



FINANCIAL STATEMENTS
FOR PERIOD ENDED MARCH 31 | 2017



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MANAGEMENT'S RESPONSIBILITY FOR CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the first periods ended March 31, 2017 and March 31, 2016

The accompanying unaudited condensed interim financial statements and all of the data included in this report have been prepared by and are the responsibility of the Board of Directors and management of Olympia Financial Group Inc. ("Olympia").

The unaudited condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards as set out in the Handbook of the Chartered Professional Accountants of Canada and reflect management's best estimates and judgments based on currently available information. In the opinion of management, the unaudited condensed consolidated interim financial statements have been prepared within acceptable limits of materiality and are in accordance with International Financial Reporting Standards appropriate in the circumstances.

The Board of Directors has reviewed and approved the accompanying unaudited condensed consolidated interim financial statements for the periods ended March 31, 2017, and March 31, 2016.

The Audit Committee, comprised of non-management directors, acts on behalf of the Board of Directors to ensure that management fulfills its financial reporting and internal control responsibilities. Management maintains appropriate systems of internal control. Policies and procedures are designed to give reasonable assurance that transactions are properly authorized, assets are safeguarded and financial records properly maintained to provide reliable information for the preparation of the unaudited condensed consolidated interim financial statements.

Internal controls are further supported by an internal audit function which conducts periodic audits of Olympia's financial reporting and internal controls. The internal audit function reports to the Audit Committee. In performing its duties, the Audit Committee acts only in an oversight capacity and necessarily relies on the work and assurances of Olympia's management.

Olympia's independent auditor, PricewaterhouseCoopers LLP, has not performed an audit on these financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada.

Signed Rick Skauge

Rick Skauge
PRESIDENT & CHIEF EXECUTIVE OFFICER
Calgary, Canada, May 11, 2017

Signed Gerhard Barnard

Gerhard Barnard, CPA, CMA
CHIEF FINANCIAL OFFICER

CONDENSED CONSOLIDATED INTERIM BALANCE SHEETS (UNAUDITED)

	March 31, 2017	December 31, 2016
ASSETS		
Current assets		
Cash & cash equivalents (note 8)	\$ 15,321,213	\$ 5,350,154
Restricted cash in circulation (note 9)	2,372,200	5,119,920
Trade & other receivables (note 5)	2,439,950	1,061,513
Inventory	289,975	455,973
Prepaid expenses	982,604	840,563
Current taxes receivable	70,521	117,683
Derivative financial instruments (notes 5 and 11)	1,517,415	1,264,644
Total current assets	22,993,878	14,210,450
Non-current assets		
Restricted cash & investments (note 7)	450,000	2,430,000
Equipment & other	2,257,033	2,342,644
Intangible assets (note 12)	2,081,321	2,140,497
Available for sale investment	93,517	108,517
Prepaid expenses	34,527	73,432
Derivative financial instruments (notes 5 and 11)	3,241,433	5,478,746
Deferred tax assets (note 16)	1,108,174	983,750
Total non-current assets	9,266,005	13,557,586
Total assets	\$ 32,259,883	\$ 27,768,036
LIABILITIES		
Current liabilities		
Trade & other payables (notes 5 and 13)	\$ 1,760,779	\$ 969,106
Deferred revenue (note 14)	9,011,105	221,912
Other liabilities & charges	1,515,006	1,540,538
Cash in circulation due to bank (note 9)	2,372,200	5,119,920
Revolving credit facility (note 10)	3,972,347	3,935,045
Derivative financial instruments (notes 5 and 11)	1,053,642	870,403
Total current liabilities	19,685,079	12,656,924
Other liabilities	482,703	194,110
Derivative financial instruments (notes 5 and 11)	2,133,207	4,271,471
Total liabilities	\$ 22,300,989	\$ 17,122,505
EQUITY		
Share capital (note 15)	\$ 7,886,989	\$ 7,886,989
Contributed surplus (note 15)	86,373	86,373
Retained earnings	1,985,532	2,672,169
Total equity	\$ 9,958,894	\$ 10,645,531
Total equity & liabilities	\$ 32,259,883	\$ 27,768,036

Contingencies (note 21)

Approved on behalf of the Board of Directors

Signed Rick Skauge

Rick Skauge
DIRECTOR

May 11, 2017

Signed Brian Newman

Brian Newman, CPA, CA
DIRECTOR

See accompanying notes to the unaudited condensed consolidated interim financial statements

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF NET EARNINGS AND COMPREHENSIVE INCOME (UNAUDITED)

THREE MONTHS ENDED MARCH 31	2017	2016
Revenue		
Service revenue (note 6)	\$ 8,870,548	\$ 8,941,847
Interest earned as trustee (note 6)	1,766,636	1,405,905
Interest (note 6)	68,477	112,754
	10,705,661	10,460,506
Expenses		
Direct expenses (note 6)	1,334,648	1,333,537
Administrative expenses (note 6)	7,254,815	7,105,896
Depreciation and amortization (note 6)	356,999	303,968
Other gains, net (notes 6 and 17)	(81,891)	(127,293)
	8,864,571	8,616,108
Earnings before income tax	1,841,090	1,844,398
Income tax expense (notes 6 and 16)		
Current	630,830	582,343
Deferred tax recovery	(124,425)	(52,712)
Total income tax expense	506,405	529,631
Net earnings and comprehensive income	\$ 1,334,685	\$ 1,314,767
Earnings per share		
Basic and diluted (note 18)	\$ 0.55	\$ 0.55

See accompanying notes to the unaudited condensed consolidated interim financial statements

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)

	Attributable to owners of Olympia			Total Equity
	Share Capital	Contributed Surplus	Retained Earnings	
Balance as at January 1, 2016	\$ 7,886,989	\$ 86,373	\$ 690,679	\$ 8,664,041
Net earnings and comprehensive income	-	-	1,314,767	1,314,767
Balance as at March 31, 2016	\$ 7,886,989	\$ 86,373	\$ 2,005,446	\$ 9,978,808
Balance as at January 1, 2017	\$ 7,886,989	\$ 86,373	\$ 2,672,169	\$ 10,645,531
Net earnings and comprehensive income	-	-	1,334,685	1,334,685
Dividends (note 19)	-	-	(2,021,322)	(2,021,322)
Balance as at March 31, 2017	\$ 7,886,989	\$ 86,373	\$ 1,985,532	\$ 9,958,894

See accompanying notes to the unaudited condensed consolidated interim financial statements

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS (UNAUDITED)

THREE MONTHS ENDED MARCH 31	2017	2016
Cash flows from operating activities		
Net earnings	\$ 1,334,685	\$ 1,314,767
Items not affecting cash		
Depreciation of equipment & other	264,710	237,723
Amortization of intangible assets (note 12)	92,289	66,245
Other	-	3,857
Fair value change in investments	15,000	10,000
Deferred income taxes recovery (note 16)	(124,425)	(52,712)
Foreign exchange loss/(gain) (note 17)	29,517	(131,130)
Changes in non-cash working capital balances (note 20)	8,575,515	7,059,488
Net cash from operating activities	10,187,291	8,508,238
Cash flows from investing activities		
Purchase of equipment & other	(183,240)	(85,169)
Proceeds from sale of equipment & other	4,141	-
Purchase of intangible assets (note 12)	(33,113)	(123,298)
Purchase of restricted investment for collateral, net (note 7)	-	(900,015)
Proceeds from release of restricted investment for collateral, net (note 7)	1,980,000	-
Net cash from/(used) in investing activities	1,767,788	(1,108,482)
Cash flows from financing activities		
Revolving credit facility (note 10)	37,302	-
Cash in circulation due to bank (note 9)	(2,747,720)	(50,485)
Dividends (note 19)	(2,021,322)	(1,564,119)
Net cash used in financing activities	(4,731,740)	(1,614,604)
Net change in cash position	7,223,339	5,785,152
Cash, beginning of period	10,470,074	9,572,593
Cash, end of period	\$ 17,693,413	\$ 15,357,745
Cash is represented by:		
Cash & cash equivalents (note 8)	\$ 15,321,213	\$ 14,764,695
Restricted cash in circulation (notes 7 and 9)	2,372,200	593,050
	\$ 17,693,413	\$ 15,357,745
Other information for operations		
Interest earned and received as trustee	\$ 2,012,482	\$ 1,327,239
Interest received	\$ 57,474	\$ 79,409
Income taxes paid	\$ 652,200	\$ 558,000

See accompanying notes to the unaudited condensed consolidated interim financial statements

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

1. NATURE OF BUSINESS

Olympia Financial Group Inc. (“Olympia”) is governed by the *Business Corporations Act* (Alberta). Olympia is a reporting issuer in British Columbia, Alberta and Ontario, and its common shares are listed on the Toronto Stock Exchange (“TSX”). Olympia’s registered and head office is 2300, 125 - 9th Avenue SE, Calgary, Alberta T2G 0P6.

The majority of Olympia’s business is conducted through its wholly owned subsidiary Olympia Trust Company (“Olympia Trust”), a non-deposit taking trust company.

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 acts as a trustee for self-directed registered plans and also provides foreign currency exchange services. 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 Private Health Services Plan division conducts its business through Olympia Benefits Inc. (“OBI”), a wholly owned subsidiary of Olympia. Olympia ATM Inc. (“Olympia ATM”) was incorporated under the *Business Corporations Act* (Alberta) as a wholly owned subsidiary of Olympia, and is focussed on building an automated teller machine (“ATM”) distribution network and on growing its portfolio of ATMs. 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 will focus on the provision of information technology services to exempt market dealers, registrants and issuers.

2. BASIS OF PREPARATION

These unaudited condensed consolidated interim financial statements for the three months ended March 31, 2017, have been prepared in accordance with IAS 34 “Interim Financial Reporting” as issued by the International Accounting Standards Board (“IASB”). The unaudited condensed consolidated interim financial statements (“condensed consolidated financial statements”) should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2016, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the IASB. The policies applied in these condensed consolidated financial statements are consistent with accounting policies and methods of computation used for the audited annual consolidated financial statements for the year ended December 31, 2016. Income taxes on earnings in the interim periods are accrued using the income tax rate that would be applicable to the expected total annual earnings.

These condensed consolidated financial statements were approved for issuance by the Board of Directors on May 11, 2017.

These condensed consolidated financial statements are presented in Canadian dollars, Olympia’s primary operating currency. All references to \$ are in Canadian dollars and references to US\$ are in United States dollars.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

The preparation of these condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

3. CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year.

Future Accounting Pronouncements

There were no new or amended standards issued during the three months ended March 31, 2017, that are applicable to Olympia in future periods. A description of standards and interpretations that will be adopted by Olympia in future periods can be found in the notes to the annual consolidated financial statements for the year ended December 31, 2016.

4. FUNDS IN TRUST

Self-Directed Registered Plans division ("RRSP")

At March 31, 2017, RRSP administered self-directed registered plans consisting of private company securities and mortgages with a cost value of \$3.89 billion (December 31, 2016 - \$3.79 billion) plus cash, public securities, term deposits and outstanding cheques with an estimated fair value of \$528.06 million (December 31, 2016 - \$518.46 million). These assets are the property of the account holders and Olympia Trust does not maintain effective control over the assets. Therefore, the assets are not reflected in these condensed consolidated financial statements. Olympia earned interest income from funds held in trust of \$1.77 million for the three months ended March 31, 2017 (March 31, 2016 - \$1.41 million).

Private Health Services Plans division ("Health")

At March 31, 2017, Health held funds in trust of \$9.39 million (December 31, 2016 - \$9.53 million) on behalf of its self-insured private health clients. These assets are the property of the plan holders and OBI does not maintain effective control over the assets. Therefore, the assets are not reflected in these condensed consolidated financial statements.

Foreign Exchange division ("FX")

At March 31, 2017, FX held funds in trust of \$6.05 million (December 31, 2016 - \$6.38 million) for clients who have paid margin requirements on forward foreign exchange contracts and \$9.42 million (December 31, 2016 - \$6.74 million) of outstanding payments. These assets are the property of the contract holders and Olympia Trust does not maintain effective control over the assets. Therefore, the assets are not reflected in these condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

5. FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS

Fair value of financial instruments

The fair value of cash and cash equivalents, restricted cash and investments, restricted cash in circulation and cash in circulation due to the bank, trade and other receivables, trade and other payables, revolving credit facility and other liabilities and charges approximate their carrying amounts due to the short-term maturity of these instruments. Derivative financial instruments are measured at fair value through profit or loss. The fair value of all forward foreign exchange contracts is based on current bid prices for their respective terms to maturity in an active market.

Risks associated with financial instruments

Olympia is exposed to financial risks arising from normal course business operations and its financial assets and liabilities. The financial risks include liquidity risk and market risk relating to foreign currency exchange rates, interest rates and credit risk.

(i) Liquidity risk

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 very short time.

The timing of cash outflows is outlined in the following tables:

At March 31, 2017	Current	31 to 60 days	61 to 90 days	Over 90 days	Total
Trade and other payables	\$ 1,687,469	\$ 40,360	\$ -	\$ 32,950	\$ 1,760,779
Other liabilities and charges	1,351,785	-	-	-	1,351,785
Cash in circulation due to bank	2,372,200	-	-	-	2,372,200
Total	\$ 5,411,454	\$ 40,360	\$ -	\$ 32,950	\$ 5,484,764

At December 31, 2016	Current	31 to 60 days	61 to 90 days	Over 90 days	Total
Trade and other payables	\$ 857,210	\$ 79,082	\$ -	\$ 32,814	\$ 969,106
Other liabilities and charges	1,170,968	-	-	-	1,170,968
Cash in circulation due to bank	5,119,920	-	-	-	5,119,920
Total	\$ 7,148,098	\$ 79,082	\$ -	\$ 32,814	\$ 7,259,994

At March 31, 2017, trade and other payables totaled \$1.76 million (December 31, 2016 - \$0.97 million). Olympia continues to meet all of the obligations associated with its financial liabilities. Other liabilities and charges excludes leasehold inducements and straight-line rent as they do not have a cash outflow.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

The liquidity risk relating to derivative financial instruments payable is outlined in the table below:

	March 31, 2017	December 31, 2016
Current	\$ 11,448	\$ 15,821
31 to 60 days	3,041	130,803
61 to 90 days	18,604	54,728
Over 90 days	1,020,549	669,051
	\$ 1,053,642	\$ 870,403
Non-current (1 - 3 years)	\$ 2,133,207	\$ 4,271,471

The previous table presents the expected maturity dates of the foreign exchange contracts.

Liquidity risk is associated with Olympia's credit facility. The credit facility is available to finance day-to-day operations to a maximum principal amount of \$8.50 million (December 31, 2016 - \$8.50 million), and bears interest at the Canadian prime rate plus 0.25%. For the three months ended March 31, 2017, a balance of \$3.97 million remains outstanding (December 31, 2016 - \$3.94 million). Olympia has determined the principal and interest to be current.

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

(ii) Market risk

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market prices and is composed of the following:

Foreign currency exchange risk

Olympia is exposed to changes in foreign exchange rates when, and if, revenues or financial instruments fluctuate because of changing rates. Transactions in the applicable financial market are executed consistent with established risk management policies. Olympia purchases forward contracts whenever it enters into a transaction to buy or sell foreign currency in the future. These contracts are short term in nature and in the normal course of business.

Management understands that the currency markets are volatile and therefore subject to higher risk. Olympia applies the following policy to mitigate the currency risk.

- For forward contracts, a margin of 5% is payable on signature of the contract.
- Olympia sets up a corresponding position with its currency supplier.
- If market rates vary by 4% or more, the client is required to adjust their margin to match the variance by the end of the trading day.

Olympia's FX 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 FX division's policy to limit the amount of foreign currencies on hand to \$0.75 million to reduce exposure to foreign currency risk.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Olympia is exposed to interest rate risk as the cash flows generated from interest bearing instruments fluctuate in response to changes in market interest rates. The primary exposure is related to cash balances and fixed term deposits.

If the interest rates were to have increased by 1%, it is estimated that Olympia's after-tax earnings for the period ended March 31, 2017, would have increased by approximately \$0.96 million (March 31, 2016 - \$0.80 million). A 1% decrease in interest rates would have had an equal but opposite effect. This sensitivity analysis assumes that all other variables remain constant.

Credit risk

Credit risk is the risk that the counterparty to a financial asset will default, resulting in Olympia incurring a financial loss. Before material transactions begin with a new counterparty, the counterparty's creditworthiness is assessed by the FX division. The assessment practice considers both quantitative and qualitative factors. Olympia constantly monitors the exposure to any single customer or counterparty along with the financial position of the customer or counterparty. If it is deemed that a customer or counterparty has become materially weaker, Olympia will work to reduce the credit exposure and lower the credit limit allocated. Olympia is exposed to credit risk on its cash and cash equivalents, restricted cash and investments, restricted cash in circulation, trade and other receivables and derivative financial instruments receivable. The maximum exposure to credit risk of Olympia at the end of the period is the carrying value of cash and cash equivalents, restricted cash and investments, restricted cash in circulation, trade and other receivables and derivative financial instruments receivable.

- *Cash and cash equivalents*

Olympia mitigates its exposure to credit risk by maintaining its bank accounts with a highly rated financial institution.

- *Restricted cash and investments and restricted cash in circulation*

Olympia limits its counterparty credit risk on these assets by dealing with reputable counterparties and assessing their credit ratings via the services of an independent ratings agency. The Treasury bonds are "AAA" rated.

- *Trade and other receivables*

Olympia has policies and procedures in place to govern the credit risk it will assume. Trade receivables over 90 days are considered past due. As of March 31, 2017, net trade receivables of \$0.12 million (December 31, 2016 - \$0.95 million) were past due but deemed not impaired.

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. This loan was fully repaid, including accrued interest, during the period ended March 31, 2017.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

The balance relates to a number of independent clients which Olympia is actively pursuing through its internal collection process. Olympia has also undertaken an extensive exercise of assessing the value of customer assets which could potentially be applied against outstanding fees. As a result, management considers the outstanding amounts to be recoverable.

The aging of trade and other receivables is as follows:

	March 31, 2017	December 31, 2016
Current	\$ 119,932	\$ 89,210
31 to 60 days	1,743	8,207
61 to 90 days	2,195,125	14,191
Over 90 days	393,767	1,194,059
Allowance for doubtful accounts	(270,617)	(244,154)
	\$ 2,439,950	\$ 1,061,513

The allowance for doubtful accounts is based on an account portfolio analysis.

Movements on Olympia's provision for impairment of trade receivables are as follows:

	March 31, 2017	December 31, 2016
At January 1	\$ 244,154	\$ 373,423
Increase in provision	61,382	519,322
Receivables written off	(34,919)	(648,591)
Allowance for doubtful accounts	\$ 270,617	\$ 244,154

The provision for impaired receivables has been included in administrative expenses in the consolidated statements of net earnings and comprehensive income. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

- *Derivative financial instruments receivable*

The expected maturity relating to derivative financial instruments receivable and foreign exchange contracts is outlined in the table below:

	March 31, 2017	December 31, 2016
Current	\$ 49,168	\$ 24,643
31 to 60 days	9,999	199,847
61 to 90 days	42,917	78,120
Over 90 days	1,415,331	962,034
	\$ 1,517,415	\$ 1,264,644
Non-current (1-3 years)	\$ 3,241,433	\$ 5,478,746

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

(iii) Capital risk management

Olympia's objectives when managing capital are to safeguard Olympia's ability to continue as a going concern in order to provide returns and benefits to shareholders and to maintain an optimal capital structure to reduce the cost of capital and to meet minimum regulatory capital requirements. In order to maintain or adjust the capital structure, Olympia may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, repurchase shares, sell assets or make further use of its credit facility.

Olympia includes shareholders' equity (March 31, 2017 - \$9.96 million; December 31, 2016 - \$10.65 million) in the definition of capital. Shareholders' equity comprises share capital, contributed surplus and retained earnings.

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. Olympia's objective when managing capital is to maintain adequate financial flexibility to preserve its ability to meet financial obligations. In managing capital, Olympia estimates its future dividend payments and capital expenditures, which is compared to planned business growth for purposes of sustainability;
- Maintain minimum regulatory capital for Olympia Trust as required by the *Loan and Trust Corporations Act (Alberta)* (\$2.00 million). Similar regulatory capital is required by legislation in Nova Scotia (\$5.00 million). Regulatory capital is defined as share capital and retained earnings. Olympia Trust has maintained these minimum capital requirements throughout the period ended March 31, 2017; and
- Maintain compliance with financial covenants. The financial covenants are reviewed regularly 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 March 31, 2017.

The capital structure of Olympia is managed and adjusted to reflect changes in economic conditions. Capital structure adjustments could include adjusting the level of dividends and/or issuance or repurchase of common shares. In support thereof, 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 requirements are weighed against the costs associated with excess cash, its terms and availability and whether to issue equity. 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's capital management objectives have remained substantively unchanged over the periods presented.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

6. OPERATING SEGMENTS

Olympia has six operating segments, of which five are business segments and offer different products and services and are managed separately because they require different technology and marketing strategies. The Corporate division is a cost centre and earns incidental revenue. For each of the divisions, Olympia's president, chief financial officer and other executive management review internal management reports on a monthly basis.

Segment profit/(loss) is used to measure performance. Olympia's president and other executive management believe that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segmental transactions consist mainly of cost recoveries, which are recognized at cost. In addition, reportable segments are managed on a functional basis through regular reporting to the president and other executive management.

Olympia does not disclose a measure of segment assets, because the president and other executive management do not use this information to assess performance and allocate resources. Olympia reports net earnings/(loss) information for all operating segments to the president and other executive management. All other assets and liabilities are reported on a consolidated basis. Costs are allocated to divisions based on usage.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

Net operations for the three months ended March 31, 2017

	Health	RRSP	FX	ATM	EI	Corporate	Total
Service revenue	\$ 2,198,171	\$ 4,565,632	\$ 1,420,374	\$ 651,931	\$ 33,440	\$ 1,000	\$ 8,870,548
Interest revenue	34,317	1,765,822	17,152	523	153	17,146	1,835,113
Direct expenses	(627,470)	(23,086)	(149,081)	(508,371)	(26,640)	-	(1,334,648)
	1,605,018	6,308,368	1,288,445	144,083	6,953	18,146	9,371,013
Administrative expenses	(1,027,665)	(4,495,288)	(1,226,303)	(415,304)	(53,018)	(37,237)	(7,254,815)
Depreciation & amortization	(49,411)	(152,815)	(50,738)	(94,949)	(7,726)	(1,360)	(356,999)
Other gains & (losses), net (note 17)	-	-	(29,517)	114,918	-	(3,510)	81,891
Earnings/(loss) before income taxes	527,942	1,660,265	(18,113)	(251,252)	(53,791)	(23,961)	1,841,090
Income taxes (expense)/recovery	(141,866)	(451,408)	4,925	73,338	15,050	(6,444)	(506,405)
Net earnings/(loss)	\$ 386,076	\$ 1,208,857	\$ (13,188)	\$ (177,914)	\$ (38,741)	\$ (30,405)	\$ 1,334,685

Net operations for the three months ended March 31, 2016

	Health	RRSP	FX	ATM	Corporate	Total
Service revenue	\$ 2,146,014	\$ 4,373,519	\$ 1,811,193	\$ 591,713	\$ 19,408	\$ 8,941,847
Interest revenue	33,686	1,405,913	12,941	-	66,119	1,518,659
Direct expenses	(603,846)	(17,631)	(291,140)	(420,920)	-	(1,333,537)
	1,575,854	5,761,801	1,532,994	170,793	85,527	9,126,969
Administrative expenses	(1,115,129)	(4,066,986)	(1,392,230)	(340,656)	(190,895)	(7,105,896)
Depreciation & amortization	(58,207)	(100,081)	(59,179)	(76,458)	(10,043)	(303,968)
Other gains & (losses), net (note 17)	-	-	131,130	(3,837)	-	127,293
Earnings/(loss) before income taxes	402,518	1,594,734	212,715	(250,158)	(115,411)	1,844,398
Income taxes (expense)/recovery	(110,475)	(410,055)	(54,696)	43,236	2,359	(529,631)
Net earnings/(loss)	\$ 292,043	\$ 1,184,679	\$ 158,019	\$ (206,922)	\$ (113,052)	\$ 1,314,767

No one client contributed more than 10% of any segment's revenue for the three months ended March 31, 2017, or March 31, 2016.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

7. RESTRICTED CASH AND INVESTMENTS

	March 31, 2017	December 31, 2016
Foreign exchange trading investments collateral provided	\$ 450,000	\$ 2,430,000
	\$ 450,000	\$ 2,430,000

Restricted cash and investments comprise collateral provided to a financial institution securing Olympia Trust's foreign exchange trading platform. During the period, at the request of a financial institution, the collateral requirements were decreased by \$1.98 million, resulting in Olympia having collateral Treasury bond investments of \$0.45 million at March 31, 2017 (December 31, 2016 - \$2.43 million). The Treasury bonds have a term of one year from issuance and earn interest at an average rate of 1.36% (December 31, 2016 - 1.43%). The restricted cash and investments are not readily accessible for use in operations and are therefore reported separately from cash and cash equivalents.

8. CASH AND CASH EQUIVALENTS

	March 31, 2017	December 31, 2016
Cash at bank and on hand	\$ 14,727,209	\$ 5,003,336
Non-restricted cash in circulation	594,004	346,818
	\$ 15,321,213	\$ 5,350,154

Cash at bank and on hand is readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value.

Non-restricted cash in circulation refers to Olympia's cash in ATM cassettes and cash in transit from armoured car carriers.

9. RESTRICTED CASH IN CIRCULATION

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.

While armoured courier operations have physical access to the cash loaded in ATMs, risk and rewards of ownership of that cash remains with Olympia ATM at all times. 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 three months ended March 31, 2017, was \$2.37 million (December 31, 2016 - \$5.12 million).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

10. REVOLVING CREDIT FACILITY

As at March 31, 2017, Olympia has drawn \$3.97 million (December 31, 2016 - \$3.94 million) on its established credit facility. The credit facility in place has a maximum amount of \$8.50 million (December 31, 2016 - \$8.50 million) which can be drawn, and bears interest at the Canadian prime rate plus 0.25%. 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 is subject to certain covenants and other limitations that, if breached, could cause a default, which might result in a requirement for immediate repayment of all amounts outstanding. Olympia considers that it has one significant covenant that is monitored on an ongoing basis, being the cash flow coverage ratio. As at March 31, 2017, Olympia remains in compliance with all covenants.

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

Credit facility	March 31, 2017	December 31, 2016
Available balance at January 1	\$ 8,500,000	\$ 8,500,000
Drawn	(3,972,347)	(3,935,045)
Available at the end of the period/year	\$ 4,527,653	\$ 4,564,955

11. DERIVATIVE FINANCIAL INSTRUMENTS

	Fair value as at March 31, 2017	Notional amount as at March 31, 2017	Fair value as at December 31, 2016	Notional amount as at December 31, 2016
Current assets	\$ 1,517,415	\$ 74,477,117	\$ 1,264,644	\$ 59,913,330
Non-current assets (1-3 years)	3,241,433	65,915,405	5,478,746	87,763,144
Current liabilities	1,053,642	64,950,393	870,403	49,279,562
Non-current liabilities (1-3 years)	\$ 2,133,207	\$ 58,599,521	\$ 4,271,471	\$ 77,362,822

Olympia Trust has entered into foreign exchange contracts with its customers and currency suppliers. The expiry dates of the above derivatives vary between April 1, 2017, and October 26, 2018. As a result, a portion of the foreign exchange contracts are classified as non-current.

Forward foreign exchange contracts are measured at fair value through profit or loss based on contractual maturities and are presented at their fair value on the balance sheet. Changes in fair values of forward foreign exchange contracts at fair value through profit or loss are recorded in "other gains, net" in the condensed consolidated statement of net earnings and comprehensive income. The fair value of all forward foreign exchange contracts is based on current bid prices for their respective remaining terms to maturity in an active market. As at March 31, 2017, Olympia has margins held in Canadian dollars of \$6.05 million (December 31, 2016 - \$6.38 million).

For the three months ended March 31, 2017, there were no transfers between Level 1 and Level 2 fair value measurements and no transfers into or out of Level 3 fair value measurements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

The following table presents Olympia's derivative financial assets and liabilities measured at fair value and categorized by level according to the significance of the inputs used in making these measurements:

	March 31, 2017		Level 1	Level 2	Level 3
Recurring measurements					
Financial assets - derivative financial instruments	\$ 4,758,848	\$	-	\$ 4,758,848	\$ -
Financial liabilities - derivative financial instruments	(3,186,849)		-	(3,186,849)	-
	\$ 1,571,999	\$	-	\$ 1,571,999	\$ -
	December 31, 2016		Level 1	Level 2	Level 3
Recurring measurements					
Financial assets - derivative financial instruments	\$ 6,743,390	\$	-	\$ 6,743,390	\$ -
Financial liabilities - derivative financial instruments	(5,141,874)		-	(5,141,874)	-
	\$ 1,601,516	\$	-	\$ 1,601,516	\$ -

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

12. INTANGIBLE ASSETS

	Internally generated software	Computer software	ATM processing contracts	Other	Total
March 31, 2017					
Cost					
At beginning of period	\$ 1,763,813	\$ 1,335,020	\$ 1,082,968	\$ 41,032	\$ 4,222,833
Additions	33,113	-	-	-	33,113
Reclassification	125,000	(125,000)	-	-	-
At end of period	\$ 1,921,926	1,210,020	\$ 1,082,968	\$ 41,032	\$ 4,255,946
Accumulated depreciation					
At beginning of period	\$ 419,139	\$ 856,930	\$ 797,512	\$ 8,755	\$ 2,082,336
Amortization charge for the period	52,186	20,139	16,591	3,373	92,289
At end of period	\$ 471,325	\$ 877,069	\$ 814,103	\$ 12,128	\$ 2,174,625
Closing net book value	\$ 1,450,601	\$ 332,951	\$ 268,865	\$ 28,904	\$ 2,081,321
December 31, 2016					
Cost					
At beginning of year	\$ 1,359,318	\$ 1,069,669	\$ 1,082,968	\$ 16,032	\$ 3,527,987
Additions	404,495	265,351	-	25,000	694,846
At end of year	\$ 1,763,813	\$ 1,335,020	\$ 1,082,968	\$ 41,032	\$ 4,222,833
Accumulated depreciation					
At beginning of year	\$ 268,400	\$ 811,270	\$ 117,017	\$ 3,411	\$ 1,200,098
Amortization charge for the year	150,739	45,660	180,495	5,344	382,238
Impairment	-	-	500,000	-	500,000
At end of year	\$ 419,139	\$ 856,930	\$ 797,512	\$ 8,755	\$ 2,082,336
Closing net book value	\$ 1,344,674	\$ 478,090	\$ 285,456	\$ 32,277	\$ 2,140,497

Additions

The capital additions of \$0.03 million in internally generated software relates to the continued development and enhancement of the cloud based online investor statement generation system ("CRM2 system") which Olympia acquired on December 19, 2016. Olympia intends to offer exempt market dealers access to the CRM2 system in order to facilitate their compliance with certain regulatory requirements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

13. TRADE AND OTHER PAYABLES

	March 31, 2017	December 31, 2016
Trade payables	\$ 365,128	\$ 483,695
Agents and commissions payable	209,029	233,589
Amounts due to related parties	76,067	88,649
Government taxes and other payables	1,110,555	163,173
	\$ 1,760,779	\$ 969,106

14. DEFERRED REVENUE

	March 31, 2017	December 31, 2016
Annual registered plans services administration fees	\$ 8,747,298	\$ -
Annual health spending account fee	263,807	221,912
	\$ 9,011,105	\$ 221,912

At March 31, 2017, deferred revenue totaled \$9.01 million (December 31, 2016 - \$0.22 million). Deferred revenue is comprised of annual RRSP administration fees and the Health division's annual fees for maintaining customers' 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.

15. SHARE CAPITAL AND CONTRIBUTED SURPLUS

	Number of common shares	Share capital	Contributed surplus	Total
At January 1, 2016 and January 1, 2017	2,406,352	\$ 7,886,989	\$ 86,373	\$ 7,973,362
Balance at March 31, 2016 and 2017	2,406,352	\$ 7,886,989	\$ 86,373	\$ 7,973,362

The total authorized number of common shares is unlimited (December 31, 2016 - unlimited common shares). All issued shares are fully paid.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

16. INCOME TAXES

a) The significant components which give rise to deferred income tax assets and liabilities are as follows:

	March 31, 2017	December 31, 2016
Bad debts provision	\$ 73,067	\$ 65,922
Non-capital losses	1,101,005	1,009,797
Carrying amount of equipment higher than the tax basis	(200,631)	(226,418)
Cumulative eligible capital available for tax purposes	134,733	134,449
	\$ 1,108,174	\$ 983,750

b) Income tax expense is recognized based on management's best estimate of the weighted average annual income tax rate expected for the full financial period. The average annual rate used for the three months ended March 31, 2017, was 27% (March 31, 2016 - 27%).

	March 31, 2017	March 31, 2016
Earnings before income tax	\$ 1,841,090	\$ 1,844,398
Anticipated income tax expense	497,095	497,988
Non-deductible expenses	9,310	6,204
Tax losses for which no deferred tax asset is recognized	-	45,212
Other	-	(19,773)
	\$ 506,405	\$ 529,631
Current tax expense	630,830	582,343
Deferred tax recovery	(124,425)	(52,712)
	\$ 506,405	\$ 529,631

17. OTHER GAINS, NET

	March 31, 2017	March 31, 2016
Unrealized foreign exchange (loss)/gain	\$ (29,517)	\$ 131,130
Restraint of trade income	114,918	-
Other	(3,510)	(3,837)
	\$ 81,891	\$ 127,293

The unrealized foreign exchange gain decreased due to smaller forward contracts being entered into by the FX division. Restraint of trade income relates to monies received from a consultant for the release from a restraint of trade agreement in the ATM division.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

18. EARNINGS PER SHARE

Basic and diluted

Basic earnings per share is calculated by dividing the profit attributable to equity holders of Olympia by the weighted average number of common shares in issue during the period.

Three months ended	March 31, 2017	March 31, 2016
Net earnings	\$ 1,334,685	\$ 1,314,767
Weighted average number of shares (basic and diluted)	2,406,352	2,406,352
Basic and diluted earnings per share	\$ 0.55	\$ 0.55

19. DIVIDENDS PER SHARE

The dividends declared and paid amounted to \$2.02 million (March 31, 2016 - \$1.56 million).

20. CHANGES IN NON CASH WORKING CAPITAL

	March 31, 2017	March 31, 2016
Trade & other receivables	\$ (1,378,437)	\$ (1,514,966)
Current taxes receivable	47,162	24,343
Prepaid expenses	(103,136)	(206,256)
Inventory	165,998	(78,376)
Trade & other payables	791,674	622,877
Deferred revenue	8,789,193	8,295,512
Other liabilities & charges	(25,532)	(12,239)
Other liabilities	288,593	(71,407)
	\$ 8,575,515	\$ 7,059,488

21. CONTINGENCIES

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 arm's length and syndicated mortgages.

Olympia is defendant and plaintiff in a number of legal actions that arise 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

22. RELATED PARTY TRANSACTIONS

Olympia's chief executive officer ("CEO") and president owns and controls 29.07% of Olympia's shares. During the year, Olympia entered into transactions with the following related parties:

- Companies and businesses controlled by the president and CEO of Olympia;
- Companies and businesses associated with the directors of Olympia;
- Companies and businesses controlled by management of Olympia;
- Family members of the president, management and directors; and
- Key management and director compensation.

The following transactions with related parties were measured at the exchange amount, which is the amount of consideration agreed to by the parties:

Service revenue

	March 31, 2017	March 31, 2016
Companies and businesses controlled by the president and CEO	\$ 4,415	\$ 3,316
	\$ 4,415	\$ 3,316

Administrative expenses

	March 31, 2017	March 31, 2016
Companies and businesses controlled by the president and CEO	\$ 569,197	\$ 440,964
Olympia Charitable Foundation	16,962	19,741
	\$ 586,159	\$ 460,705

Administrative expenses paid to associated entities totaled \$586,159 for the three months ended March 31, 2017 (March 31, 2016 - \$460,705), and consisted of the following:

- The Olympia Charitable Foundation is funded by Olympia and the employees of Olympia. Olympia donated a total of \$16,962 for the three months ended March 31, 2017 (March 31, 2016 - \$19,741).
- Management fees are paid to Tarman Inc., a company controlled by Olympia's president and CEO, based on a percentage of pre-tax profits of Olympia's divisions, except for OBI, where the management fee is based on a percentage of health claims administered. These fees are for services provided as CEO of Olympia. For the three months ended March 31, 2017, this amounted to \$569,197 (March 31, 2016 - \$440,964).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

Share capital

On March 24, 2017, Target Capital Inc. ("Target"), of which Olympia's president and CEO is the controlling stakeholder, sold an aggregate of 55,200 common shares of Olympia to several arms-length private parties, through a private sale. The shares were sold at a price of \$29.00 per Olympia common share (the "Disposition"). After giving effect to the Disposition, the president and CEO of Olympia owns and controls 699,420 common shares of Olympia, representing 29.07% of the issued and outstanding common shares of Olympia on a non-diluted and fully diluted basis.

Trade and other receivables include amounts receivable from related parties

	March 31, 2017	December 31, 2016
Companies and businesses controlled by the president and CEO	\$ 113,891	\$ 611,408
Companies and businesses controlled by directors	3,771	17,268
	\$ 117,662	\$ 628,676

Trade and other payables and provision for other liabilities and charges include amounts payable to related parties

	March 31, 2017	December 31, 2016
Companies and businesses controlled by the president and CEO	\$ 109,349	\$ 107,890
Directors' fees	33,270	28,204
Management	1,052	924
Olympia Charitable Foundation	-	3,100
	\$ 143,671	\$ 140,118

CORPORATE INFORMATION

Directors

Rick Skauge
Gerard Janssen¹²³⁴⁵
Brian Newman¹²³⁴⁵
Craig Skauge
Diana Wolfe¹²³⁴⁵
Dennis Nerland
Tony Lanzl

Board Committees

- ¹ Audit Committee
- ² Corporate Governance Committee
- ³ Executive Compensation Committee
- ⁴ Investment Committee
- ⁵ Conduct Review Committee

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EXECUTIVE TEAM



RICK SKAUGE
President and Chief Executive Officer



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



CRAIG SKAUGE
Executive Vice President



LORI RYAN
Vice President, Registered Plans



ROBIN FRY
President, Olympia Benefits Inc.



DERICK KACHUIK
Vice President, Foreign Exchange



BILAL KABALAN
Vice President, Information Technology



JIM WILSON
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