STREET CAPITAL GROUP INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
UNAUDITED

MARCH 31, 2018

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CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
AS AT MARCH 31, 2018 AND DECEMBER 31, 2017
(In thousands of Canadian dollars) Unaudited

	Notes	March 31, 2018	December 31, 2017
		$	$
Assets			
Cash and cash equivalents	3	**80,883**	89,414
Restricted cash	3	**12,561**	35,543
Non-securitized mortgage loans	6	**309,913**	214,063
Securitized mortgage loans	8	**210,844**	220,774
Deferred placement fees receivable	4	**51,167**	52,325
Prepaid portfolio insurance	4	**81,157**	82,511
Deferred income tax assets		**14,644**	14,568
Other assets	11	**23,649**	23,788
Intangible assets	12	**4,837**	4,961
Goodwill	12	**23,465**	23,465
Total assets		**813,120**	761,412
Liabilities			
Deposits	9	**382,489**	292,976
Loans payable	14	**4,095**	4,039
Securitization liabilities	8	**211,505**	221,594
Accounts payable and accrued liabilities	13	**38,080**	64,802
Deferred income tax liabilities		**45,720**	45,889
Total liabilities		**681,889**	629,300
Shareholders' equity			
Share capital	18	**243,417**	243,417
Contributed surplus		**62,232**	61,920
Retained earnings (deficit)		**(168,593)**	(167,175)
Total shareholders' equity		**137,056**	138,162
Non-controlling interest	23	**(5,825)**	(6,050)
Total equity		**131,231**	132,112
Total liabilities and equity		**813,120**	761,412
Commitments and contingencies	15		

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

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
FOR THE THREE MONTHS ENDED MARCH 31, 2018 AND 2017
(In thousands of Canadian dollars, except per share data) Unaudited

	Notes	Three months ended March 31, 2018	2017
		$	$
Revenue			
Gain on sale of mortgages		**22,274**	26,886
Acquisition costs		**(12,360)**	(15,523)
Net gain on sale of mortgages	4	**9,914**	11,363
Interest income - non-securitized assets		**3,592**	131
Interest expense - deposits and other		**(2,190)**	(141)
Net interest income (expense) - non-securitized assets		**1,402**	(10)
(Provision for) recovery of credit losses	7	**14**	-
Net interest income (expense) - non-securitized		**1,416**	(10)
Interest income - securitized mortgages		**1,382**	1,561
Interest expense - securitization liabilities		**(1,113)**	(1,220)
Net interest income - securitized mortgages		**269**	341
Total net interest income		**1,685**	331
Fee and other income (expense)	10	**(6)**	(122)
Total revenue		**11,593**	11,572
Expenses			
Salaries and benefits		**7,952**	6,792
Selling, general and administrative expenses		**5,405**	4,769
Restructuring costs		**-**	3,600
Total expenses		**13,357**	15,161
Income (loss) before fair value adjustments		**(1,764)**	(3,589)
Fair value adjustments	11	**378**	186
Income (loss) before income taxes and discontinued operations		**(1,386)**	(3,403)
Income tax expense (recovery)		**(246)**	(910)
Income (loss) from continuing operations		**(1,140)**	(2,493)
Income (loss) from discontinued operations	23	**-**	2
Net income (loss) and comprehensive income (loss)		**(1,140)**	(2,491)
Net income (loss) attributable to non-controlling interest	23	**225**	83
Net income (loss) and comprehensive income (loss) attributable to shareholders		**(1,365)**	(2,574)
Basic and diluted earnings (loss) per share			
Continuing operations	21	**(0.01)**	(0.02)
Discontinued operations		**0.00**	0.00
Basic and diluted earnings (loss) per share		**(0.01)**	(0.02)
Weighted average number of common shares outstanding (in thousands) - basic and diluted		**122,184**	121,541

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CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2018 AND 2017
(In thousands of Canadian dollars) Unaudited

	Attributable to shareholders of the Company					
	Share capital (Note 18)	Contributed surplus	Retained earnings (deficit)	Total shareholders' equity	Non-controlling interest (Note 23)	Total equity
	$	$	$	$	$	$
Balance - December 31, 2016	242,526	61,433	(169,467)	134,492	(4,183)	130,309
Comprehensive income (loss)	-	-	(2,574)	(2,574)	83	(2,491)
Exercise of stock options	77	(35)	-	42	-	42
Share-based compensation	-	38	-	38	-	38
Net reduction in non-controlling interest investment	-	-	-	-	5	5
Balance - March 31, 2017	242,603	61,436	(172,041)	131,998	(4,095)	127,903
Balance - December 31, 2017 - under IAS 39	243,417	61,920	(167,175)	138,162	(6,050)	132,112
Impact of adopting IFRS 9 at January 1, 2018	-	-	(53)	(53)	-	(53)
Balance - January 1, 2018 - under IFRS 9	243,417	61,920	(167,228)	138,109	(6,050)	132,059
Comprehensive income (loss)	-	-	(1,365)	(1,365)	225	(1,140)
Share-based compensation	-	312	-	312	-	312
Balance - March 31, 2018	243,417	62,232	(168,593)	137,056	(5,825)	131,231

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

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2018 AND 2017
(In thousands of Canadian dollars) Unaudited

	Three months ended March 31,	
	2018	**2017**
	$	$
Operating activities		
Income (loss) from continuing operations	**(1,140)**	(2,493)
Non-cash items		
Deferred income taxes	**(244)**	(910)
Foreign exchange on loans payable	**84**	(31)
Depreciation and amortization	**492**	517
Fair value adjustments	**(153)**	(188)
Provision for credit losses	**(14)**	-
Share-based compensation	**312**	38
Other losses	**364**	27
Changes in operating assets and liabilities		
Restricted cash	**22,982**	8,115
Non-securitized mortgage loans	**(95,889)**	(2,097)
Securitized mortgage loans	**9,930**	9,038
Deferred placement fees receivable	**1,158**	1,175
Prepaid portfolio insurance	**1,354**	(1,611)
Other assets	**981**	(3,007)
Deposits	**89,513**	2,358
Bank facilities	**-**	12,500
Securitization liabilities	**(10,089)**	(10,149)
Restructuring accruals	**(948)**	3,504
Other accounts payable and accrued liabilities	**(25,774)**	(12,894)
Cash provided by (used in) continuing operations	**(7,081)**	3,892
Cash provided by (used in) discontinued operations	**-**	-
Cash provided by (used in) operating activities	**(7,081)**	3,892
Investing activities		
Purchase of capital assets	**(1,280)**	(65)
Purchase of intangible assets	**(142)**	(531)
Proceeds from sale of artwork	**-**	87
Cash used in investing activities	**(1,422)**	(509)
Financing activities		
Exercise of stock options	**-**	42
Repayments of loans payable	**(28)**	-
Cash provided by (used in) financing activities	**(28)**	42
Increase (decrease) in cash and cash equivalents	**(8,531)**	3,425
Cash and cash equivalents - beginning of period	**89,414**	3,771
Cash and cash equivalents - end of period	**80,883**	7,196
Supplementary information		
Cash paid and received during the period		
Interest received	**4,819**	1,720
Interest paid	**1,857**	1,590
Income taxes paid (tax refunds received)	**-**	3

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

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

1. Corporate information

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

The Company's principal operations are as a mortgage lending business through its only significant subsidiary, Street Capital Bank of Canada ("Street Capital Bank" or "the Bank", formerly "Street Capital Financial Corporation"). Street Capital Financial Corporation received a Schedule I bank license in December 2016 and began banking operations on February 1, 2017. It operates as Street Capital Bank of Canada in English and Street Capital Banque du Canada in French. The Bank's head office is located in Toronto. The origination and sale of prime insurable mortgages 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 consolidated financial statements were approved by the Board of Directors and authorized for issue on May 11, 2018.

2. Basis of preparation and significant accounting policies

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*, as issued by the International Accounting Standards Board (the "IASB"), and therefore do not include all information presented in full annual financial statements. These unaudited condensed consolidated interim financial statements should therefore be read in conjunction with the Company's audited consolidated financial statements as at, and for the year ended, December 31, 2017, as set out in the Company's annual report. The audited consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB and in effect at December 31, 2017. Except as discussed below, under *Changes in, and adoption of, accounting policies*, the accounting policies that the Company applied in its annual audited consolidated financial statements as at, and for the year ended, December 31, 2017 have not changed. These policies are disclosed in Note 3 of those financial statements, to which reference should be made in reading these unaudited condensed consolidated interim financial statements.

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

Certain items in the comparative audited consolidated financial statements and the comparative unaudited condensed consolidated interim financial statements have been reclassified from statements previously presented. This is to ensure conformity with the presentation of the Q1 2018 unaudited condensed consolidated interim financial statements.

Principles of consolidation

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

Changes in, and adoption of, accounting policies

(1) IFRS 9 and IFRS 7

Effective January 1, 2018, the Company adopted *IFRS 9 – Financial Instruments* ("IFRS 9"), which replaces *IAS 39 – Financial Instruments: Recognition and Measurement* ("IAS 39"). As required, the Company also adopted amendments to *IFRS 7 – Financial Instruments: Disclosures* ("IFRS 7"), which requires more extensive disclosures relating to such areas as classification, impairment and hedge accounting. As permitted by IFRS 9's transition provisions, the Company has not restated its prior period comparative consolidated financial statements, which were prepared under IAS 39 and therefore are not comparable to the current year's information. Adjustments to the carrying amounts of financial assets and liabilities at January 1, 2018 have been recognized in the current year's opening balance of the Company's equity.

<u>Classification and measurement</u>
Under IFRS 9, all financial assets are initially recognized at fair value. Subsequent to acquisition, financial assets, except equity instruments and derivatives, are classified and measured 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.

The IFRS 9 classifications of financial assets are:

- 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 fair value through profit and loss ("FVTPL"); and
- equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition.

Under IFRS 9, financial liabilities are primarily classified at amortized cost. There are limited exceptions, which primarily relate to the classification of a financial liability at FVTPL in order to provide better matching with an associated financial asset, but these exceptions are not relevant to the Company's current operations. All of the Company's financial liabilities are classified at amortized cost.

In order for debt instruments to be held at amortized cost, they must meet two criteria that are deemed consistent with a basic lending arrangement: i) they are held within a business model with the objective of collecting contractual principal and interest payments ("hold to collect"); and ii) the contractual cash flows consist solely of payments of principal and interest ("SPPI"). Sales of the debt instruments can occur, but they must be incidental to an entity's business model and its objectives for holding the debt instruments; i.e.: infrequent and not significant. Principal is defined as the fair value of the financial asset at initial recognition, which may change over time due to repayments or amortization of a premium or discount. Interest is defined as consideration for the credit risk and time value of money, and can include a profit margin, as well as other basic lending costs such as servicing costs.

Debt instruments are classified as FVOCI when they are: i) held within a business model that includes both hold to collect and sales of the instruments as significant components; and ii) the contractual cash flows collected are SPPI. All other debt instruments are measured at FVTPL.

The Company's financial assets primarily consist of loans, mortgages and other accounts receivable, which are held to collect contractual cash flows characterized as SPPI. They are therefore classified at amortized cost.

The Company's other financial assets consist of cash, cash equivalents and portfolio investments, which are classified at FVTPL.

Financial assets must be reclassified if there are changes to the business model under which they are held. Any such reclassifications are applied prospectively from the date of the reclassification.

Impairment – allowances for expected credit losses

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 an entity to record an allowance for ECLs for all loans and other debt instruments that are classified 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 determination of an ECL involves significant management judgment and estimation, including the explicit incorporation of forward-looking information. At each measurement date, the calculation of the ECL allowance depends on the following key inputs that are used to determine the present value of the expected cash shortfalls (defined as the difference between contractual cash flows and expected cash flows, discounted at the effective interest rate over the life of the instrument):

- the probability of default ("PD") – an estimate of the likelihood of default over a specified time horizon;
- the loss given default ("LGD") – an estimate of the loss occurring at the time of default; and
- the exposure at default ("EAD") – an estimate of the exposure at the default date.

The determination of the PD, LGD and EAD parameters can be quite complex, particularly the determination of PD. They must incorporate both factors unique to the entity and macroeconomic factors that can be associated with increases or decreases in credit risk. However, the calculation of the allowance can be summarized as:

ECL = (PD x LGD x EAD) as discounted to the measurement date

The Company's definition of default used to determine ECLs corresponds to the definition used internally for credit risk management purposes.

The general principle of the ECL model is to reflect the pattern of deterioration or improvement in the credit quality of the associated financial instruments. The calculated ECL amount at a given measurement date depends on the entity's identification of increases or decreases in credit risk 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 ("SICR") since initial recognition, or that have low credit risk at the reporting date. An ECL equal to expected credit losses resulting from default events 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 SICR since initial recognition, but for which there is no objective evidence of impairment at the reporting date. An ECL equal to expected credit losses resulting from default events over the assets' lifetime ("lifetime ECL") is recognized and interest revenue is calculated on the assets' gross carrying amounts. In general, an asset's lifetime is considered to be its remaining contractual lifetime.

- 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.

The changes in the ECL allowance at each measurement date are recognized as Provision for credit losses on the Company's consolidated statements of comprehensive income.

The identification and assessment of significant increases in credit risk involve significant management judgment. The assessment is made at least quarterly and incorporates the following factors:

- at the pool level, increases in lifetime PD, compared to PD at initial recognition, measured on an absolute and/or percentage basis;
- at the individual loan level, qualitative reviews of internally generated credit risk data, to ensure all instruments are appropriately assigned to Stage 1, 2 or 3; and
- at the individual loan level, identification of all instruments that are 30 days past due, which are migrated to Stage 2 regardless of management's assessment of other credit risk factors.

For financial instruments that migrate to Stage 2 due to SICR, subsequent improvements in credit risk may result in a symmetrical remigration back to Stage 1 and the reversion to a 12-month ECL rather than a lifetime ECL.

In addition to the assessment of SICR, financial assets are also assessed for credit impairment at least quarterly. Indicators of possible credit impairment include adverse changes in the payment status of borrowers in a given group (i.e.: a group of loans in arrears greater than 90 days); deteriorating credit scores associated with a specific group of borrowers; changes in national or local economic conditions such as an increase in the unemployment rate or a decrease in property prices; or a rapid increase in interest rates. Under IFRS 9, the Company's financial instruments are considered impaired when repayment of principal or payment of interest is contractually 90 days in arrears. For uninsured loans, this is the same definition of impairment that the Company applied under IAS 39. However, for insured loans, under IAS 39 the Company considered impairment to have occurred when payment was 365 days in arrears.

Financial instruments cease to be impaired when all past due amounts, including interest, have been recovered, and the principal and interest are deemed fully collectible in accordance with original or revised contractual terms. This will result in migration of the instruments back to Stage 2. Should credit risk improve to the point that SICR since initial recognition no longer exists, there will be further migration back to Stage 1.

Financial instruments that are determined to be uncollectible are written off against the Allowance for credit losses. Any subsequent recoveries are recorded as a credit to Provision for credit losses. All of the Company's mortgages receivable are secured by the underlying property, and its insured mortgages are further secured by CMHC, thereby helping to mitigate the Company's risk of loss. The Company's risk of loss is greatest on unsecured bridge loans, which are a minor component of the Company's lending portfolio, and as such do not represent a material loss exposure.

The Company did not record a material change to its provision or allowance for credit losses upon adoption of IFRS 9, which was entirely associated with its uninsured lending program, given the relatively small size of the on-balance sheet mortgage portfolio at the date of adopting the standard. Under both IAS 39 and IFRS 9, the allowance for credit losses on insured on-balance sheet mortgages was determined to be immaterial. Therefore the Company has not recorded an allowance for these insured mortgages.

The following table reconciles the closing balances of Allowance for credit losses at December 31, 2017, as calculated under IAS 39, to the opening balances at January 1, 2018, as calculated under IFRS 9.

	Allowance per IAS 39 at December 31, 2017				ECL per IFRS 9 at January 1, 2018			
	Collective Allowance	Individual Allowance	Total Allowance	Transition Adjustments	Stage 1	Stage 2	Stage 3	Total
Uninsured loans	216	75	291	53	269	-	75	344
Insured loans	-	-	-	-	-	-	-	-
	$ 216	$ 75	$ 291	$ 53	$ 269	$ -	$ 75	$ 344

The adoption of IFRS 9 resulted in minimal differences in the carrying values of financial instruments, which have been recognized in the opening balance of retained earnings (deficit) at January 1, 2018. The table below reconciles, for the affected instruments, the carrying amounts under IAS 39 to the carrying amounts under IFRS 9.

	Under IAS 39 Carrying amount December 31, 2017	Remeasurement	**Under IFRS 9** Carrying amount January 1, 2018
Assets			
Street Solutions mortgage loans	**200,804**	**(53)**	**200,751**
Shareholders' equity			
Retained earnings (deficit)	**(167,175)**	**(53)**	**(167,228)**

Note - No financial assets or liabilities required reclassification upon adoption of IFRS 9.

Hedge accounting
At December 31, 2017 and March 31, 2018 the Company does not have any hedging transactions. Therefore, IFRS 9-related changes to hedge accounting are not applicable and do not require discussion or analysis.

(2) IFRS 15

Effective January 1, 2018 the Company adopted *IFRS 15 – Revenue from Contracts with Customers* ("IFRS 15"), which supersedes all previous revenue recognition requirements under IFRS. The standard establishes a single, five-step, structured model for recognizing revenue from contracts with customers.

The adoption of IFRS 15 had no impact on the Company's accounting for revenue recognition, in either the current period or via the permitted retrospective application. The Company earns the majority of its revenue from financial instruments, which are accounted for under IFRS 9, which was also adopted on January 1, 2018. The Company has made minor changes to its disclosures in order to identify revenue that is within the scope of IFRS 15.

(3) Other impacts of IFRS 9 and IFRS 15 adoption on accounting for financial instruments

Fair value
The adoption of IFRS 9 had no impact on the determination of the fair value of any of the Company's financial instruments. The fair values of financial assets and liabilities that are classified at amortized cost continue to be approximated as 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. Please see *Note 16 – Financial Instruments* for more detailed discussion of the fair values of the Company's financial instruments.

Net interest income
At the date of IFRS 9 adoption, all of the mortgages and loans that the Company holds on-balance sheet are classified at amortized cost, as they were under IAS 39. Both interest income and interest expense continue to be recognized by application of the effective interest rate to the financial instrument's carrying amount. The effective interest rate is the rate that exactly discounts future cash receipts or payments over the life of the instrument; it includes all contractual cash flows but does not include ECLs. Net origination or transaction costs, plus any premium or discount, are amortized to income or expense on an effective yield basis over the term of the financial instrument to which they relate. This amortization is included in interest income or interest expense in the consolidated statements of comprehensive income.

Gain on sale revenue
The adoption of IFRS 9 and IFRS 15 did not change the Company's accounting and reporting related to its revenue obtained through the origination and sale of financial instruments, which primarily consist of residential mortgages. Please see *Note 4 – Prime mortgage sale activity* for more detailed discussion of the Company's gain on sale revenue. The fees associated with loan origination, including commitment fees and the net loan servicing fee revenue, are incorporated into the determination of the loan value and therefore are a component of the Company's gain on sale, rather than the Company's fee income.

(4) Restricted share unit plan
As discussed below in *Note 18 – Share capital and share-based compensation*, during the first three months of 2018 the Company introduced a restricted share unit plan (the "RSU Plan"), and granted a total of 615,436 RSUs to officers and senior management. The RSUs vest over three years and are cash settled, with payout occurring in three equal tranches at the end of each of the three anniversaries following the grant date. The expense relating to the grant date fair value is recognized over the vesting term, and is calculated in the same manner as the expense for stock option grants. The expense is recognized as a component of Salaries and benefits, and the offsetting credit is recorded as Compensation payable. At the end of each period, the amount of the accrued compensation liability is revalued based on the current value of the RSUs, with the offsetting adjustment recorded as a component of Salaries and benefits.

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 amount of trailer commission on certain products that will be paid in future periods; 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
As discussed above under *IFRS 9 and IFRS 7*, the determination of the Company's ECLs is a complex calculation that depends on several highly related variables, and is subject to significant management judgment. As such, it is sensitive to changes in the key variables, which are discussed in more detail below:

- changes in the credit quality of an individual borrower and/or individual mortgage loan;
- changes in the forward-looking macroeconomic variables used in the Company's ECL models, and particularly in the variables that the Company deems to be most correlated with changes in credit quality;
- changes in the design of the models that the Company uses to model ECLs; and
- migrations of mortgage loans between stages.

(a) Credit quality
Changes in credit quality may relate to external measures such as a change in an individual's credit rating score, changes in the payment history of an individual loan, or other internal risk ratings. These changes are reflected in the PD, LGD and EAD parameters that are determined by, and used in, the Company's ECL models.

(b) Forward-looking macroeconomic variables
The PD, LGD and EAD parameters also incorporate the forward-looking macroeconomic variables that the Company considers to be closely correlated with credit losses in the various portfolios. The macroeconomic variables are projected for a five-year period and include, among others: gross domestic product, mortgage rates, investment yields, and unemployment rates. The macroeconomic variables incorporated into the models for individual portfolios and components within those portfolios vary depending on the characteristics and granularity of each portfolio.

(c) Model design
The Company's model estimates ECL as a probability-weighted estimate of allowances calculated under four future scenarios that are designed to represent a range of plausible outcomes: baseline, upside, downside, and recession. The scenarios incorporate both historical information and projections of future macro-economic events, and are updated at least annually.

(d) Migration between stages
The migration of mortgage loans between Stage 1 and Stage 2, and vice versa, is determined on the basis of increases or decreases in SICR, as discussed above under *IFRS 9 and IFRS 7*. The impact of these migrations varies by type of loan and remaining life, and fluctuations have the potential to be significant.

Migration to Stage 3 is dependent upon identifying an individual loan as 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.

Loyalty program renewal commissions
The Company has an obligation to pay trailer commissions on certain mortgage renewals, subject to conditions relating to both brokers and customers. At each balance sheet date, management must exercise judgement in its estimation of the actual liability that will be payable.

Variable employee compensation

The Company's employees, including its officers and senior managers, have a significant portion of their compensation "at risk", since it is linked to both the Company's financial performance and the achievement of personal objectives. Management must regularly evaluate the factors contributing to variable employee compensation and exercise judgement in its estimation of the amount 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, the associated mortgages are recognized on the Company's balance sheet only to the extent of the Company's continuing involvement in the mortgages. This is limited to a retained interest associated with the future cash flows, and the obligations and rights associated with servicing the mortgages. Management's judgment is that the risks and rewards of the loans are fully transferred to third parties, because a) the loans are closed to prepayment, and there is no prepayment risk associated with either the retained interest or loan servicing, 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 effectively 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.

Future accounting changes

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.

3. Cash and cash equivalents, and restricted cash

The Company had the following cash and cash equivalents, and restricted cash, as at March 31, 2018 and December 31, 2017:

	March 31, 2018	December 31, 2017
Cash on deposit with regulated financial institutions	**$ 80,883**	$ 89,414
Cash and cash equivalents	**$ 80,883**	$ 89,414
Restricted cash - servicing	**$ 9,449**	$ 31,621
Restricted cash - securitization	**3,112**	3,922
Total restricted cash	**$ 12,561**	$ 35,543

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.

4. Prime single-family mortgage sale activity

(a) Gain on sale of mortgages

Historically, the Company's primary source of revenue has been gains from the sale of prime insurable 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 prime insurable mortgages sold and the associated gain on sale for the three months ended March 31.

	Three months ended March 31,	
	2018	**2017**
Mortgages sold - new	**$ 826,528**	$ 1,213,257
Mortgages sold - renewals	**519,686**	304,597
Mortgages sold - total	**$ 1,346,214**	$ 1,517,854
Cash premium at sale	**$ 18,227**	$ 23,294
Deferred gain on sale	**4,047**	3,592
Acquisition costs	**(12,360)**	(15,523)
Net gain on sale of mortgages	**$ 9,914**	$ 11,363
% Gain	**0.74%**	0.75%

(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 March 31, 2018 and December 31, 2017 are shown below.

	March 31, 2018			**December 31, 2017**		
	Capitalized at sale	**Accumulated amortization**	**Net book value**	**Capitalized at sale**	**Accumulated amortization**	**Net book value**
Deferred placement fees receivable	**$ 149,841**	**$ (98,674)**	**$ 51,167**	$ 145,819	$ (93,494)	$ 52,325

In the second quarter of 2017 the Company renegotiated the terms with one of its servicers, resulting in a reduction in the cost of servicing. This reduction in fees is being recognized over time as servicing income. Please see Note 10 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 of the underlying insured mortgages.

The net unamortized amount of prepaid portfolio insurance at March 31, 2018 and December 31, 2017 is shown below, together with a continuity schedule for the three months ended March 31, 2018 and 2017.

	March 31, 2018			**December 31, 2017**		
	Capitalized at purchase	**Accumulated amortization**	**Net book value**	**Capitalized at purchase**	**Accumulated amortization**	**Net book value**
Prepaid portfolio insurance	**$ 117,982**	**$ (36,825)**	**$ 81,157**	$ 116,726	$ (34,215)	$ 82,511

	Three months ended March 31,	
	2018	**2017**
Balance, beginning of period	**$ 82,511**	$ 79,049
Capitalized at purchase	**1,256**	3,902
Amortization during the period	**(2,610)**	(2,291)
Balance, end of period	**$ 81,157**	$ 80,660

5. 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 March 31, 2018, total mortgages under administration amounted to $27.83 billion (December 31, 2017 - $28.02 billion).

6. Non-securitized mortgages and loans

(a) Mortgages receivable

The composition of Non-Securitized Loans at March 31, 2018 and December 31, 2017 is shown below.

	Under IFRS 9	Under IAS 39
	March 31, 2018	**December 31, 2017**
Street Solutions mortgage loans	**$ 294,783**	$ 201,020
Collective allowance for credit losses	**(330)**	(216)
Street Solutions mortgage loans, net	**$ 294,453**	$ 200,804
Stamped mortgages	**5,239**	5,270
Other non-securitized mortgage loans	**8,078**	6,662
Bridge loans - secured	**1,123**	1,152
Individual allowance for credit losses	**-**	(75)
Bridge loans - secured - net	**1,123**	1,077
Bridge loans - unsecured	**1,020**	250
Total non-securitized loans	**$ 309,913**	$ 214,063

Street Solutions mortgage loans are the Company's uninsured mortgage loan program.

Stamped mortgages are prime insured mortgages that have been securitized but not sold to third parties. Although the Company considers these loans to be part of its liquid assets, in the ordinary course of business the Company intends to hold them to maturity.

Other non-securitized mortgage loans are prime insured or insurable mortgages that are held on balance sheet.

(b) Maturity profile

The principal balances of the non-securitized loans have maturities up to 5 years, as shown below.

	March 31, 2018			
	Within 1 year	**1 - 3 years**	**3 - 5 years**	**Total**
Street Solutions mortgage loans	$ 261,697	$ 32,644	$ 1,097	$ 295,438
Stamped mortgages	-	-	5,239	5,239
Other non-securitized mortgage loans	1,144	151	6,699	7,994
Bridge loans - secured	1,123	-	-	1,123
Bridge loans - unsecured	1,020	-	-	1,020
Total non-securitized loans	$ 264,984	$ 32,795	$ 13,035	$ 310,814

(c) Mortgage continuity and credit migration

The following table shows the continuity and credit migration of the principal balances of the Company's Street Solutions mortgage loans over the period January 1, 2018 to March 31, 2018.

	Three months ended March 31, 2018			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Street Solutions				
Gross carrying amount, beginning of period	$ 201,425	$ -	$ -	$ 201,425
Mortgages issued, net of repayments and other derecognitions	94,013	-	-	94,013
Transfers in (out) to Stage 1	-	-	-	-
Transfers in (out) to Stage 2	-	-	-	-
Transfers in (out) to Stage 3	-	-	-	-
Write-offs	-	-	-	-
Recoveries	-	-	-	-
Gross carrying amount, end of period	$ 295,438	$ -	$ -	$ 295,438

(d) Aging and impairment – non-securitized mortgage loans

An aging table for the outstanding principal balances of the non-securitized mortgage loans is shown below. At March 31, 2018, none of the mortgage loans were either past due or impaired. The bridge loan that was shown as impaired at December 31, 2017 was fully recovered during the first quarter of 2018.

	March 31, 2018					
	Current	**1 - 30 days**	**31 - 60 days**	**61 - 90 days**	**> 90 days**	**Total**
Street Solutions mortgage loans	$ 295,438	$ -	$ -	$ -	$ -	$ 295,438
Stamped mortgages	5,239	-	-	-	-	5,239
Other non-securitized mortgage loans	7,994	-	-	-	-	7,994
Bridge loans - secured	1,123	-	-	-	-	1,123
Bridge loans - unsecured	1,020	-	-	-	-	1,020
Total non-securitized loans	$ 310,814	$ -	$ -	$ -	$ -	$ 310,814

	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

Upon adoption of IFRS 9 on January 1, 2018, all loans that are contractually 90 days in arrears are classified as impaired and in Stage 3. Under IAS 39, the evaluation of impairment was generally the same, except that government-sponsored insured mortgages were not considered impaired until they were 365 days past due.

7. Provisions and allowances for credit losses

The following table provides a reconciliation of the opening balance to the closing balance of the ECL allowance under IFRS 9, over the period from January 1, 2018 to March 31, 2018. As discussed above under *Changes in, and adoption of, accounting policies*, the Company has determined that no allowance for insured mortgages was required at either January 1, 2018 or March 31, 2018. The reconciling items shown below comprise the following components:

- net originations, which reflects both the increase in the allowance related to mortgages originated during the period, and the decrease in the allowance related to mortgages derecognized during the period that did not incur a credit loss;
- transfers between stages, which are assumed to occur prior to any corresponding remeasurement of the allowance;
- the impact of changes to the models and inputs used to calculate the ECL, including those related to modifications of forward-looking indicators, which include macroeconomic conditions;
- write-offs of mortgages deemed uncollectible; and
- recoveries.

	Three months ended March 31, 2018			
	Stage 1 (Collective)	Stage 2 (Collective)	Stage 3 (Individual)	Total (under IFRS 9)
Uninsured mortgages and loans				
ECL allowance, beginning of period	$ 269	$ -	$ 75	$ 344
Net originations	61	-	-	61
Transfers in (out) to Stage 1	-	-	-	-
Transfers in (out) to Stage 2	-	-	-	-
Transfers in (out) to Stage 3	-	-	-	-
Changes to models and inputs used for ECL calculation	-	-	-	-
Write-offs	-	-	-	-
Recoveries	-	-	(75)	(75)
ECL allowance, end of period, uninsured mortgages	$ 330	$ -	$ -	$ 330

As the Company only began lending in the uninsured mortgage product in the second quarter of 2017, it does not yet have data to support internal credit scores, which could be used to categorize mortgages by credit quality. However, the Company does monitor and can classify relative credit risk based on external credit scores (Beacon score) at the date the loan is originated. The following table categorizes the Street Solutions mortgage portfolio by Beacon ranges, which are generally accepted as ranges of credit quality.

	At March 31, 2018	
Beacon Score (Primary Borrower)	**Mortgage balance**	**% of mortgages**
700+	$ 136,240	46.1%
600 - 699	132,059	44.7%
<600	27,139	9.2%
	$ 295,438	100.0%

8. 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.

				March 31, 2018
		Carrying amount of securitized mortgage loans		Carrying amount of securitization liabilities
Securitized mortgage loans	$	209,330	$	212,018
Deferred securitized mortgage acquisition costs		1,514		-
Deferred transaction costs		-		(513)
	$	210,844	$	211,505

				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

(b) Maturity profiles

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

								March 31, 2018
		Within 1 Year		1 -3 Years		3 -5 Years		Total
Contractual repayments	$	52,374	$	97,350	$	59,606	$	209,330

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

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

								March 31, 2018
		Within 1 Year		1 -3 Years		3 -5 Years		Total
Projected payments	**$**	**55,062**	**$**	**97,350**	**$**	**59,606**	**$**	**212,018**

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

(c) Mortgage continuity and credit migration

The following table shows the continuity of the Company's securitized mortgage loans over the period January 1, 2018 to March 31, 2018.

								Three months ended March 31, 2018
		Stage 1		Stage 2		Stage 3		Total
Securitized mortgage loans								
Gross carrying amount, beginning of period	**$**	**205,279**	**$**	**13,845**	**$**	**-**	**$**	**219,124**
Mortgages issued, net of repayments and other derecognitions		**(9,168)**		**(626)**		**-**		**(9,794)**
Transfers in (out) to Stage 1		**-**		**-**		**-**		**-**
Transfers in (out) to Stage 2		**-**		**-**		**-**		**-**
Transfers in (out) to Stage 3		**-**		**-**		**-**		**-**
Write-offs		**-**		**-**		**-**		**-**
Recoveries		**-**		**-**		**-**		**-**
Gross carrying amount, end of period	**$**	**196,111**	**$**	**13,219**	**$**	**-**	**$**	**209,330**

(d) Aging and impairment – securitized mortgages

Shown below is an aging table for the outstanding principal balances of the securitized mortgages. Although $1.4 million is in arrears at March 31, 2018, there are no expected credit losses on the securitized mortgage assets as the mortgages are insured against default. No mortgages were impaired at March 31, 2018. Therefore the Company has not recorded a provision for credit losses on its securitized mortgages.

												March 31, 2018
		Current		1 - 30 days		31 - 60 days		61 - 90 days		> 90 days		Total
Total securitized mortgage loans	**$**	**207,895**	**$**	**1,044**	**$**	**391**	**$**	**-**	**$**	**-**	**$**	**209,330**

												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

Upon adoption of IFRS 9 on January 1, 2018, all loans that are contractually 90 days in arrears are classified as impaired and in Stage 3. Under IAS 39, government-sponsored insured mortgages were not considered impaired until they were 365 days past due.

(e) Other securitization activity

The Company securitizes and sells, through the CMB program, 10-year insured NHA MBS mortgage loans on multi-unit residential properties. The underlying mortgage loans are closed to prepayment, and the Company enters into third party arrangements to manage its CMB seller swaps, thereby mitigating its interest rate risk. As noted above under *Derecognition*, these mortgages are recognized on the Company's balance sheet only to the extent of the Company's continuing involvement in the mortgages, which is limited to a retained interest receivable and the obligations and rights associated with servicing the mortgages. The mortgages are therefore effectively derecognized because of the securitization, and the gain on sale on these transactions is reported on the consolidated statements of comprehensive income as a component of Fee and other income, and discussed below in Note 10.

The retained interest receivable is set up at the time of each sale as the present value of the expected net cash flows, including servicing, to be received over the mortgage terms. The retained interests are recorded as a component of Other assets, as reported in Note 11.

The key components of the CMB transactions during the three months ended March 31, 2018 are shown below.

		Three months ended or as at March 31, 2018
Multi-unit residential mortgages securitized and sold	**$**	**15,785**
Gain on sales of multi-unit residential mortgage	**$**	**119**
Gain on sales as a percentage of the mortgage amounts		**0.75%**
Retained interest recognized in the quarter	**$**	**714**

9. Deposits

The Company offers deposits, in the form of guaranteed investment certificates ("GICs"), 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 March 31, 2018 and December 31, 2017.

March 31, 2018

	Cashable *	**Within 1 Year**	**1 -3 Years**	**3 -5 Years**	**Total**
Deposit maturities	**$ 3,367**	**$ 136,158**	**$ 166,131**	**$ 76,833**	**$ 382,489**
Average contractual rate	**1.12%**	**2.14%**	**2.38%**	**2.75%**	**2.36%**

December 31, 2017

	Cashable *	**Within 1 Year**	**1 -3 Years**	**3 -5 Years**	**Total**
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.

	March 31, 2018	December 31, 2017
Deposit principal	**$ 383,968**	$ 294,219
Deferred deposit agent commissions	**(1,479)**	(1,243)
Net deposits	**$ 382,489**	$ 292,976

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

The fee and other non-interest revenue from banking operations, and the income earned from legacy operations, are within the scope of IFRS 15. No changes to the accounting for this revenue were required upon adopting IFRS 15.

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

	Three months ended March 31, 2018	2017
Servicing and fee income - mortgages	**$ 303**	$ (41)
Gain on sale - CMB securitization	**119**	-
Other income	**(428)**	(81)
Total fee and other income	**$ (6)**	$ (122)

11. Other assets

The Company's other assets consist of:

	March 31, 2018	December 31, 2017
Gain on sale receivable	**$ 4,176**	$ 6,275
CMB retained interest receivable	**3,415**	2,810
Accrued interest receivable	**957**	794
Accounts receivable	**5,185**	4,992
Employee loans receivable (Note 19)	**1,765**	1,765
Non-mortgage loans receivable	**339**	479
Prepaid and other assets	**2,465**	1,662
Capital assets	**3,428**	3,469
Portfolio investments	**1,236**	859
Assets of discontinued operations (Note 23)	**683**	683
	$ 23,649	$ 23,788

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 8. Loans receivable includes a loan made to a former subsidiary, and loans to senior executives of the Company, which are discussed further in Note 19. 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.

Portfolio investments relate to the Company's legacy Private Equity business, and at both March 31, 2018 and December 31, 2017 consisted of shares in a publicly traded US company. The shares are classified as FVTPL, and are revalued each quarter based on the share price on the last business day of the quarter. The increase or decrease in fair value is recorded as a separate item on the consolidated statement of comprehensive income. The Company allocates approximately 84% of the portfolio investments to the Company's non-controlling interest.

12. Goodwill and intangible assets

Goodwill

	March 31, 2018		December 31, 2017
Acquisition of Street Capital Bank of Canada	**$**	**23,465**	$ 23,465

The Company's sole cash generating unit ("CGU") is Street Capital Bank, and therefore all of the acquired goodwill is assigned to Street Capital Bank.

The Company performed the annual impairment test at December 31, 2017, using 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.

At December 31, 2017, the estimated recoverable amount of the CGU was determined to exceed its carrying value by $67.5 million, and therefore the Company determined that there was no goodwill impairment.

At March 31, 2018, the Company performed an impairment test using the same method as used at December 31, 2017, and determined that the estimated recoverable amount of the CGU continues to exceed its carrying value. Therefore the Company concluded that there was no goodwill impairment, and no adjustments to goodwill have been recorded.

Intangible assets

At March 31, 2018, 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.

	March 31, 2018	December 31, 2017
Acquired:		
Mortgage renewal stream	**$ 6,869**	$ 6,869
Accumulated amortization	**(3,372)**	(3,248)
	$ 3,497	$ 3,621
Internally developed:		
Systems and software	**4,429**	4,287
Accumulated amortization	**(3,089)**	(2,947)
	$ 1,340	$ 1,340
	$ 4,837	$ 4,961

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 $0.12 million for the three months ending both March 31, 2018 and 2017. The amortization period of 15 years is based on historical renewal rates and industry benchmarks, and at March 31, 2018 the remaining amortization term was 8.25 years.

Amortization expense for the internally developed systems and software assets for the three months ending March 31, 2018 was $0.14 million (three months ended March 31, 2017 - $0.11 million). The amortization period of 5 years is based on the assets' estimated useful lives, and at March 31, 2018 the remaining amortization terms varied from 1.25 to 5 years.

At March 31, 2018 and December 31, 2017 there were no external or internal indicators of impairment for both classes of intangible assets.

13. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities are as shown below.

	March 31, 2018	**December 31, 2017**
Payment due to mortgage servicers	**$ 9,449**	$ 31,621
Accrued mortgage acquisition costs	**10,489**	12,504
Accrued interest payable	**4,649**	3,139
Accrued restructuring costs	**9,390**	10,338
Accrued compensation	**1,585**	4,519
Liabilities of discontinued operations (Note 23)	**8**	8
Other	**2,510**	2,673
	$ 38,080	$ 64,802

The accrued restructuring costs are related to reorganizations that occurred during 2017, and the corporate realignment that occurred in June 2015. Accrued interest payable primarily comprises interest payable related to the Company's deposits.

14. Loans payable

Details of loans payable are as shown below.

	Maturity date	**March 31, 2018**	**December 31, 2017**
Corporate loan - $Cdn	Jan 15, 2019	**$ 1,000**	$ 1,028
Corporate loan - $US	Jan 15, 2019	**3,095**	3,011
		$ 4,095	$ 4,039

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.

15. Commitments and contingencies

At March 31, 2018 the Company had credit commitments in the form of the securitization liabilities discussed in Note 8 and the loans payable discussed in Note 14.

The Company also had $97.5 million of commitments for mortgage loans intended to be funded on-balance sheet (December 31, 2017 - $35.9 million). 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.

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.

16. 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.

					March 31, 2018	December 31, 2017	
	FVTPL [1]	Amortized cost [2]	Fair value	Due within one year	Due after one year	Total carrying value [3]	Fair value [3]
Financial assets							
Cash and cash equivalents	**$ 80,883**	**$ -**	**$ 80,883**	**$ 80,883**	**$ -**	$ 89,414	$ 89,414
Restricted cash	**12,561**	**-**	**12,561**	**12,561**	**-**	35,543	35,543
Street Solutions mortgage loans	**-**	**294,453**	**300,007**	**261,697**	**32,756**	200,804	205,893
Stamped mortgage loans	**-**	**5,239**	**5,177**	**-**	**5,239**	5,270	5,239
Other non-securitized mortgages and loans	**-**	**8,078**	**8,157**	**1,144**	**6,934**	6,662	6,777
Bridge loans	**-**	**2,143**	**2,143**	**2,143**	**-**	1,327	1,327
Securitized mortgage loans	**-**	**210,844**	**211,886**	**52,908**	**157,936**	220,774	221,037
Deferred placement fees receivable	**-**	**51,167**	**51,167**	**18,339**	**32,828**	52,325	52,325
Other assets	**-**	**17,862**	**17,862**	**12,861**	**5,001**	18,763	18,763
	$ 93,444	**$ 589,786**	**$ 689,843**	**$ 442,536**	**$ 240,694**	$ 630,882	$ 636,318
Financial liabilities							
Deposits	**$ -**	**$ 382,489**	**$ 384,209**	**$ 139,525**	**$ 242,964**	$ 292,976	$ 294,313
Loans payable	**-**	**4,095**	**4,095**	**4,095**	**-**	4,039	4,039
Securitization liabilities	**-**	**211,505**	**208,674**	**54,775**	**156,730**	221,594	219,232
Accounts payable and accrued liabilities	**-**	**38,080**	**38,080**	**37,039**	**1,041**	64,802	64,802
	$ -	**$ 636,169**	**$ 635,058**	**$ 235,434**	**$ 400,735**	$ 583,411	$ 582,386

[1] **Formerly designated as "Held for trading" under IAS 39**
[2] **Formerly designated as "Loans and receivables/financial liabilities at amortized cost" under IAS 39**
[3] **As reported under IAS 39**

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 11). These are $1.24 million at March 31, 2018, and are reported as a component of Other assets.

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

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

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

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

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

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

The following tables present the financial instruments measured at fair value at March 31, 2018 and December 31, 2017, as classified by the fair value hierarchy described above.

				March 31, 2018
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Cash and cash equivalents	**$ 80,883**	**$ -**	**$ -**	**$ 80,883**
Restricted cash	**12,561**	**-**	**-**	**12,561**
Street Solutions mortgage loans	**-**	**-**	**300,007**	**300,007**
Stamped mortgage loans	**-**	**-**	**5,177**	**5,177**
Other non-securitized mortgages and loans	**-**	**-**	**8,157**	**8,157**
Bridge loans	**-**	**-**	**2,143**	**2,143**
Securitized mortgage loans	**-**	**-**	**211,886**	**211,886**
Deferred placement fees receivable	**-**	**-**	**51,167**	**51,167**
Other assets	**1,236**	**-**	**16,626**	**17,862**
	$ 94,680	**$ -**	**$ 595,163**	**$ 689,843**
Financial liabilities				
Deposits	**$ -**	**$ -**	**$ 384,209**	**$ 384,209**
Loans payable	**-**	**-**	**4,095**	**4,095**
Securitization liabilities	**-**	**-**	**208,674**	**208,674**
Accounts payable and accrued liabilities	**-**	**-**	**38,080**	**38,080**
	$ -	**$ -**	**$ 635,058**	**$ 635,058**

				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	859	-	17,904	18,763
	$ 125,816	$ -	$ 510,502	$ 636,318
Financial liabilities				
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

17. 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 its Enterprise Risk Management Committee, play an active role in monitoring the Company's key risks and in determining the policies and limits that are best suited to manage them. The policies are reviewed and approved by the Board of Directors at least annually.

The Company's risk management policies and procedures are described under the headings *Risk Appetite Framework*, *Risk Governance*, *Credit Risk Management*, *Liquidity and Funding Risk Management*, and *Market Risk Management* within the *Risk Management and Risk Factors* section of the MD&A that is contained within the Company's 2017 Annual Report. There have been no material changes to these risk factors subsequent to December 31, 2017.

18. Share capital and share-based compensation

Share capital

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

Common shares Issued and outstanding (000s)		March 31, 2018		For the three months ended March 31, 2017
	Number of shares	Amount	Number of Shares	Amount
Outstanding, beginning of period	**122,184**	**$ 245,329**	121,532	$ 244,438
Options exercised	**-**	**-**	48	77
Deferred share units converted	**-**	**-**	-	-
Shares acquired via normal course issuer bid	**-**	**-**	-	-
Shares issued (net of share issue costs)	**-**	**-**	-	-
	122,184	**$ 245,329**	121,580	$ 244,515
Share purchase loans		**(1,912)**		(1,912)
Outstanding, end of period	**122,184**	**$ 243,417**	121,580	$ 242,603

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, was subsequently renewed to March 22, 2018, and was not renewed upon expiry. 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 19 for discussion of the share purchase loans included in the table above.

Stock options

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

During the first quarter of 2018, the Company's Board of Directors approved amendments to the 1997 Plan. These were minor in nature, with the exception of the amendment to change the option exercise price. Under the previous terms of the 1997 Plan, the exercise price was calculated as the closing price of the Company's common shares on the day prior to the grant date, rather than as the weighted average price described in the previous paragraph.

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

Stock options Outstanding and exercisable (000s except price)				For the three months ended		
			March 31, 2018			March 31, 2017
	Number of options		Weighted-average exercise price	Number of options		Weighted-average exercise price
Outstanding, beginning of period	**6,461**	**$**	**1.26**	3,138	$	1.14
Granted	**2,412**		**0.90**	-		-
Exercised	**-**		**-**	(48)		0.87
Outstanding, end of period	**8,873**	**$**	**1.17**	3,090	$	1.15
Exercisable, end of period	**3,165**	**$**	**1.22**	2,849	$	1.07
Weighted-average market price per share at date of exercise		**$**	**-**		$	1.64
Weighted-average remaining contractual life in years			**4.31**			1.58

During the first three months of 2018, the Company granted 2,411,854 options to officers and senior management. The fair value of the options was estimated at the grant date using the Black-Scholes valuation model, with expected volatilities based on the Company's historic pricing data and the following additional assumptions and values:

Risk-free rates	2.21%
Expected option term (years)	5.1
Volatility	49.80%
Dividends	$0.00
Strike price	$0.90
Weighted average fair value per option	$0.4122

All of the options that were granted vest in four tranches of 25%, beginning on the first anniversary of the grant date and continuing for the next three years. These option grants resulted in $0.05 million of expense in the first quarter, out of total stock option expense of $0.31 million. Stock option expense is recorded as a component of Salaries and benefits, with an offsetting credit to Contributed surplus.

Restricted Share Units

During the first three months of 2018 the Company introduced a restricted share unit plan (the "RSU Plan"). The RSU Plan is available for the grant of restricted shares units ("RSUs") to employees of the Company. The grant price of the RSUs is equal to the weighted average closing price of the Company's common shares on the TSX, or any other exchange upon which the Common Shares of Street Capital are traded if not traded on the TSX, for the five trading days immediately prior to the Grant Date Unless otherwise provided, the maximum term of the grant is three years from the date of the grant. The RSUs vesting period is determined by the RSU Plan administrators at the time of grant, and the vested RSUs are redeemed in cash within 30 days of the date they vest. The redemption price is calculated similarly to the grant price, as the weighted average closing price of the Company's common shares for the five trading days immediately prior to the vesting date. All unvested RSUs vest upon a change of control of the Company.

During the first three months of 2018, the Company granted 615,436 RSUs to officers and senior management. The RSUs vest in three equal tranches and will be paid out over three years, beginning on the first anniversary of the grant date. The grant date value of each RSU was $0.9042. At March 31, 2018 the outstanding RSU liability was adjusted to reflect a decline in the calculated value to $0.7967 per RSU. Total expense related to RSUs in the first quarter was $0.03 million, which was recorded as a component of Salaries and benefits, with an offsetting credit to Accounts payable and accrued liabilities, where it is included in Accrued Compensation.

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 March 31, 2018 and December 31, 2017 there were 146,590 DSUs outstanding, all of which are held by an active director.

19. 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

Share purchase loans

At March 31, 2018 the Company had outstanding share purchase loans made to certain key employees and former employees, as shown below. These were unchanged since December 31, 2017.

					March 31, 2018
	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			

Other

During the first three months of 2018, the Chair of the Company's Board of Directors purchased two artworks from the Company for prices of US $0.44 million and Cdn $8.0 thousand, respectively. The prices were determined by a combination of art dealer valuations and bids by unrelated potential purchasers. The Company recognized a loss of $0.36 million on the sale, which is reported as a component of Fee and other interest income.

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 March 31, 2018, mortgage loans made to key management personnel totaled $1.99 million.

20. Capital management

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

The Company's subsidiary, Street Capital Bank, 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 three months ended March 31, 2018, 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. During the periods shown, Street Capital Bank was in compliance with all internal and external capital requirements.

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

(000s, except %)	March 31, 2018	December 31, 2017	March 31, 2017
	All-In Basis	All-In Basis	All-In Basis
Common Equity Tier 1 capital (CET 1)			
Capital stock	**$ 16,426**	$ 16,426	$ 16,426
Contributed surplus	**1,060**	767	-
Retained earnings	**81,416**	82,726	77,317
Less: Regulatory adjustments to CET 1	**(1,340)**	(1,340)	(1,494)
Total CET 1 capital	**$ 97,562**	$ 98,579	$ 92,249
Additional Tier 1 capital	**-**	-	-
Total Tier 1 capital	**$ 97,562**	$ 98,579	$ 92,249
Total Tier 2 capital	**-**	-	-
Total regulatory capital	**$ 97,562**	$ 98,579	$ 92,249

As discussed above in Note 18, Street Capital had an NCIB in place that expired on March 22, 2018. The Company did not renew the NCIB.

21. Net earnings per share

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

	Three months ended March 31,	
Basic and diluted net income per share	**2018**	**2017**
Numerator:		
Income (loss) from continuing operations	**$ (1,140)**	$ (2,493)
Income (loss) attributable to non-controlling interest	**225**	83
Income (loss) attributable to shareholders - continuing operations	**(1,365)**	(2,576)
Income (loss) from discontinued operations	**-**	2
Income attributable to non-controlling interest	**-**	-
Income (loss) attributable to shareholders - discontinued operations	**-**	2
Net income (loss) attributable to shareholders	**$ (1,365)**	$ (2,574)
Denominator:		
Weighted average common shares outstanding (000s) - basic and diluted	**122,184**	121,541
Basic and diluted net income (loss) per share from continuing operations	**$ (0.01)**	$ (0.02)
Basic and diluted net income (loss) per share from discontinued operations	**0.00**	0.00
Basic and diluted net income (loss) per share	**$ (0.01)**	$ (0.02)

In computing the diluted net loss per share, the Company did not include in the calculation potential common share equivalents, which consist of incremental shares from stock options, and the outstanding DSUs held by directors, as they would be anti-dilutive. The potential common share equivalents are included in EPS only when the Company has earnings.

22. Interest rate sensitivity

The following table shows the March 31, 2018 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.

							March 31, 2018
	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	$ -	$ 91,307	$ -	$ 91,307	$ -	$ -	$ 91,307
Weighted Average Contractual Rate	-	1.25%	-	1.25%	-	-	1.25%
Non-securitized mortgages - Street Solutions	-	5,711	255,986	261,697	33,741	(985)	294,453
Weighted Average Contractual Rate	-	5.16%	4.83%	4.84%	5.10%	-	4.89%
Non-securitized mortgages - stamped mortgages	-	-	-	-	5,239	-	5,239
Weighted Average Contractual Rate	-	-	-	-	2.55%	-	2.55%
Non-securitized mortgages - other	1,669	178	686	2,533	5,460	85	8,078
Weighted Average Contractual Rate	3.11%	3.19%	3.65%	3.26%	2.92%	-	3.00%
Bridge loans	2,143	-	-	2,143	-	-	2,143
Weighted Average Contractual Rate	8.45%	-	-	8.45%	-	-	8.45%
Securitized mortgages held on-balance sheet	73,554	-	22,378	95,932	113,398	1,514	210,844
Weighted Average Contractual Rate	2.96%	-	3.30%	3.04%	2.59%	-	2.78%
Other assets	-	-	-	-	-	156,919	156,919
Weighted Average Contractual Rate				-		-	-
Total assets	$ 77,366	$ 97,196	$ 279,050	$ 453,612	$ 157,838	$ 157,533	$ 768,983
Weighted Average Contractual Rate	3.12%	1.48%	4.71%	3.74%	3.14%	-	2.85%
Liabilities							
Cashable GICs [2]	$ -	$ 3,366	$ -	$ 3,366	$ -	$ -	$ 3,366
Weighted Average Contractual Rate	-	1.12%	-	1.12%	-	-	1.12%
Non-cashable GICs	-	15,265	144,560	159,825	220,774	(1,476)	379,123
Weighted Average Contractual Rate	-	2.06%	2.17%	2.16%	2.49%	-	2.36%
Securitization liabilities	73,770	-	18,426	92,196	119,822	(513)	211,505
Weighted Average Contractual Rate	2.00%	-	2.62%	2.12%	1.76%	-	1.92%
Other liabilities	-	-	-	-	-	76,087	76,087
Weighted Average Contractual Rate	-	-	-	-	-	-	-
Shareholders' equity	-	-	-	-	-	98,902	98,902
Weighted Average Contractual Rate	-	-	-	-	-	-	-
Total liabilities and shareholders' equity	$ 73,770	$ 18,631	$ 162,986	$ 255,387	$ 340,596	$ 173,000	$ 768,983
Weighted Average Contractual Rate	2.00%	1.89%	2.22%	2.13%	2.23%	-	1.70%
Excess (deficiency) of assets over liabilities and shareholders' equity	$ 3,596	$ 78,565	$ 116,064	$ 198,225	$ (182,758)	$ (15,467)	$ -

[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.***

23. Discontinued operations and non-controlling interest

Both discontinued operations and the non-controlling interest relate to the Company's legacy businesses.

Discontinued operations

At both March 31, 2018 and December 31, 2017 the Company's assets and liabilities of discontinued operations consist of net commissions receivable of $0.67 million. The Company reports discontinued assets and liabilities as components of Other assets and Accounts payable and accrued liabilities, respectively; please see Note 11 and Note 13. There were no significant transactions involving discontinued operations during the first quarter of either 2018 or 2017.

Non-controlling interest

For the three months ended March 31, 2018, $0.23 net income was attributable to the Company's non-controlling interest associated with the Private Equity business (three months ended March 31, 2017 – attribution of net income of $0.08 million). The non-controlling interest in the Private Equity business amounts to $1.27 million at March 31, 2018 (December 31, 2017 - $1.04 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 the first three months of either 2018 or 2017. The non-controlling interest in FFF amounts to $(7.09) million at both March 31, 2018 and December 31, 2017.

24. Subsequent events

The Company has evaluated events subsequent to March 31, 2018 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.