, 2017 the Company had approximately $317.0 million (December 31, 2016 - $333.27 million) in non-capital loss carry-forwards, which may be used to reduce future years' taxable income until 2036. Unrecorded non-capital losses from the Company's legacy businesses expire in 2024.

17. Portfolio investments and non-controlling interest

Investments

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

	December 31, 2017	December 31, 2016
Portfolio investments	**$ 859**	$ 3,026
Portfolio investments attributable to non-controlling interest	**(646)**	(2,272)
Portfolio investments attributable to shareholders	**$ 213**	$ 754

Although the Company holds only approximately 16% of the Private Equity business, it controls and therefore consolidates this business. The Company began exiting from Private Equity in 2013, and by the end of 2017 Private Equity retained only one investment. Although the timing is uncertain, the Company anticipates that when the remaining investment is sold and the proceeds are distributed, the Company will receive approximately 16% of the asset's exit value.

Non-controlling interest

The net loss attributable to the non-controlling interest associated with the Private Equity business was $0.77 million for the year ended December 31, 2017 (2016 – attribution of net loss of $1.81 million). The non-controlling interest in the Private Equity business amounts to $1.04 million at December 31, 2017 (December 31, 2016 - $2.91 million).

There is also a non-controlling interest associated with the Company's legacy investment in Fleetwood Fine Furniture, LP ("FFF"). No income or loss was attributable to the non-controlling interest associated with FFF during 2017 (2016 - attribution of net loss of $0.29 million). The non-controlling interest in FFF amounts to $(7.09) million at both December 31, 2017 and 2016.

18. Loans payable

Details of loans payable are as shown below:

	Maturity date	December 31, 2017	December 31, 2016
Corporate loan - $Cdn	Jan 15, 2019	**$ 1,028**	$ 1,028
Corporate loan - $US	Jan 15, 2019	**3,011**	3,223
		$ 4,039	$ 4,251

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

19. Commitments and contingencies

(a) *Credit commitments*

At December 31, 2017 the Company had credit commitments in the form of the securitization liabilities discussed in Note 9 and the loans payable discussed in Note 18.

The Company also had $35.9 million of commitments for mortgage loans intended to be funded on-balance sheet (December 31, 2016 - none). Such offers to extend credit are in the normal course of business, and the amount represents the maximum amount that the Company would be obligated to fund. In the course of its operations, the Company does not expect to fund 100% of its outstanding mortgage loan commitments.

(b) ***Lease commitments***

The Company is committed to operating leases for office premises located in Toronto, Vancouver and Calgary. These contracts are renewable upon their expiration. Additionally, the Company is committed to various automotive and equipment leases. The total lease payments recognized as an expense during the period totalled $2.85 million, of which $1.32 million consisted of operating expenses that were in addition to the minimum lease payments (2016 - $2.69 million, including operating expenses of $1.38 million). The future minimum annual payments are shown below.

	December 31, 2017	December 31, 2016
Within 1 year	**$ 1,783**	$ 1,506
1 to 5 years	**5,531**	3,761
Over 5 years	**3,015**	2,889
	$ 10,329	$ 8,156

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

20. Financial instruments

The amounts set out in the following table represent the carrying value, the fair value and the current/non-current classification of the Company's financial instruments. The estimated fair values approximate the price that would be received to sell an asset or paid to transfer a liability in an orderly market transaction in the principal or most advantageous market accessible to the Company. The valuation methods and assumptions are described below.

	December 31, 2017					December 31, 2016	
	Held for trading	Loans and receivables/ financial liabilities at amortized cost	Fair value	Due within one year	Due after one year	Total carrying value	Fair value
Financial assets							
Cash and cash equivalents	**$ 89,414**	**$ -**	**$ 89,414**	**$ 89,414**	**$ -**	$ 3,771	$ 3,771
Restricted cash	**35,543**	**-**	**35,543**	**35,543**	**-**	31,159	31,159
Street Solutions mortgage loans	**-**	**200,804**	**205,893**	**177,812**	**22,992**	-	-
Stamped mortgage loans	**-**	**5,270**	**5,239**	**-**	**5,270**	-	-
Other non-securitized mortgages and loans	**-**	**6,662**	**6,777**	**830**	**5,832**	1,944	1,968
Bridge loans	**-**	**1,327**	**1,327**	**1,327**	**-**	7,379	7,379
Securitized mortgage loans	**-**	**220,774**	**221,037**	**51,873**	**168,901**	262,203	266,287
Deferred placement fees receivable	**-**	**52,325**	**52,325**	**18,381**	**33,944**	51,314	51,314
Other assets	**-**	**17,904**	**17,904**	**14,737**	**3,167**	9,691	9,691
Portfolio investments	**859**	**-**	**859**	**-**	**859**	3,026	3,026
	$ 125,816	**$ 505,066**	**$ 636,318**	**$ 389,917**	**$ 240,965**	$ 370,487	$ 374,595
Financial liabilities							
Bank facilities	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	$ 3,400	$ 3,400
Deposits	**-**	**292,976**	**294,313**	**93,695**	**199,281**	-	-
Loans payable	**-**	**4,039**	**4,039**	**4,039**	**-**	4,251	4,251
Securitization liabilities	**-**	**221,594**	**219,232**	**54,075**	**167,519**	262,663	264,867
Accounts payable and accrued liabilities	**-**	**64,802**	**64,802**	**62,539**	**2,263**	53,870	53,870
	$ -	**$ 583,411**	**$ 582,386**	**$ 214,348**	**$ 369,063**	$ 324,184	$ 326,388

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

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

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

Portfolio investments – fair value is determined primarily by market prices (see Note 17).

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

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

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

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

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

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

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

				December 31, 2017
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Cash and cash equivalents	**$ 89,414**	**$ -**	**$ -**	**$ 89,414**
Restricted cash	**35,543**	**-**	**-**	**35,543**
Street Solutions mortgage loans	**-**	**-**	**205,893**	**205,893**
Stamped mortgage loans	**-**	**-**	**5,239**	**5,239**
Other non-securitized mortgages and loans	**-**	**-**	**6,777**	**6,777**
Bridge loans	**-**	**-**	**1,327**	**1,327**
Securitized mortgage loans	**-**	**-**	**221,037**	**221,037**
Deferred placement fees receivable	**-**	**-**	**52,325**	**52,325**
Other assets	**-**	**-**	**17,904**	**17,904**
Portfolio investments	**859**	**-**	**-**	**859**
	$ 125,816	**$ -**	**$ 510,502**	**$ 636,318**
Financial liabilities				
Bank facilities	**$ -**	**$ -**	**$ -**	**$ -**
Deposits	**-**	**-**	**294,313**	**294,313**
Loans payable	**-**	**-**	**4,039**	**4,039**
Securitization liabilities	**-**	**-**	**219,232**	**219,232**
Accounts payable and accrued liabilities	**-**	**-**	**64,802**	**64,802**
	$ -	**$ -**	**$ 582,386**	**$ 582,386**

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

21. Financial risk management

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

As permitted by IFRS, the Company presents the required disclosures as set out in *IFRS 7: Financial Disclosures* as part of its Fourth Quarter and Year Ended December 31, 2017 Management's Discussion and Analysis ("MD&A"). The Company's risk management policies and procedures are described under the headings *Risk Appetite Framework*, *Risk Governance*, *Credit Risk Management*, *Liquidity and Funding Risk Management*, and *Market Risk Management* within the *Risk Management and Risk Factors* section of the MD&A.

22. Share capital

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

			For the year ended	
Common shares Issued and outstanding (000s)		**December 31, 2017**		**December 31, 2016**
	Number of Shares	**Amount**	**Number of Shares**	**Amount**
Outstanding, beginning of period	**121,532**	**$ 244,438**	121,226	$ 244,595
Options exercised	**652**	**891**	269	319
Deferred share units converted	**-**	**-**	667	796
Shares acquired via normal course issuer bid	**-**	**-**	(630)	(1,272)
	122,184	**245,329**	121,532	244,438
Share purchase loans		**(1,912)**		(1,912)
Outstanding, end of period	**122,184**	**$ 243,417**	121,532	$ 242,526

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

Please see Note 24 for discussion of the share purchase loans included in the table above.

23. Stock-based compensation plans

Stock options

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

A summary of the status of the Company's stock option plans and changes during the years ended December 31 is shown below.

Stock Options Outstanding and exercisable (000s except price)	**For the year ended December 31, 2017**		**December 31, 2016**	
	Number of options	**Weighted-average exercise price**	**Number of options**	**Weighted-average exercise price**
Outstanding, beginning of period	**3,138**	**$ 1.14**	3,407	$ 1.11
Granted	**3,975**	**1.28**	-	-
Exercised	**(652)**	**0.78**	(269)	0.68
Forfeited	**-**	**-**	-	-
Outstanding, end of period	**6,461**	**$ 1.26**	3,138	$ 1.14
Exercisable, end of period	**3,165**	**$ 1.22**	2,888	$ 1.07
Weighted-average market price per share at date of exercise		**$ 1.27**		$ 1.21
Weighted-average remaining contractual life in years		**3.95**		1.82

In 2011, the 1997 Plan was amended such that the maximum number of common shares subject to options under the 1997 Plan and all other share compensation arrangements is 10% of the total issued and outstanding common shares. At December 31, 2017, under the 1997 Plan, 6,460,643 options were outstanding (December 31, 2016 – 3,138,031 options) and 5,558,186 options were available for grant (December 31, 2016 – 8,815,559 options). No options under the 1992 Plan were outstanding at either December 31, 2017 or 2016, and 53,000 options remained available for grant at both dates.

During 2017, the Company granted 3,975,000 options to officers and senior management. The fair value of the options was estimated at the grant dates using the Black-Scholes valuation model, with expected volatilities based on the Company's historic pricing data and the following additional assumptions:

Risk-free rates	1.68% - 2.02%
Expected option term (years)	5.1
Volatility	48.8% - 49.5%
Dividends	$0.00
Weighted average fair value per option	$0.58

All of the grants vest as described above. There were no grants during 2016.

The fair value of stock options is amortized as Salaries and Benefits expense in the consolidated statements of comprehensive income over the vesting period, with a corresponding credit to Contributed Surplus. For the year ended December 31, 2017, total compensation expense related to stock options was $0.83 million (2016 - $0.20 million). When stock options are exercised, the amount of the proceeds, together with the amount recorded in Contributed Surplus, is reported as a credit to Capital Stock. For the year ended December 31, 2017, this was $0.89 million (2016 - $0.32 million).

The table below summarizes the stock options outstanding and exercisable as at December 31, 2017.

	Options outstanding			Options exercisable	
Range of exercise prices $	Number outstanding (000s)	Weighted average remaining contractual life (years)	Weighted average exercise price $	Number exercisable (000s)	Weighted average exercise price $
0.87 to 1.32	5,669	4.12	1.17	2,489	1.02
1.70 to 1.95	542	2.45	1.79	489	1.80
2.32	250	3.47	2.32	187	2.32
	6,461			3,165	

Deferred Share Units

The Company granted deferred share units ("DSUs") to its independent directors from 2006 until 2011, which are exchangeable for common shares of the Company upon a director's retirement. At both December 31, 2017 and 2016 there were 146,590 DSUs outstanding, all of which are held by an active director.

24. Related party transactions

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

- associates, or entities, that 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

(a) *Compensation of key management personnel and employee benefits*

The remuneration of directors and key management personnel in continuing operations during the year is shown below.

	Year ended December 31, 2017	2016
Short-term benefits	$ 4,265	$ 7,526
Share-based compensation	697	79
Termination	5,027	-
	$ 9,989	$ 7,605

The total compensation benefits for 2017 for the Company within continuing operations, including compensation paid to the Board of Directors, were $37.72 million (2016 - $32.09 million). This included $0.63 million (2016 - $0.59 million) in Company contributions to the employee group registered retirement savings plan.

(b) ***Share purchase loans, shareholdings and options***
At December 31, 2017, key management personnel held 26,393,971 common shares (December 31, 2016 – 29,052,636 common shares). This includes 20,546,602 common shares held by the Company's non-management directors, either directly or indirectly. At December 31, 2017 key management personnel, including non-management directors, held 5,488,956 options to purchase the Company's common shares (December 31, 2016 – 2,271,112 options) at prices between $0.87 and $1.95 per common share, and 146,590 DSUs convertible into the same number of common shares.

At December 31, 2017 the Company also had outstanding share purchase loans made to certain key employees and former employees, as shown below.

	December 31, 2017				
	Date Granted	**Amount ($000s)**	**Due Date**	**Interest Rate**	**Terms**
Executive	November 30, 1999 December 17, 1999	412	December 31, 2020	Non-interest bearing	Secured by 0.16 million common shares held in trust by the Company, and by personal guarantee
Former Executive/ current Director	January 19, 1996	1,500	Demand	Non-interest bearing	Secured by 0.30 million common shares held in trust by the Company, and by personal guarantee
Executive and Officer	June 1, 2015	565	June 30, 2018	Non-interest bearing	To finance purchase of 0.40 million common shares
Executive and Officer	August 16, 2017	1,200	December 31, 2019	1%	To finance purchase of 1 million common shares
		3,677			

(c) ***Other***
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. At December 31, 2017, mortgage loans made to key management personnel totaled $2.02 million.

25. Capital management

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

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

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

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

(000s, except %)	December 31, 2017 All-In Basis	December 31, 2016 All-In Basis
Common Equity Tier 1 capital (CET 1)		
Capital stock	**$ 16,426**	$ 16,426
Contributed surplus	**767**	-
Retained earnings	**82,726**	79,686
Less: Regulatory adjustments to CET 1	**(1,340)**	(1,073)
Total CET 1 capital	**$ 98,579**	$ 95,039
Additional Tier 1 capital	**-**	-
Total Tier 1 capital	**$ 98,579**	$ 95,039
Total Tier 2 capital	**-**	-
Total regulatory capital	**$ 98,579**	$ 95,039

As discussed above in Note 22, Street Capital has an NCIB in place that will expire on March 22, 2018. The Company did not purchase any common shares through the NCIB during 2017.

26. Net earnings per share

The following is a reconciliation of the numerators and denominators used in computing net income per share for the years ended December 31:

Basic and diluted net income per share	Year ended December 31, 2017	2016
Numerator:		
Income from continuing operations	**$ 1,541**	$ 13,652
Income (loss) attributable to non-controlling interest	**(766)**	(2,104)
Income attributable to shareholders - continuing operations	**2,307**	15,756
Income (loss) from discontinued operations	**(15)**	510
Income attributable to non-controlling interest	**-**	-
Income (loss) attributable to shareholders - discontinued operations	**(15)**	510
Net income attributable to shareholders	**$ 2,292**	$ 16,266
Denominator:		
Weighted average common shares outstanding (000s) - basic and diluted	**121,857**	121,825
Basic and diluted net income per share from continuing operations	**$ 0.02**	$ 0.13
Basic and diluted net income per share from discontinued operations	**0.00**	$ 0.00
Basic and diluted net income per share	**$ 0.02**	$ 0.13

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

27. Interest rate sensitivity

The following table shows the December 31, 2017 position of the Company's wholly owned subsidiary, Street Capital Bank of Canada, with regard to the interest rate sensitivity of its assets, liabilities and equity. The information presented is based on the contractual maturity date.

							December 31, 2017
	Floating Rate	0 to 3 Months	4 Months to 1 Year	Total Within 1 Year	1 Year to 5 Years	Non Rate Sensitive	Total [1]
Assets							
Cash and restricted cash	$ -	$ 122,614	$ -	$ 122,614	$ -	$ -	$ 122,614
Weighted Average Contractual Rate	-	1.00%	-	1.00%	-	-	1.00%
Non-securitized mortgages - Street Solutions	-	-	178,659	178,659	22,766	(621)	200,804
Weighted Average Contractual Rate	-	-	4.88%	4.88%	5.17%	-	4.93%
Non-securitized mortgages - stamped mortgages	-	-	-	-	5,270	-	5,270
Weighted Average Contractual Rate	-	-	-	-	2.55%	-	2.55%
Non-securitized mortgages - other	1,930	55	481	2,466	4,106	90	6,662
Weighted Average Contractual Rate	2.88%	3.19%	3.69%	3.04%	2.91%	-	2.92%
Bridge loans	1,402	-	-	1,402	-	(75)	1,327
Weighted Average Contractual Rate	8.09%	-	-	8.09%	-	-	8.55%
Securitized mortgages held on-balance sheet	78,488	-	19,220	97,708	121,416	1,650	220,774
Weighted Average Contractual Rate	2.71%	-	3.30%	2.83%	2.62%	-	2.69%
Other assets	-	-	-	-	-	159,734	159,734
Weighted Average Contractual Rate				-		-	-
Total assets	$ 81,820	$ 122,669	$ 198,360	$ 402,849	$ 153,558	$ 160,778	$ 717,185
Weighted Average Contractual Rate	2.81%	1.00%	4.72%	3.20%	3.00%	-	2.44%
Liabilities							
Cashable GICs [2]	$ -	$ 3,924	$ -	$ 3,924	$ -	$ -	$ 3,924
Weighted Average Contractual Rate	-	1.12%	-	1.12%	-	-	1.12%
Non-cashable GICs	-	1,004	89,209	90,213	200,082	(1,243)	289,052
Weighted Average Contractual Rate	-	1.78%	2.13%	2.13%	2.45%	-	2.36%
Securitization liabilities	78,212	-	13,793	92,005	131,452	(1,863)	221,594
Weighted Average Contractual Rate	1.87%	-	2.53%	1.97%	1.81%	-	1.89%
Other liabilities	-	-	-	-	-	102,696	102,696
Weighted Average Contractual Rate	-	-	-	-	-	-	-
Shareholders' equity	-	-	-	-	-	99,919	99,919
Weighted Average Contractual Rate	-	-	-	-	-	-	-
Total liabilities and shareholders' equity	$ 78,212	$ 4,928	$ 103,002	$ 186,142	$ 331,534	$ 199,509	$ 717,185
Weighted Average Contractual Rate	1.87%	1.26%	2.18%	2.03%	2.20%	-	1.54%
Excess (deficiency) of assets over liabilities and shareholders' equity	$ 3,608	$ 117,741	$ 95,358	$ 216,707	$ (177,976)	$ (38,731)	$ -

[1] ***Accrued interest is included in "Other assets" and "Other liabilities", respectively.***

[2] ***Cashable GICs are redeemable by the depositor after 90 days from the issue date.***

28. Discontinued operations

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

29. Subsequent events

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