OLYMPIA
FINANCIAL GROUP INC.

2018 ANNUAL REPORT

OLYMPIA
FINANCIAL GROUP INC.

FINANCIAL HIGHLIGHTS

As a result of the sale of the ATM division, Olympia has presented the ATM division as "discontinued operations," with the remaining operations as "continuing operations," and the total of discontinued operations and continuing operations as "combined operations."

Results from continuing operations for the year ended 2018, when compared to continuing operations for the year ended December 31, 2017:

- Earnings before income tax increased 40% to $13.59 million from $9.73 million.
- Total revenue increased 20% to $50.03 million from $41.54 million due to an increase in both interest revenue and trust income, and service revenue earned.
- Service revenue increased 17% to $38.60 million from $32.97 million mainly due to increases in the Foreign Exchange division and the Registered Plans division. The increase in the Foreign Exchange division is due to an increase in spot trade volume and transaction sizes, while the increase in the Registered Plans division is mainly due to one time fees charged in connection with the restructuring of an exempt market issuer.
- Olympia's interest revenue and trust income is subject to fluctuations depending on account balances and changes in the Canadian prime rate. Interest revenue and trust income increased 33% to $11.43 million from $8.58 million as a result of increases in the Canadian prime rate.
- Direct and administrative expenses (excluding depreciation and amortization) increased 10% to $34.26 million from $31.02 million mainly due to an increase in salaries and bonuses, computer maintenance, enhanced cyber security measures and startup costs for the Corporate and Shareholder Services division.
- Other (losses)/gains, net, increased more than 100% to ($1.43) million from $0.02 million, mainly due to Olympia Trust's FX division recording a $1.38 million unrealized forward foreign exchange contract loss resulting from a reduction in the number of forward exchange contracts. This compares to a $0.03 million forward foreign exchange contract gain in the prior year.
- On June 5, 2018, Olympia announced the sale of substantially all the assets of its wholly owned subsidiary, Olympia ATM Inc. Olympia ATM Inc. entered into an agreement with Tarman ATM Inc., a corporation owned and controlled by Olympia's president and Chief Executive Officer. The sale closed on August 3, 2018, with an effective date of July 1, 2018.

TABLE OF CONTENTS

PRESIDENT'S REPORT

RICK SKAUGE
Chief Executive Officer & President

It was a pleasure to write last year's Annual Report and let shareholders know that our pre-tax earnings increased 20% when compared to 2016. It gives me even greater pleasure to inform shareholders that our pre-tax earnings for the past year increased an additional 40% when compared to 2017. Shareholders were also rewarded with a 22% increase in share price during the calendar year along with a 18% increase in the monthly dividend to 20 cents from 17 cents (effective June 30, 2018).

Olympia has significantly benefited from higher interest rates but has also seen significant gains in our established business units. Olympia did exit the ATM business mid-year, which helped second-half earnings by eliminating related losses.

In December, Olympia re-entered the corporate and shareholder services business; a business which longer-term shareholders may recall we previously sold on December 13, 2013 for $43 million.

The one common thread that has historically bound our divisions together is that we all operate under the mantra "with us, it's personal". We now seem to have adopted a second common thread in that all our divisions are morphing into Fintech operations. Through independently built and operated "apps" and web portals, Olympia customers can now make a health claim, check their RRSP or TFSA account information or buy 83 foreign currencies on their phone or personal computer.

2018 saw Olympia's Registered Plans division undertake many behind the scenes projects with the goal to improve the end user experience and create operational efficiencies. Highlights of these changes included the digitization of the division's records management system which ultimately saw the division vacate approximately 4,000 SF of office space needed for physical storage. To modernize and improve the sharing of information for both end users with accounts and advisors that refer clients, the division created the first version of their mobile "app". Available now on both Apple and Android operating systems, this app will be strategically marketed to clients throughout 2019. While Version 1 of the app focused on providing clients real time account information, RSP is developing additional versions in 2019 which will ultimately allow clients to transact online, further reducing administration done by staff and improving the customer experience for those who prefer to interact digitally.

Olympia's Foreign Exchange Division rebounded from a challenging 2017 to record excellent profitability for 2018. During the year the division released its PayFX Cash Delivery System, which allows Canadians to purchase 83 currencies online and pay via e-transfer. The system is flexible and allows customers to have physical foreign currency delivered to their home or office the day after purchase. The division also successfully utilized blockchain technology this past year, empowering Olympia to send payments worldwide in minutes instead of days. Olympia's FXATM finally became profitable as they added a key partner in the travel industry to their network.

Olympia Benefits Inc. is our oldest division. It had a remarkable 2018 with net income increasing by 30% and for the first time exceeding $2,000,000 in profits. During 2018 the division added over 7,000 new health plan members. Over 50% of claims are now made online and the division is about to release a new product called Telemedicine (doctor in your pocket) to assist our customers in getting important medical information when they need it most. The division is a good example of Olympia going digital as most of the division's sales, claims and administration are online events. Look for more positive growth in this division this coming year.

Exempt Edge Inc., Olympia's second newest division, gained significant traction in the marketplace in 2018. One of the greatest challenges faced by the division is the onboarding of the many clients wishing to license the division's various platforms. With the regulatory landscape continuing to evolve, including the regulatory requirement of many Mortgage Investment Entities in British Columbia needing to become licensed as Exempt Market Dealers in 2019, demand for the division's product line should continue to grow.

Exempt Edge Inc. spent significant resources in 2018 developing and testing a state-of-the-art data exchange system for the exempt market. 2019 will see it fully brought to market which should revolutionize the way in which many exempt market stakeholders interact and accordingly bring further market participants into the Exempt Edge ecosystem and line of products.

Olympia ATM Inc. commenced operations in 2015 and lost money since inception. The Board of Directors were very supportive of management, but ultimately had to call an end to this money losing business. The President agreed to purchase the business at fair market value and continue its operations privately.

When times are tough, the tough get going. That could be said about Olympia Charitable Foundation. 2018 saw the Charity raise $225,000 in the employee and employer matched contributions campaign and our Olympia Charitable Golf Tournament raised an additional $64,000. We are proud of all our employees, clients, and service providers for their generosity in support of our Charity.

Olympia Financial Group Inc. has significant growth possibilities in all its divisions. We will continue to provide custom services to the Canadian Exempt Market and we will continue to develop software that will enhance our customers experience in all our divisions. Shareholders have lots of reasons to be optimistic about Olympia's future.

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 year ended December 31, 2018.

This MD&A should be read in conjunction with Olympia's audited consolidated financial statements for the year ended December 31, 2018 ("consolidated financial statements"), as well as the MD&A found in Olympia's 2017 Annual Report, together with the audited consolidated financial statements and accompanying notes found therein. Olympia's audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("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 February 28, 2019. Additional information about Olympia, including quarterly and annual reports, is available on Olympia's website at www.olympiafinancial.com and on SEDAR at www.sedar.com.

Cautionary note regarding forward-looking statements

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.

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 catastrophes;
- 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;
- cyber security risks;
- 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.

Olympia's business

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 corporation 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, Foreign Exchange division and Corporate and Shareholder Services division conduct business under Olympia Trust.

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).

The ATM division conducted business under Olympia ATM Inc. ("ATM" or "Olympia ATM"), a wholly owned subsidiary of Olympia. ATM was incorporated on November 17, 2014, under the *Business Corporations Act* (Alberta). During the year ended December 31, 2018, management sold substantially all the assets of ATM to Tarman ATM Inc. ("Tarman"), a corporation owned and controlled by Olympia's president and CEO. Following the sale of the assets, ATM was amalgamated with OBI on August 10, 2018.

The Exempt Edge division conducts business under Exempt Edge Inc. ("EEI"). 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.

Olympia holds an 80% controlling interesting in EEI and a third party holds a non-controlling interest of 20%. The non-controlling interest is presented separately in the consolidated statements of net earnings and comprehensive income and within equity in the consolidated balances sheets, but separately from Olympia's equity.

Summary of financial results

Overview and financial highlights of the year ended December 31, 2018

As a result of the sale of the ATM division, Olympia has presented the ATM division as "discontinued operations," with the remaining operations as "continuing operations," and the total of discontinued operations and continuing operations as "combined operations." Note that, in accordance with the requirements of IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, income, expenses, other gains/losses and cash flows associated with the ATM division have been classified as discontinued operations in the consolidated statements of net earnings and comprehensive income, as well as in the consolidated statements of cash flows. Unless otherwise indicated, net earnings and comprehensive income, and other financial information reflect the results of our continuing operations for all years presented.

Results from continuing operations

- Total net earnings and comprehensive income increased 40% to $9.90 million from $7.06 million when compared to the year ended December 31, 2017.
- Total revenue increased 20% to $50.03 million from $41.54 million when compared to the year ended December 31, 2017, due to an increase in both interest revenue and trust income, and service revenue.
- Service revenue increased 17% to $38.60 million from $32.97 million when compared to the year ended December 31, 2017, mainly due to increases in the Foreign Exchange division and the Registered Plans division. The increase in the Foreign Exchange division is due to an increase in spot trade volume and transaction sizes, while the increase in the Registered Plans division is mainly due to one time fees charged in connection with the restructuring of an exempt market issuer.
- Olympia's interest revenue is subject to fluctuations depending on account balances and changes in the Canadian prime rate. Interest revenue and trust income increased 33% to $11.43 million from $8.58 million when compared to the year ended December 31, 2017, due to increases in the Canadian prime rate. The Canadian prime rate was 3.95% on December 31, 2018, and 3.20% on December 31, 2017.
- Earnings before income tax increased 40% to $13.59 million from $9.73 million when compared to the year ended December 31, 2017.
- Direct and administrative expenses (excluding depreciation and amortization) increased 10% to $34.26 million from $31.02 million when compared to the year ended December 31, 2017, mainly due to an increase in salaries and bonuses, computer maintenance, enhanced cyber security measures and startup costs in the Corporate and Shareholder Services division.
- Other (losses)/gains, net, increased more than 100% to ($1.43) million from $0.02 million, mainly due to Olympia Trust's FX division recording a $1.38 million unrealized forward foreign exchange contract loss resulting from a reduction in the number of forward exchange contracts. This compares to a $0.03 million forward foreign exchange contract gain in the prior year.
- Income tax expense is recognized based on the estimated average annual income tax rate for the full financial year. The rate used as at December 31, 2018, was 27% (December 31, 2017 – 27%).
- Basic and diluted earnings per share for continuing operations attributable to shareholders of Olympia increased 40% to $4.14 per share from $2.95 per share when compared to the year ended December 31, 2017.

Results from discontinued operations

- Net loss and comprehensive loss from discontinued operations decreased 62% to ($0.39) million from ($1.03) million when compared to the year ended December 31, 2017.

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								
($ thousands)	**Dec. 31 2018**	Sep. 30 2018	Jun. 30 2018	Mar. 31 2018	**Dec. 31 2017**	Sep. 30 2017	Jun. 30 2017	Mar. 31 2017
Service revenue	**9,738**	9,452	10,308	9,099	**8,838**	7,767	8,278	8,083
Interest revenue and trust income	**2,966**	2,963	2,874	2,630	**2,515**	2,206	1,984	1,870
Expenses	**(8,831)**	(8,584)	(9,268)	(8,327)	**(8,261)**	(7,558)	(8,223)	(7,791)
Other (losses)/gains, net	**(310)**	(809)	(189)	(122)	**(225)**	8	275	(33)
Earnings before income taxes	**3,563**	3,022	3,725	3,280	**2,867**	2,423	2,314	2,129
Earnings from continuing operations	**2,591**	2,200	2,725	2,386	**2,087**	1,707	1,721	1,549
Earnings/(loss) from discontinued operations	**30**	25	(199)	(244)	**(289)**	(264)	(259)	(214)
Net earnings	**2,621**	2,225	2,526	2,142	**1,798**	1,443	1,462	1,335
Per share attributable to shareholders of Olympia from continuing operations - basic and diluted ($)	**1.09**	0.92	1.14	0.99	**0.88**	0.71	0.72	0.64
Per share attributable to discontinuing operations - basic and diluted ($)	**0.01**	0.01	(0.08)	(0.09)	**(0.11)**	(0.11)	(0.11)	(0.09)
Dividends per share ($)	**0.60**	0.60	0.54	0.51	**0.51**	0.51	0.51	0.51

Quarterly results in 2018

Olympia's quarterly revenue for 2018 was, on average, 21% higher than Olympia's quarterly revenue for 2017. This increase is largely due to an increase in both service revenue and interest revenue and trust income earned. Service revenue had the largest year over year increases in the second and third quarter of 2018 when compared to 2017. This was mainly due to an increase in spot trade volume and transaction size in the Foreign Exchange division and fees charged by the Registered Plans division in connection with the restructuring of an exempt market issuer. Quarterly interest earned and trust income increases are attributable to increases in the Canadian prime rate throughout the year, whereby the prime rate increased from 3.20% as at December 31, 2017, to 3.95% as at December 31, 2018.

Quarterly direct and administrative expenses (including depreciation and amortization) increased by an average of 8%, mainly due to an increase in commission and bonus expenses.

Fourth quarter results

Service revenue in the fourth quarter was $9.74 million, up from $8.84 million in the fourth quarter of 2017, mainly due to an increase in spot trade volume and transaction sizes in the Foreign Exchange division as well as an accounting policy change in the Registered Plans divisions, whereby administrative revenue from new accounts opened during the year is recognized on a straight-line basis over the calendar year, rather than immediately. Interest revenue and trust income was $2.97 million, up from $2.52 million in the fourth quarter of 2017, due to increased interest rates.

Total revenue in the fourth quarter for the Private Health Services Plan division increased 3% to $2.21 million from $2.14 million when compared to the fourth quarter of 2017. Total expenses and depreciation decreased to $1.39 million from $1.54 million when compared to the fourth quarter of 2017. The decrease is due mainly to a decrease in salaries, computer maintenance and depreciation arising from the continued digitization of the Private Health Services division.

Total revenue for the Registered Plans division increased 14% to $7.87 million from $6.90 million when compared to the fourth quarter of 2017. Total expenses and depreciation increased 6% to $5.06 million from $4.77 million when compared to the fourth quarter of 2017. The increase in expenses is primarily due to an increase in bonus expense as a result of higher revenue.

The Foreign Exchange division's total revenue increased by 15% to $2.46 million from $2.13 million when compared to the fourth quarter of 2017. Expenses, commissions, depreciation and amortization increased by 3% to $1.78 million from $1.72 million when compared to the fourth quarter of 2017, due to an increase in commission expense and bonus expense as a result of higher revenue.

The Exempt Edge division's total revenue increased by 88% to $0.15 million from $0.08 million when compared to the fourth quarter of 2017. Total expenses, including depreciation, increased to $0.30 million from $0.17 million when compared to the fourth quarter of 2017, due to an increase in computer maintenance as the Exempt Edge division continues development of its software services.

Objectives for 2019

Management has set the following major objectives for 2019:

- Grow the Corporate and Shareholder Services ("CSS") division;
- Continue to invest in Olympia's online presence;
- Introduction of mobile application for PayFX.com platform;
- Continue to grow our Health Spending Account ("HSA") business;
- Continue to grow the Exempt Edge division; and
- Introduction and further development of mobile application for the Registered Plans division "App."

Grow the Corporate and Shareholder Services division

In 2019, the Corporate and Shareholder Services division will focus on establishing and growing its client base for transfer agent and corporate trustee services and will explore complementary services where opportunities arise. In addition, Corporate and Shareholder Services will be expanding into Vancouver in the first quarter of 2019.

Continue to invest in Olympia's online presence

Olympia continues to enhance its online platforms to better serve its customers with performance and usability improvements. Olympia has devoted specialized resources to application development for the purpose of enhancing its online presence. Olympia continues to invest in its cyber security initiatives to ensure the safety and security of client information and prevention of malicious activity.

Introduction of our mobile application for PayFX.com platform

In 2018, the Foreign Exchange division implemented a new product on PayFX.com that caters to individual consumers on our platform. This new product allows Canadians to purchase from more than 83 currencies on PayFX.com and pay through e-transfer. The FX cash is sent via Purolator for next day delivery to the individual's home or office. In Q1, 2019, the Foreign Exchange division will release a new mobile application that will allow users to access all our foreign exchange products in one convenient app on their phone or tablet.

Grow our Health Spending Account ("HSA") business

Olympia's Private Health Services Plan division will continue to expand its leadership in small business benefits by further developing its innovative suite of digital products. In 2019, the Private Health Services Plan division will introduce a wellness plan and a telemedicine service. A mobile application is currently being tested.

Entry into the wellness plan space will satisfy a growing need for small businesses to offer comprehensive benefits, will improve margins for the group product and improve stickiness.

A strategic partnership with a telemedicine provider will allow the division to offer exclusive telemedicine service pricing to family business clients. This innovative "doctor in your pocket" further reinforces the value proposition that healthcare costs can be reduced by using digital alternatives.

The first version of the mobile application will allow customers to remotely file health spending account and wellness claims with Olympia using their smart phone or tablet. It is anticipated that the application will improve the customer experience, strengthen relationships and increase visibility.

The family and group HSA products remain the engine of the division. The new initiatives will augment the core offering and position the division to maintain standing as market leader.

Continue to grow the Exempt Edge division

In 2018, EEI's rapid growth and corresponding challenges proved that there is significant demand for software built specifically for the Canadian private capital market. Carrying this growth and momentum into 2019, Exempt Edge's two main areas of focus will be the further investment in its own development team and the launch of its third product, EdgeLink, in early 2019. EdgeLink is intended to create the first ever digital ecosystem for the Canadian private capital market and its participants. Exempt Edge will continue to ensure its software is built using industry best practices, with a view towards long-term sustainability and scalability.

Introduction and Further Development of Registered Plans Division "App"

The Registered Plans division will be deploying and marketing version 1 of its "app" in the first quarter of 2019 with version 2 being launched towards the end of the second quarter. Management believes this product will enhance the customer experience for those who prefer online banking while simultaneously reducing the manual administration required by staff.

Outlook for 2019

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, Private Health Services Plan, Foreign Exchange, Exempt Edge, and Corporate and Shareholder Services divisions.

Financial analysis

CONSOLIDATED BALANCE SHEETS AS AT		
($)	**December 31, 2018**	December 31, 2017
ASSETS		
Current assets		
Cash & cash equivalents	**$ 12,834,906**	$ 10,140,523
Restricted cash in circulation	**-**	3,823,110
Trade & other receivables	**2,272,037**	1,413,359
Inventory	**49,127**	223,114
Prepaid expenses	**783,370**	732,914
Derivative financial instruments	**406,082**	9,236,934
Total current assets	**16,345,522**	25,569,954
Non-current assets		
Restricted cash & investments	**707,000**	500,000
Equipment & other	**1,239,533**	2,232,396
Intangible assets	**2,508,262**	1,849,693
Financial asset at fair value through other comprehensive income	**43,714**	48,932
Promissory note receivable	**1,428,539**	-
Derivative financial instruments	**-**	729,459
Deferred tax assets	**1,243,256**	1,435,531
Total non-current assets	**7,170,304**	6,796,011
Total assets	**$ 23,515,826**	$ 32,365,965
LIABILITIES		
Current liabilities		
Trade & other payables	**$ 1,341,892**	$ 1,278,144
Deferred revenue	**399,820**	313,256
Other liabilities & charges	**1,528,078**	1,648,081
Cash in circulation due to bank	**-**	3,823,110
Revolving credit facility	**4,207,347**	4,812,347
Derivative financial instruments	**160,480**	7,796,036
Current tax liability	**5,637**	102,212
Total current liabilities	**7,643,254**	19,773,186
Other liabilities	**791,705**	1,068,776
Derivative financial instruments	**-**	543,073
Total liabilities	**$ 8,434,959**	$ 21,385,035
EQUITY		
Share capital	**$ 7,886,989**	$ 7,886,989
Contributed surplus	**86,373**	86,373
Retained earnings	**7,214,540**	3,048,996
Equity attributable to owners of Olympia	**15,187,902**	11,022,358
Non-controlling interests	**(107,035)**	(41,428)
Total equity	**15,080,867**	10,980,930
Total equity & liabilities	**$ 23,515,826**	$ 32,365,965

Cash, cash equivalents and restricted cash and investments

Olympia continues to generate cash from its core businesses, except for the Exempt Edge and Corporate and Shareholder Services divisions. As at December 31, 2018, cash reserves increased by 27% to $12.83 million (December 31, 2017 - $10.14 million). This increase results mainly from Olympia's higher revenues for the year and reduced funding requirements following the sale of substantially all of ATM's assets in August of 2018.

Restricted cash and investments as at December 31, 2018, of $0.71 million (December 31, 2017 - $0.50 million), comprises of Treasury bonds provided as collateral to a financial institution securing Olympia Trust's foreign exchange trading platform. The Treasury bonds have a term of one year from issuance and earn interest at an average rate of 1.45% (December 31, 2017 – 0.59%). 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 79% of the total current assets of Olympia at December 31, 2018, compared to 40% at December 31, 2017.

Restricted cash in circulation

With the sale of substantially all the assets of ATM, the restricted cash in circulation was returned, resulting in a $nil balance at December 31, 2018, (December 31, 2017 - $3.82 million) and ATM's cash bailment agreement was terminated.

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

ATM's cash bailment agreement was for a term of five years, through to November 2020, and bore interest at the Canadian prime rate. The available bailment cash limit was $20.00 million.

Trade and other receivables

Trade and other receivables are comprised largely of receivables from the Registered Plans division's clients (87%). The increase in trade receivables is mainly due to fees charged in connection with the restructuring of an exempt market issuer.

Included in trade and other receivables at December 31, 2017, was a $0.12 million demand loan to Tarman, a company controlled by the president and chief executive officer ("CEO") of Olympia. The loan was fully repaid in the first quarter of 2018.

Olympia has made allowances for doubtful accounts of $0.57 million, compared to $0.61 million as at December 31, 2017. 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.

Promissory note receivable

On June 5, 2018, Olympia announced the sale of substantially all the assets of its wholly owned subsidiary, Olympia ATM. Olympia ATM entered into an agreement with Tarman, a company owned and controlled by Olympia's president and CEO. The sale closed on August 3, 2018, with an effective date of July 1, 2018.

The purchase price paid by Tarman is equal to the aggregate net book value of the assets used by the ATM division. The assets' book value at June 5, 2018, was estimated to be $1.40 million. The purchase price was paid by the delivery of a secured demand promissory note (the "promissory note") for $1.40 million by Tarman. The outstanding principal amount of the promissory note bears interest at prime plus 0.25%. All interest accrued under the promissory note shall be paid on an annual basis on or before the 30th day of June of each calendar year. Subject to Canadian Western Bank's consent (as discussed below), commencing June 30, 2020, Tarman is required to repay the outstanding principal amount of the promissory note in annual installments of $140,000 on or before the 30th day of June of each calendar year, with the outstanding balance of the principal amount to be repaid in full on or before June 30, 2023.

In connection with the financing of the vault cash used by Tarman, Olympia agreed to postpone to Canadian Western Bank ("CWB") the receipt of all amounts owed to it by Tarman and is required to obtain CWB's consent prior to accepting any amounts from Tarman. Olympia also agreed to subordinate to CWB all security interests granted to Olympia by Tarman.

Olympia has assessed the expected credit loss as it relates to the promissory note and has determined it to be nominal.

Refer to Note 5 of the financial statements for assets sold in the transaction.

For the year ended December 31, 2018, interest of $28,539 has accrued.

Forward foreign exchange contracts

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 $0.41 million on the balance sheet at December 31, 2018, compared to $9.97 million as at December 31, 2017, and a forward foreign exchange contract liability of $0.16 million at December 31, 2018, compared to $8.34 million as at December 31, 2017. The movement in the derivative financial instruments asset and liability on the balance sheet is due mainly 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.

Intangible assets

The capital additions of $1.08 million relates mainly to the continued development and enhancement of cloud based online systems in the Exempt Edge division and the development of a mobile application for use by the Registered Plans division.

Current liabilities

The breakdown of Olympia's trade and other payables consists of trade payables and other payables (54%), government taxes (23%), amounts due to agents, clients and commission payable (15%) and amounts due to related parties (8%).

The balance in other liabilities and charges consists of bonus accruals, general accruals, professional fees payable, straight-line rent, employee benefits payable, onerous contract obligation and leasehold inducements.

Deferred revenue

At December 31, 2018, deferred revenue totaled $0.40 million compared to $0.31 million as at December 31, 2017. This consists mainly of 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.

Employee Share Ownership Plan (ESOP)

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 through the facilities of the TSX. Olympia's contribution is included as an administrative expense in the statements of net earnings and comprehensive income and amounted to $0.24 million for the year ended December 31, 2018 (December 31, 2017 - $0.21 million).

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 mortgages held on behalf of its clients.

Olympia is a 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 consolidated financial statements.

Subsequent event

On February 2, 2019, Olympia was subject to a ransomware cyber attack on its information technology systems. The malware used to perform the attack encrypted Olympia's network services so it could not be used. While operations were affected, Olympia's dedicated staff managed to maintain many basic operations throughout, with funding of both RSP investment transactions and foreign exchange trades. On February 11, 2019, Olympia announced that it had resumed all business operations and restored nearly all information technology systems impacted by the ransomware cyber attack.

Investigations into the attack are ongoing, but there is still no evidence that customers' personal information was compromised as a result of the attack.

Olympia remains committed to utilizing all available means to protect its business operations and customers' personal information. Olympia will continue to invest in its information technology systems and security to detect and minimize the risk of unauthorized activity in this age of ever growing highly sophisticated information security threats.

Olympia is in the process of quantifying the financial impact of the ransomware attack and its impact on the Q1, 2019, condensed consolidated financial statements. Olympia has initiated a claim with its insurance broker.

Related party transactions

Olympia's president and CEO owns and controls 29.26% 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 directors.

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

	December 31, 2018	December 31, 2017
Companies and businesses controlled by the president and CEO	$ 11,639	$ 20,736
	$ 11,639	$ 20,736

Revenue from associated entities totaled $11,639 for the year ended December 31, 2018 (December 31, 2017 - $20,736). This consisted mainly of revenue from legal services provided by Olympia's in-house general counsel to Tarman, a company controlled by the president and CEO.

Interest revenue

	December 31, 2018	December 31, 2017
Companies and businesses controlled by the president and CEO	$ 37,335	$ 5,276
	$ 37,335	$ 5,276

Interest revenue from associated entities totaled $37,335 for the year ended December 31, 2018, (December 31, 2017 - $5,276) and consists of interest earned from outstanding receivables and the promissory note receivable.

Administrative expenses

	December 31, 2018	December 31, 2017
Companies and businesses controlled by the president and CEO	$ 3,594,972	$ 2,617,874
Olympia Charitable Foundation	98,432	58,899
	$ 3,693,404	$ 2,676,773

Administrative expenses paid to associated entities totaled $3.69 million for the year ended December 31, 2018 (December 31, 2017 - $2.68 million), and consisted of the following:

- The Olympia Charitable Foundation is funded by Olympia and the employees of Olympia. Olympia donated a total of $98,432 for the year ended December 31, 2018 (December 31, 2017 - $58,899).

ALY BANDALI AND CRAIG SKAUGE
Olympia's Charitable Foundation donating to Operation Eyesight

- Management fees are paid to Tarman based on a percentage of pre-tax profits of Olympia's divisions, except for the Private Health Services Plan division, where the management fee is based on a percentage of health claims administered. These fees are for services provided as president and CEO of Olympia. For the year ended December 31, 2018, this amounted to $3.59 million (December 31, 2017 - $2.62 million).

Trade and other receivables include amounts receivable from related parties

	December 31, 2018	December 31, 2017
Companies and businesses controlled by the president and CEO (current)	**$ 57,522**	$ 365,028
Companies and businesses controlled by the president and CEO (non-current)	**1,428,539**	-
	$ 1,486,061	$ 365,028

Receivables from associated entities totaled $1.49 million for the year ended December 31, 2018 (December 31, 2017 - $365,028), and consisted mainly of the following:

- A receivable in the amount of $nil (December 31, 2017 - $7,388) from Target Capital Inc., ("Target") a company previously controlled by the president and CEO of Olympia, which reflected an arrangement whereby Olympia paid a portion of the remuneration for Target's personnel who delivered services to both Olympia and Target.

- A receivable in the amount of $57,488 (December 31, 2017 - $236,503) from Tarman, a company controlled by Olympia's president and CEO, reflects the legal services and other expense recoveries provided to Tarman.
- A receivable in the amount of $34 (December 31, 2017 - $716) from Namena Island, Toy Box II and Camera 2 Canvas Inc., companies controlled by the president and CEO of Olympia, for expense recoveries.
- On November 29, 2017, Olympia obtained approval from the Board of Directors for a $120,000 demand loan to Tarman, a company controlled by the president and CEO of Olympia. The secured demand loan was fully repaid during the year ended December 31, 2018, including accrued interest at 4.00% per annum.
- On June 5, 2018, Olympia announced the sale of substantially all the assets of its wholly owned subsidiary, Olympia ATM. Olympia ATM entered into an agreement with Tarman, a company owned and controlled by Olympia's president and CEO. The sale closed on August 3, 2018.

  The purchase price paid by Tarman is equal to the aggregate net book value of the assets used in the ATM business. The assets' book value at June 5, 2018, was estimated to be $1.40 million. The purchase price was paid by the delivery of a secured demand promissory note (the "promissory note") for $1.40 million by Tarman. The outstanding principal amount of the promissory note bears interest at prime plus 0.25%. All interest accrued under the promissory note shall be paid on an annual basis on or before the 30th day of June of each calendar year. Subject to Canadian Western Bank's consent, commencing June 30, 2020, Tarman is required to repay the outstanding principal amount of the promissory note in annual installments of $140,000 on or before the 30th day of June of each calendar year, with the outstanding balance of the principal amount to be repaid in full on or before June 30, 2023.

  Olympia has assessed the expected credit loss as it relates to the promissory note and has determined it to be nominal.

  For the year ended December 31, 2018, interest of $28,539 has been accrued.

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

	December 31, 2018	December 31, 2017
Companies and businesses controlled by the president and CEO	**$ 153,502**	$ 160,298
Directors' fees	**69,776**	45,377
	$ 223,278	$ 205,675

- Payables to associated entities totaled $223,278 for the year ended December 31, 2018 (December 31, 2017 - $205,675), and consisted mainly of the following:
- A payable in the amount of $37,070 (December 31, 2017 - $36,473) to Tarman, a company controlled by the president and CEO of Olympia, for commissions related to the sale of health plans offered by OBI.
- A payable in the amount of $693 (December 31, 2017 - $1,538) to Target, Tarman and Camera 2 Canvas Inc., companies controlled by the president and CEO of Olympia, for expense recoveries.
- A management fee payable in the amount of $115,739 (December 31, 2017 - $122,287) to Tarman, a company controlled by the president and CEO of Olympia, based on a percentage of pre-tax profits of Olympia's divisions.
- A payable for directors' fees of $69,776 (December 31, 2017 - $45,377).

These payables are all current.

Key management compensation

Compensation paid to key management is included in Notes 23 and 33 of the consolidated financial statements. Key management includes the Board of Directors, and executive teams of OBI, Olympia Trust, EEI, and Olympia. Olympia uses management or employment contracts as a means to incent certain executives to maximize the profitability of their applicable business units and the profitability of Olympia as a whole. The compensation paid or payable to key management is shown in the following table:

	December 31, 2018	December 31, 2017
Salaries, bonuses and profit sharing	**$ 4,583,106**	$ 3,734,006
Management fees	**3,594,972**	2,617,874
Directors' fees	**262,163**	193,526
Short-term employee benefits	**233,604**	210,495
	$ 8,673,845	$ 6,755,901

The increase in salaries, bonuses and profit sharing and management fees in the current year is attributable to an increase in earnings, resulting in higher management profit sharing entitlements to executive management.

Shareholders' equity

As at December 31, 2018, and December 31, 2017, Olympia had 2,406,352 outstanding shares, with a carrying value of $7.89 million.

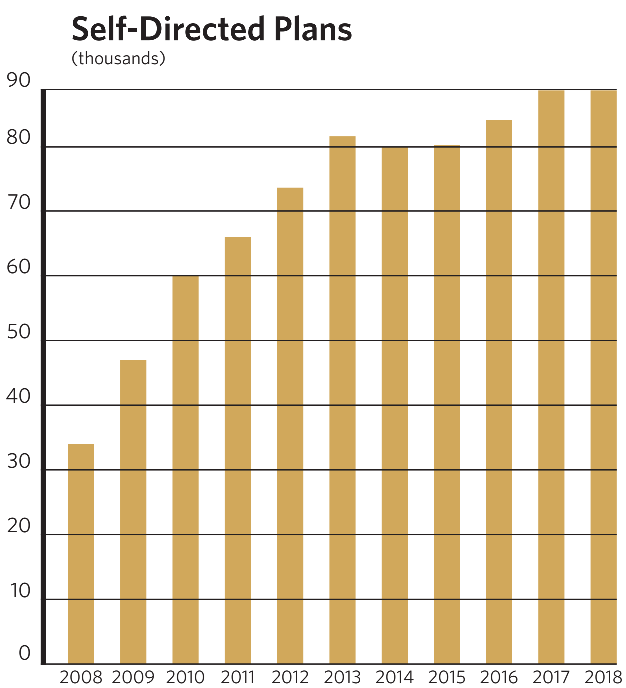
Income taxes

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. The average corporate rate used for the year ended December 31, 2018, was 27% (December 31, 2017 - 27%).

Analysis of results by division

Registered Plans Division

SUMMARY OF DIVISIONAL RESULTS FOR THE YEAR ENDED DECEMBER 31			
($ thousands)	**2018**	2017	Variation
Service revenue	**20,004**	18,233	10%
Interest revenue and trust income	**10,694**	8,024	33%
Direct expenses	**(36)**	(103)	-65%
	30,662	26,154	17%
Administrative expenses	**(19,951)**	(18,185)	10%
Depreciation and amortization	**(514)**	(516)	0%
Other losses, net	**(54)**	(1)	>100%
Earnings before income tax	**10,143**	7,452	36%
Income taxes	**(2,695)**	(1,980)	36%
Net earnings	**7,448**	5,472	36%



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 arms-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 10% to $20.00 million from $18.23 million when compared to the year ended December 31, 2017. The increase is mainly attributable to one time fees charged in connection with the restructuring of an exempt market issuer.

ENJOYING OLYMPIA'S CHRISTMAS PARTY IN BANFF

Interest revenue and trust income increased 33% to $10.69 million from $8.02 million when compared to the year ended December 31, 2017, reflecting increases in the Canadian prime interest rate to 3.95% as at December 31, 2018, from 3.20% at December 31, 2017.

Direct, administrative, depreciation and amortization expenses increased 9% to $20.50 million from $18.80 million when compared to the year ended December 31, 2017. This increase is largely due to an increase in operating expenses, such as salaries and bonuses, computer maintenance and enhanced cyber security measures.

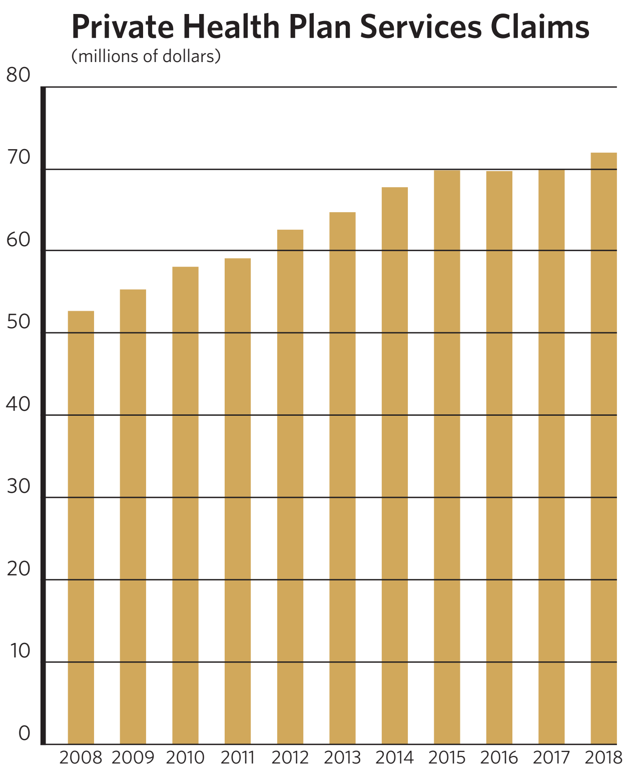
Earnings before income tax increased 36% to $10.14 million from $7.45 million when compared to the year ended December 31, 2017.

RRSP net earnings increased 36% to $7.45 million from $5.47 million when compared to the year ended December 31, 2017.

RRSP is responsible for 60% of Olympia's total revenue (including interest), a decrease from 63% when compared to the year ended December 31, 2017.

Private Health Services Plan Division

SUMMARY OF DIVISIONAL RESULTS FOR THE YEAR ENDED DECEMBER 31			
($ thousands)	**2018**	2017	Variation
Service revenue	**7,959**	7,675	4%
Interest revenue and trust income	**234**	158	48%
Direct expenses	**(1,801)**	(1,857)	-3%
	6,392	5,976	7%
Administrative expenses	**(3,745)**	(3,921)	-4%
Depreciation and amortization	**(75)**	(121)	-38%
Other losses, net	**(2)**	-	100%
Earnings before income tax	**2,570**	1,934	33%
Income taxes	**(658)**	(499)	32%
Net earnings	**1,912**	1,435	33%



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.

AARON TAKEDA AND ERI ELIOPOULOS
Enjoying a night out with Olympia at Zoolights

Health's service revenue increased by 4% to $7.96 million from $7.68 million when compared to the year ended December 31, 2017. The increase in the Private Health Services Plan division is mainly due to an increase in the number of health claims submitted by customers.

Direct, administrative, depreciation and amortization expenses decreased 5% to $5.62 million from $5.90 million when compared to the year ended December 31, 2017. This decrease results from a decrease in operating expenses such as salaries and computer maintenance as the Health division continues its digitization.

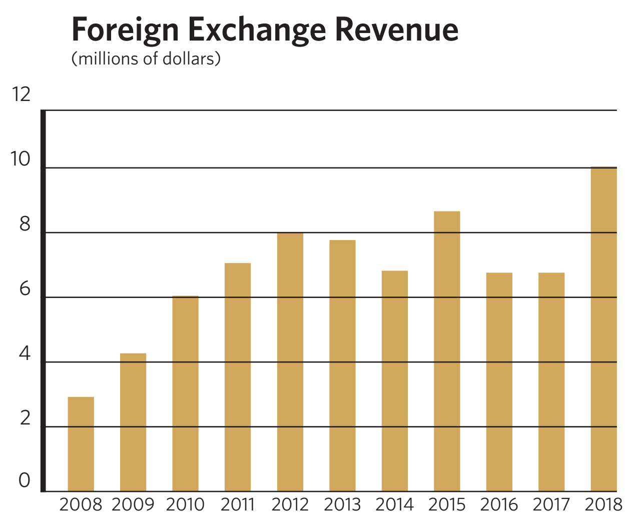
Earnings before income tax increased 33% to $2.57 million from $1.93 million when compared to the year ended December 31, 2017.

Health's net earnings increased 33% to $1.91 million from $1.44 million when compared to the year ended December 31, 2017.

Health is responsible for 17% of Olympia's total revenue (including interest), a decrease from 19% when compared to the year ended December 31, 2017.

Foreign Exchange Division

SUMMARY OF DIVISIONAL RESULTS FOR THE YEAR ENDED DECEMBER 31			
($ thousands)	**2018**	2017	Variation
Service revenue	**9,922**	6,840	45%
Interest revenue and trust income	**207**	117	77%
Direct expenses	**(1,109)**	(863)	29%
	9,020	6,094	48%
Administrative expenses	**(6,177)**	(5,457)	13%
Depreciation and amortization	**(80)**	(133)	-40%
Other (losses)/gains, net	**(1,384)**	26	>-100%
Earnings before income tax	**1,379**	530	>100%
Income taxes	**(366)**	(141)	>100%
Net earnings	**1,013**	389	>100%



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 increased 45% to $9.92 million compared to $6.84 million when compared to the year ended December 31, 2017. The increase is due to an increase in spot trade volume and transaction sizes.

Direct, administrative, depreciation and amortization expenses increased 14% to $7.37 million from $6.45 million when compared to the year ended December 31, 2017. The increase is mainly due to higher employee commissions and bonuses.

PEGGY CHU AND DERICK KACHUIK
Celebrating 10 years of dedicated service

Other (losses)/gains, net, increased more than 100% to ($1.38) million from $0.03 million. This decrease is due to a reduction in the number of forward exchange contracts.

Earnings before income tax increased more than 100% to $1.38 million from $0.53 million when compared to the year ended December 31, 2017.

FX's net earnings increased more than 100% to $1.01 million from $0.39 million when compared to the year ended December 31, 2017.

FX is responsible for 20% of Olympia's total revenue (including interest), an increase from 17% when compared to the year ended December 31, 2017.

Exempt Edge Division

SUMMARY OF DIVISIONAL RESULTS FOR THE YEAR ENDED DECEMBER 31			
($ thousands)	**2018**	2017	Variation
Service revenue	**518**	210	>100%
Interest revenue and trust income	**1**	-	100%
Direct expenses	**(166)**	(142)	17%
	353	68	>100%
Administrative expenses	**(743)**	(315)	>100%
Depreciation and amortization	**(75)**	(45)	67%
Loss before income tax	**(465)**	(292)	59%
Income taxes recovery	**136**	83	64%
Non-controlling interest	**(66)**	(41)	61%
Net loss attributable to shareholders of Olympia	**(263)**	(168)	57%

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

Service revenue for the year ended December 31, 2018, relates mainly to fees for onboarding clients onto the Exempt Edge platform.

Direct, administrative, depreciation and amortization expenses increased 96% to $0.98 million from $0.50 million when compared to the year ended December 31, 2017. These relate mainly to employee salaries, computer maintenance, consulting fees and depreciation and amortization.

Loss before income tax for the year ended December 31, 2018 increased 62% to ($0.47) million from ($0.29) million compared to the year ended December 31, 2017.

EEI's net loss attributable to shareholders of Olympia increased 53% to ($0.26) million from ($0.17) million when compared to the year ended December 31, 2017.

Corporate and Shareholder Services Division

SUMMARY OF DIVISIONAL RESULTS FOR THE YEAR ENDED DECEMBER 31	
($ thousands)	**2018**
Service revenue	-
Interest revenue and trust income	-
Direct expenses	-
	-
Administrative expenses	(257)
Depreciation and amortization	(1)
Loss before income tax	(258)
Income taxes recovery	69
Net loss	(189)

On December 17, 2018, Olympia announced that its wholly owned subsidiary Olympia Trust had commenced business as a transfer agent and corporate trustee. Olympia's Corporate and Shareholder Services ("CSS") division provides transfer agent and registrar services to public and private issuers across Canada. CSS is positioned as an alternative to the large trust companies that are principally focused on eastern Canada. The services provided by CSS include administering dividend reinvestment and employee share purchase plans, acting as depository and disbursing agent for corporate reorganizations, assisting with shareholder solicitations and scrutineering shareholder meetings. The CSS management team comprises highly respected and experienced individuals with a track record of success in the provision of transfer agency and corporate trust services.

For the year ended December 31, 2018, administrative costs comprised of startup cost.

Corporate Division

SUMMARY OF DIVISIONAL RESULTS FOR THE YEAR ENDED DECEMBER 31			
($ thousands)	**2018**	2017	Variation
Service revenue	**194**	8	>100%
Interest revenue and trust income	**296**	276	7%
	490	284	73%
Administrative expenses	**(278)**	(174)	60%
Depreciation and amortization	**(2)**	(5)	-60%
Other gains, net	**10**	-	100%
Earnings before income tax	**220**	105	>100%
Income taxes expense	**(173)**	(131)	32%
Net earnings/(loss)	**47**	(26)	81%

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.

CRAIG AND KENDRICK SKAUGE
Enjoying an Olympia evening skating at The Calgary Zoo's Zoolights.

Total revenue earned is incidental to Olympia's activities. During the year ended December 31, 2018, the Corporate division received indemnification payments from customers involved in the previously reported Canadian Revenue Agency dispute.

Administrative, depreciation and amortization expenses for the year ended December 31, 2018, have increased 56% to $0.28 million from $0.18 million when compared to the year ended December 31, 2017. The increase relates mainly to corporate costs arising from the sale of the assets of ATM and ATM's subsequent amalgamation with OBI.

The Corporate division's net earnings increased 67% to $0.05 million from ($0.03) million when compared to the year ended December 31, 2017.

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				
	December 31, 2018		December 31, 2017	
($ 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	$ 530,238	$ 4,139,064	$ 535,348	$ 4,090,555
Private Health Services Plan	11,018	-	10,124	-
Foreign Exchange	6,281	-	18,900	-
	$ 547,537	$ 4,139,064	$ 564,372	$ 4,090,555

RRSP division

At December 31, 2018, RRSP administered self-directed registered plans consisting of private company securities and mortgages with a cost value of $4.14 billion (December 31, 2017 – $4.09 billion) plus cash, public securities, term deposits and outstanding cheques with an estimated fair value of $530.24 million (December 31, 2017 – $535.35 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 the consolidated financial statements.

Olympia earned trust income from funds held in trust of $10.28 million for the year ended December 31, 2018 (December 31, 2017 - $7.81 million).

Health division

At December 31, 2018, Health held funds in trust of $11.02 million (December 31, 2017 - $10.12 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 the consolidated financial statements.

FX division

At December 31, 2018, FX held funds in trust of $1.22 million (December 31, 2017 – $5.31 million) for clients who have paid margin requirements on forward foreign exchange contracts and $5.06 million (December 31, 2017 - $13.59 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 the consolidated financial statements.

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 year ended December 31, 2018; 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, 2018.

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 2019 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 2019 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 Trust'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 substantially unchanged over the years presented.

Liquidity

Liquidity risk is the risk that Olympia will encounter difficulties in meeting its financial obligations. Olympia manages its liquidity risk by keeping surplus cash with a highly rated financial institution. 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) of 2.14:1 as at December 31, 2018, compared to 1.29:1 as at December 31, 2017. The ratio indicates that Olympia should not have difficulty in meeting working capital requirements.

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

Cash flows

- **Operating activities from continuing operations**

The movement in cash flow from operating activities from continuing operations for the year ended December 31, 2018, is attributable to higher net earnings.

- **Investing activities from continuing operations**

The movement in cash (used)/from investing activities from continuing operations during the year ended December 31, 2018, is mainly attributable to capital asset expenditure in the RRSP and EEI divisions.

- **Financing activities from continuing operations**

Cash used in financing activities from continuing operations during the year ended December 31, 2018, decreased, mainly due to the movement in amounts provided to Olympia ATM.

Cash

Cash is placed with a Canadian financial institution where it generates interest. Cash and cash equivalents comprise 79% of the total current assets of Olympia, compared to 40% as at December 31, 2017.

One factor that affects Olympia's profitability is effective interest rates. Although Olympia Trust is a non-deposit taking trust corporation, it does earn trust income on cash held in trust. Cash held in trust generated trust income of $10.28 million, a 32% increase from $7.81 million when compared to the year ended December 31, 2017, due to increases in the Canadian prime rate. The Canadian prime rate was 3.95% on December 31, 2018, and 3.20% on December 31, 2017.

Olympia, through its operational cash flow and line of credit, has sufficient funds to meet its Objectives for 2019.

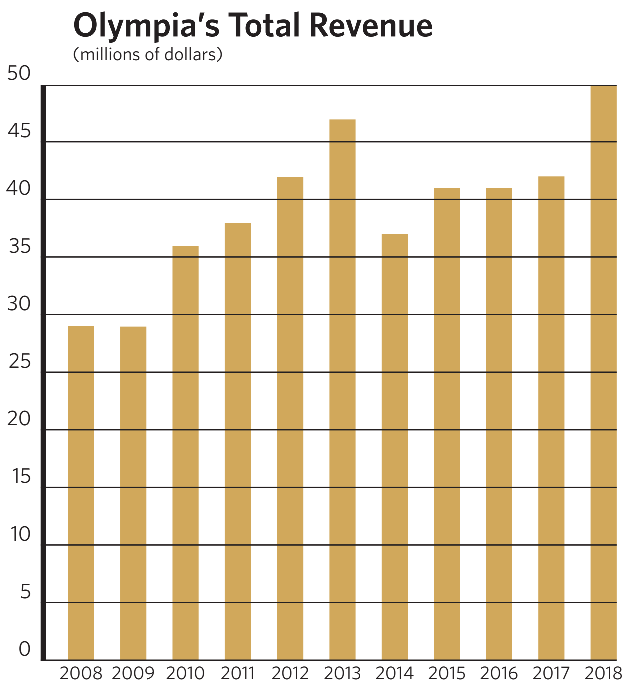
Liquidity risks associated with financial instruments are addressed in the notes to the accompanying consolidated financial statements. Management understands that currency markets are volatile and therefore subject to higher risk. Olympia's FX division mitigates currency risk through its policy of limiting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

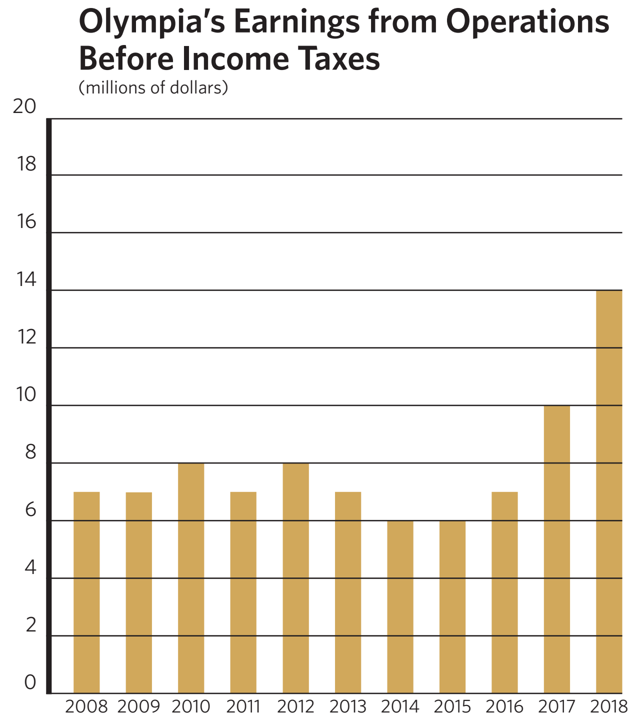
Commitments

Olympia leases various offices under operating lease agreements. The initial lease terms are between twelve months and fifty months and the majority of lease agreements are renewable at market rates when the lease period ends.

Future aggregate minimum lease payments under operating leases are listed in the table below:

	December 31, 2018
2019	$ 1,024,581
2020	1,009,885
2021	923,397
2022	147,932
	$ 3,105,795





Credit facility

As at December 31, 2018, Olympia had drawn $4.21 million on its credit facility, compared to $4.81 million as at December 31, 2017. Amounts drawn in the current year have been used primarily to finance expansion of the EEI division and startup of the CSS division. Amounts drawn in previous years were used for capital expenditures related to the ATM division and Olympia's Normal Course Issuer Bid ("NCIB"). The credit facility provides a maximum of $8.50 million and bears interest at the Canadian prime rate plus 0.25%. The Canadian prime rate at December 31, 2018, was 3.95% (December 31, 2017 – 3.20%). 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, 2018.

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. At December 31, 2018, Olympia's cash flow coverage ratio under the terms of the credit facility was calculated to be 3.23:1 (December 31, 2017 – 2.13:1).

This calculation is based on Olympia's twelve month revolving Earnings Before Interest and Tax after Depreciation and Amortization ("EBITDA") less cash taxes paid ("revolving EBITDA"). This revolving EBITDA for the year ended December 31, 2018, has been calculated at $10.79 million (December 31, 2017 - $7.00 million) after adjusting for finance expenses of $0.15 million (December 31, 2017 - $0.14 million). The coverage required is based on an annualized average of the scheduled facility principal of $8.50 million and interest payments calculated at 5.99% (December 31, 2017 – 5.29%) over a period of 36 months. As at December 31, 2018, this was calculated to be $3.34 million (December 31, 2017 -$3.28 million). Should the covenants and other limitations be breached, it could cause a default, which might result in a requirement for immediate repayment of all amounts outstanding.

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.

Credit facility	**December 31, 2018**	December 31, 2017
Available balance at January 1	**$ 8,500,000**	$ 8,500,000
Drawn	**(4,207,347)**	(4,812,347)
Available at the end of the year	**$ 4,292,653**	$ 3,687,653

Risk framework

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

Liquidity risk is the risk that Olympia will encounter difficulties in meeting its financial liability obligations. Olympia manages its liquidity risk by keeping surplus cash with a highly rated financial institution. 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 December 31, 2018	**Current**	**31 to 60 days**	**61 to 90 days**	**Over 90 days**	**Total**
Trade and other payables	$ 1,341,291	$ -	$ -	$ 601	$ 1,341,892
Other liabilities and charges	1,259,435	-	-	-	1,259,435
Total	**$2,600,726**	**$ -**	**$ -**	**$ 601**	**$2,601,327**

At December 31, 2017	**Current**	**31 to 60 days**	**61 to 90 days**	**Over 90 days**	**Total**
Trade and other payables	$ 1,251,312	$ 16,033	$ 10,799	$ -	$ 1,278,144
Other liabilities and charges	1,356,208	-	-	-	1,356,208
Cash in circulation due to bank	3,823,110	-	-	-	3,823,110
Total	$6,430,630	$ 16,033	$ 10,799	$ -	$6,457,462

At December 31, 2018, trade and other payables totaled $1.34 million (December 31, 2017 - $1.28 million). Olympia continues to meet all of the obligations associated with its financial liabilities. Other liabilities and charges with a cash outflow are identified in Note 20 of the consolidated financial statements, except for leasehold inducements, straight-line rent and onerous contract obligation.

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

	December 31, 2018	December 31, 2017
Current	**$ 15,210**	$ 501,075
31 to 60 days	**19,473**	539,665
61 to 90 days	**16,849**	565,106
Over 90 days	**108,948**	6,190,190
	$ 160,480	$ 7,796,036
Non-current (1-3 years)	**$ -**	$ 543,073

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, 2017 - $8.50 million) and bears interest at the Canadian prime rate plus 0.25%. For the year ended December 31, 2018, a balance of $4.21 million remains outstanding (December 31, 2017 - $4.81 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.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, following variations in the parameters underlying their evaluation, such as interest rates, exchange rates or quoted stock market prices, and is comprised of foreign currency exchange risk, interest rate risk, management's assessment and operational risks.

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 both short term and long term in nature and are in the normal course of business.

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

- For forward contracts, a margin of 5% is payable on signature of the contract.
- Olympia Trust 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 next 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 $1.25 million to reduce exposure to foreign currency risk.

If the United States dollar to Canadian dollar exchange rate at December 31, 2018, were to have increased by $0.10, it is estimated that Olympia's after-tax earnings for the year ended December 31, 2018, would have decreased by approximately $91,464 (December 31, 2017 -$118,792). A $0.10 decrease in the United States dollar to Canadian dollar exchange rate would have had an equal but opposite effect. The vast majority of Olympia's Foreign Exchange division's trades are Canadian dollars traded for United States dollars and vice versa, although it trades in various other currencies. This sensitivity analysis assumes that all other variables remain constant.

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 year ended December 31, 2018, would have increased by approximately $3.76 million (December 31, 2017 - $3.94 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 transactions begin with a new customer or 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 year 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 utilizing 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 December 31, 2018, net trade receivables of $2.04 million (December 31, 2017 - $0.62 million) were past due but deemed not impaired. The increase in trade receivables is mainly due to one time fees charged in connection with the restructuring of an exempt market issuer.

Included in trade and other receivables at December 31, 2017 was a $0.12 million demand loan to Tarman, a company controlled by the president and CEO of Olympia, which was fully repaid during the year, with interest accruing at 4% per annum.

Olympia has made allowances for doubtful accounts of $0.57 million, compared to $0.61 million as at December 31, 2017. The allowance is based on Olympia's provision matrix.

The balance relates to a number of independent clients which Olympia is actively pursuing through its internal collection process.

The aging of trade and other receivables is as follows:

	December 31, 2018	December 31, 2017
Current	**$ 196,911**	$ 753,939
31 to 60 days	**12,657**	15,579
61 to 90 days	**24,234**	28,407
Over 90 days	**2,609,598**	1,229,256
Allowance for doubtful accounts	**(571,363)**	(613,822)
	$ 2,272,037	$ 1,413,359

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:

	December 31, 2018	December 31, 2017
At January 1	$ 613,822	$ 244,154
Increase in provision	269,437	616,733
Receivables written off	(311,896)	(247,065)
Allowance for doubtful accounts	571,363	$ 613,822

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:

	December 31, 2018	December 31, 2017
Current	$ 17,926	$ 572,398
31 to 60 days	30,960	648,240
61 to 90 days	45,029	636,671
Over 90 days	312,167	7,379,625
	$ 406,082	$ 9,236,934
Non-current (1-3 years)	$ -	$ 729,459

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 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. Refer to Note 14 in the accompanying consolidated financial statements for a detailed discussion on the revolving credit facility.

Olympia includes shareholders' equity (December 31, 2018 - $15.19 million: December 31, 2017 -$11.02 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 does not use financial ratios to manage its capital structure. 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 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 year ended December 31, 2018; 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 financial covenants for the year ended December 31, 2018.

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 required 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.

Operational risks

Management has identified the following major operational risks which could negatively affect Olympia's future strategies and objectives:

- The risk of fluctuations in interest rates and currency values negatively affecting Olympia's business;
- Legal developments and changes in tax laws;
- The occurrence of weather related and other natural catastrophes;
- The risk that the regulatory environment in which Olympia carries out commercial activities may change;

- The level of competition in Olympia's markets;
- The risk that new markets may fail to produce estimated revenues;
- The risk of changes in accounting standards and policies;
- The risk that negative stakeholder impressions about Olympia's business practices, actions or inaction, whether true or not, could cause deterioration in Olympia's value, brand, liquidity, or customer base;
- The risk that general economic conditions could deteriorate and any significant downturn in capital markets or the general economy could negatively affect financial results;
- The cybersecurity risk that failure of computer hardware, data processing systems, network access and software could interrupt operations or materially impact Olympia's ability to deliver its services;
- The accuracy and completeness of information Olympia receives about customers and counterparties; and
- Olympia's corporate insurance program further mitigates certain operational risk exposures. Olympia looks to industry benchmarks as well as legal, regulatory and contractual requirements when deciding on types of coverage and limits. Coverage is placed at limits considered appropriate for Olympia's size, structure and type of operations. Olympia reviews the insurance program annually to ensure it remains well suited and compliant with regulations and requirements.

Accounting policies

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

A number of new amended standards became applicable on January 1, 2018. Olympia had to change its accounting policies and/or make retrospective adjustments as a result of adopting the following standards:

- IFRS 9 "Financial Instruments"
- IFRS 15 "Revenue from Contracts with Customers"

Policies prior to January 1, 2018

Financial instruments

Olympia's financial instruments, included in the consolidated balance sheets are comprised of cash and cash equivalents, restricted cash and investments, restricted cash in circulation, cash in circulation due to bank, trade and other receivables, derivative financial instruments, available for sale investments, trade and other payables, revolving credit facility and other liabilities and charges. A derivative is a financial instrument whose value changes in response to a specified variable, requires little or no net investment and is settled at a future date. An embedded derivative is a derivative that is a part of a non-derivative contract and not directly related to that contract. Under this standard, embedded derivatives must be accounted for as a separate financial instrument. A non-financial derivative is a contract that can be settled net in cash or by other financial instruments. Olympia does not apply hedge accounting to the derivative financial instruments. Non-derivative financial instruments include cash and cash equivalents, restricted cash and investments, restricted cash in circulation, trade and other receivables, available for sale investments, revolving credit facility, trade and other payables and other liabilities and charges. Non-derivative financial instruments are recognized initially at fair value, plus any directly attributable transaction costs, except for financial assets at fair value through profit or loss, whereby any directly attributable transaction costs are expensed as incurred. Subsequent to initial recognition, non-derivative financial instruments are designated into one of the following categories and measured as described below:

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

Financial assets and liabilities at fair value through profit or loss are financial assets or financial liabilities held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. A financial liability is classified in this category if acquired principally for the purpose of repurchasing in the short term. Olympia's derivative financial instruments are designated as financial assets and liabilities at fair value through profit and loss as they are not designated as hedges for accounting purposes.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and which are not classified as available for sale. Loans and receivables are initially recognized at fair value, including direct and incremental transaction costs. They are subsequently valued at amortized cost, using the effective interest method where applicable, less allowances and write-downs for impairment. Assets in this category include restricted cash and investments, restricted cash in circulation and trade and other receivables, the fair value of which approximates its carrying amount due to its short-term maturity.

(iii) Held-to-maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments that Olympia's management has the intention and ability to hold to maturity. They are initially recognized at fair value, including direct and incremental transaction costs. They are subsequently valued at amortized cost, using the effective interest method where applicable. Olympia has no held-to-maturity investments.

(iv) Available for sale financial assets

Available for sale assets are non-derivative financial assets that are designated as available for sale and are not categorized into any of the other categories described above. They are initially recognized at fair value, including direct and incremental transaction costs. They are subsequently recognized at fair value. Gains and losses arising from changes in fair value are included as a separate component of equity until sale, when the cumulative gain or loss is transferred to the statement of net earnings and comprehensive income. Interest is determined using the effective interest method, and impairment losses and translation differences on monetary items are recognized in the statement of net earnings and comprehensive income. Available for sale investment represents Olympia's investment in securities of a private issuer.

(v) Other financial liabilities

Items classified as other financial liabilities on Olympia's consolidated financial statements are accounted for at amortized cost using the effective interest method. Any gains or losses in the realization of other financial liabilities are included in earnings. Olympia's trade and other payables, other liabilities and charges, restricted cash in circulation due to bank and revolving credit facility are designated as other financial liabilities. The fair value and charges approximate their carrying values, due to the short-term nature of these instruments.

Cash and cash equivalents

Cash and cash equivalents are comprised of cash on hand, non-restricted cash in circulation, interest on term deposits held with banks and other short-term highly liquid investments with original maturities of three months or less. Non-restricted cash in circulation refers to the aggregate amount of non-restricted vault cash (cash in ATM cassettes) plus cash inventory (cash in transit from armoured car carriers). Cash and cash equivalents are measured at amortized cost, which approximates fair value. Cash and cash equivalents are reported separately from restricted cash and investments, and restricted cash in circulation.

Recognition and measurement

Regular purchases and sales of financial assets are recognized on the trade date on which Olympia commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the statement of net earnings and comprehensive income. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and Olympia has substantially transferred all risks and rewards of ownership. Available for sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortized cost using the effective interest method. Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss are presented in the statement of net earnings and comprehensive income within the period in which they arise. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the statement of net earnings and comprehensive income as gains and losses.

The impact of the adoption of these standards and the new accounting policies are disclosed below.

IFRS 9 “Financial instruments" - impact of adoption

Trade receivables

Olympia applies the IFRS 9 simplified approach to measuring Expected Credit Losses (“ECL”), which uses a lifetime expected loss allowance for all trade and other receivables. Olympia holds trade receivables that do not have a significant financing component. To determine the amount of the ECL to be recognized, Olympia has set up a provision matrix based on its historically observed default rates. Olympia adjusts the matrix for forward-looking estimates and has established that the expected credit loss should be calculated as follows:

- less than 90 days: nominal;
- more than 90 days but less than two years past due: 20% of carrying value;
- more than two years but less than three years past due: 65% of carrying value; and
- three or more years past due: 100% of carrying value.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the failure of a customer to make contractual payments for a period greater than 365 days past due, and the value of a customer’s asset being assessed to be nominal.

The loss allowance for trade receivables as at December 31, 2017, remains consistent with the reported consolidated financial statements for the year ended December 31, 2017.

Classification

As of January 1, 2018, Olympia classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through Other Comprehensive Income ["OCI"] or through profit or loss); and
- those to be measured at amortized cost.

The classification depends on Olympia's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether Olympia has made an irrevocable election at the time of initial recognition to account for the equity investment at Fair Value Through Other Comprehensive Income ("FVOCI").

Olympia has elected to recognize its investment in a private issuer at FVOCI. The investment in the private issuer was previously recognized as available for sale in accordance with IAS 39.

Measurement

At initial recognition, Olympia measures a financial asset at its fair value plus, in the case of a financial asset not at Fair Value Through Profit or Loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

IFRS 9 did not have any impact on Olympia's measurement of financial instruments and did not require retrospective adjustments.

IFRS 15 "Revenue from Contracts with Customers"

Effective January 1, 2018, Olympia adopted IFRS 15, "Revenue From Contracts With Customers" ("IFRS 15") replacing IAS 11, "Construction Contracts," IAS 18, "Revenue" and several revenue-related interpretations. Olympia adopted IFRS 15 using the modified retrospective with cumulative effect approach, and applied the following practical expedients:

- Electing to apply the standard retrospectively only to contracts that were not completed contracts on January 1, 2018; and
- For modified contracts, evaluating the original contract together with any contract modifications at the date of initial application.

IFRS 15 did not have any impact on Olympia's accounting policies and did not require retrospective adjustments.

Critical accounting estimates

The preparation of financial statements requires management to make judgments, estimates and assumptions based on currently available information that affects 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, these 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.

In the process of applying Olympia's accounting policies, management has made the following judgments, estimates and assumptions which have the most significant effect on the amounts recognized in the consolidated financial statements.

(i) Discontinued operations (Note 5)

Olympia presents discontinued operations on a separate line in the consolidated statements of net earnings and comprehensive income if a major line of business has been disposed of or is classified as held for sale.

Net loss from discontinued operations includes the net total of operating profit and loss before tax from operations, including net gain or loss on sale before tax or measurement to fair value less costs to sell and discontinued operations tax expense. A major line of business comprises operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of Olympia's operations and cashflows. If a major line of business is classified as a discontinued operation, Olympia restates prior periods in the consolidated statements of net earnings. Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. These measurement provisions do not apply to deferred tax assets and liabilities, and financial assets. Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition, subject to terms that are usual and customary for sales of such assets. Management must be committed to the sale and must actively market the business for sale at a price that is reasonable in relation to the current fair value. The sale should be expected to qualify for recognition as a completed sale within one year from the date of classification.

(ii) Allowance for doubtful accounts (Note 7)

Olympia regularly performs a review of outstanding accounts receivable balances to determine eventual collectability. A provision for bad debt is recorded based on historical information or if an account is deemed uncollectable. Olympia analyzes the bad debt provision regularly to determine if any of the accounts provided for should be written off. Those accounts which are deemed uncollectable could materially change as a result of changes in a customer's financial situation. This includes risks associated with the gross receivable position on foreign exchange forward contracts, all assessed regularly for impairment.

(iii) Depreciation and amortization methods (Notes 16 and 17)

Olympia estimates the useful lives of property, plant and equipment and intangible assets, based on the period over which the assets are expected to be available for use.

The estimated useful lives are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets. In addition, the estimation of the useful lives is based on internal technical evaluation, current facts and past experience with similar assets, and takes into consideration the anticipated expected life of the asset, existing long-term agreements and contracts, current and forecasted demand and the potential for technological obsolescence. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

(iv) Impairments (Note 17)

Olympia performs impairment tests of assets when indications of impairment exist. Application of judgment is required in determining whether an impairment test is warranted. Impairment exists when the carrying value of an asset or Cash-Generating Unit ("CGU") exceeds its recoverable amount, which is the higher of (a) its fair value less costs of disposal and (b) its value in use. The fair value less costs of disposal calculation is estimated using valuation techniques such as a discounted cash flow model adjusted to reflect the considerations of any prospective third-party buyer. The value in use calculation is based on the present value of expected cash flows. The cash flows are derived from internal budgets and do not include restructuring activities that Olympia is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the present value of expected cash flows, as well as expected transaction volumes, future operating costs, tax rates, margins and the growth rate used for extrapolation purposes. There is a certain amount of subjectivity and judgment in the determination of the recoverable amount calculation. Judgments and assumptions, described in notes 7, 16 and 17, are subject to measurement uncertainty, and the impact of differences between actual and estimated amounts on the consolidated financial statements of future periods could be material.

When indicators support that the asset is no longer impaired, Olympia will reverse impairment losses. Similar to the impairment, application of judgment is required to determine whether a reversal should be considered.

(v) Income taxes (Note 22)

Olympia calculates an income tax provision in each of the jurisdictions in which it operates. Estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the ability to use the underlying future tax deductions against future taxable income before the deductions expire. The assessment is based on existing tax laws and estimates of future taxable income. Further, there are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Provisions are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. Olympia reviews the adequacy of these provisions at each reporting period. However, it is possible that at some future date an additional liability could result from audits by taxation authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

(vi) Revenue

Olympia applies judgment to determine whether fee revenue should be recognized on a gross basis or net of fees paid to the merchant or insurer for providing, processing, and maintaining the service to a customer. Pursuant to the guidance in IFRS 15, Olympia has assessed whether to record such payments as a reduction of associated service revenues or as a direct expense. Olympia determines whether the nature of its promise to customers is a performance obligation to provide the service itself or to arrange for that service to be provided by another party. Specific factors considered are, whether Olympia acts as the principal and is the primary obligor in performance obligations, provides the processing for the performance obligations, has significant influence over pricing and has the risks and rewards of ownership, including a variable earnings component and the risk of loss for collection. Olympia has full discretion over the price of the services and therefore has no unfulfilled obligations that could affect the clients acceptance of the service. Olympia recognizes insurance fees on a net basis. As a result, for agreements under which Olympia acts as the principal, Olympia records the total amounts earned from the underlying performance obligations as service revenues and records the related merchant expense as a direct expense of operating revenues. However, for those agreements in which Olympia does not meet the criteria to qualify as the principal in a performance obligation, Olympia does not record the related fee revenue, as the rights associated with this revenue stream are attributable to the benefit of the merchant. Olympia records fee revenue under these arrangements on a net basis.

Whether Olympia is considered to be the principal or an agent in a performance obligation depends on analysis by management of both the legal form and substance of the agreement between Olympia and the merchant. Such judgments impact the amount of reported revenue and expenses, but do not impact reported assets, liabilities or cash flows.

Future accounting pronouncements

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after January 1, 2019, and have not been applied in preparing these consolidated financial statements.

On January 13, 2016, the IASB published IFRS 16, "Leases" ("IFRS 16") replacing IAS 17, "Leases." IFRS 16 now requires lessees to recognize a lease liability reflecting future lease payments and a "right-of-use asset" for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts). The new standard will affect both the balance sheet and related ratios, such as debt/equity ratio, and may result in a significant increase in debt on the balance sheet. IFRS 16 is effective for annual reporting periods beginning on or after January 1, 2019. Earlier application is permitted, but only in conjunction with IFRS 15, "Revenue from Contracts with Customers." On adoption of IFRS 16, Olympia will recognise a lease liability and a right of use asset primarily as it relates to its office space. The financial impact on the consolidated financial statements is still being evaluated.

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

The President and Chief Executive Officer ("CEO") and Vice President, Finance and Chief Financial Officer ("CFO") of Olympia are responsible for establishing and maintaining Disclosure Controls and Procedures ("DC&P") and Internal Control over Financial Reporting ("ICFR") for Olympia.

DC&P are designed to provide reasonable assurance that material information relating to Olympia is made known to the CEO and CFO by others, particularly in the period in which the annual filings are being prepared, and that information required to be disclosed in documents filed with securities regulatory authorities is recorded, processed, summarized and reported within the time periods specified in securities legislation, and include controls and procedures designed to ensure that such information is accumulated and communicated to Olympia's management, including the CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure. ICFR is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

In accordance with the requirements of National Instrument 52-109 "Certification of Disclosures in Issuer's Annual and Interim Filings," an evaluation of the effectiveness of DC&P and ICFR was carried out under the supervision of the CEO and CFO at December 31, 2018. Based on this evaluation, the CEO and CFO have concluded that, subject to certain inherent limitations noted below, Olympia's DC&P and ICFR are effectively designed and operating as intended.

Olympia's management, including the CEO and CFO, does not expect that Olympia's DC&P and ICFR will prevent or detect all misstatements or instances of fraud. The inherent limitations in all control systems are such that they can provide only reasonable, not absolute, assurance that all control issues, misstatements or instances of fraud, if any, within Olympia have been detected.

There was no change to Olympia's ICFR during the most recent annual period that has materially affected, or is reasonably likely to materially affect, Olympia's ICFR.

Outstanding share data

As at February 28, 2019, Olympia has an aggregate of 2,406,352 common shares issued and outstanding.

Additional information

Further information regarding Olympia can be accessed under Olympia's public filings found at 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.

MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2018, and December 31, 2017

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

The consolidated 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 consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with International Financial Reporting Standards appropriate in the circumstances. The financial information elsewhere in the Annual Report has been reviewed to ensure consistency with that in the consolidated financial statements.

The Board of Directors has reviewed and approved the accompanying consolidated financial statements for the years ended December 31, 2018, and December 31, 2017.

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 consolidated 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 performed an audit on these consolidated financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada. Their report outlines the scope of their examination and opinion.

Signed Rick Skauge

Rick Skauge
PRESIDENT & CHIEF EXECUTIVE OFFICER

Signed Gerhard Barnard

Gerhard Barnard, CPA, CMA
CHIEF FINANCIAL OFFICER

Calgary, Canada, February 28, 2019

Independent auditor's report

To the Shareholders of Olympia Financial Group Inc.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Olympia Financial Group Inc. and its subsidiaries (together, the Group) as at December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

What we have audited
The Group's consolidated financial statements comprise:

- the consolidated balance sheets as at December 31, 2018 and 2017;
- the consolidated statements of net earnings and comprehensive income for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statement of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

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

Independence
We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Other information

Management is responsible for the other information. The other information comprises the Annual Report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

PricewaterhouseCoopers LLP
111-5th Avenue S.W., Suite 3100, Calgary, Alberta, Canada T2P 5L3
T: +1 403 509 7500, F: +1 403 781 1825

pwc

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

pwc

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Peter Harris.

(Signed) "PricewaterhouseCoopers LLP"

Chartered Professional Accountants

Calgary, Alberta
February 28, 2019

CONSOLIDATED BALANCE SHEETS

	December 31, 2018	December 31, 2017
ASSETS		
Current assets		
Cash & cash equivalents (note 11)	**$ 12,834,906**	$ 10,140,523
Restricted cash in circulation (notes 12 and 30)	**-**	3,823,110
Trade & other receivables (note 7)	**2,272,037**	1,413,359
Inventory (note 13)	**49,127**	223,114
Prepaid expenses	**783,370**	732,914
Derivative financial instruments (notes 7 and 15)	**406,082**	9,236,934
Total current assets	**16,345,522**	25,569,954
Non-current assets		
Restricted cash & investments (note 10)	**707,000**	500,000
Equipment & other (note 16)	**1,239,533**	2,232,396
Intangible assets (note 17)	**2,508,262**	1,849,693
Financial asset at fair value through other comprehensive income (note 8)	**43,714**	48,932
Promissory note receivable (note 5)	**1,428,539**	-
Derivative financial instruments (notes 7 and 15)	**-**	729,459
Deferred tax assets (note 22)	**1,243,256**	1,435,531
Total non-current assets	**7,170,304**	6,796,011
Total assets	**$ 23,515,826**	$ 32,365,965
LIABILITIES		
Current liabilities		
Trade & other payables (notes 7 and 18)	**$ 1,341,892**	$ 1,278,144
Deferred revenue (note 19)	**399,820**	313,256
Other liabilities & charges (note 20)	**1,528,078**	1,648,081
Cash in circulation due to bank (note 12)	**-**	3,823,110
Revolving credit facility (notes 14 and 30)	**4,207,347**	4,812,347
Derivative financial instruments (notes 7 and 15)	**160,480**	7,796,036
Current tax liability	**5,637**	102,212
Total current liabilities	**7,643,254**	19,773,186
Other liabilities (note 20)	**791,705**	1,068,776
Derivative financial instruments (notes 7 and 15)	**-**	543,073
Total liabilities	**$ 8,434,959**	$ 21,385,035
EQUITY		
Share capital (note 21)	**$ 7,886,989**	$ 7,886,989
Contributed surplus (note 21)	**86,373**	86,373
Retained earnings	**7,214,540**	3,048,996
Equity attributable to owners of Olympia	**15,187,902**	11,022,358
Non-controlling interests	**(107,035)**	(41,428)
Total equity	**15,080,867**	10,980,930
Total equity & liabilities	**$ 23,515,826**	$ 32,365,965

Contingencies (note 32)

Subsequent event (note 34)

Approved on behalf of the Board of Directors

Signed Rick Skauge

Rick Skauge
DIRECTOR

Signed Brian Newman

Brian Newman, CPA, CA
DIRECTOR

February 28, 2019

See accompanying notes to the consolidated financial statements

CONSOLIDATED STATEMENTS OF NET EARNINGS AND COMPREHENSIVE INCOME

YEARS ENDED DECEMBER 31		2018		2017[1]
Revenue				
Service revenue (note 9)	**$**	**38,597,248**	$	32,966,443
Trust income		**10,276,949**		7,805,637
Interest		**1,155,384**		769,637
		50,029,581		41,541,717
Expenses				
Direct expenses (notes 9 and 24)		**3,112,075**		2,963,756
Administrative expenses (notes 9 and 23)		**31,150,889**		28,051,595
Depreciation and amortization (note 9)		**746,967**		818,546
Other losses/(gains), net (notes 9 and 26)		**1,430,616**		(24,907)
		36,440,547		31,808,990
Earnings before income tax		**13,589,034**		9,732,727
Income tax expense (notes 9 and 22)				
Current		**3,353,276**		2,746,447
Deferred tax expense/(recovery)		**333,544**		(77,546)
Total income tax expense		**3,686,820**		2,668,901
Net earnings and comprehensive income from continuing operations attributable to:				
Shareholders of Olympia	**$**	**9,967,821**	$	7,105,454
Non-controlling interests	**$**	**(65,607)**	$	(41,628)
Net loss and comprehensive loss from discontinued operations (note 5)	**$**	**(388,022)**	$	(1,025,612)
Net earnings and comprehensive income from combined operations for the year	**$**	**9,514,192**	$	6,038,214
Earnings per share attributable to shareholders of Olympia - continuing operations				
Basic and diluted (note 27)	**$**	**4.14**	$	2.95
Loss per share attributable to shareholders of Olympia - discontinued operations				
Basic and diluted (note 27)	**$**	**(0.16)**	$	(0.42)
Earnings per share attributable to shareholders of Olympia - combined operations				
Basic and diluted (note 27)	**$**	**3.98**	$	2.53

[1] *2017 balances have been restated due to the classification of the ATM division as a discontinued operation. Refer to Note 5 in the consolidated financial statements.*

See accompanying notes to the consolidated financial statements

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of Olympia				
	Share Capital	Contributed Surplus	Retained Earnings	Non-Controlling Interest	Total Equity
Balance at January 1, 2017	$ 7,886,989	$ 86,373	$ 2,672,169	$ -	$ 10,645,531
Share issuance	-	-	-	200	200
Net earnings and comprehensive income from combined operations	-	-	6,079,842	(41,628)	6,038,214
Dividends (note 28)	-	-	(5,703,015)	-	(5,703,015)
Balance as at December 31, 2017	$ 7,886,989	$ 86,373	$ 3,048,996	$ (41,428)	$ 10,980,930
Balance as at January 1, 2018	$ 7,886,989	$ 86,373	$ 3,048,996	$ (41,428)	$ 10,980,930
Net earnings and comprehensive income from combined operations	-	-	9,579,799	(65,607)	9,514,192
Dividends (note 28)	-	-	(5,414,255)	-	(5,414,255)
Balance as at December 31, 2018	$ 7,886,989	$ 86,373	$ 7,214,540	$ (107,035)	$ 15,080,867

See accompanying notes to the consolidated financial statements

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31	2018	2017
Cash flows from operating activities		
Net earnings from continuing operations	**$ 9,902,214**	$ 7,063,826
Items not affecting cash		
Depreciation of equipment & other	**410,240**	511,730
Amortization of intangible assets	**336,726**	306,817
Other	**(27,998)**	-
Loss/(gain) on disposal of assets	**59,948**	(53,715)
Fair value change in investments	**-**	53,000
Impairment of intangible asset	**-**	150,417
Deferred income taxes recovery (note 22)	**333,544**	(77,546)
Foreign exchange loss/(gain) (note 26)	**1,381,682**	(25,768)
Changes in non-cash working capital balances (note 29a)	**(1,147,657)**	1,361,977
Cash flows from operating activities from continuing operations	**11,248,699**	9,290,738
Cash flows used in operating activities from discontinued operations (note 5)	**(637,292)**	(628,781)
Net cash from operating activities	**10,611,407**	8,661,957
Cash flows from investing activities		
Purchase of equipment & other (note 16)	**(573,029)**	(507,589)
Purchase of intangible assets (note 17)	**(1,080,139)**	(248,347)
(Purchase)/ release of restricted investment for collateral, net	**(207,000)**	1,930,000
Cash flows (used)/from investing activities from continuing operations	**(1,860,168)**	1,174,064
Cash flow used in investing activities from discontinued operation (note 5)	**-**	(219,939)
Net cash from investing activities	**(1,860,168)**	954,125
Cash flows from financing activities		
(Repayment)/borrowing on revolving credit facility	**(605,000)**	877,302
Loan repaid/(provided) to Olympia ATM (note 5)	**325,000**	(2,172,243)
Sale of assets for issuance of promissory note	**(37,601)**	-
Dividends (note 28)	**(5,414,255)**	(5,703,015)
Cash flow used in financing activities from continuing operations	**(5,731,856)**	(6,997,956)
Cash flow (used)/from financing activities from discontinued operations (note 5)	**(4,148,110)**	875,433
Net cash used in financing activities	**(9,879,966)**	(6,122,523)
Net change in cash position	**(1,128,727)**	3,493,559
Cash, beginning of year	**13,963,633**	10,470,074
Cash, end of year	**$ 12,834,906**	$ 13,963,633
Cash is represented by:		
Cash & cash equivalents (note 11)	**$ 12,834,906**	$ 10,140,523
Restricted cash & restricted cash in circulation (note 12)	**-**	3,823,110
	$ 12,834,906	$ 13,963,633
Other information for continuing operations		
Trust income earned and received	**$ 7,421,105**	$ 6,717,922
Interest received	**$ 1,021,666**	$ 708,530
Income taxes paid	**$ 3,348,000**	$ 2,691,000
Non-cash financing and investing activities (note 29b)		

See accompanying notes to the consolidated financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 corporation.

Olympia Trust received its letters patent on September 6, 1995, authorizing the formation of a trust corporation to be registered under the *Loan and Trust Corporations Act* (Alberta). Olympia Trust acts as a trustee for self-directed registered plans and provides foreign currency exchange services as well as corporate and shareholder 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. ("ATM" or "Olympia ATM") was incorporated under the *Business Corporations Act* (Alberta) as a wholly owned subsidiary of Olympia, and was focused on building an automated teller machine distribution network and on growing its portfolio. During the year ended December 31, 2018, substantially all the assets of ATM were sold to Tarman ATM Inc., a corporation owned and controlled by Olympia's president and CEO. Following the sale of the assets, ATM was amalgamated with OBI on August 10, 2018. 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.

2. BASIS OF PREPARATION

These consolidated 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 consolidated financial statements. The accounting policies adopted are consistent with those of the previous year except as identified in Note 3.

These consolidated financial statements have been approved and authorized for issuance by the Board of Directors as of February 28, 2019. The policies applied in these consolidated financial statements are based on IFRS, issued, effective and outstanding as of December 31, 2018.

Olympia's 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.

The preparation of the 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.

Certain of the prior year comparative figures have been reclassified to conform to the presentation adopted for the current year.

3. SIGNIFICANT ACCOUNTING POLICIES

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

Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial assets and financial liabilities to fair value, including derivative instruments and financial assets at fair value through Other Comprehensive Income.

Critical accounting estimates

The preparation of financial statements requires management to make judgments, estimates and assumptions based on currently available information that affects 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, these 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.

In the process of applying Olympia's accounting policies, management has made the following judgments, estimates and assumptions which have the most significant effect on the amounts recognized in the consolidated financial statements.

(i) Discontinued operations (Note 5)

Olympia presents discontinued operations on a separate line in the consolidated statements of net earnings and comprehensive income if a major line of business has been disposed of or is classified as held for sale.

Net loss from discontinued operations includes the net total of operating profit and loss before tax from operations, including net gain or loss on sale before tax or measurement to fair value less costs to sell and discontinued operations tax expense. A major line of business comprises operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of Olympia's operations and cashflows. If a major line of business is classified as a discontinued operation, Olympia restates prior periods in the consolidated statements of net earnings. Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. These measurement provisions do not apply to deferred tax assets and liabilities, and financial assets. Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition, subject to terms that are usual and customary for sales of such assets. Management must be committed to the sale and must actively market the business for sale at a price that is reasonable in relation to the current fair value. The sale should be expected to qualify for recognition as a completed sale within one year from the date of classification.

(ii) Allowance for doubtful accounts (Note 7)

Olympia regularly performs a review of outstanding accounts receivable balances to determine eventual collectability. A provision for bad debt is recorded based on historical information or if an account is deemed uncollectable. Olympia applies the IFRS 9 simplified approach to measuring Expected Credit Losses ("ECL"), which uses a lifetime expected loss allowance for all trade and other receivables. Olympia holds trade receivables that do not have a significant financing component. To determine the amount of the ECL to be recognized in the financial statements, Olympia has set up a provision matrix based on its historically observed default rates. Olympia adjusts the matrix for forward-looking estimates and has established that the expected credit loss should be calculated as follows:

- less than 90 days: nominal;
- more than 90 days but less than two years past due: 20% of carrying value;
- more than two years but less than three years past due: 65% of carrying value; and
- three or more years past due: 100% of carrying value.

Those accounts which are deemed uncollectable could materially change as a result of changes in a customer's financial situation. This includes risks associated with the gross receivable position on foreign exchange forward contracts, all assessed regularly for impairment.

(iii) Depreciation and amortization methods (Notes 16 and 17)

Olympia estimates the useful lives of property, plant and equipment and intangible assets, based on the period over which the assets are expected to be available for use.

The estimated useful lives are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets. In addition, the estimation of the useful lives is based on internal technical evaluation, current facts and past experience with similar assets, and takes into consideration the anticipated expected life of the asset, existing long-term agreements and contracts, current and forecasted demand and the potential for technological obsolescence. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

(iv) Impairments (Note 17)

Olympia performs impairment tests of assets when indications of impairment exist. Application of judgment is required in determining whether an impairment test is warranted. Impairment exists when the carrying value of an asset or Cash-Generating Unit ("CGU") exceeds its recoverable amount, which is the higher of (a) its fair value less costs of disposal and (b) its value in use. The fair value less costs of disposal calculation is estimated using valuation techniques such as a discounted cash flow model adjusted to reflect the considerations of a prospective third-party buyer. The value in use calculation is based on the present value of expected cash flows. The cash flows are derived from internal budgets and do not include restructuring activities that Olympia is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the present value of expected cash flows, as well as expected transaction volumes, future operating costs, tax rates, margins and the growth rate used for extrapolation purposes. There is a certain amount of subjectivity and judgment in the determination of the recoverable amount calculation. Judgments and assumptions, described in notes 7, 16 and 17, are subject to measurement uncertainty and the impact of differences between actual and estimated amounts on the consolidated financial statements of future periods could be material.

When indicators support that the asset is no longer impaired, Olympia will reverse impairment losses. Similar to the impairment, application of judgment is required to determine whether a reversal should be considered.

(v) Income taxes (Note 22)

Olympia calculates an income tax provision in each of the jurisdictions in which it operates. Estimation of income taxes includes evaluating the recoverability of deferred tax assets based on a more likely than not assessment to use the underlying future tax deductions against future taxable income before the deductions expire. The assessment is based on existing tax laws and estimates of future taxable income. Further, there are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Provisions are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. Olympia reviews the adequacy of these provisions at each reporting period. However, it is possible that at some future date an additional liability could result from audits by taxation authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

(vi) Revenue

Olympia applies judgment to determine whether fee revenue should be recognized on a gross basis or net of fees paid to the merchant or insurer for providing, processing, and maintaining the service to a customer. Pursuant to the guidance in IFRS 15, Olympia has assessed whether to record such payments as a reduction of associated service revenues or as a direct expense. Olympia determines whether the nature of its promise to customers is a performance obligation to provide the service itself or to arrange for that service to be provided by another party. Specific factors considered were, whether Olympia acts as the principal and is the primary obligor in performance obligations, provides the processing for the performance obligations, has significant influence over pricing and has the risks and rewards of ownership, including a variable earnings component and the risk of loss for collection. Olympia has full discretion over the price of the services and therefore has no unfulfilled obligations that could affect the clients acceptance of the service. Olympia recognizes insurance fees on a net basis. As a result, for agreements under which Olympia acts as the principal, Olympia records the total amounts earned from the underlying performance obligations as service revenues and records the related merchant expense as a direct expense of operating revenues. However, for those agreements in which Olympia does not meet the criteria to qualify as the principal in a performance obligation, Olympia does not record the related fee revenue, as the rights associated with this revenue stream are attributable to the benefit of the merchant. Olympia records fee revenue under these arrangements on a net basis.

Whether Olympia is considered to be the principal or an agent in a performance obligation depends on analysis by management of both the legal form and substance of the agreement between Olympia and the merchant. Such judgments impact the amount of reported revenue and expenses, but do not impact reported assets, liabilities or cash flows.

Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the functional currency of Olympia and its subsidiaries. Transactions denominated in foreign currencies are translated into Canadian dollars using the exchange rates prevailing at the dates of the transactions. Under this method, monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the rates in effect at the consolidated balance sheet dates. Revenues and expenses are translated at the rates prevailing at the respective transaction dates.

Basis of consolidation

The consolidated financial statements include the accounts of Olympia and its subsidiaries. All inter-company balances and unrealized income and expenses arising from inter-company transactions have been eliminated.

The subsidiaries consist of Olympia Trust, OBI and EEI.

Olympia holds an 80% controlling interest in EEI and a third party holds a non-controlling interest of 20%. The non-controlling interest is presented separately in the consolidated statement of net earnings and comprehensive income and within equity in the consolidated balance sheets, but separately from Olympia's equity. Losses applicable to the non-controlling interest in excess of their interest in the subsidiary's equity is allocated against the non-controlling interest, even if that results in a deficit balance.

Segment reporting

Management has determined Olympia's operating segments based on reports reviewed by the president and other executive management to make strategic decisions. An operating segment is a component of Olympia that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of Olympia's other components. Operating results are regularly reviewed by the president and other executive management to make decisions about resources to be allocated to the segment and to assess its performance. Discrete financial information is available for each operating segment. Segment results that are reported to the president and other executive management include items directly attributable to a segment, as well as those that can be allocated on a reasonable basis.

Considering the business from a product and service perspective, Olympia has identified six operating segments. The Private Health Services Plan division, operated through OBI, markets, sells and administers health and dental benefits to business owners. The Registered Plans division, operated through Olympia Trust, specializes in self-directed registered plans administration. Exempt market securities and arm's- length mortgages continue to be the main focus of many of the Registered Plans division's clients. The Foreign Exchange division, operated through Olympia Trust, provides corporations and private clients a personalized service for buying and selling foreign currencies. The Corporate and Shareholder Services division, operated through Olympia Trust, provides transfer agency and corporate trust services to public and private issuers across Canada. The Exempt Edge division, operated through EEI, focuses on the provision of information technology to exempt market dealers, registrants and issuers. The Corporate division is a cost centre and earns incidental revenue.

Equipment and other

Equipment and other is measured and accounted for at cost less accumulated depreciation. Additions and subsequent expenditures are capitalized only in the event that they enhance the future economic benefits to be derived from the assets.

Depreciation is provided on the depreciable amount of equipment and other on a straight-line basis over the estimated useful economic life of each asset. The depreciable amount is the gross carrying amount less the estimated residual value at the end of its useful economic life.

The annual depreciation rates and methods are as follows:

• Furniture and fixtures	Straight-line over 5 years
• Leasehold improvements	Straight-line over the lease term
• Computer equipment	Straight-line over 3 years
• ATM equipment	Straight-line over 5 years

Depreciation rates, methods and residual values used to calculate depreciation of items of equipment and other are kept under review for any change in circumstances. The principal factors Olympia takes into account when deciding on rates and methods of depreciation are the pattern of usage for each asset, the lease term, the expected rate of developments in technology and expected market requirements.

When reviewing residual values, Olympia estimates the amount that it would currently obtain for the disposal of the asset after deducting the estimated cost of disposal if the asset were already of the age and condition expected at the end of its useful economic life.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the statements of net earnings and comprehensive income. Assets are derecognized on disposal or when no future economic benefits are expected from their use.

Intangible assets

Intangible assets consist primarily of internally developed software, purchased computer software, and trademark agreements.

Internally developed software is stated at cost, less accumulated amortization and impairment, if any. The identifiable and directly associated external and internal costs of acquiring and developing software are capitalized where the software is controlled by Olympia and where it is probable that future economic benefits will flow from its use over more than one year.

The cost of purchase of computer software that is separable from an item of related hardware is capitalized separately.

Trademark agreements are recognized at fair value at the acquisition date. These agreements have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method over the expected term of the agreement.

Impairments are recorded if the carrying amount of an asset exceeds the recoverable amount.

The annual amortization rates and methods are as follows:

• Purchased computer software	Straight-line over 3 to 5 years
• Internally developed software	Straight-line over 3 to 7 years
• Trademarks	Straight-line over the term of the agreements

Research costs and costs associated with maintaining software are recognized as an expense when incurred. Development costs are capitalized under intangible assets if they can be identified as an intangible asset that is expected to generate probable future economic benefit and if the costs of this asset can be reliably calculated. Development costs include those costs directly attributable to the development of the asset.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal or value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Olympia assesses all non-financial assets on an ongoing basis for indications of impairment and to determine whether a previously recognized impairment loss should be reversed. If such indicators are found to exist, then detailed impairment testing is carried out. Impairments and the reversal of previously recognized impairments are recognized in the statement of net earnings and comprehensive income.

Inventory

Inventory consists primarily of ATMs not in service. Inventory is measured at the lower of cost and net realizable value. The cost of inventory is based on the first-in first-out valuation method and includes expenditures incurred in acquiring the inventory, as well as other costs incurred in bringing them to their existing location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Business combinations

Business combinations are accounted for using the acquisition method of accounting, in which the identifiable assets acquired, liabilities assumed and any non-controlling interest are recognized and measured at their fair value at the date of acquisition. Any excess of the purchase price, plus any non-controlling interest over the fair value of the net assets acquired is recognized as goodwill. When the excess is negative, a bargain purchase gain is recognized immediately in the statement of earnings and comprehensive income/(loss). At acquisition, goodwill is allocated to each of the CGUs to which it relates. Subsequent measurement of goodwill is at cost less any accumulated impairment losses.

Transaction costs that Olympia incurs in connection with a business combination are expensed as incurred.

Financial instruments

Olympia's financial instruments included in the consolidated balance sheets are comprised of cash and cash equivalents, restricted cash and investments, restricted cash in circulation, cash in circulation due to bank, trade and other receivables, promissory note receivable, derivative financial instruments, financial assets at fair value through other comprehensive income, trade and other payables, revolving credit facility and other liabilities and charges.

A derivative is a financial instrument whose value changes in response to a specified variable, requires little or no net investment and is settled at a future date. An embedded derivative is a derivative that is a part of a non-derivative contract and not directly related to that contract. Under this standard, embedded derivatives must be accounted for as a separate financial instrument. A non-financial derivative is a contract that can be settled net in cash or by other financial instruments. Olympia does not apply hedge accounting to the derivative financial instruments.

Non-derivative financial instruments include cash and cash equivalents, restricted cash and investments, restricted cash in circulation, trade and other receivables, promissory note receivable, financial assets at fair value through other comprehensive income, revolving credit facility, trade and other payables and other liabilities and charges. Non-derivative financial instruments are recognized initially at fair value, plus any directly attributable transaction costs, except for financial assets at fair value through profit or loss, whereby any directly attributable transaction costs are expensed as incurred.

Subsequent to initial recognition, non-derivative financial instruments are designated into one of the following categories and measured as described below:

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

Financial assets and liabilities at fair value through profit or loss are financial assets or financial liabilities held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. A financial liability is classified in this category if acquired principally for the purpose of repurchasing in the short term. Olympia's derivative financial instruments are designated as financial assets and liabilities at fair value through profit and loss as they are not designated as hedges for accounting purposes.

(ii) Financial assets measured at amortized cost

Financial assets measured at amortized cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Financial assets measured at amortized cost are initially recognized at fair value, including direct and incremental transaction costs. They are subsequently valued at amortized cost, using the effective interest method where applicable, less allowances and write-downs for impairment. Assets in this category include restricted cash and investments, restricted cash in circulation, trade and other receivables and promissory note receivable.

(iii) Financial assets at fair value through Other Comprehensive Income ("OCI")

Financial assets at fair value through OCI are non-derivative financial assets that are not categorized into any of the category described previously. The classification depends on Olympia's business model for managing the financial assets and the contractual terms of the cash flows.

Financial assets at fair value through other comprehensive income are initially recognized at fair value, including direct and incremental transaction costs. They are subsequently recognized at fair value. Gains and losses arising from changes in fair value are recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether Olympia has made an irrevocable election at the time of initial recognition to account for the equity investment at Fair Value Through Other Comprehensive Income ("FVOCI").

Olympia has elected to recognize its investment in a private issuer at FVOCI.

(iv) Other financial liabilities

Items classified as other financial liabilities on Olympia's consolidated financial statements are accounted for at amortized cost using the effective interest method. Any gains or losses in the realization of other financial liabilities are included in earnings. Olympia's trade and other payables, other liabilities and charges, restricted cash in circulation due to bank and revolving credit facility are designated as other financial liabilities. The fair value and charges approximate their carrying values, due to the short-term nature of these instruments.

Cash and cash equivalents

Cash and cash equivalents are comprised of cash on hand, non-restricted cash in circulation, interest on term deposits held with banks and other short-term highly liquid investments with original maturities of three months or less. Non-restricted cash in circulation refers to the aggregate amount of non-restricted vault cash (cash in ATM cassettes) plus cash inventory (cash in transit from armoured car carriers). Cash and cash equivalents are measured at amortized cost, which approximates fair value. Cash and cash equivalents are reported separately from restricted cash and investments and restricted cash in circulation.

Recognition and measurement

Regular purchases and sales of financial assets are recognized on the trade date on which Olympia commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the statement of net earnings and comprehensive income. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and Olympia has substantially transferred all risks and rewards of ownership. Financial assets at fair value through profit or loss and financial assets at amortized cost are subsequently carried at fair value. Loans and receivables are subsequently carried at amortized cost using the effective interest method.

Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss are presented in the statement of net earnings and comprehensive income within the period in which they arise. When securities classified as Financial Assets at Fair Value through Other Comprehensive Income are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the statement of net earnings and comprehensive income as gains and losses.

Impairment of financial assets

Assets carried at amortized cost

At each balance sheet date, Olympia assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a loss event), and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

If a financial asset measured at fair value through OCI or through profit or loss or at amortized cost has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. For practical reasons, Olympia may measure impairment of an instrument's fair value using an observable market price. Calculation of the present value of estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure, less cost for obtaining and selling the collateral, whether or not foreclosure is probable.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the failure of a customer to make contractual payments for a period of greater than 365 days past due, and the value of a customer's asset being assessed as close to nil.

Evidence of impairment

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses) discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced and the amount of the loss is recognized in the statement of net earnings and comprehensive income. If a loan or investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. For practical reasons, Olympia may measure impairment on the basis of an instrument's fair value, using an observable market price.

Offsetting financial instrument

Financial assets and liabilities are offset and the net amount reported in the balance sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Foreign currency exchange forward contracts

Olympia Trust purchases forward contracts when it enters into a transaction to buy or sell foreign currency in the future. These contracts are in the normal course of business and are used to manage foreign exchange exposures. Foreign exchange forward contracts are not designated as hedges for accounting purposes. They are initially recorded at fair value based on Bank of Canada published rates and subsequently measured at fair value based on published foreign currency curves. They are recorded in Olympia's balance sheet as either an asset or liability, with changes in fair value recorded to net earnings. The estimated fair value of all derivative instruments is based on quoted market prices, or, in their absence, third-party indications and forecasts. Foreign exchange translation gains and losses on these instruments are recognized as revenue when the contract is signed.

Revenue recognition

Olympia has six operating segments, of which five are business segments. Revenue is recognized through these five business segments. The revenue of each business segment is distinctly unique to that segment. Each business segment in return has revenue streams that originate from different product and service offerings. Olympia earns interest income and trust income from funds held with financial institutions and from term deposits and balances held in trust. Interest income and trust income is recorded on an accrual basis.

(A) Self-Directed Registered Plans division

(i) Account set-up fees

Client set-up fees are recognized upon creation of a client account in Olympia Trust's records.

(ii) Annual administration fees

Annual fees for maintaining registered plan services are billed once a year. The annual fees are recognized as deferred revenue and recognized as revenue on a straight-line basis in relation to Olympia Trust's expenditure for rendering these services. Where contractual services are terminated by the customer, the unearned deferred revenue is recognized as revenue.

(iii) Transactional fees

Certain services are provided and billed on an ongoing basis. Such fees are recognized when services are rendered.

(B) Private Health Services Plan division

(i) Travel medical benefit insurance brokerage fees

Commissions earned on the selling of short-term medical insurance are recognized in full, on the basis that no underwriting risks remain with OBI.

(ii) Monthly fees

Certain services are provided and billed on an ongoing monthly basis. Such fees are recognized monthly at the time of billing, subsequent to the completion of services.

(iii) Life insurance brokerage fees

Commissions earned on the selling of long-term insurance related products are recognized in full, on the basis that no underwriting risks remain with OBI.

(iv) Annual health spending account fees ("HSA fees")

Fees for maintaining health spending accounts are billed annually. The annual fees are recognized as deferred revenue and recognized as revenue on a straight-line basis in relation to OBI rendering these services. Where contractual services are terminated by the customer, the unearned deferred revenue is recognized as revenue.

(C) Foreign Exchange division

(i) Trading profits and losses

Trading profits and losses from spot trading are recognized at the time the trade transaction settles. Transaction fees and trading profits for foreign currency exchange services and transactions are recognized at the time the transaction is entered into.

(ii) Unrealized profits and losses

Unrealized profits and losses in foreign exchange forward contracts are recognized on a net basis at each period end, are measured at fair value and are recorded in the consolidated statement of net earnings and comprehensive income as other gains, net.

(D) Exempt Edge division

(i) Onboarding fees

Client set-up fees are recognized upon creation of a client account in EEI's records.

(ii) Non-contractual service maintenance fee

Certain services are provided and billed on an ongoing basis. Such fees are recognized at the time services are rendered.

(E) Corporate and Shareholder Services division

(i) Annual administrative fees

Certain services are invoiced on an annual basis. Such fees are levied once a year on the contract anniversary date. The annual fees are recognized as deferred revenue and recognized as revenue on a straight-line basis in relation to service terms performed by Olympia Trust. Where contractual services are terminated, the unearned deferred revenue is recognized as revenue.

(ii) Monthly program fees

Certain services are invoiced on a monthly basis over a one-year period. These fees are recognized monthly.

(iii) Monthly basic fees

Certain services are provided and billed on an ongoing monthly basis. Such fees are recognized monthly at the time of billing.

Finance costs

Finance costs comprise interest expense on borrowings from credit facilities, accrual of differences between amounts advanced and the principal repayable (i.e. discounted obligations) and impairment losses recognized on financial assets. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

Common shares

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects. When Olympia repurchases its own common shares, share capital is reduced by the average carrying value of the shares purchased. The excess of the purchase price over the average carrying value is recognised as a deduction from retained earnings. Shares are cancelled upon repurchase.

Restricted cash and investments

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. Restricted cash and investments consist of a restricted bond investment, which is held as collateral securing Olympia Trust's foreign exchange trading platform.

Restricted cash in circulation

Restricted cash in circulation was not readily available for use except for use in Olympia's ATMs. Olympia paid a fee for using this cash based on the total amount of cash outstanding at any given time, as well as a fee related to the bundling and preparation of such cash prior to it being loaded in the ATMs. Beneficial risk and rewards of ownership of the cash was retained by Olympia, as Olympia had access and rights to the cash and bore the risk in the case of loss. The cash in circulation and the related obligation due to the bank, are presented separately.

Provisions and contingencies

Provisions are recognized for present obligations arising as a consequence of past events where it is more likely than not that a transfer of economic benefit will be necessary to settle the obligation and it can be reliably estimated. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as a finance cost. Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is uncertain or cannot be reliably measured. Contingent liabilities are not recognized, but are disclosed unless they are remote.

Employee benefits

(i) Short-term employee benefits

Wages, salaries, employment insurance premiums, Canada Pension Plan contributions, paid annual leave and sick leave, bonuses, profit sharing and non-monetary benefits are accrued for pursuant to contractual arrangements and in accordance with the nature of the constructive benefits Olympia provides in addition to remuneration upon an employee joining or in the year in which the associated services are rendered by employees of Olympia. The accruals of such constructive benefits are derecognized pursuant to the contractual arrangements and in accordance with the nature of constructive benefits when employee services terminate or as provided for in employee contracts.

(ii) Other long-term employee benefits

All employees are entitled to long-term service monetary awards based on the number of years of service with Olympia. Olympia recognizes long service award obligations on a straight-line basis in accordance with the number of completed years of service and in accordance with the qualifying criteria attached to having earned these awards. The award expense is therefore accrued and recognized in profit or loss based on completed years of services.

Taxation

(i) Taxation and deferred taxation

Taxes, including deferred taxes, are income tax payable on taxable profits (tax reporting), and are recognized as an expense in the period in which the profits arise. Deferred income tax on tax allowable losses is recognized as an asset only to the extent that it is regarded as probable that taxable profit or tax planning opportunities will be available in the future against which the unused tax losses can be utilized before they expire. Deferred income tax is provided in full, using the liability method, on temporary differences arising from the differences between the tax basis of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates and legislation enacted or substantively enacted by the balance sheet date that is expected to apply when the deferred tax asset is realized or the deferred tax liability is settled. Deferred and current tax assets and liabilities are only offset when they arise in the same tax reporting group and where there is both the legal right and the intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

(ii) Investment tax credits

Certain expenditures qualify for Investment Tax Credits ("ITCs") pursuant to the Scientific Research and Experimental Development program, which is a federal tax incentive program to encourage Canadian businesses of all sizes and in all sectors to conduct research and development in Canada that will lead to new, improved, or technologically advanced products or processes. Based on this, Olympia could be entitled to ITCs on certain research and experimental development costs incurred, which currently consist of internally generated software.

Refundable cash credits stemming from the ITCs is in respect of credits recognized in prior years when there is reasonable assurance of their recovery using the cost reduction method. ITCs are subject to assessment and approval by the CRA. Adjustments required, if any, are reflected in the year when such assessments are received. Investment tax credits and other cost recoveries related to computer and equipment and intangible assets are credited against the book value of such assets and the credit is released to income on a straight-line basis as a reduction of depreciation or amortization expense over the previously mentioned estimated useful economic lives of the relevant assets.

Leases

Agreements under which payments are made to owners in return for the right to use an asset for a period are accounted for as leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership. At the commencement of the lease term, finance leases are recognized as assets and liabilities at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The discount rate to be used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine; if not, the incremental borrowing rate is used. Failing that, the cost-of-equity rate is used. Any initial direct costs attached to the lease are added to the amount recognized as an asset. Lease payments under an operating lease are recognized as an expense on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the lease benefit. Lease incentives received are recognized as an integral part of the total lease expense over the term of the lease. Contingent rents, in respect of operating leases, are charged as expenses to profit and loss in the periods in which they are incurred.

Related parties

Olympia enters into transactions with related parties, including key management compensation, in the normal course of business, except as otherwise noted in Note 33. Related party transactions are recognized at the exchange amount. Olympia considers the following as related parties:

- Directors, president, vice presidents and key management personnel (and post-employment benefit plans where applicable);
- Associated entities;
- An entity controlled, jointly controlled or significantly being influenced by any of the aforementioned; and
- Children, spouses or dependents related to any of the aforementioned persons or entities.

Earnings per share ("EPS")

The calculation of basic earnings per share is based on net earnings attributable to shareholders of Olympia divided by the weighted average number of common shares outstanding during the period. For the calculation of diluted EPS, the weighted average number of common shares is the same as for basic EPS, with the addition of the weighted average number of common shares that would be issued on conversion of all the dilutive potential common shares. Dilutive potential common shares are deemed to have been converted at the start of the period or at the date of their issue, if later. The number of common shares that would be issued on conversion of dilutive potential common shares is determined from their terms of conversion. Where the terms could vary, it is deemed that they would be exercised at the rate or exercise price that would be most advantageous to the holder of such potentially dilutive common shares.

Dividends

Dividends on common shares are recognized in equity in the period in which they are declared or approved by Olympia's Board of Directors.

Changes in accounting policies

A number of new amended standards became applicable on January 1, 2018, and Olympia had to change its accounting policies and/or make retrospective adjustments as a result of adopting the following standards:

- IFRS 9 "Financial Instruments"
- IFRS 15 "Revenue from Contracts with Customers"

Policies prior to January 1, 2018

Financial instruments

Olympia's financial instruments, included in the consolidated balance sheets are comprised of cash and cash equivalents, restricted cash and investments, restricted cash in circulation, cash in circulation due to bank, trade and other receivables, derivative financial instruments, available for sale investments, trade and other payables, revolving credit facility and other liabilities and charges. A derivative is a financial instrument whose value changes in response to a specified variable, requires little or no net investment and is settled at a future date. An embedded derivative is a derivative that is a part of a non-derivative contract and not directly related to that contract. Under this standard, embedded derivatives must be accounted for as a separate financial instrument. A non-financial derivative is a contract that can be settled net in cash or by other financial instruments. Olympia does not apply hedge accounting to the derivative financial instruments. Non-derivative financial instruments include cash and cash equivalents, restricted cash and investments, restricted cash in circulation, trade and other receivables, available for sale investments, revolving credit facility, trade and other payables, and other liabilities and charges. Non-derivative financial instruments are recognized initially at fair value, plus any directly attributable transaction costs, except for financial assets at fair value through profit or loss, whereby any directly attributable transaction costs are expensed as incurred. Subsequent to initial recognition, non-derivative financial instruments are designated into one of the following categories and measured as described below:

(i) Financial assets and liabilities

Financial assets and liabilities at fair value through profit or loss are financial assets or financial liabilities held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. A financial liability is classified in this category if acquired principally for the purpose of repurchasing in the short term. Olympia's derivative financial instruments are designated as financial assets and liabilities at fair value through profit and loss as they are not designated as hedges for accounting purposes.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and which are not classified as available for sale. Loans and receivables are initially recognized at fair value, including direct and incremental transaction costs. They are subsequently valued at amortized cost, using the effective interest method where applicable, less allowances and write-downs for impairment. Assets in this category include restricted cash and investments, restricted cash in circulation and trade and other receivables, the fair value of which approximates its carrying amount due to its short-term maturity.

(iii) Held-to-maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments that Olympia's management has the intention and ability to hold to maturity. They are initially recognized at fair value, including direct and incremental transaction costs. They are subsequently valued at amortized cost, using the effective interest method where applicable. Olympia has no held-to-maturity investments.

(iv) Available for sale financial assets

Available for sale assets are non-derivative financial assets that are designated as available for sale and are not categorized into any of the other categories previously described. They are initially recognized at fair value, including direct and incremental transaction costs. They are subsequently recognized at fair value. Gains and losses arising from changes in fair value are included as a separate component of equity until sale, when the cumulative gain or loss is transferred to the statement of net earnings and comprehensive income. Interest is determined using the effective interest method, and impairment losses and translation differences on monetary items are recognized in the statement of net earnings and comprehensive income. Available for sale investment represents Olympia's investment in securities of a private issuer.

(v) Other financial liabilities

Items classified as other financial liabilities on Olympia's consolidated financial statements are accounted for at amortized cost using the effective interest method. Any gains or losses in the realization of other financial liabilities are included in earnings. Olympia's trade and other payables, other liabilities and charges, restricted cash in circulation due to bank and revolving credit facility are designated as other financial liabilities. The fair value and charges approximate their carrying values, due to the short-term nature of these instruments.

Cash and cash equivalents

Cash and cash equivalents are comprised of cash on hand, non-restricted cash in circulation, term deposits held with banks and other short-term highly liquid investments with original maturities of three months or less. Non-restricted cash in circulation refers to the aggregate amount of non-restricted vault cash (cash in ATM cassettes) plus cash inventory (cash in transit from armoured car carriers). Cash and cash equivalents are measured at amortized cost, which approximates fair value. Cash and cash equivalents are reported separately from restricted cash and investments and restricted cash in circulation.

Recognition and measurement

Regular purchases and sales of financial assets are recognized on the trade date on which Olympia commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the statement of net earnings and comprehensive income. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and Olympia has substantially transferred all risks and rewards of ownership. Available for sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortized cost using the effective interest method. Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss are presented in the statement of net earnings and comprehensive income within the period in which they arise. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the statement of net earnings and comprehensive income as gains and losses.

The impact of the adoption of these standards and the new accounting policies are disclosed below.

IFRS 9 "Financial instruments" - impact of adoption

Trade receivables

Olympia applies the IFRS 9 simplified approach to measuring Expected Credit Losses ("ECL"), which uses a lifetime expected loss allowance for all trade and other receivables. Olympia holds trade receivables that do not have a significant financing component. To determine the amount of the ECL to be recognized in the financial statements, Olympia has set up a provision matrix based on its historically observed default rates. Olympia adjusts the matrix for forward-looking estimates and has established that the expected credit loss should be calculated as follows:

- less than 90 days: nominal;
- more than 90 days but less than two years past due: 20% of carrying value;
- more than two years but less than three years past due: 65% of carrying value; and
- three or more years past due: 100% of carrying value.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the failure of a customer to make contractual payments for a period of greater than 365 days past due, and the value of a customer's asset being assessed as nominal.

The loss allowances for trade receivables as at December 31, 2017, remain consistent with the reported consolidated financial statements for the year ended December 31, 2017.

Classification

As of January 1, 2018, Olympia classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through Other Comprehensive Income ["OCI"] or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on Olympia's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether Olympia has made an irrevocable election at the time of initial recognition to account for the equity investment at Fair Value Through Other Comprehensive Income ("FVOCI").

Olympia has elected to recognize its investment in a private issuer at FVOCI. The investment in the private issuer was previously recognized as available for sale in accordance with IAS 39.

Measurement

At initial recognition, Olympia measures a financial asset at its fair value plus, in the case of a financial asset not at Fair Value Through Profit or Loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

IFRS 9 did not have any impact on Olympia's measurement of financial instruments and did not require retrospective adjustments.

IFRS 15 "Revenue from Contracts with Customers"

Effective January 1, 2018, Olympia adopted IFRS 15, "Revenue From Contracts With Customers" ("IFRS 15") replacing IAS 11, "Construction Contracts," IAS 18, "Revenue" and several revenue-related interpretations. Olympia adopted IFRS 15 using the modified retrospective with cumulative effect approach, and applied the following practical expedients:

- Electing to apply the standard retrospectively only to contracts that were not completed contracts on January 1, 2018; and
- For modified contracts, evaluating the original contract together with any contract modifications at the date of initial application.

IFRS 15 did not have any impact on Olympia's accounting policies and did not require retrospective adjustments.

4. FUTURE ACCOUNTING PRONOUNCEMENTS

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after January 1, 2019, and have not been applied in preparing these consolidated financial statements.

On January 13, 2016, the IASB published IFRS 16, "Leases" ("IFRS 16") replacing IAS 17, "Leases." IFRS 16 now requires lessees to recognize a lease liability reflecting future lease payments and a "right-of-use asset" for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts). The new standard will affect both the balance sheet and related ratios, such as debt/equity ratio, and may result in a significant increase in debt on the balance sheet. IFRS 16 is effective for annual reporting periods beginning on or after January 1, 2019. Earlier application is permitted, but only in conjunction with IFRS 15, "Revenue from Contracts with Customers." On adoption of IFRS 16, Olympia will recognise a lease liability and a right of use asset primarily as it relates to its office space. The financial impact on the consolidated financial statements is still being evaluated.

5. DISCONTINUED OPERATIONS

On June 5, 2018, Olympia announced the sale of substantially all the assets of its wholly owned subsidiary, Olympia ATM. Olympia ATM entered into an agreement with Tarman ATM Inc. ("Tarman"), a company owned and controlled by Olympia's president and Chief Executive Officer ("CEO"). The sale closed on August 3, 2018, with an effective date of July 1, 2018.

The purchase price paid by Tarman was equal to the aggregate net book value of the assets used by the ATM division. The assets' book value at June 5, 2018, was estimated to be $1.40 million. The purchase price was paid by the delivery of a secured demand promissory note (the "promissory note") for $1.40 million by Tarman. The outstanding principal amount of the promissory note bears interest at prime plus 0.25%. All interest accrued under the promissory note shall be paid on an annual basis on or before the 30th day of June of each calendar year. Subject to Canadian Western Bank's consent (as discussed below), commencing June 30, 2020, Tarman is required to repay the outstanding principal amount of the promissory note in annual installments of $140,000 on or before the 30th day of June of each calendar year, with the outstanding balance of the principal amount to be repaid in full on or before June 30, 2023.

In connection with the financing of the vault cash used by Tarman, Olympia agreed to postpone to Canadian Western Bank ("CWB") the receipt of all amounts owed to it by Tarman and is required to obtain CWB's consent prior to accepting any amount from Tarman. Olympia also agreed to subordinate to CWB all security interests granted to Olympia by Tarman.

Olympia has assessed the expected credit loss as it relates to the promissory note and has determined it to be nominal.

For the year ended December 31, 2018, interest of $28,539 has accrued.

Assets sold consist of the following:

Assets	August 3, 2018
Equipment and other	915,645
Intangible assets	76,027
Accounts receivable	200,999
Prepaid expenses	32,273
Inventory	137,455
	1,362,399

Results from discontinued operations:

	YEAR ENDED	
Results from discontinued operations	**December 31, 2018**	December 31, 2017
Revenue		
Service revenue	**$ 1,520,597**	$ 3,073,901
Interest	**36,633**	16,637
	1,557,230	3,090,538
Expenses		
Direct expenses	**990,432**	2,355,093
Administrative expenses	**907,213**	1,666,829
Depreciation and amortization	**187,076**	407,964
Other losses, net	**1,800**	60,500
	2,086,521	4,490,386
Loss before income tax	**(529,291)**	(1,399,848)
Deferred tax recovery	**141,269**	374,236
Total income tax recovery	**141,269**	374,236
Net loss and comprehensive loss from discontinued operations	**$ (388,022)**	$ (1,025,612)

Cash flows from discontinued operations included in the consolidated statements of cash flows are as follows:

YEAR ENDED DECEMBER 31	**2018**	2017
Cash flows from operating activities		
Net loss	**$ (388,022)**	$ (1,025,612)
Items not affecting cash		
Depreciation of equipment & other	**171,718**	326,046
Amortization of intangible assets	**15,358**	81,917
Loss on disposal of assets	**1,800**	60,500
Other	**4,677**	-
Deferred income taxes recovery	**(141,269)**	(374,236)
Changes in non-cash working capital balances	**(301,554)**	302,604
Net cash used in operating activities	**(637,292)**	(628,781)
Cash flows from investing activities		
Purchase of equipment & other	**-**	(296,293)
Proceeds from sale of equipment & other	**-**	76,354
Net cash used in investing activities	**-**	(219,939)
Cash flows from financing activities		
Cash in circulation due to bank	**(3,823,110)**	(1,296,810)
Loan (repaid)/from Olympia Financial Group Inc.	**(325,000)**	2,172,243
Net cash (used)/from financing activities	**(4,148,110)**	875,433
Net change in cash position	**(4,785,402)**	26,713
Cash, beginning of year	**4,874,226**	5,660,600
Cash, end of year	**$ 88,824**	$ 5,687,313
Cash is represented by:		
Cash & cash equivalents	**$ 88,824**	$ 1,864,203
Restricted cash & restricted cash in circulation (note 12)	**-**	3,823,110
	$ 88,824	$ 5,687,313

6. FUNDS IN TRUST

Self-Directed Registered Plans division ("RRSP")

At December 31, 2018, RRSP administered self-directed registered plans consisting of private company securities and mortgages with a cost value of $4.14 billion (December 31, 2017 – $4.09 billion) plus cash, public securities, term deposits and outstanding cheques with an estimated fair value of $530.24 million (December 31, 2017 – $535.35 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 consolidated financial statements. Olympia earned trust income from funds held in trust of $10.28 million for the year ended December 31, 2018 (December 31, 2017 - $7.81 million).

Private Health Services Plan division ("Health")

At December 31, 2018, Health held funds in trust of $11.02 million (December 31, 2017 - $10.12 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 consolidated financial statements.

Foreign Exchange division ("FX")

At December 31, 2018, FX held funds in trust of $1.22 million (December 31, 2017 – $5.31 million) for clients who have paid margin requirements on forward foreign exchange contracts and $5.06 million (December 31, 2017 - $13.59 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 consolidated financial statements.

7. 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, promissory note receivable, trade and other payables, revolving credit facility and other liabilities and charges approximate their carrying amounts. 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 with a highly rated financial institution. 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 December 31, 2018	Current	31 to 60 days	61 to 90 days	Over 90 days	Total
Trade and other payables	$ 1,341,291	$ -	$ -	$ 601	$ 1,341,892
Other liabilities and charges[1]	1,259,435	-	-	-	1,259,435
Total	**$ 2,600,726**	**$ -**	**$ -**	**$ 601**	**$ 2,601,327**

At December 31, 2017	Current	31 to 60 days	61 to 90 days	Over 90 days	Total
Trade and other payables	$ 1,251,312	$ 16,033	$ 10,799	$ -	$ 1,278,144
Other liabilities and charges[1]	1,356,208	-	-	-	1,356,208
Cash in circulation due to bank	3,823,110	-	-	-	3,823,110
Total	$ 6,430,630	$ 16,033	$ 10,799	$ -	$ 6,457,462

At December 31, 2018, trade and other payables totaled $1.34 million (December 31, 2017 - $1.28 million). Olympia continues to meet all of the obligations associated with its financial liabilities.

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

	December 31, 2018	December 31, 2017
Current	**$ 15,210**	$ 501,075
31 to 60 days	**19,473**	539,665
61 to 90 days	**16,849**	565,106
Over 90 days	**108,948**	6,190,190
	$ 160,480	$ 7,796,036
Non-current (1-3 years)	**$ -**	$ 543,073

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, 2017 - $8.50 million) and bears interest at the Canadian prime rate plus 0.25%. For the year ended December 31, 2018, a balance of $4.21 million is outstanding (December 31, 2017 - $4.81 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.

[1] Other liabilities and charges excludes leasehold inducement, straight-line rent and onerous contract obligation.

(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 both short term and long term in nature and are 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; and
- 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 Trust's policy to limit the amount of foreign currencies on hand to $1.25 million to reduce exposure to foreign currency risk.

If the United States dollar to Canadian dollar exchange rate at December 31, 2018, were to have increased by $0.10, it is estimated that Olympia's after-tax earnings for the year ended December 31, 2018, would have decreased by approximately $91,464 (December 31, 2017 - $118,792). A $0.10 decrease in the United States dollar to Canadian dollar exchange rate would have had an equal but opposite effect. The vast majority of Olympia's Foreign Exchange division's trades are Canadian dollars traded for United States dollars and vice versa, although it trades in various other currencies. This sensitivity analysis assumes that all other variables remain constant.

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 year ended December 31, 2018, would have increased by approximately $3.76 million (December 31, 2017 - $3.94 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, promissory note receivable and derivative financial instruments receivable. The maximum exposure to credit risk of Olympia at the end of the year is the carrying value of cash and cash equivalents, restricted cash and investments, restricted cash in circulation, trade and other receivables, promissory note receivable 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 bond held for collateral is "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 December 31, 2018, net trade receivables of $2.04 million (December 31, 2017 - $0.62 million) were past due but deemed not impaired. The increase in trade receivables is mainly due to one time fees charged in connection with the restructuring of an exempt market issuer.

Included in trade and other receivables at December 31, 2017, was a $0.12 million demand loan to Tarman, a company controlled by the president and CEO of Olympia. The loan was fully repaid in the first quarter of 2018.

The balance relates to a number of independent clients which Olympia is actively pursuing through its internal collection process. As a result, management considers the outstanding amounts to be recoverable.

The aging of these receivables is as follows:

	December 31, 2018	December 31, 2017
Current	**$ 196,911**	$ 753,939
31 to 60 days	**12,657**	15,579
61 to 90 days	**24,234**	28,407
Over 90 days	**2,609,598**	1,229,256
Allowance for doubtful accounts	**(571,363)**	(613,822)
	$ 2,272,037	$ 1,413,359

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:

	December 31, 2018	December 31, 2017
At January 1	**$ 613,822**	$ 244,154
Increase in provision	**269,437**	616,733
Receivables written off	**(311,896)**	(247,065)
Allowance for doubtful accounts	**$ 571,363**	$ 613,822

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.

Olympia has set up a provision matrix based on its historically observed default rates. Olympia adjusts the matrix for forward-looking estimates. The allowance has been calculated based on the provision matrix. The expected credit loss is as follows:

- less than 90 days: nil;
- more than 90 days but less than two years past due: $191,484 ;
- more than two years but less than three years past due: $189,692; and
- three or more years past due: $34,734.

Derivative financial instruments receivable

The expected maturity relating to derivative financial instruments receivable and foreign exchange contracts is outlined in the table below. The receivables can all be offset with one counterparty:

	December 31, 2018	December 31, 2017
Current	**$ 17,926**	$ 572,398
31 to 60 days	**30,960**	648,240
61 to 90 days	**45,029**	636,671
Over 90 days	**312,167**	7,379,625
	$ 406,082	$ 9,236,934
Non-current (1-3 years)	**$ -**	$ 729,459

(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 of $15.19 million (December 31, 2017 - $11.02 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 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 year ended December 31, 2018; 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, 2018.

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.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31, 2018	December 31, 2017
Investment in private issuer	**$ 43,714**	$ 48,932
	$ 43,714	$ 48,932

The financial assets at fair value through other comprehensive income investments represents Olympia's investment in securities of a private issuer.

The investment in the private issuer is recorded at the estimated fair value and is categorized as Level 3 of the fair value hierarchy.

The three levels of fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities

Level 2 – Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly

Level 3 – Inputs that are not based on observable market data

For the year ended December 31, 2018, there were no transfers between Level 2 and Level 3 fair value.

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

	December 31, 2018	Level 1	Level 2	Level 3
Recurring measurements				
Investment in private issuer	**$ 43,714**	$ -	$ -	$ 43,714
	$ 43,714	$ -	$ -	$ 43,714

	December 31, 2017	Level 1	Level 2	Level 3
Recurring measurements				
Investment in private issuer	$ 48,932	$ -	$ -	$ 48,932
	$ 48,932	$ -	$ -	$ 48,932

9. 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 ATM division is classified as a discontinued operation and its results from operation are shown in Note 5. 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 segments based on usage.

Net operations 2018

	Health	RRSP	FX	EEI	CSS	Corporate	Total
Service revenue	$ 7,958,937	$ 20,004,171	$ 9,921,513	$ 518,257	$ -	$ 194,370	$ 38,597,248
Interest revenue and trust income	234,441	10,694,190	207,096	767	-	295,839	11,432,333
Direct expenses	(1,801,294)	(36,085)	(1,108,870)	(165,826)	-	-	(3,112,075)
	6,392,084	30,662,276	9,019,739	353,198	-	490,209	46,917,506
Administrative expenses	(3,745,167)	(19,951,246)	(6,176,542)	(742,736)	(257,476)	(277,722)	(31,150,889)
Depreciation and amortization	(75,218)	(514,300)	(80,151)	(74,709)	(780)	(1,809)	(746,967)
Other (losses)/ gains, net (note 26)	(2,064)	(54,440)	(1,384,262)	-	-	10,150	(1,430,616)
Earnings/(loss) before income taxes	2,569,635	10,142,290	1,378,784	(464,247)	(258,256)	220,828	13,589,034
Income taxes (expense)/recovery[(1)]	(657,930)	(2,694,538)	(366,306)	136,212	68,612	(172,870)	(3,686,820)
Net earnings/(loss)	$ 1,911,705	$ 7,447,752	$ 1,012,478	$ (328,035)	$ (189,644)	$ 47,958	$ 9,902,214

Service revenue per segment 2018

	Health	RRSP	FX	EEI	CSS	Corporate	Total
Account set-up fees and onboarding fees	$ -	$ 469,700	$ -	$ 207,683	$ -	$ -	$ 677,383
Annual administration fee and Annual Health spending account fees	1,186,941	13,006,275	-	-	-	-	14,193,216
Monthly and transaction fees	6,153,989	6,430,874	122,542	310,109	-	-	13,017,514
Trading profits and losses	-	-	9,782,629	-	-	-	9,782,629
Travel and life insurance brokerage fees	555,137	-	-	-	-	-	555,137
Other	62,870	97,322	16,342	465		194,370	371,369
Service revenue	$ 7,958,937	$ 20,004,171	$ 9,921,513	$ 518,257	$ -	$ 194,370	$ 38,597,248

Net operations 2017

	Health	RRSP	FX	EEI	Corporate	Total
Service revenue	$ 7,674,791	$ 18,233,291	$ 6,840,407	$ 209,754	$ 8,200	$32,966,443
Interest revenue and trust income	157,871	8,023,713	116,890	769	276,031	8,575,274
Direct expenses	(1,856,755)	(102,785)	(862,683)	(141,533)	-	(2,963,756)
	5,975,907	26,154,219	6,094,614	68,990	284,231	38,577,961
Administrative expenses	(3,920,714)	(18,185,412)	(5,457,031)	(314,829)	(173,609)	(28,051,595)
Depreciation and amortization	(120,728)	(515,583)	(132,588)	(44,868)	(4,779)	(818,546)
Other gains & (losses), net (note 26)	-	(874)	25,781	-	-	24,907
Earnings/(loss) before income taxes	1,934,465	7,452,350	530,776	(290,707)	105,843	9,732,727
Income taxes (expense) /recovery[(1)]	(499,068)	(1,980,478)	(141,055)	82,568	(130,868)	(2,668,901)
Net earnings/(loss)	$ 1,435,397	$ 5,471,872	$ 389,721	$ (208,139)	$ (25,025)	$ 7,063,826

Service revenue per segment 2017

	Health	RRSP	FX	EEI	Corporate	Total
Account set-up fees and onboarding fees	$ -	$ 534,300	$ -	$ 182,457	$ -	$ 716,757
Annual administration fee and Annual Health spending account fees	849,952	12,674,055	-	-	-	13,524,007
Monthly and transaction fees	6,325,206	5,023,788	36,776	19,187	-	11,404,957
Trading profits and losses	-	-	6,759,631	-	-	6,759,631
Travel and life insurance brokerage fees	491,511	-	-	-	-	491,511
Other	8,122	1,148	44,000	8,110	8,200	69,580
Service revenue	$ 7,674,791	$ 18,233,291	$ 6,840,407	$ 209,754	$ 8,200	$ 32,966,443

Revenue earned from one customer in the FX division represents approximately 13% of the FX division's total revenue earned for the year ended December 31, 2018. No one client contributed more than 10% of any of Olympia's Divisions' revenue for the year ended December 31, 2017.

(1) No income tax adjustment has been made regarding the elimination of intercompany transactions.

10. RESTRICTED CASH AND INVESTMENTS

	December 31, 2018	December 31, 2017
Foreign exchange trading investments collateral provided	$ 707,000	$ 500,000
	$ 707,000	$ 500,000

Restricted cash and investments comprises Treasury bonds provided as collateral to a financial institution securing Olympia Trust's foreign exchange trading platform. The Treasury bonds have a term of one year from issuance and earn interest at a rate of 1.45% (December 31, 2017 – 0.59%). Restricted cash and investments are not readily accessible for use in operations and are therefore reported separately from cash and cash equivalents.

11. CASH AND CASH EQUIVALENTS

	December 31, 2018	December 31, 2017
Cash at bank and on hand	$ 11,827,579	$ 9,167,957
Non-restricted cash in circulation	1,007,327	972,566
	$ 12,834,906	$ 10,140,523

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 foreign exchange cash in ATM cassettes and cash in transit.

12. RESTRICTED CASH IN CIRCULATION

With the sale of substantially all the assets of ATM, the restricted cash in circulation was returned, resulting in a $nil balance at December 31, 2018 (December 31, 2017 - $3.82 million).

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

ATM's cash bailment agreement was for a term of five years, through to November 2020, and bore interest at the Canadian prime rate. The available bailment cash limit was $20.00 million.

13. INVENTORY

	December 31, 2018	December 31, 2017
ATMs not in service	**$ 49,127**	$ 144,400
ATM parts and accessories	**-**	78,714
	$ 49,127	$ 223,114

Inventory consists primarily of ATMs not in service and related spare parts and accessories measured at the lower of cost and net realizable value.

14. REVOLVING CREDIT FACILITY

As at December 31, 2018, Olympia has drawn $4.21 million (December 31, 2017 - $4.81 million) on its established credit facility. The credit facility in place has a maximum amount of $8.50 million (December 31, 2017 - $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 these financial statements.

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 and for the year ended December 31, 2018, Olympia was 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	**December 31, 2018**	December 31, 2017
Available balance at January 1	**$ 8,500,000**	$ 8,500,000
Drawn	**(4,207,347)**	(4,812,347)
Available at the end of the year	**$ 4,292,653**	$ 3,687,653

15. DERIVATIVE FINANCIAL INSTRUMENTS

	Fair value as at December 31, 2018	**Notional amount as at December 31, 2018**	Fair value as at December 31, 2017	Notional amount as at December 31, 2017
Current assets	**$ 406,082**	**$ 25,894,166**	$ 9,236,934	$ 112,034,573
Non-current assets (1-3 years)	**$ -**	**$ -**	$ 729,459	$ 8,810,123
Current liabilities	**$ 160,480**	**$ 5,796,292**	$ 7,796,036	$107,958,340
Non-current liabilities (1-3 years)	**$ -**	**$ -**	$ 543,073	$ 8,400,009

Olympia Trust has entered into foreign exchange contracts with its customers and currency suppliers. The expiry dates of the above derivatives vary between January 1, 2019, and November 29, 2019. As a result, no portion of the foreign exchange contracts is 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 (losses)/gains, net" in the 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 December 31, 2018, Olympia has margins held in Canadian dollars of $1.22 million (December 31, 2017 - $5.31 million).

For the year ended December 31, 2018, 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.

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:

	December 31, 2018	Level 1	Level 2	Level 3
Recurring measurements				
Financial assets - derivative financial instruments	**$ 406,082**	$ -	$ 406,082	$ -
Financial liabilities - derivative financial instruments	**(160,480)**	-	(160,480)	-
	$ 245,602	$ -	$ 245,602	$ -

	December 31, 2017	Level 1	Level 2	Level 3
Recurring measurements				
Financial assets - derivative financial instruments	$ 9,966,393	$ -	$ 9,966,393	$ -
Financial liabilities - derivative financial instruments	(8,339,109)	-	(8,339,109)	-
	$ 1,627,284	$ -	$ 1,627,284	$ -

16. EQUIPMENT AND OTHER

	Furniture & fixtures	Leasehold improvements	Computers & equipment	ATM equipment	Total
December 31, 2018					
Cost					
At beginning of year	$ 1,499,304	$ 3,307,502	$ 2,497,727	$ 1,467,560	$ 8,772,093
Additions	70,638	143,859	178,249	180,283	573,029
Reclassification	1,560	(1,677)	(843)	960	-
Disposals	(460,985)	(223,441)	(2,031,998)	(1,354,354)	(4,070,778)
At end of year	**$ 1,110,517**	**$ 3,226,243**	**$ 643,135**	**$ 294,449**	**$ 5,274,344**
Accumulated depreciation					
At beginning of year	$ 1,247,936	$ 2,579,050	$ 2,244,883	$ 467,828	$ 6,539,697
Disposals	(421,097)	(211,205)	(1,923,476)	(531,090)	(3,086,868)
Depreciation charge for the year	120,538	199,640	113,580	148,224	581,982
At end of year	**$ 947,377**	**$ 2,567,485**	**$ 434,987**	**$ 84,962**	**$ 4,034,811**
Closing net book value	**$ 163,140**	**$ 658,758**	**$ 208,148**	**$ 209,487**	**$ 1,239,533**
December 31, 2017					
Cost					
At beginning of year	$ 1,378,869	$ 3,070,994	$ 2,375,129	$ 1,253,666	$ 8,078,658
Additions	121,035	236,508	124,436	321,903	803,882
Disposals	(600)	-	(1,838)	(108,009)	(110,447)
At end of year	$ 1,499,304	$ 3,307,502	$ 2,497,727	$ 1,467,560	$ 8,772,093
Accumulated depreciation					
At beginning of year	$ 1,090,982	$ 2,359,557	$ 2,065,665	$ 219,810	$ 5,736,014
Disposals	(140)	-	(419)	(33,534)	(34,093)
Depreciation charge for the year	157,094	219,493	179,637	281,552	837,776
At end of year	$ 1,247,936	$ 2,579,050	$ 2,244,883	$ 467,828	$ 6,539,697
Closing net book value	$ 251,368	$ 728,452	$ 252,844	$ 999,732	$ 2,232,396

17. INTANGIBLE ASSETS

	Internally generated software	Computer software	ATM processing contracts	Other	Total
December 31, 2018					
Cost					
At beginning of year	$ 1,850,960	$ 1,210,020	$ 1,082,968	$ 41,032	$ 4,184,980
Additions	461,642	616,192	-	2,305	1,080,139
Disposals	(202,283)	(178,689)	(139,000)	(16,032)	(536,004)
At end of year	**$ 2,110,319**	**$ 1,647,523**	**$ 943,968**	**$ 27,305**	**$ 4,729,115**
Accumulated depreciation					
At beginning of year	$ 354,923	$ 942,715	$ 1,015,216	$ 22,433	$ 2,335,287
Amortization charge for the year	255,810	76,231	9,584	10,459	352,084
Disposals	(202,283)	(167,371)	(80,832)	(16,032)	(466,518)
At end of year	**$ 408,450**	**$ 851,575**	**$ 943,968**	**$ 16,860**	**$ 2,220,853**
Closing net book value	**$ 1,701,869**	**$ 795,948**	**$ -**	**$ 10,445**	**$ 2,508,262**
December 31, 2017					
Cost					
At beginning of year	$ 1,763,813	$ 1,335,020	$ 1,082,968	$ 41,032	$ 4,222,833
Additions	248,347	-	-	-	248,347
Disposals	(286,200)	-	-	-	(286,200)
Reclassification	125,000	(125,000)	-	-	-
At end of year	$ 1,850,960	$ 1,210,020	$ 1,082,968	$ 41,032	$ 4,184,980
Accumulated depreciation					
At beginning of year	$ 419,139	$ 856,930	$ 797,512	$ 8,755	$ 2,082,336
Amortization charge for the year	221,984	85,785	67,287	13,678	388,734
Impairment	-	-	150,417	-	150,417
Disposals	(286,200)	-	-	-	(286,200)
At end of year	$ 354,923	$ 942,715	$ 1,015,216	$ 22,433	$ 2,335,287
Closing net book value	$ 1,496,037	$ 267,305	$ 67,752	$ 18,599	$ 1,849,693

Additions

The capital additions of $1.08 million relate mainly to the continued development and enhancement of cloud based online systems in the Exempt Edge division and development of a mobile application for use by the Registered Plans division.

18. TRADE AND OTHER PAYABLES

	December 31, 2018	December 31, 2017
Trade and other payables	$ 719,340	$ 437,742
Government taxes	307,946	543,195
Agents and commissions payable	207,067	213,819
Amounts due to related parties	107,539	83,388
	$ 1,341,892	$ 1,278,144

19. DEFERRED REVENUE

	December 31, 2018	December 31, 2017
Annual health spending account fee	$ 393,520	$ 297,156
Annual registered plan services administration fees	6,300	16,100
	$ 399,820	$ 313,256

At December 31, 2018, deferred revenue totaled $0.40 million (December 31, 2017 - $0.31 million). Deferred revenue is comprised mostly of Health's annual fees for maintaining customers' health spending 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.

20. OTHER LIABILITIES AND CHARGES

Other liabilities and charges (current)	December 31, 2018	December 31, 2017
Bonuses payable	$ 597,426	$ 469,802
General accruals	223,235	180,376
Professional fees accrual	132,558	208,758
Medical benefits payable	124,436	362,910
Straight-line rent	122,483	109,321
Other	85,996	63,289
Leasehold inducements	85,688	85,688
Onerous contract obligation	73,635	96,888
Vacation payable	69,595	71,049
Legal fees accrual	13,026	-
	$ 1,528,078	$ 1,648,081

Leasehold inducements received are being amortized on a straight-line basis over the life of the lease. The current portion of this liability is recorded in other liabilities and charges and the long-term portion is recorded in other liabilities.

Other liabilities (non-current)	December 31, 2018	December 31, 2017
Leasehold inducements	$ 791,705	$ 1,068,776

21. SHARE CAPITAL AND CONTRIBUTED SURPLUS

	Number of common shares	Share capital	Contributed surplus	Total
At January 1, 2017 and January 1, 2018	2,406,352	$ 7,886,989	$ 86,373	$ 7,973,362
Balance at December 31, 2017 and 2018	**2,406,352**	**$ 7,886,989**	**$ 86,373**	**$ 7,973,362**

The total authorized number of common shares is unlimited (December 31, 2017 - unlimited common shares). All issued shares are fully paid.

22. INCOME TAXES

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

	December 31, 2018	December 31, 2017
Bad debts provision and other	**$ 154,456**	$ 129,961
Non-capital losses	**1,314,559**	1,360,561
Carrying amount of equipment higher than the tax basis	**(225,759)**	(54,991)
	$ 1,243,256	$ 1,435,531

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 year. The average annual rate used for the year ended December 31, 2018, was 27% (December 31, 2017 - 27%).

	December 31, 2018	December 31, 2017
Earnings from continuing operations before income tax	**$ 13,589,034**	$ 9,732,727
Anticipated income tax expense	**3,669,039**	2,627,836
Non-deductible expenses	**28,833**	32,132
Adjustment in respect of prior years	**(16,179)**	6,570
Other	**5,127**	2,363
	$ 3,686,820	$ 2,668,901
Current tax expense	**$ 3,353,276**	$ 2,746,447
Deferred tax recovery	**333,544**	(77,546)
	$ 3,686,820	$ 2,668,901

Deferred income tax assets are recognized for loss carry-forwards 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. The non-capital losses will start to expire in 2034.

23. ADMINISTRATIVE EXPENSES

	December 31, 2018	December 31, 2017
Salaries, management fees and bonuses	**$ 16,238,728**	$ 15,052,797
General administration	**7,994,985**	6,389,209
Management compensation (note 33)	**3,594,972**	2,617,874
Rent	**1,787,377**	2,098,223
Employee benefit expense (note 25)	**1,290,633**	1,382,680
Bad debts	**244,194**	510,812
	$ 31,150,889	$ 28,051,595

24. DIRECT EXPENSES

	December 31, 2018	December 31, 2017
Commission expense	**$ 1,395,391**	$ 1,107,766
Trailer Health commissions	**1,295,264**	1,452,281
Service costs paid	**421,420**	403,709
	$ 3,112,075	$ 2,963,756

25. EMPLOYEE BENEFITS

Benefit expenses

	December 31, 2018	December 31, 2017
Medical benefits	**$ 556,484**	$ 676,520
Other benefits	**379,704**	366,884
Share ownership assistance scheme	**239,146**	209,806
Long-term service awards and education assistance	**115,299**	129,470
	$ 1,290,633	$ 1,382,680

26. OTHER LOSSES/(GAINS), NET

	December 31, 2018	December 31, 2017
Unrealized foreign exchange loss/(gain)	**$ 1,381,682**	$ (25,768)
Loss on disposal of assets and other	**48,934**	861
	$ 1,430,616	$ (24,907)

27. 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.

Year ended	December 31, 2018	December 31, 2017
Net earnings from continuing operations attributable to shareholders of Olympia	$ 9,967,821	$ 7,105,454
Net loss from discontinued operations	(388,022)	(1,025,612)
Total net earnings	$ 9,579,799	$ 6,079,842
Weighted average number of shares (basic and diluted)	2,406,352	2,406,352
Basic and diluted earnings per share - continuing operations	$ 4.14	$ 2.95
Basic and diluted loss per share - discontinued operations	$ (0.16)	$ (0.42)
Basic and diluted earnings per share - combined operations	$ 3.98	$ 2.53

28. DIVIDENDS PER SHARE

The aggregate dividends declared amounted to $5.41 million (December 31, 2017 - $5.70 million).

29A. CHANGES IN NON CASH WORKING CAPITAL

	December 31, 2018	December 31, 2017
Trade and other receivables	$ (1,045,598)	$ (398,896)
Current taxes receivable	-	117,683
Current taxes payable	(96,575)	114,012
Prepaid expenses	(87,467)	167,448
Trade and other payables	215,954	270,988
Deferred revenue	86,564	91,344
Inventory	74,212	-
Other liabilities and charges	(17,676)	124,732
Other liabilities	(277,071)	874,666
	$ (1,147,657)	$ 1,361,977

29B. NON-CASH FINANCING AND INVESTING ACTIVITIES

	December 31, 2018	December 31, 2017
Disposal of equipment and other	$ 915,645	$ -
Disposal of intangible assets	76,027	-
	$ 991,672	$ -

Non-cash investing and financing activities disclosed in other notes is the issuance of a promissory note for the sale of assets - Note 5.

30. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	2017	Cash flows	2018
Revolving credit facility	$ 4,812,347	$ (605,000)	$ 4,207,347
Cash in circulation due to bank	3,823,110	(3,823,110)	-
	$ 8,635,457	$ (4,428,110)	$ 4,207,347

31. COMMITMENTS

Operating lease commitments

Olympia leases various offices under operating lease agreements. The initial lease terms are between twelve months and fifty months and the majority of lease agreements are renewable at market rates when the lease period ends.

Future aggregate minimum lease payments under operating leases are listed in the table below:

	December 31, 2018
2019	**1,024,581**
2020	**1,009,885**
2021	**923,397**
2022	**147,932**
	3,105,795

32. 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 conventional 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 consolidated financial statements.

33. RELATED PARTY TRANSACTIONS

Olympia's president and CEO owns and controls 29.26% 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 directors.

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

	December 31, 2018	December 31, 2017
Companies and businesses controlled by the president and CEO	**$ 11,639**	$ 20,736
	$ 11,639	$ 20,736

Revenue from associated entities totaled $11,639 for the year ended December 31, 2018 (December 31, 2017 - $20,736). This consisted mainly of revenue from legal services provided by Olympia's in-house general counsel to Tarman, a company controlled by the president and CEO.

Interest revenue

	December 31, 2018	December 31, 2017
Companies and businesses controlled by the president and CEO	**$ 37,335**	$ 5,276
	$ 37,335	$ 5,276

Interest revenue from associated entities totaled $37,335 for the year ended December 31, 2018, (December 31, 2017 - $5,276) and consists of interest earned from outstanding receivables and the promissory note receivable.

Administrative expenses

	December 31, 2018	December 31, 2017
Companies and businesses controlled by the president and CEO	**$ 3,594,972**	$ 2,617,874
Olympia Charitable Foundation	**98,432**	58,899
	$ 3,693,404	$ 2,676,773

Administrative expenses paid to associated entities totaled $3.69 million for the year ended December 31, 2018 (December 31, 2017 - $2.68 million), and consisted of the following:

- The Olympia Charitable Foundation is funded by Olympia and the employees of Olympia. Olympia donated a total of $98,432 for the year ended December 31, 2018 (December 31, 2017 - $58,899).
- Management fees are paid to Tarman based on a percentage of pre-tax profits of Olympia's divisions, except for the Private Health Services Plan division, where the management fee is based on a percentage of health claims administered. These fees are for services provided as president and CEO of Olympia. For the year ended December 31, 2018, this amounted to $3.59 million (December 31, 2017 - $2.62 million).

Trade and other receivables include amounts receivable from related parties

	December 31, 2018	December 31, 2017
Companies and businesses controlled by the president and CEO (current)	**$ 57,522**	$ 365,028
Companies and businesses controlled by the president and CEO (non-current)	**1,428,539**	-
	$ 1,486,061	$ 365,028

Receivables from associated entities totaled $1.49 million for the year ended December 31, 2018 (December 31, 2017 - $365,028), and consisted mainly of the following:

- A receivable in the amount of $nil (December 31, 2017 - $7,388) from Target Capital Inc. ("Target"), a company previously controlled by the president and CEO of Olympia, which reflected an arrangement whereby Olympia paid a portion of the remuneration for Target's personnel who delivered services to both Olympia and Target.
- A receivable in the amount of $57,488 (December 31, 2017 - $236,503) from Tarman, a company controlled by Olympia's president and CEO, reflects the legal services and other expense recoveries provided to Tarman Inc.
- A receivable in the amount of $34 (December 31, 2017 - $716) from Namena Island, Toy Box II and Camera 2 Canvas Inc., companies controlled by the president and CEO of Olympia, for expense recoveries.
- On November 29, 2017, Olympia obtained approval from the Board of Directors for a $120,000 demand loan to Tarman, a company controlled by the president and CEO of Olympia. The secured demand loan was fully repaid during the year ended December 31,2018, including accrued interest at 4.00% per annum.
- On June 5, 2018, Olympia announced the sale of substantially all the assets of its wholly owned subsidiary, Olympia ATM. Olympia ATM entered into an agreement with Tarman, a company owned and controlled by Olympia's president and CEO. The sale closed on August 3, 2018.

  The purchase price paid by Tarman was equal to the aggregate net book value of the assets used by the ATM division. The assets' book value at June 5, 2018, was estimated to be $1.40 million. The purchase price was paid by the delivery of a secured demand promissory note (the "promissory note") for $1.40 million by Tarman. The outstanding principal amount of the promissory note bears interest at prime plus 0.25%. All interest accrued under the promissory note shall be paid on an annual basis on or before the 30th day of June of each calendar year. Subject to Canadian Western Bank's consent, commencing June 30, 2020, Tarman is required to repay the outstanding principal amount of the promissory note in annual installments of $140,000 on or before the 30th day of June of each calendar year, with the outstanding balance of the principal amount to be repaid in full on or before June 30, 2023.

  Olympia has assessed the expected credit loss as it relates to the promissory note and has determined it to be nominal.

  For the year ended December 31, 2018, interest of $28,539 has been accrued.

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

		December 31, 2018		December 31, 2017
Companies and businesses controlled by the president and CEO	**$**	**153,502**	$	160,298
Directors' fees		**69,776**		45,377
	$	**223,278**	$	205,675

- Payables to associated entities totaled $223,278 for the year ended December 31, 2018 (December 31, 2017 - $205,675), and consisted mainly of the following:
- A payable in the amount of $37,070 (December 31, 2017 - $36,473) to Tarman, a company controlled by the president and CEO of Olympia, for commissions related to the sale of health plans offered by OBI.
- A payable in the amount of $693 (December 31, 2017 - $1,538) to Target, Tarman and Camera 2 Canvas Inc., companies controlled by the president and CEO of Olympia, for expense recoveries.
- A management fee payable in the amount of $115,739 (December 31, 2017 - $122,287) to Tarman, a company controlled by the president and CEO of Olympia, based on a percentage of pre-tax profits of Olympia's divisions.
- A payable for directors' fees of $69,776 (December 31, 2017 - $45,377).

These payables are all current.

Key management compensation

Compensation paid to key management is included in Note 23. Key management includes the Board of Directors and executive team of OBI, Olympia Trust, EEI, and Olympia. Olympia uses management or employment contracts as a means to incent certain executives to maximize the profitability of their applicable business units and the profitability of Olympia as a whole. The compensation paid or payable to key management is shown in the following table:

		December 31, 2018		December 31, 2017
Salaries, bonuses and profit sharing	**$**	**4,583,106**	$	3,734,006
Management fees		**3,594,972**		2,617,874
Directors' fees		**262,163**		193,526
Short-term employee benefits		**233,604**		210,495
	$	**8,673,845**	$	6,755,901

34. SUBSEQUENT EVENT

On February 2, 2019, Olympia was subject to a ransomware cyber attack on its information technology systems. The malware used to perform the attack encrypted Olympia's network services so it could not be used. While operations were affected, Olympia's dedicated staff managed to maintain many basic operations throughout, with funding of both RSP investment transactions and foreign exchange trades. On February 11, 2019, Olympia announced that it had resumed all business operations and restored nearly all information technology systems impacted by the ransomware cyber attack.

Investigations into the attack are ongoing, but there is still no evidence that customers' personal information was compromised as a result of the attack.

Olympia remains committed to utilizing all available means to protect its business operations and customers' personal information. Olympia will continue to invest in its information technology systems and security to detect and minimize the risk of unauthorized activity in this age of ever growing highly sophisticated information security threats.

Olympia is in the process of quantifying the financial impact of the ransomware attack and its impact on the Q1, 2019, condensed consolidated financial statements. Olympia has initiated a claim with its insurance broker.

CORPORATE INFORMATION

Directors

Brian Newman[1 2 3 4]
Craig Skauge
Dennis Nerland
Diana Wolfe[1 2 3 4]
Gerard Janssen[1 2 3 4]
Rick Skauge
Tony Lanzl

Board Committees

[1] Audit Committee
[2] Corporate Governance Committee
[3] Executive Compensation Committee
[4] Investment Committee

Head Office

2300, 125 – 9th Avenue SE
Calgary, AB T2G 0P6
Tel: 403-261-0900
Fax: 403-265-1455
www.olympiafinancial.com
info@olympiafinancial.com

Transfer Agent

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

Auditors

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

EXECUTIVE TEAM

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
CEO, Olympia Benefits Inc.

KEN FRY
President, Olympia Benefits Inc.

DERICK KACHUIK
Vice President, Foreign Exchange

ANDREA GILLIS
Vice President, Client Services Registered Plans

KELLY REVOL
Vice President, Operations Registered Plans

DEAN NAUGLER
Vice President, Corporate and Shareholder Services

JONATHAN BAHNUIK
General Counsel

RYAN MCKENNA
Vice President, Information Technology

STEPHEN PRESTON
Vice President, Exempt Edge Inc.

2300, 125 - 9th Avenue SE Calgary, Alberta T2G 0P6
Tel: 403-261-0900 • Fax: 403-265-1455

www.olympiafinancial.com info@olympiafinancial.com