



MANAGEMENT DISCUSSION AND ANALYSIS  
FOR PERIOD ENDED SEPTEMBER 30 | 2017





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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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This Management's Discussion and Analysis ("MD&A") is provided to enable a reader to assess the financial position and results of operations of Olympia Financial Group Inc. ("Olympia") for the period ended September 30, 2017.

This MD&A should be read in conjunction with Olympia's unaudited condensed consolidated interim financial statements ("interim financial statements") for the nine months ended September 30, 2017 and 2016, the MD&A found in Olympia's 2016 Annual Report, and the audited consolidated financial statements and related notes for the years ended December 31, 2016 and 2015. These interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of the interim financial statements, including International Accounting Standard ("IAS") 34, "Interim Financial Reporting." The audited consolidated annual financial statements for the year ended December 31, 2016, were prepared in accordance with IFRS as issued by the IASB.

Amounts are presented in Canadian dollars, Olympia's functional currency. All references to \$ are to Canadian dollars and references to US\$ are to United States dollars.

This report, and the information provided herein, is dated as at November 9, 2017. Additional information about Olympia, including quarterly and annual reports, is available on Olympia's website at [www.olympiafinancial.com](http://www.olympiafinancial.com) and on SEDAR at [www.sedar.com](http://www.sedar.com).

### Cautionary note regarding forward-looking statements

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Certain statements contained in this MD&A may constitute forward-looking statements. These statements relate to future events or Olympia's future performance. All statements, other than statements of historical fact, may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek," "anticipate," "plan," "continue," "estimate," "expect," "may," "will," "project," "predict," "propose," "potential," "targeting," "intend," "could," "might," "should," "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Olympia believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct. Any forward-looking statements included in this MD&A should not be unduly relied upon by investors, as actual results may vary. These statements speak only as of the date of this MD&A and are expressly qualified, in their entirety, by this cautionary statement.

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With respect to forward-looking statements contained herein, Olympia has made assumptions regarding, among other things:

- general business and economic conditions in Canada;
- fluctuations in interest rates and currency values;
- changes in monetary policy;
- changes in economic and political conditions;
- legislative and regulatory developments;
- results from legal proceedings and disputes;
- the level of competition in Olympia's markets;
- the occurrence of weather related and other natural catastrophies;
- changes in accounting standards and policies;
- the accuracy and completeness of information Olympia receives about customers and counterparties;
- the ability to attract and retain key personnel;
- changes in tax laws;
- technological developments;
- costs related to operations remaining consistent with historical experiences; and
- management's ability to anticipate and manage risks associated with these factors.

Olympia's actual results could differ materially from those anticipated in the forward-looking statements contained herein as a result of the risk factors set forth herein.

Although Olympia's management has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results to not be as anticipated, estimated or intended. Forward-looking statements contained herein are made as of the date of this MD&A and Olympia disclaims any obligation to update any forward-looking statements if circumstances or management's beliefs, expectations or opinions should change, whether as a result of new information, future events or otherwise, unless required by applicable securities laws.

## **Changes to Olympia Trust Company Board of Directors**

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On July 11, 2017, Olympia announced its removal of Lori Ryan as director and vice-president, Registered Plans division of Olympia Trust Company. Ms. Ryan had been with Olympia since its inception 21 years ago and had played a fundamental role in its establishment and growth.

On September 11, 2017, Dr. Cora Pettipas resigned as a director of Olympia Trust Company. Olympia would like to thank Dr. Pettipas for her service and wishes her the best in her future endeavours.



Robert Phillion, CPA, CA

On September 25, 2017, Robert Phillion and Andrea Gillis were appointed as directors of Olympia Trust Company. Mr. Phillion is a retired Chartered Professional Accountant, Chartered Accountant with considerable experience regulating and supervising both deposit-taking and non-deposit taking, provincially incorporated financial institutions on behalf of the Province of Alberta. As the Deputy Superintendent, Financial Institutions Regulation, he played a key role in helping to develop and implement the Province's formal program of supervision, similar to the approach and methodology employed by the Canadian federal regulator and the Office of the Superintendent of Financial Institutions. Mr. Phillion's knowledge of, and experience with, regulatory frameworks, assessing institution risk profiles and developing composite risk ratings will be a valuable asset to Olympia Trust Company.

Ms. Gillis has been with Olympia for the past 14 years and currently serves as Vice President of Olympia Trust's Registered Plans division. As vice president, Ms. Gillis is principally responsible for the development and implementation of strategic plans for the Registered Plans division. In addition to a Bachelor of Commerce, with a specialization in finance, from the University of Saskatchewan, Ms. Gillis has expertise in a wide range of matters relating to the exempt market industry, including personal financial planning and has completed the Canadian Securities Course.

## Olympia's business

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Olympia was formed under the *Business Corporations Act* (Alberta) and is headquartered in Calgary, Alberta. Olympia is a reporting issuer in British Columbia, Alberta and Ontario and its common shares are listed on the Toronto Stock Exchange ("TSX"). The majority of Olympia's business is conducted through its wholly-owned subsidiary Olympia Trust Company ("Olympia Trust"), a non-deposit taking trust corporation.

Olympia Trust received its letters patent on September 6, 1995, authorizing the formation of a trust company to be registered under the *Loan and Trust Corporations Act* (Alberta). Olympia Trust is licensed to conduct trust activities in Alberta, British Columbia, Saskatchewan, Manitoba, Quebec, Newfoundland and Labrador, Prince Edward Island, New Brunswick and Nova Scotia. The Registered Plans division and Foreign Exchange division conduct business under Olympia Trust. Olympia Trust acts as a trustee of self-directed registered plans administered by the Registered Plans division.

The Private Health Services Plan division conducts business under Olympia Benefits Inc. ("OBI"), a wholly-owned subsidiary of Olympia. OBI was incorporated on May 4, 2006, under the *Business Corporations Act* (Alberta).

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The ATM division conducts business under Olympia ATM Inc. (“Olympia ATM”), a wholly-owned subsidiary of Olympia. Olympia ATM was incorporated on November 17, 2014, under the *Business Corporations Act* (Alberta). On May 13, 2015, Olympia ATM incorporated ATM1SOURCE Inc. (“ATM1SOURCE”) under the *Business Corporations Act* (Alberta). This wholly-owned subsidiary of Olympia ATM focuses on the repair and maintenance of ATMs.

Exempt Edge Inc. (“EEI”) was incorporated under the *Business Corporations Act* (Alberta) on November 28, 2016, as a subsidiary of Olympia. EEI focuses on the provision of information technology services to exempt market dealers, registrants and issuers.

## Summary of financial results

### Overview and financial highlights of the three month period ended September 30, 2017

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- Total revenue increased 7% to \$11.09 million from \$10.38 million when compared to the three months ended September 30, 2016, due to an increase in both service revenue and interest earned as trustee.
- Service revenue increased 3% to \$8.92 million from \$8.65 million when compared to the three months ended September 30, 2016, mainly due to an increase in the number of mortgages being funded, as well as new client set-ups in the Registered Plans division.
- Olympia’s interest revenue is subject to fluctuations depending on account balances and changes in the Canadian prime rate. Interest revenue on monies held in trust and interest on Olympia’s own cash increased 25% to \$2.17 million from \$1.74 million when compared to the three months ended September 30, 2016, due to an increase in off-balance sheet cash under administration and increases in the Canadian prime rate. The Canadian prime rate was 3.20% on September 30, 2017, and 2.70% on September 30, 2016.
- Earnings before income tax remained similar at \$2.07 million when compared to the three months ended September 30, 2016.
- Direct and administrative expenses (excluding depreciation and amortization) increased 3% to \$8.73 million from \$8.48 million when compared to the three months ended September 30, 2016, mainly due to a bad debt recovery in the prior year of \$0.29 million in the Corporate division.
- Income tax expense is recognized based on the estimated average annual income tax rate for the full financial year. The rate used as at September 30, 2017, was 27% (September 30, 2016 – 27%).
- Net earnings and comprehensive income remained at \$1.44 million when compared to the three months ended September 30, 2016.
- Basic and diluted earnings per share remained at \$0.60 per share when compared to the three months ended September 30, 2016.

## Overview and financial highlights for the nine month period ended September 30, 2017

- Net earnings and comprehensive income increased 4% to \$4.24 million from \$4.06 million when compared to the nine months ended September 30, 2016.
- Basic and diluted earnings per share increased 4% to \$1.76 per share from \$1.69 per share when compared to the nine months ended September 30, 2016.
- Cash flow from operating activities increased 64% to \$9.55 million from \$5.83 million when compared to the nine months ended September 30, 2016, as a result of changes in non-cash working capital balances of prepaid expenses, inventory, trade and other payables and other liabilities and charges.

## Summary of quarterly results

The following table sets forth a summary of Olympia's quarterly results for each of the last eight quarters. The quarterly results have been derived from financial information prepared in accordance with IFRS.

QUARTERLY SUMMARY								
	Sep. 30	Jun. 30	Mar. 31	Dec. 31	Sep. 30	Jun. 30	Mar. 31	Dec. 31
(\$ thousands)	2017	2017	2017	2016	2016	2016	2016	2015
Service revenue	8,916	9,096	8,871	8,482	8,649	8,623	8,942	8,437
Interest revenue	2,170	1,948	1,835	1,671	1,735	1,671	1,519	1,536
Expenses	(9,027)	(9,355)	(8,947)	(8,673)	(8,858)	(9,082)	(8,744)	(8,842)
Other gains, net	7	274	82	78	532	259	127	205
Earnings before income taxes	2,066	1,963	1,841	1,558	2,058	1,471	1,844	1,336
Net earnings	1,443	1,462	1,335	1,532	1,439	1,304	1,315	1,010
Per share - basic and diluted (\$)	0.60	0.61	0.55	0.63	0.60	0.54	0.55	0.42
Dividends per share paid (\$)	0.51	0.51	0.51	0.50	0.50	0.50	0.65	0.65

## Objectives for 2017

Management has set the following major objectives for 2017:

- Continue to invest in Olympia's online presence;
- Enhance our Foreign Exchange division with an online trading platform;
- Continue to grow our Health Spending Account ("HSA") business; and
- Continue to grow the ATM division.

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## **Continue to invest in Olympia's online presence**

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Olympia continues to invest in its online presence by enhancing its client service platforms to better serve its customers.

Olympia will continue to invest capital in application development for the purpose of enhancing its online presence. Olympia continues to improve and grow its IT security infrastructure, which will further protect client information as well as reduce potential malicious activity.

## **Enhance our Foreign Exchange division with an online trading platform**

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In the first quarter of 2017, the Foreign Exchange ("FX") division launched PayFX. PayFX is an online trading platform that provides Olympia's FX clients with access to live FX market rates, and the ability to buy and sell foreign currency as well as send foreign currency payments worldwide. PayFX has been designed to integrate seamlessly with Olympia's existing back office system and operation to ensure all PayFX transactions meet the regulatory, compliance, security and risk requirements of the FX division. PayFX will also allow Olympia's FX clients to receive FX cash delivery in over 72 currencies, commencing in the fall of 2017.

## **Grow our Health Spending Account ("HSA") business**

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Olympia's Private Health Services Plan division's HSA Group Online plan is situated to gain market share with small corporate customers by providing a compelling value proposition to this competitive market segment. The HSA Group Online plan is priced at "cost + 8%." This pricing represents a 20% discount to comparable industry group plans, which are priced at "cost + 10%." In addition, sales agents selling the HSA Group Online plan receive a trailer commission equal to 4% of all claims made under an HSA Group Online Plan. This represents a 33% increase in commissions typically received by sales agents for comparable industry group plans. The Private Health Services Plan division is able to offer these reduced pricing and increased commissions, largely as a result of administrative and other cost savings achieved by Olympia from the successful implementation of its online digital platform. The Olympia digital platform also offers a faster, more convenient and secure customer experience.

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## Continue to grow the ATM division

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Olympia ATM's current focus is on the organic growth of its ATM business. This focus represents a departure from Olympia's initial focus, which was to grow its ATM business through acquisition. In 2016, Olympia ATM used direct site marketing and fleet marketing campaigns to identify new merchants and businesses, across various business lines, interested in the operation of an ATM on their business premises. Notably, Olympia ATM has been successful in securing a contract with the City of Calgary for the installation and operation of ATMs on its CTrain transit platforms. Olympia ATM intends to expand its ATM business operations across Canada.

## Outlook for 2017

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Olympia is confident that its current operations will be able to generate sufficient amounts of cash and cash equivalents in the short and long term, to maintain and meet Olympia's planned growth and development activities. Olympia is well diversified, with its Registered Plans division, Private Health Services Plan division, FX division, ATM division and newly formed Exempt Edge division.

## Financial analysis

CONSOLIDATED BALANCE SHEET AS AT		
(\$)	September 30, 2017	December 31, 2016
<b>ASSETS</b>		
<b>Current assets</b>		
Cash & cash equivalents	\$ 11,735,719	\$ 5,350,154
Restricted cash in circulation	3,417,185	5,119,920
Trade & other receivables	1,463,216	1,061,513
Inventory	262,086	455,973
Prepaid expenses	732,335	840,563
Current taxes receivable	-	117,683
Derivative financial instruments	9,133,963	1,264,644
<b>Total current assets</b>	<b>26,744,504</b>	<b>14,210,450</b>
<b>Non-current assets</b>		
Restricted cash & investments	500,000	2,430,000
Equipment & other	2,179,811	2,342,644
Intangible assets	2,019,107	2,140,497
Available for sale investment	59,063	108,517
Prepaid expenses	7,987	73,432
Derivative financial instruments	2,118,390	5,478,746
Deferred tax assets	1,351,833	983,750
<b>Total non-current assets</b>	<b>8,236,191</b>	<b>13,557,586</b>
<b>Total assets</b>	<b>\$ 34,980,695</b>	<b>\$ 27,768,036</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade & other payables	\$ 1,405,769	\$ 969,106
Deferred revenue	3,187,731	221,912
Other liabilities & charges	1,886,641	1,540,538
Cash in circulation due to bank	3,417,185	5,119,920
Revolving credit facility	3,962,347	3,935,045
Derivative financial instruments	7,733,163	870,403
Current tax liability	39,304	-
<b>Total current liabilities</b>	<b>21,632,140</b>	<b>12,656,924</b>
Other liabilities	1,271,106	194,110
Derivative financial instruments	1,667,532	4,271,471
<b>Total liabilities</b>	<b>\$ 24,570,778</b>	<b>\$ 17,122,505</b>
<b>EQUITY</b>		
Share capital	\$ 7,886,989	\$ 7,886,989
Contributed surplus	86,373	86,373
Retained earnings	2,436,555	2,672,169
<b>Total equity</b>	<b>10,409,917</b>	<b>10,645,531</b>
<b>Total equity &amp; liabilities</b>	<b>\$ 34,980,695</b>	<b>\$ 27,768,036</b>

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## Cash, cash equivalents and restricted cash and investments

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Olympia continues to generate cash from its core businesses. As at September 30, 2017, cash reserves increased by 119% to \$11.74 million when compared to December 31, 2016 - \$5.35 million. This increase results mainly from Olympia receiving annual registered plans administration fees for a significant number of clients in January. The unearned portion of annual administration fees is recognized as deferred revenue. In addition, Olympia's FX division's collateral requirements were reduced by \$1.93 million.

Restricted cash and investments as at September 30, 2017, of \$0.50 million (December 31, 2016 - \$2.43 million), comprises collateral provided to a financial institution securing Olympia Trust's foreign exchange trading platform. The decrease is due to lower collateral requirements. The remaining Treasury bond has a term of one year from issuance and earns interest at a rate of 0.59% (December 31, 2016 - 1.43%). Restricted cash and investments are not readily accessible for use in operations and are reported separately from cash and cash equivalents on the balance sheet.

Olympia's cash is placed with a Canadian financial institution where it generates interest. Cash and cash equivalents comprise 44% of the total current assets of Olympia at September 30, 2017, compared to 38% at December 31, 2016.

## Restricted cash in circulation

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Olympia ATM has entered into a bailment agreement with a financial institution to provide the ATM division with cash that can only be used in ATMs. Olympia ATM pays a fee for using the cash based on the total amount of cash outstanding at any given time, as well as paying fees related to the bundling and preparation of such cash prior to it being loaded in the ATMs. Olympia ATM has access and rights to the cash and bears the risk in the case of loss. Olympia ATM has obtained the required insurance coverage in the event of loss of cash while in circulation.

Olympia ATM's cash bailment agreement is for a term of five years, through to November 2020, and bears interest at the Canadian prime rate. In December 2016, Olympia ATM obtained an increase to the available bailment cash limit from \$5.00 million to \$20.00 million.

Based on the foregoing, the cash in circulation and the related obligation due to the bank are reflected separately on the balance sheet. Restricted cash in circulation for the period ended September 30, 2017, was \$3.42 million (December 31, 2016 - \$5.12 million).

## Trade and other receivables

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Trade and other receivables are comprised largely of receivables from the Registered Plans division's clients (66%). Included in trade and other receivables at December 31, 2016, was a \$0.50 million demand loan to Tarman Inc., a company controlled by the president and CEO of Olympia, which was fully repaid, including accrued interest, in the first quarter of 2017. Olympia has made allowances for doubtful accounts of \$0.30 million, compared to \$0.24 million as at December 31, 2016. Management is committed to a policy of closely monitoring risk and exposure in this area and is actively pursuing past due accounts through its internal collection process.

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## Intangible assets

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The capital additions of \$0.16 million in internally generated software relates to the continued development and enhancement of cloud based online systems in the EEI division. Olympia intends to offer exempt market dealers access to the systems in order to facilitate their compliance with certain regulatory requirements.

## Forward foreign exchange contracts

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Olympia purchases forward exchange contracts when its Foreign Exchange division enters into a transaction to buy or sell foreign currency in the future. These contracts are both short term and long term in nature, are in the normal course of business and are used to manage foreign exchange exposures. Forward foreign exchange contracts are not designated as hedges and they are recorded using the mark-to-market method of accounting.

Forward foreign exchange contracts are recorded on Olympia's balance sheet as either an asset or liability, with changes in fair value included in net earnings. This accounting treatment resulted in the disclosure of a forward foreign exchange contract asset of \$11.25 million, compared to \$6.74 million as at December 31, 2016, and a forward foreign exchange contract liability of \$9.40 million on the balance sheet compared to \$5.14 million as at December 31, 2016. The movement in the derivative financial instruments assets and liabilities on the balance sheet is due to the fluctuation of the Canadian and United States dollar exchange rates, as the vast majority of the Foreign Exchange division's trades are in Canadian and United States dollars. The number and size of outstanding forward foreign exchange contracts also impacts the movement in the derivative financial instrument assets and liabilities on the balance sheet.

## Current liabilities

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The breakdown of Olympia's trade and other payables consists of trade payables (24%), government taxes and other payables (51%), amounts due to agents, clients and commission payable (17%) and amounts due to related parties (8%).

The balance in other liabilities and charges consists of professional fees payable, bonuses payable, accrued vacation pay, employee benefits payable, legal fees payable and leasehold inducements.

## Deferred revenue

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At September 30, 2017, deferred revenue totaled \$3.19 million compared to \$0.22 million as at December 31, 2016. This consists of annual registered plans administration fees, as well as the Private Health Services Plan division's annual fees for maintaining customer health saving accounts. The unearned portion of these annual fees is recognized as deferred revenue at the time of billing and revenue is recognized on a straight-line basis in relation to Olympia rendering these services.

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## Shareholders' equity

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As at September 30, 2017, and December 31, 2016, Olympia had 2,406,352 outstanding shares, with a carrying value of \$7.89 million.

## Employee Share Ownership Plan (ESOP)

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Olympia has established an Employee Share Ownership Plan ("ESOP"). Under this plan, Olympia contributes \$1 for each \$1 contributed by an employee up to a maximum that is based on the employee's earnings and years of service. The employee and Olympia's contributions are used to purchase common shares of Olympia in the open market. Olympia's contribution is included as an administrative expense in the statement of net earnings and comprehensive income and amounted to \$0.20 million for the nine months ended September 30, 2017 (September 30, 2016 - \$0.15 million).

## Contingencies

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Olympia is not a money lender nor does it guarantee or participate in loans or mortgages of any type, except in its capacity as trustee of mortgages held on behalf of its clients.

Olympia is a defendant and plaintiff in a number of legal actions that arose in the normal course of business, the losses or gains from which, if any, are not anticipated to have a material effect on the condensed consolidated financial statements.

## Related parties

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Refer to Note 22 of the interim financial statements for the period ended September 30, 2017, for disclosure on Olympia's related party transactions.

## Income taxes

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Deferred income tax assets are recognized for loss carry-forward and other deductible temporary differences to the extent that the realization of the related tax benefit is probable through future taxable profits or other tax planning opportunities.

## Analysis of results by segment

### Registered Plans Division

SUMMARY OF DIVISIONAL RESULTS FOR THE THREE MONTHS ENDED SEPTEMBER 30			
(\$ thousands)	2017	2016	Variation
Service revenue	4,426	4,113	8%
Interest revenue	2,062	1,608	28%
Direct expenses	(25)	(19)	32%
	6,463	5,702	13%
Administrative expenses	(4,414)	(4,034)	9%
Depreciation and amortization	(123)	(152)	-19%
Other gains, net	-	2	-100%
Earnings before income tax	1,926	1,518	27%
Income taxes	(576)	(500)	15%
Net earnings	1,350	1,018	33%

The Registered Plans division (“RRSP”) specializes in the administration of registered plan accounts, including RRSPs, RRIFs, LIRAs, LIFs and TFSAs. In contrast to traditional registered plan account administrators, Olympia’s focus is on exempt market securities, including arm’s-length mortgages. The holder of a registered plan account with Olympia will typically hold multiple exempt market securities or mortgages in their Olympia registered plan account.

RRSP service revenue increased 8% to \$4.43 million from \$4.11 million when compared to the three months ended September 30, 2016. The increase is mainly attributable to the continued increase in the number of mortgages being funded, as well as new client set-ups.



OLYMPIA POOL TOURNAMENT  
Jessica Oosterlee, Chandra Pruneau, and Kalie Cox.



ENJOYING STAMPEDE

Interest revenue includes interest income on funds held in trust. Interest revenue increased 28% to \$2.06 million from \$1.61 million when compared to the three months ended September 30, 2016, reflecting an increase in off-balance sheet arrangements under administration, as well as increases in the Canadian prime interest rate.

Direct, administrative, depreciation and amortization expenses increased 8% to \$4.56 million from \$4.21 million when compared to the three months ended September 30, 2016. This increase is largely due to an increase in operating expenses, such as legal, office supplies, salaries and bonuses.

Earnings before income tax increased 27% to \$1.93 million from \$1.52 million when compared to the three months ended September 30, 2016.

RRSP net earnings increased by 32% to \$1.35 million from \$1.02 million when compared to the three months ended September 30, 2016.

RRSP is responsible for 59% of Olympia's total revenue (including interest), an increase from 55% when compared to the three months ended September 30, 2016.

## Private Health Services Plan Division

SUMMARY OF DIVISIONAL RESULTS FOR THE THREE MONTHS ENDED SEPTEMBER 30			
(\$ thousands)	2017	2016	Variation
Service revenue	1,893	1,835	3%
Interest revenue	41	34	21%
Direct expenses	(567)	(537)	6%
	1,367	1,332	3%
Administrative expenses	(919)	(1,011)	-9%
Depreciation and amortization	(26)	(57)	-54%
Earnings before income tax	422	264	60%
Income taxes	(124)	(92)	35%
Net earnings	298	172	73%

The Private Health Services Plan division (“Health”) markets, sells and administers health and dental benefits to business owners through OBI, a wholly owned subsidiary of Olympia. Health’s primary focus remains on health and dental plans for small businesses. Health’s launch of MY Online Claim in late 2012 marked a significant step in digitizing Health’s services. This digital overhaul of Health assisted with the launch of the Health Spending Account (“HSA”) product in January 2014. The HSA product has gained momentum and continues to receive a positive response from the market. The company has now completed the digitization of all its products with the recent release of Group HSA Online. The product’s innovative interfaces, pricing models and digital nature provide a competitive advantage for Health as it continues to expand into the Ontario and Eastern Canadian markets.



STAMPEDE



*Lisa Billy, Shermin Mullan, and Ron Whyte.*

Health's service revenue increased 3% to \$1.89 million from \$1.84 million when compared to the three months ended September 30, 2016. This results from more customers migrating to the HSA product, with revenue from that product being recognized over the term of the agreement.

Direct, administrative, depreciation and amortization expenses decreased 6% to \$1.51 million from \$1.61 million when compared to the three months ended September 30, 2016. This decrease results from a decrease in operating expenses such as bad debts, telephone, rent and travel.

Earnings before income tax increased 62% to \$0.42 million from \$0.26 million when compared to the three months ended September 30, 2016.

Health's net earnings increased 76% to \$0.30 million from \$0.17 million when compared to the three months ended September 30, 2016.

Health is responsible for 17% of Olympia's total revenue (including interest), a decrease from 18% when compared to the three months ended September 30, 2016.

## Foreign Exchange Division

SUMMARY OF DIVISIONAL RESULTS FOR THE THREE MONTHS ENDED SEPTEMBER 30			
(\$ thousands)	2017	2016	Variation
Service revenue	1,700	1,919	-11%
Interest revenue	35	19	84%
Direct expenses	(233)	(359)	-35%
	1,502	1,579	-5%
Administrative expenses	(1,361)	(1,541)	-12%
Depreciation and amortization	(30)	(52)	-42%
Other gains, net	8	548	>-100%
Earnings before income tax	119	534	-78%
Income taxes	(35)	(142)	-75%
Net earnings	84	392	-79%

The FX division allows corporations and private clients to buy and sell foreign currencies at competitive rates. The division offers its clients same-day transactions as well as long-term forward contracts. With offices in Vancouver, Surrey, Calgary and Winnipeg, the FX division is well situated to service Western Canada.

FX's service revenue decreased 11% to \$1.70 million from \$1.92 million when compared to the three months ended September 30, 2016, as a result of a decrease in trade volume.

Direct, administrative, depreciation and amortization expenses decreased 17% to \$1.62 million from \$1.95 million when compared to the three months ended September 30, 2016. The decrease is mainly due to lower employee commissions and bonuses, and bank charges and interest.

Other gains, net, decreased more than 100% to \$0.01 million from \$0.55 million, arising from a decrease in forward contract transactions compared to the prior year.

Earnings before income tax decreased 78% to \$0.12 million from \$0.53 million when compared to the three months ended September 30, 2016.

FX's net earnings decreased 79% to \$0.08 million from \$0.39 million when compared to the three months ended September 30, 2016.

FX is responsible for 16% of Olympia's total revenue (including interest), a decrease from 19% when compared to the three months ended September 30, 2016.

## ATM Division

SUMMARY OF DIVISIONAL RESULTS FOR THE THREE MONTHS ENDED SEPTEMBER 30			
(\$ thousands)	2017	2016	Variation
Service revenue	858	777	10%
Interest revenue	3	2	50%
Direct expenses	(652)	(612)	7%
	209	167	25%
Administrative expenses	(411)	(551)	-25%
Depreciation and amortization	(106)	(112)	-5%
Other losses, net	-	(4)	-100%
Loss before income tax	(308)	(500)	-38%
Income tax recovery	92	115	-20%
Net loss	(216)	(385)	-44%

The ATM division is focused on building a portfolio of ATMs in Canada.

Service revenue relates mainly to interchange and surcharge fees charged for the use of ATMs managed by the ATM division. Service revenue increased 10% to \$0.86 million from \$0.78 million when compared to the three months ended September 30, 2016, due to the growth in the number of locations where the ATM division provides processing, cash loading, maintenance or other services.

Direct, administrative, depreciation and amortization expenses decreased 9% to \$1.17 million from \$1.28 million when compared to the three months ended September 30, 2016, due to the partial impairment of the customer contracts.

Loss before income tax decreased 38% to (\$0.31) million from (\$0.50) million when compared to the three months ended September 30, 2016.

ATM's net loss decreased 44% to (\$0.22) million from (\$0.39) million when compared to the three months ended September 30, 2016.

ATM is responsible for 8% of Olympia's total revenue (including interest), and remains similar to the three months ended September 30, 2016.

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## EEI Division

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SUMMARY OF DIVISIONAL RESULTS FOR THE THREE MONTHS ENDED SEPTEMBER 30	
<i>(\$ thousands)</i>	2017
Service revenue	39
Direct expenses	(26)
	13
Administrative expenses	(75)
Depreciation and amortization	(13)
Loss before income tax	(75)
Income taxes recovery	21
Net loss	(54)

EEI focuses on the provision of information technology services to exempt market dealers, registrants and issuers.

Service revenue for the three months ended September 30, 2017, mainly relates to continued customer support.

For the three months ended September 30, 2017, the EEI division incurred direct, administrative, depreciation and amortization expenses of \$0.11 million. These relate mainly to employee salaries, legal and start-up costs.

Loss before income tax for the period ended September 30, 2017, amounted to (\$0.08) million.

Net loss for the period ended September 30, 2017, amounted to (\$0.05) million.

## Corporate Division

SUMMARY OF DIVISIONAL RESULTS FOR THE THREE MONTHS ENDED SEPTEMBER 30			
(\$ thousands)	2017	2016	Variation
Service revenue	-	4	-100%
Interest revenue	29	74	-61%
	29	78	-63%
Administrative expenses	(41)	189	>-100%
Depreciation and amortization	(1)	(9)	-89%
Other losses, net	-	(15)	>100%
(Loss)/earnings before income tax	(13)	243	>-100%
Income taxes recovery	(2)	1	>100%
Net (loss)/earnings	(15)	244	>-100%

The Corporate division carries out support functions in the areas of accounting, information technology, legal services, human resources, payroll and internal audit. Support function remuneration is allocated, based on usage, to the various divisions.

Total revenue earned is incidental to Olympia's activities.

Administrative, depreciation and amortization expenses for the three months ended September 30, 2017, have decreased more than 100% to \$(0.04) million from \$0.18 million when compared to the three months ended September 30, 2016, due to a bad debt recovery of \$0.29 million in the prior year.

The Corporate division's net (loss)/earnings decreased more than 100% to (\$0.02) million from \$0.24 million when compared to the three months ended September 30, 2016.

## Off-balance sheet arrangements

During the normal course of operations, Olympia administers client assets that are not reported on its balance sheet. The cash component of the off-balance sheet arrangements represents the cash and cash equivalents held in trust.

OFF-BALANCE SHEET ARRANGEMENTS UNDER ADMINISTRATION				
	September 30, 2017		December 31, 2016	
(\$ thousands)	Cash & public securities at estimated fair value	Private securities, mortgages and mutual funds at cost	Cash & public securities at estimated fair value	Private securities, mortgages and mutual funds at cost
Registered Plans	535,069	4,068,765	518,460	3,786,987
Private Health Services Plan	9,429		9,529	
Foreign Exchange	16,228		13,118	
	560,726	4,068,765	541,107	3,786,987

Refer to Note 4 of the interim financial statements for the period ended September 30, 2017, for disclosure on Olympia's off-balance sheet arrangements.

## Management of capital resources

Olympia includes shareholders' equity, which comprises share capital, contributed surplus and retained earnings, in the definition of capital. Olympia's main objectives when managing its capital structure are to:

- Maintain sufficient cash and cash equivalents over the short and medium term in order to finance its growth and development, including capital expenditures;
- Maintain investor and creditor confidence to sustain future development of the business;
- Maintain regulatory capital for Olympia Trust as required by the *Loan and Trust Corporations Act* (Alberta) (\$2 million). Similar regulatory capital is required by legislation in Nova Scotia (\$5 million). Regulatory capital is defined as share capital and retained earnings. Olympia Trust has maintained these minimum capital requirements throughout the period ended September 30, 2017; and
- Maintain compliance with financial covenants. The financial covenants are reviewed and controls are in place to maintain compliance with the covenants. Olympia complied with its financial covenants for the year ended December 31, 2016, and for the period ended September 30, 2017.

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In managing capital, Olympia estimates its future dividend payments and capital expenditures, which are compared to planned business growth for purposes of sustainability. The capital structure of Olympia is managed and adjusted to reflect changes in economic conditions. In order to maintain or adjust the capital structure, adjustments may be made to the amount of dividends (if any) to shareholders, in addition to the number of new common shares issued or common shares repurchased. Management reviews the financial position of Olympia on a monthly and cumulative basis.

Financing decisions are set based on the timing and extent of expected operating and capital cash outlays. Factors considered when determining capital and the amount of operational cash required are weighed against the costs associated with excess cash, its terms and availability, whether to issue equity and the creation of value for the shareholders. Olympia works towards managing its capital objectives to the extent possible while facing the challenges of market conditions and the public's assessment of Olympia's risk profile.

Olympia maintains a strong capital base to maintain investor and creditor confidence and to sustain future development of the business.

Olympia has committed capital resources to its 2017 Objectives (set out previously) and has sufficient capital through internally generated cash flows and its credit facility to meet these spending objectives.

Completing and fulfilling its 2017 Objectives will help Olympia meet its growth and development activities. No other significant expenditure is required to maintain growth and development activities.

Olympia's Foreign Exchange division maintains various foreign currency bank accounts of which Canadian dollar and United States dollar bank accounts are the most significant. It is Olympia's Foreign Exchange division's policy to limit the amount of foreign currencies on hand to \$1.25 million to reduce exposure to foreign currency risk.

Olympia's capital management objectives have remained substantively unchanged over the periods presented.

## Liquidity

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Liquidity risk is the risk that Olympia will encounter difficulties in meeting its financial obligations. Olympia manages its liquidity risk by keeping surplus cash in liquid investments and fixed term deposits with highly rated financial institutions. This allows Olympia to earn interest on surplus cash while having access to it within a short time. Olympia seeks to ensure the security and liquidity of these investments.

Olympia has a healthy current ratio (current assets: current liabilities). The ratio is 1.24:1 as at September 30, 2017, compared to 1.12:1 as at December 31, 2016, and indicates that Olympia should not have difficulty in meeting working capital requirements.

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There are no legal or practical restrictions on the ability of subsidiaries to transfer cash within Olympia.

## Cash flows

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- **Operating activities**

The movement in cash flow from operating activities for the nine months ended September 30, 2017, is a result of changes in non-cash working capital balances of prepaid expenses, inventory, trade and other payables and other liabilities and charges.

- **Investing activities**

The movement in cash from/(used) in investing activities during the nine months ended September 30, 2017, is mainly attributable to the release of \$1.93 million of Treasury bonds as collateral. Capital asset expenditure relates primarily to the continued growth of the ATM division and software development in the starting up of EEI.

- **Financing activities**

Cash used in financing activities during the nine months ended September 30, 2017, increased, mainly due to dividends being paid out monthly compared to quarterly in the nine months ended September 30, 2016, and to Olympia having decreased its cash in circulation due to bank.

## Cash

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Cash is placed with Canadian financial institutions where it generates interest. Cash and cash equivalents comprise 44% of the total current assets of Olympia, compared to 38% as at December 31, 2016.

One factor that affects Olympia's profitability is effective interest rates. Although Olympia Trust is not a deposit taking trust company, it does earn interest on monies held in trust. Monies held in trust generated interest of \$5.51 million, a 23% increase from \$4.47 million when compared to the nine months ended September 30, 2016, created by an increase in off-balance sheet arrangements under administration and increases in the Canadian prime rate. The Canadian prime rate was 3.20% on September 30, 2017, and 2.70% on September 30, 2016.

Olympia, through its operational cash flow and line of credit, has sufficient funds to meet its Objectives for 2017.

Liquidity risks associated with financial instruments are addressed in the notes to the accompanying interim financial statements. Management understands that currency markets are volatile and therefore subject to higher risk. Olympia's FX division mitigates currency risk through its policy of limiting the amount of foreign currencies on hand to \$1.25 million.

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## Credit facility

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As at September 30, 2017, Olympia had drawn \$3.96 million on its credit facility, compared to \$3.94 million as at December 31, 2016. Amounts drawn have been used primarily to finance capital expenditures related to the ATM division and Olympia's previous Normal Course Issuer Bid ("NCIB"). The credit facility has a maximum of \$8.50 million which can be drawn, and bears interest at the Canadian prime rate plus 0.25%. The Canadian prime rate at September 30, 2017 was 3.20% (September 30, 2016 - 2.70%). The credit facility is subject to review at any time, and in any event will be reviewed annually based on Olympia's audited consolidated financial statements for the year ended December 31, 2017.

The credit facility contains a number of affirmative covenants, including maintaining specific security and maintenance of a specific financial ratio. The financial ratio is an annual cash flow coverage ratio of not less than 1.50:1.

Security for the credit facility includes a general security agreement providing a first security charge over all present and after acquired property.

On May 16, 2016, Olympia Trust entered into a contingent credit facility to be used only by the FX division. The contingent credit facility has a maximum of \$5.00 million, which can only be used to enter into spot, forward or foreign exchange transactions with the issuing financial institution. The contingent credit facility bears interest at the Canadian prime rate. The contingent credit facility is currently undrawn.

## Risk framework

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Olympia is exposed to various types of risks owing to the nature of the commercial activities it pursues. Management has identified the following risks:

- Liquidity risk
- Market risk
- Foreign currency exchange risk
- Interest rate risk
- Credit risk
- Capital risk management
- Operational risk (cybersecurity risk)

Refer to Note 5 of the interim financial statements for the nine months ended September 30, 2017, for disclosure on Olympia's above mentioned risk framework.

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## Accounting policies

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The financial information contained in the accompanying interim consolidated financial statements and this MD&A is prepared in accordance with IAS 34 “Interim Financial Reporting” as issued by the IASB. The accounting policies adopted are consistent with those in prior years except as noted. In addition, some accounting policies, due to their nature, require further explanation.

## Critical accounting estimates

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The preparation of financial statements requires management to make judgments, estimates and assumptions based on currently available information affecting the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates and judgments are evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual results could differ from these estimates. By their very nature, estimates are subject to measurement uncertainty and the effect on the financial statements of future periods could be material. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The list of critical accounting estimates was included in the MD&A for the year ended December 31, 2016, and those listed are unchanged for the nine months ended September 30, 2017.

## Evaluation of disclosure controls and procedures and internal control over financial reporting

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There have been no changes in Olympia’s internal control over financial reporting that occurred during the interim period ended September 30, 2017, which have materially affected, or are reasonably likely to materially affect, Olympia’s internal control over financial reporting.

## Outstanding share data

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As at November 9, 2017, Olympia has an aggregate of 2,406,352 common shares issued and outstanding.

## Additional information

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Further information regarding Olympia can be accessed under Olympia’s public filings found at [www.sedar.com](http://www.sedar.com).

Shareholders seeking to contact Olympia’s independent directors may do so by calling Rick Skauge, Olympia’s President and CEO, at 403-261-7501 or by email at [ricks@olympiafinancial.com](mailto:ricks@olympiafinancial.com).

## CORPORATE INFORMATION

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### Directors

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Rick Skauge  
Gerard Janssen<sup>12345</sup>  
Brian Newman<sup>12345</sup>  
Craig Skauge  
Diana Wolfe<sup>12345</sup>  
Dennis Nerland  
Tony Lanzl

### Board Committees

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- <sup>1</sup> Audit Committee
- <sup>2</sup> Corporate Governance Committee
- <sup>3</sup> Executive Compensation Committee
- <sup>4</sup> Investment Committee
- <sup>5</sup> Conduct Review Committee

### Head Office

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Fax: 403-265-1455  
[www.olympiatruster.com](http://www.olympiatruster.com)  
[info@olympiatruster.com](mailto:info@olympiatruster.com)

### Transfer Agent

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AST Trust Company  
600, 333 - 7th Avenue SW  
Calgary, AB T2P 2Z1  
Tel: 403-776-3900  
Fax: 403-776-3916

### Auditors

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PricewaterhouseCoopers LLP  
Chartered Professional Accountants  
Suite 3100, 111 - 5th Avenue SW  
Calgary, AB T2P 5L3

## EXECUTIVE TEAM

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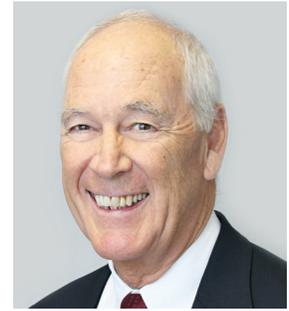
**RICK SKAUGE**  
*President and Chief  
Executive Officer*



**CRAIG SKAUGE**  
*Executive Vice President  
and President, Olympia  
Trust Company*



**GERHARD BARNARD**  
*Chief Financial Officer and  
Vice President, Finance*



**ROBIN FRY**  
*President, Olympia  
Benefits Inc.*



**JIM WILSON**  
*President, Olympia ATM Inc.*



**DERICK KACHUIK**  
*Vice President,  
Foreign Exchange*



**ANDREA GILLIS**  
*Vice President, Client Services  
Registered Plans*



**KELLY REVOL**  
*Vice President, Operations  
Registered Plans*



**JONATHAN BAHNUIK**  
*General Counsel*

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