goeasy Ltd.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Three and Six Months Ended June 30, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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Date: August 1, 2017

The following Management's Discussion and Analysis ["MD&A"] presents an analysis of the consolidated financial condition of goeasy Ltd. and its subsidiaries [collectively referred to as "goeasy" or the "Company"] as at June 30, 2017 compared to June 30, 2016, and the consolidated results of operations for the three and six month periods ended June 30, 2017 compared with the corresponding period of 2016. This MD&A should be read in conjunction with the Company's audited consolidated financial statements and the related notes and MD&A for the year ended December 31, 2016. The financial information presented herein has been prepared in accordance with International Financial Reporting Standards ["IFRS"], unless otherwise noted. All dollar amounts are in thousands of Canadian dollars unless otherwise indicated.

There have been no material changes to the information discussed in the following sections of the Company's 2016 annual MD&A: Overview of the Business, Corporate Strategy, Outlook, Commitments, Guarantees and Contingencies, Risk Factors and Critical Accounting Estimates.

This MD&A is the responsibility of management. The Board of Directors has approved this MD&A after receiving the recommendations of the Company's Audit Committee, which is comprised exclusively of independent directors, and the Company's Disclosure Committee.

This MD&A refers to certain financial measures that are not determined in accordance with IFRS. Although these measures do not have standardized meanings and may not be comparable to similar measures presented by other companies, these measures are defined herein or can be determined by reference to our financial statements. The Company discusses these measures because it believes that they facilitate the understanding of the results of its operations and financial position.

Additional information is contained in the Company's filings with Canadian securities regulators, including the Company's Annual Information Form. These filings are available on SEDAR at *www.sedar.com* and on the Company's website at *www.goeasy.com*.

Caution Regarding Forward-Looking Statements

This MD&A includes forward-looking statements about goeasy, including, but not limited to, its business operations, strategy and expected financial performance and condition. Forward-looking statements include, but are not limited to, those with respect to the estimated number of new locations to be opened, targets for growth of the consumer loans receivable portfolio, annual revenue growth targets, strategic initiatives, new product offerings and new delivery channels, anticipated cost savings, planned capital expenditures, anticipated capital requirements, liquidity of the Company, plans and references to future operations and results and critical accounting estimates. In certain cases, forward-looking statements are statements that are predictive in nature, depend upon or refer to future events or conditions, and/or can be identified by the use of words such as ‘expects’, ‘anticipates’, ‘intends’, ‘plans’, ‘believes’, ‘budgeted’, ‘estimates’, ‘forecasts’, ‘targets’ or negative versions thereof and similar expressions, and/or state that certain actions, events or results ‘may’, ‘could’, ‘would’, ‘might’ or ‘will’ be taken, occur or be achieved.

Forward-looking statements are based on certain factors and assumptions, including expected growth, results of operations and business prospects and are inherently subject to, among other things, risks, uncertainties and assumptions about the Company’s operations, economic factors and the industry generally, as well as those factors referred to in the section entitled “Risk Factors”. There can be no assurance that forward-looking statements will prove to be accurate as actual results and future events could differ materially from those expressed or implied by forward-looking statements made by the Company, due to, but not limited to, important factors such as the Company’s ability to enter into new lease and/or financing agreements, collect on existing lease and/or financing agreements, open new locations on favourable terms, secure new franchised locations, purchase products which appeal to customers at a competitive rate, respond to changes in legislation, react to uncertainties related to regulatory action, raise capital under favourable terms, manage the impact of litigation (including shareholder litigation), control costs at all levels of the organization and maintain and enhance the system of internal controls. The Company cautions that the foregoing list is not exhaustive.

The reader is cautioned to consider these and other factors carefully and not place undue reliance on forward-looking statements, which may not be appropriate for other purposes. The Company is under no obligation (and expressly disclaims any such obligation) to update or alter the forward-looking statements whether as a result of new information, future events or otherwise, unless required by law.

Overview of the Business

goeasy Ltd. is a leading full-service provider of goods and alternative financial services that improve the lives of everyday Canadians. goeasy Ltd. serves its customers through its two key operating divisions: easyfinancial and easyhome. easyfinancial is the Company's financial services arm, operating in the non-prime consumer lending marketplace and bridging the gap between traditional financial institutions and costly payday lenders. easyhome is Canada's largest lease-to-own company, offering brand-name household furniture, appliances and electronics to consumers under weekly or monthly leasing agreements through both corporate and franchise stores.

The Company's overview of the business remains as described in its December 31, 2016 MD&A.

Corporate Strategy

The Company is committed to being a leading full-service provider of goods and alternative financial services that improve the lives of everyday Canadians. To maintain this position, the Company must continuously evolve to meet the needs of its chosen customer segment. Additionally, the Company must focus on maintaining its competitive advantage by capitalizing on the key aspects of each business unit, including brand awareness, superior customer service and its cross-country retail network. Cost efficiencies through economies of scale and shared services will enable the Company to meet future competitive challenges, including new entrants into the marketplace.

To achieve its long-term goals, the Company has four key business imperatives:

- Evolve the delivery channels
- Expand the easyfinancial footprint
- Enhance the product offering
- Execute with efficiency and effectiveness

The Company's corporate strategy remains as described in its December 31, 2016 MD&A.

Outlook

The targets disclosed in this section are inherently subject to risks which are referred to in the sections entitled "Outlook" and "Risk Factors" as described in the Company's December 31, 2016 MD&A.

The Company's 2017 and three year (2019) targets, together with the underlying assumptions and risk factors, remain as described in its December 31, 2016 MD&A. The Company's 2017 and three-year (2019) targets are as follows:

	Targets for 2017	Targets for 2019
New easyfinancial locations	**20 - 30 locations opened during the year**	**260 locations by the end of 2019**
Gross consumer loans receivable portfolio at year end	**$475 - $500 million**	**$775 - $800 million**
easyfinancial total revenue yield	**60% - 62%**	**49% - 51%**
Total revenue growth	**10% - 12%**	**n/a**
easyfinancial operating margin	**35% - 37%**	**40%+**
Return on equity	**18% - 19%**	**21%+**

Analysis of Results for the Three Months Ended June 30, 2017

Second Quarter Highlights

- The Company always believed that the province of Quebec represented a large opportunity for non-prime lending. During the quarter, the Company continued to expand the easyfinancial footprint by opening its first consumer lending location in Quebec and offering its consumer lending products to customers in that province. The initial pace of growth of the first Quebec branch has exceeded all previous easyfinancial openings.

- Additionally, during the quarter, the Company began offering its consumer lending products to customers through a select number of easyhome retail stores. The existing easyhome stores created an opportunity for the Company to further expand the easyfinancial footprint since i) the credit and risk decisions were already made centrally, ii) the easyfinancial systems were developed and had capacity and iii) the easyfinancial lending practices were documented and well established. By the end of 2017, the Company expects to offer its consumer lending products through approximately 100 easyhome stores.

- During the quarter, the Company completed an offering of convertible unsecured subordinated debentures due July 31, 2022 for aggregate gross proceeds of $53 million. These funds will be utilized to continue the strong growth of easyfinancial.

- The gross consumer loans receivable portfolio as at June 30, 2017 was $425.3 million compared with $326.2 million as at June 30, 2016, an increase of $99.1 million or 30.4%. Loan originations were strong in the quarter at $139.4 million, an increase of 41.6% compared with the second quarter of 2016. The growth of the loan book in the quarter of $38.3 million was $16.2 million or 73.6% greater than the loan book growth recorded in the second quarter of 2016. easyfinancial's launch into Quebec, the introduction of lending products into the easyhome stores and the increased penetration of the Company's risk adjusted interest rate loans, together with a $1.8 million or 13.7% increase in advertising spend during the quarter when compared to the second quarter of 2016, drove record loan book growth. Both the loan book growth and originations in the quarter reached record levels.

- goeasy continued to grow revenue during the second quarter of 2017. Revenue for the quarter increased to $98.2 million from the $86.1 million reported in the second quarter of 2016, an increase of $12.1 million or 14.1%. The increase in revenue was driven by the growth of the Company's easyfinancial business. Same store revenue growth for the quarter was 16.6%.

- Net charge-offs as a percentage of the average gross consumer loans receivable on an annualized basis were 14.7% in the quarter, down from 15.2% in the second quarter of 2016. The Company achieved an improvement in delinquency rates and experienced lower bankruptcy losses during the current quarter. This, and the increased penetration of risk adjusted rate loans to more credit worthy customers, helped to reduce the charge-off rate. The Company continues to expect that the net charge-off rate will be in the range of 14% to 16% for the balance of the year.

- easyfinancial's operating margin declined in the quarter to 33.6% from the 36.7% reported in the second quarter of 2016. While the loan book and revenue increased significantly, the operating margin declined due to i) higher advertising spend which drove the strong growth, ii) the higher loan loss provision necessitated by the record level of growth in the quarter and iii) the investments to expand the easyfinancial product suite and distribution.

- Operating income for the three month period ended June 30, 2017 was $18.6 million. Operating income in the comparable period of 2016 benefited from other income of $3.0 million related to the sale of an investment and was negatively impacted by $0.6 million in non-recurring transaction advisory costs. On a normalized basis, operating income in the second quarter of 2016 was $15.7 million. On this normalized basis, operating income increased by $2.9 million or 18.2% in the quarter compared to the second quarter of 2016. Operating margin in the quarter was 18.9% against the 18.3% normalized operating margin in the second quarter of 2016.

- Net income for the second quarter of 2017 was $8.9 million or $0.63 per share on a diluted basis, compared to reported net income for the second quarter of 2016 of $10.5 million or $0.75 per share on a diluted basis. As mentioned, the comparable period benefitted from a $3.0 million gain on the sale of an investment and was negatively impacted by $0.6 million in transaction advisory costs. Normalizing for these items, net income and earnings per share in the second quarter of 2016 was $8.4 million or $0.60 per share, respectively. On this normalized basis, net income and diluted earnings per share increased by 6.4% and 5.0%, respectively.

Summary of Financial Results and Key Performance Indicators

($ in 000's except earnings per share and percentages)	Three Months Ended Jun. 30, 2017	Three Months Ended Jun. 30, 2016	Variance $ / %	Variance % change
Summary Financial Results				
Revenue	**98,215**	86,098	12,117	14.1%
Other income[2]	**-**	3,000	(3,000)	(100.0%)
Operating expenses before depreciation and amortization and transaction advisory costs	**66,817**	56,759	10,058	17.7%
Transaction advisory costs[3]	**-**	597	(597)	(100.0%)
EBITDA[1]	**21,178**	20,601	577	2.8%
EBITDA margin[1]	**21.6%**	23.9%	(2.3%)	-
Depreciation and amortization expense	**12,792**	13,598	(806)	(5.9%)
Operating income	**18,606**	18,144	462	2.5%
Operating margin[1]	**18.9%**	21.1%	(2.2%)	-
Finance costs	**6,578**	5,114	1,464	28.6%
Effective income tax rate	**26.1%**	19.2%	6.9%	-
Net income	**8,890**	10,523	(1,633)	(15.5%)
Diluted earnings per share	**0.63**	0.75	(0.12)	(16.0%)
Return on Equity[1]	**17.1%**	23.0%	(5.9%)	-
Adjusted (Normalized) Financial Results[1,2,3]				
Adjusted EBITDA margin	**21.6%**	21.1%	0.5%	-
Adjusted operating income	**18,606**	15,741	2,865	18.2%
Adjusted operating margin	**18.9%**	18.3%	0.6%	-
Adjusted net income	**8,890**	8,359	531	6.4%
Adjusted earnings per share	**0.63**	0.60	0.03	5.0%
Adjusted return on equity	**17.1%**	18.3%	(1.2%)	-
Key Performance Indicators[1]				
Same store revenue growth	**16.6%**	20.0%	(3.4%)	-
Same store revenue growth excl. easyfinancial	**1.4%**	(0.5%)	1.9%	-
Segment Financials				
easyfinancial revenue	**63,642**	50,426	13,216	26.2%
easyfinancial operating margin	**33.6%**	36.7%	(3.1%)	-
easyhome revenue	**34,573**	35,672	(1,099)	(3.1%)
easyhome operating margin	**15.3%**	12.9%	2.4%	-
Portfolio Indicators				
Gross consumer loans receivable	**425,324**	326,208	99,116	30.4%
Growth in consumer loans receivable	**38,269**	22,046	16,223	73.6%
Gross loan originations	**139,420**	98,466	40,954	41.6%
Bad debt expense as a percentage of Financial Revenue	**26.9%**	26.4%	0.5%	-
Net charge-offs as a percentage of average gross consumer loans receivable	**14.7%**	15.2%	(0.5%)	-
Potential monthly lease revenue	**9,419**	9,787	(368)	(3.8%)
Change in potential monthly lease revenue due to ongoing operations	**(179)**	(180)	1	0.6%

[1] See description in sections "Portfolio Analysis" and "Key Performance Indicators and Non-IFRS Measures".
[2] On June 30, 2016, the Company sold its minority interest in a provider of credit remediation products for cash proceeds of $3.0 million. The shares were acquired by the Company during the start-up phase of this company and the net book value of those shares was nil.
[3] During the three months ended June 30, 2016, the Company incurred $0.6 million in transaction advisory costs related to a potential acquisition.

Store Locations Summary

	Locations as at Mar. 31, 2017	Locations opened during period	Locations closed during period	Conversions	Locations as at Jun. 30, 2017
easyfinancial					
Kiosks (in store)	44	3	-	(4)	**43**
Stand-alone locations	164	3	-	4	**171**
National loan office	1	-	-	-	**1**
Total easyfinancial locations	209	6	-	-	**215**
easyhome					
Corporately owned stores	145	-	(1)	(1)	**143**
Consolidated franchise locations	2	-	-	-	**2**
Total consolidated stores	147	-	(1)	(1)	**145**
Total franchise stores	27	-	-	1	**28**
Total easyhome stores	174	-	(1)	-	**173**

Summary of Financial Results by Operating Segment

($ in 000's except earnings per share)	Three Months Ended June 30, 2017			
	easyfinancial	**easyhome**	**Corporate**	**Total**
Revenue	**63,642**	**34,573**	**-**	**98,215**
Total operating expenses before depreciation and amortization	**40,559**	**18,464**	**7,794**	**66,817**
Depreciation and amortization	**1,727**	**10,822**	**243**	**12,792**
Operating income (loss)	**21,356**	**5,287**	**(8,037)**	**18,606**
Finance costs				**6,578**
Income before income taxes				**12,028**
Income taxes				**3,138**
Net income				**8,890**
Diluted earnings per share				**0.63**

($ in 000's except earnings per share)	Three Months Ended June 30, 2016			
	easyfinancial	**easyhome**	**Corporate**	**Total**
Revenue	50,426	35,672	-	86,098
Other income[1]	-	-	3,000	3,000
Total operating expenses before depreciation and amortization and transaction advisory costs	30,300	19,260	7,199	56,759
Transaction advisory costs[2]	-	-	597	597
Depreciation and amortization	1,607	11,825	166	13,598
Operating income (loss)	18,519	4,587	(4,962)	18,144
Finance costs				5,114
Income before income taxes				13,030
Income taxes				2,507
Net income				10,523
Diluted earnings per share				0.75

[1] On June 30, 2016, the Company sold its minority interest in a provider of credit remediation products for cash proceeds of $3.0 million. The shares were acquired by the Company during the start-up phase of this company and the net book value of those shares was nil.
[2] During the three months ended June 30, 2016, the Company incurred $0.6 million in transaction advisory costs related to a potential acquisition.

Revenue and Other Income

Revenue for the three month period ended June 30, 2017 was $98.2 million compared to $86.1 million in the same period in 2016, an increase of $12.1 million or 14.1%. Same store sales growth for the quarter was 16.6%. Revenue growth was driven primarily by the growth of easyfinancial.

e*asyfinancial* – Revenue for the three month period ended June 30, 2017 was $63.6 million, an increase of $13.2 million or 26.2% from the comparable period of 2016. The increase in revenue was driven by the growth of the gross consumer loans receivable portfolio and offset somewhat by a reduction in yield. The gross consumer loans receivable portfolio increased from $326.2 million as at June 30, 2016 to $425.3 million as at June 30, 2017, an increase of $99.1 million or 30.4%. Gross loan originations in the quarter were $139.4 million, an increase of 41.6% when compared to the second quarter of 2016. Both the loan book growth of $38.3 million and the originations in the quarter reached record levels, aided by the strong launch of easyfinancial into Quebec and the investment in additional advertising spend in the quarter.

The annualized yield realized by the Company on its average consumer loans receivable portfolio decreased by 130 bps in the second quarter of 2017 when compared to the second quarter of 2016. The decrease in the yield was due to i) the increased penetration of risk adjusted interest rate loans to a more credit worthy customer and ii) a higher proportion of larger dollar loans which have reduced pricing on certain ancillary products. These impacts which reduced yield were partially offset by the one-time benefit associated with the transition of the Company's creditor life insurance product to a new provider which increased the commissions earned by the Company on that product by $0.6 million during the second quarter of 2017. The non-recurring benefit associated with the transition had been fully realized by the end of the current quarter and will not have a significant impact on the third quarter of 2017.

easyhome – Revenue for the three month period ended June 30, 2017 was $34.6 million, a decrease of $1.1 million when compared with the second quarter of 2016. The decline in revenue was driven by store sales or closures which occurred over the past 15 months. Excluding the impact of such sales or closures, revenue across the store network was flat in the current quarter compared with the second quarter of 2016. Same store sales growth was 1.4%.

Other Income – During the second quarter of 2016, the Company sold its minority interest in a provider of credit remediation products for cash proceeds of $3.0 million. The Company acquired the shares during the start-up phase of this entity and the net book value of the shares was nil.

Total Operating Expenses before Depreciation and Amortization and Transaction Advisory Costs

Total operating expenses before depreciation and amortization and transaction advisory costs were $66.8 million for the three month period ended June 30, 2017, an increase of $10.1 million or 17.7% from the comparable period in 2016. The increase in operating expenses was driven primarily by the higher costs associated with the expanding easyfinancial business, greater advertising expenditures to drive the growth of the easyfinancial consumer loans receivable portfolio and higher provisions for future charge offs driven by the strong loan book growth. Total operating expenses before depreciation and amortization and transaction advisory costs represented 68.0% of revenue for the second quarter of 2017, an increase from the 65.9% reported in the second quarter of 2016.

easyfinancial – Total operating expenses before depreciation and amortization were $40.6 million for the second quarter of 2017, an increase of $10.3 million or 33.9% from the second quarter of 2016. Operating expenses, excluding bad debt, increased by $6.4 million or 37.7% in the quarter driven by: i) an additional $1.6 million in advertising and marketing spend to support the strong growth in originations, ii) higher wages and other costs to operate and manage the growing branch network and iii) incremental expenditures to enhance the product offering (such as secured lending which will launch later this year) and expand the easyfinancial footprint (including introducing lending into Quebec). Overall branch count increased from 210 as at June 30, 2016 to 215 as at June 30, 2017.

Bad debt expense increased to $17.2 million for the second quarter of 2017 from $13.3 million during the comparable period in 2016, an increase of $3.9 million or 29.0%. The increase in bad debt expense of 29.0% was comparable to the 30.4% growth in the loan book growth over the same period. Included in the bad debt expense was an incremental $1.0 million provision for future charge offs when compared to the second quarter of 2016 due to the strong loan book growth during the quarter. Net charge-offs as a percentage of the average gross consumer loans receivable on an annualized basis were 14.7% in the quarter compared with 15.2% in the second quarter of 2016. The Company achieved an improvement in delinquency rates through strong collection activities and experienced lower bankruptcy losses during the current quarter. This, and the increased penetration of risk adjusted rate loans to more credit worthy customers, helped to reduce the charge-off rates. The Company continues to expect that the net charge-off rates will be in the range of 14% to 16% for the balance of the year.

easyhome – Total operating expenses before depreciation and amortization were $18.5 million for the second quarter of 2017, a decrease of $0.8 million when compared with the second quarter of 2016. While advertising spend increased by $0.2 million in the current quarter, overall store operating expenses declined by $1.0 million due in part to the reduced store count. In addition, tight cost controls generated cost reductions across a number of categories including store labour and administrative costs. Consolidated leasing store count declined by nine from 154 as at June 30, 2016 to 145 as at June 30, 2017.

Corporate – Total operating expenses before depreciation and amortization and transaction advisory costs were $7.8 million for the second quarter of 2017 compared to $7.2 million in the second quarter of 2016, an increase of $0.6 million. The increase was related to higher professional fees, administrative and technology costs related to the development of new products and distribution channels. Corporate expenses before depreciation and amortization and transaction and advisory costs represented 7.9% of revenue in the second quarter of 2017 compared to 8.4% of revenue in the second quarter of 2016.

Transaction Advisory Costs – During the second quarter of 2016, $0.6 million in transaction advisory costs were incurred by the Company to analyze, arrange financing and submit a bid for a potential strategic acquisition. The acquisition was ultimately not completed by the Company as, during the process, the Company determined that it would create greater shareholder value by continuing the growth and expansion of its current business rather than by continuing with the acquisition process.

Depreciation and Amortization

Depreciation and amortization for the three month period ended June 30, 2017 was $12.8 million, a decrease of $0.8 million from the comparable period in 2016. Overall, depreciation and amortization represented 13.0% of revenue for the three months ended June 30, 2017, a decrease from the 15.8% reported in the comparable period of 2016.

easyfinancial – The $0.1 million increase in depreciation and amortization within easyfinancial was attributable to its growing network of branches and the amortization of new systems.

easyhome – Depreciation and amortization expense declined by $1.0 million in the second quarter of 2017 compared to the second quarter of 2016 due to reductions in the lease portfolio (as described in the analysis of easyhome's revenue), coupled with lower charge-offs. easyhome's depreciation and amortization expense expressed as a percentage of easyhome revenue for the quarter was 31.3%, decreased from the 33.1% reported in the second quarter of 2016. Improved product pricing and margins contributed to this reduction in the rate.

Operating Income (Income before Finance Costs and Income Taxes)

Operating income for the three month period ended June 30, 2017 was $18.6 million. Operating income in the comparable period of 2016 benefit from other income of $3.0 million related to the sale of an investment but was negatively impacted by $0.6 million in non-recurring transaction advisory costs. On a normalized basis, operating income in the second quarter of 2016 was $15.7 million. On this normalized basis, operating income increased by $2.9 million or 18.2% in the quarter when compared to the second quarter of 2016. Operating margin in the quarter was 18.9% against the 18.3% normalized operating margin reported in the second quarter of 2016.

easyfinancial – Operating income was $21.4 million for the second quarter of 2017 compared with $18.5 million for the comparable period in 2016, an increase of $2.8 million or 15.3%. The benefits of the larger loan book and related revenue increases of $13.2 million were partially offset by the $1.6 million increase in advertising spend, the higher provisions for future charge offs driven by the strong loan book growth and incremental expenditures to enhance the product offering and expand the easyfinancial footprint. Operating margin in the quarter moderated to 33.6% compared with 36.7% reported in the second quarter of 2016.

easyhome – Operating income was $5.3 million for the second quarter of 2017, an increase of $0.7 million when compared with the second quarter of 2016. Declines in revenue and increased advertising costs were more than offset by lower store operating expenses and lower depreciation and amortization expense. The Company also closed a number of under-performing stores and merged the impacted lease portfolio into a nearby easyhome store thus retaining much of the revenue without the store operating costs. Operating margin for the second quarter of 2017 was 15.3%, an improvement from the 12.9% reported in the second quarter of 2016.

Finance Costs

Finance costs for the three month period ended June 30, 2017 were $6.6 million, an increase of $1.5 million from the same period in 2016. This increase in finance costs was driven by higher average borrowing levels. Total debt as at June 30, 2017 was $322.2 million compared to $237.4 million as at June 30, 2016.

Income Tax Expense

The effective income tax rate for the second quarter of 2017 was 26.1%, higher than the 19.2% reported in the second quarter of 2016. The lower effective tax rate in the comparable period was due to the lower tax rate on the capital gains from investment and asset sales in the second quarter of 2016.

Net Income and EPS

Net income for the second quarter of 2017 was $8.9 million or $0.63 per share. Reported net income for the second quarter was $10.5 million or $0.75 per share on a diluted basis. As mentioned, the comparable period benefitted from a $3.0 million gain on the sale of an investment and was negatively impacted by $0.6 million in transaction advisory costs. Normalizing for these items, adjusted net income and adjusted earnings per share in the second quarter of 2016 were $8.4 million or $0.60 per share, respectively. On this normalized basis, net income and diluted earnings per share increased by 6.4% and 5.0%, respectively.

Analysis of Results for the Six Months Ended June 30, 2017

Summary of Financial Results and Key Performance Indicators

($ in 000's except earnings per share and percentages)	Six Months Ended		Variance	Variance
	Jun. 30, 2017	Jun. 30, 2016	$ / %	% change
Summary Financial Results				
Revenue	**192,928**	168,423	24,505	14.5%
Other income[2]	**-**	3,000	(3,000)	(100.0%)
Operating expenses before depreciation and amortization and transaction advisory costs	**127,869**	110,051	17,818	16.2%
Transaction advisory costs[2]	**-**	1,074	(1,074)	(100.0%)
EBITDA[1]	**44,117**	37,711	6,406	17.0%
EBITDA margin[1]	**22.9%**	22.4%	0.5%	-
Depreciation and amortization expense	**26,040**	27,401	(1,361)	(5.0%)
Operating income	**39,019**	32,897	6,122	18.6%
Operating margin[1]	**20.2%**	19.5%	0.7%	-
Finance costs	**12,403**	9,935	2,468	24.8%
Effective income tax rate	**28.0%**	22.6%	5.4%	-
Net income	**19,160**	17,775	1,385	7.8%
Diluted earnings per share	**1.36**	1.27	0.09	7.1%
Return on equity	**18.8%**	19.7%	(0.9%)	-
Adjusted (Normalized) Financial Results[1]				
Adjusted EBITDA margin	**22.9%**	21.2%	1.7%	-
Adjusted operating income	**39,019**	30,971	8,048	26.0%
Adjusted operating margin	**20.2%**	18.4%	1.8%	-
Adjusted net income	**19,160**	15,962	3,198	20.0%
Adjusted earnings per share	**1.36**	1.14	0.22	19.3%
Adjusted return on equity	**18.8%**	17.7%	1.1%	-
Key Performance Indicators[1]				
Same store revenue growth	**17.2%**	14.6%	2.6%	-
Same store revenue growth excl. easyfinancial	**(0.1%)**	1.2%	(1.3%)	-
Segment Financials				
easyfinancial revenue	**123,663**	95,429	28,234	29.6%
easyfinancial operating margin	**37.1%**	35.9%	1.2%	-
easyhome revenue	**69,265**	72,994	(3,729)	(5.1%)
easyhome operating margin	**15.1%**	15.0%	0.1%	-
Portfolio Indicators				
Gross consumer loans receivable	**425,324**	326,208	99,116	30.4%
Growth in consumer loans receivable	**54,807**	36,782	18,025	49.0%
Gross loan originations	**245,523**	180,155	65,368	36.3%
Bad debt expense as a percentage of Financial Revenue	**25.3%**	26.9%	(1.6%)	-
Net charge-offs as a percentage of average gross consumer loans receivable	**14.3%**	15.2%	(0.9%)	-
Potential monthly lease revenue	**9,419**	9,787	(368)	(3.8%)
Change in potential monthly lease revenue due to ongoing operations	**(337)**	(607)	270	44.5%

[1] See description in sections "Portfolio Analysis" and "Key Performance Indicators and Non-IFRS Measures".
[2] On June 30, 2016, the Company sold its minority interest in a provider of credit remediation products for cash proceeds of $3.0 million. The shares were acquired by the Company during the start-up phase of this company and the net book value of those shares was nil.
[3] During the six months ended June 30, 2016, the Company incurred $1.1 million in transaction advisory costs related to a potential acquisition.

Store Locations Summary

	Locations as at Dec. 31, 2016	Locations opened during period	Locations closed during period	Conversions	Locations as at Jun. 30, 2017
easyfinancial					
Kiosks (in store)	46	3	-	(6)	**43**
Stand-alone locations	161	5	(1)	6	**171**
National loan office	1	-	-	-	**1**
Total easyfinancial locations	208	8	(1)	-	**215**
easyhome					
Corporately owned stores	146	-	(2)	(1)	**143**
Consolidated franchise locations	2	-	-	-	**2**
Total consolidated stores	148	-	(2)	(1)	**145**
Total franchise stores	28	-	(1)	1	**28**
Total easyhome stores	176	-	(3)	-	**173**

Summary of Financial Results by Operating Segment

($ in 000's except earnings per share)	Six Months Ended June 30, 2017			
	easyfinancial	easyhome	Corporate	Total
Revenue	**123,663**	**69,265**	**-**	**192,928**
Total operating expenses before depreciation and amortization	**74,349**	**36,663**	**16,857**	**127,869**
Depreciation and amortization	**3,415**	**22,147**	**478**	**26,040**
Operating income (loss)	**45,899**	**10,455**	**(17,335)**	**39,019**
Finance costs				**12,403**
Income before income taxes				**26,616**
Income taxes				**7,456**
Net income				**19,160**
Diluted earnings per share				**1.36**

($ in 000's except earnings per share)	Six Months Ended June 30, 2016			
	easyfinancial	easyhome	Corporate	Total
Revenue	95,429	72,994	-	168,423
Other income[1]	-	-	3,000	3,000
Total operating expenses before depreciation and amortization and transaction advisory costs	58,060	38,095	13,896	110,051
Transaction advisory costs[2]	-	-	1,074	1,074
Depreciation and amortization	3,152	23,921	328	27,401
Operating income (loss)	34,217	10,978	(12,298)	32,897
Finance costs				9,935
Income before income taxes				22,962
Income taxes				5,187
Net income				17,775
Diluted earnings per share				1.27

[1] On June 30, 2016, the Company sold its minority interest in a provider of credit remediation products for cash proceeds of $3.0 million. The shares were acquired by the Company during the start-up phase of this company and the net book value of those shares was nil.

[2] During the six months ended June 30, 2016, the Company incurred $1.1 million in transaction advisory costs related to a potential acquisition.

Revenue and Other Income

Revenue for the six month period ended June 30, 2017 was $192.9 million compared to $168.4 million in the same period in 2016, an increase of $24.5 million or 14.5%. The increase was driven by the growth of the easyfinancial business.

easyfinancial – Revenue for the six month period ended June 30, 2017 was $123.7 million, an increase of $28.2 million or 29.6% from the comparable period in 2016. The increase in revenue was driven by the growth of the gross consumer loans receivable portfolio and the higher yield generated on the loan portfolio. The gross consumer loans receivable portfolio increased from $326.2 million as at June 30, 2016 to $425.3 million as at June 30, 2017, an increase of $99.1 million or 30.4%. Gross loan originations in the current year to date period were $245.5 million, an increase of 36.3% compared to the first six months of 2016.

The annualized yield realized by the Company on its average consumer loans receivable portfolio increased by 70 bps in the first six months of 2017 when compared to the same period of 2016. The improvement in yield was due to: i) the higher take up rates on certain optional ancillary products and increased fees, commissions and other revenue and ii) the one-time impacts associated with the transition of the Company's creditor life insurance product to a new provider which increased the commissions earned by the Company on that product by $2.1 million during the first six months of 2017. The improvement in yield was somewhat offset by: i) an increased proportion of higher dollar loans which have reduced pricing on certain ancillary products and ii) the increased penetration of risk adjusted interest rate loans to more credit worthy customers.

easyhome – Revenue for the six month period ended June 30, 2017 was $69.3 million, a decrease of $3.7 million from the comparable period in 2016. The decline in revenue was driven by the following:

- The Company closed or sold a number of merchandise leasing stores that it owned over the past 18 months. These transactions in aggregate reduced revenue by $2.1 million in the first six months of 2017 when compared to the same period of 2016.
- The remaining decline in revenue was due to a same store sales decline of 0.1% in the current year to date period compared with the same period of 2016.

Other Income – During the first half of 2016, the Company sold its minority interest in a provider of credit remediation products for cash proceeds of $3.0 million. The Company acquired the shares during the start-up phase of this entity and the net book value of the shares was nil.

Total Operating Expenses before Depreciation and Amortization and Transaction Advisory Costs

Total operating expenses before depreciation and amortization and transaction advisory costs were $127.9 million for the six month period ended June 30, 2017, an increase of $17.8 million or 16.2% from the comparable period in 2016. The increase in operating expenses was driven primarily by the higher costs associated with the expanding easyfinancial business, higher advertising expenditures and higher corporate costs and was somewhat offset by lower costs within the easyhome business. Total operating expenses before depreciation and amortization and transaction advisory costs represented 66.3% of revenue for the first six months of 2017, an increase from the 65.3% reported for the comparable period of 2016.

easyfinancial – Total operating expenses before depreciation and amortization were $74.3 million for the first six months of 2017, an increase of $16.3 million or 28.1% from the comparable period of 2016. Operating expenses, excluding bad debt, increased by $10.7 million or 33.0% in the current year to date period driven by: i) an additional $2.8 million in advertising and marketing spend to support the strong growth in originations, ii) higher wages and other costs to operate and manage the growing branch network and iii) incremental expenditures to enhance the product offering and expand the easyfinancial footprint.

Bad debt expense increased to $31.3 million for the first six months of 2017 from $25.7 million during the comparable period in 2016, an increase of $5.6 million or 21.8%. The increase in bad debt expense of 21.8% was lower than the loan book growth of 30.4% over the same period. Net charge-offs as a percentage of the average gross consumer loans receivable on an annualized basis were 14.3% in the current period compared with 15.2% in the comparable period of 2016.

easyhome – Total operating expenses before depreciation and amortization for the six month period ended June 30, 2017 were $36.7 million, a decrease of $1.4 million or 3.8% from the comparable period in 2016. The decline was driven primarily by the reduced store count and cost tightening but was partially offset by a $0.4 million increase in advertising spend.

Corporate – Total operating expenses before depreciation and amortization and transaction advisory costs were $16.9 million for the six month period ending June 30, 2017 compared to $13.9 million for the same period of 2016, an increase of $3.0 million. The increase was related to the following:

- While the Company has largely exited the U.S. market, it continues to generate fees and have certain receivables from its remaining U.S. franchisees and business partners. Given the difficult market conditions in the U.S., the Company recorded a $0.8 million provision against these receivables in the first quarter of 2017.
- Corporate expenses include the gains realized on the sale of stores to franchisees. The gains recorded in the first half of 2016 were $0.7 million larger than those recorded in the first half of 2017.
- Excluding these two items, corporate costs increased by $1.5 million related to higher compensation and administrative costs to support the growing business and the strategic initiatives designed to drive additional growth in future periods.

Transaction Advisory Costs – During the first half of 2016, $1.1 million in transaction advisory costs were incurred by the Company to analyze, arrange financing and submit a bid for a potential strategic acquisition.

Depreciation and Amortization

Depreciation and amortization expense for the six month period ended June 30, 2017 was $26.0 million, down $1.4 million from the comparable period in 2016. Increases in depreciation and amortization expense within the easyfinancial business were more than offset by declines within the easyhome business. Overall depreciation and amortization represented 13.5% of revenue for the six months ended June 30, 2017, a decrease from 16.3% reported in the comparable period of 2016.

easyfinancial – The $0.3 million increase in depreciation and amortization expense within easyfinancial was attributable to its growing branch network and the amortization of new systems.

easyhome – Depreciation and amortization expense declined by $1.8 million in the first six months of 2017 compared with the same period of 2016 due to reductions in the lease portfolio, improved pricing and product margins and lower charge-offs. easyhome's depreciation and amortization expense expressed as a percentage of easyhome's revenue for the first half of 2017 was 32.0%, decreased from the 32.8% reported in the comparable period of 2016.

Operating Income (Income before Finance Costs and Income Taxes)

Operating income for the six month period ended June 30, 2017 was $39.0 million. Operating income in the comparable period of 2016 benefit from other income of $3.0 million related to the sale of an investment but was negatively impacted by $1.1 million in transaction advisory costs which were non-recurring and unusual in nature. On a normalized basis, operating income in the first half of 2016 was $31.0 million. On this normalized basis, adjusted operating income increased by $8.0 million or 26.0% in the first six months of 2017 when compared to the first six months of 2016. Operating margin in the current year to date period was 20.2% compared to the 18.4% normalized operating margin reported in the first half of 2016.

easyfinancial – Operating income was $45.9 million for the first half of 2017 compared with $34.2 million for the comparable period in 2016, an increase of $11.7 million or 34.1%. The benefits of the larger loan book and related revenue increases of $28.2 million were partially offset by the $2.8 million increase in advertising spend and incremental expenditures to enhance the product offering and expand the easyfinancial footprint. Operating margin was 37.1% in the current year to date period compared with 35.9% reported in the same period of 2016.

easyhome – Operating income was $10.5 million for the first half of 2017, a decrease of $0.5 million when compared with the first half of 2016. The reduction in operating income was primarily driven by the reduced size of the lease portfolio and associated lower revenue (as previously described) coupled with the additional advertising spend incurred in the current period and was partially offset by lower store level costs and reduced depreciation and amortization. Operating margin for the first six months of 2017 was 15.1% compared to the 15.0% reported for the first half of 2016.

Finance Costs

Finance costs for the six month period ended June 30, 2017 were $12.4 million, up $2.5 million from the same period in 2016. The increase in finance costs was driven by higher average borrowing levels.

Income Tax Expense

The effective income tax rate for the first six months of 2017 was 28.0%, higher than the 22.6% reported in the same period of 2016. The lower effective tax rate in the comparable period was due to the lower tax rate on the capital gains from investment and asset sales in the second quarter of 2016.

Net Income and EPS

Net income for the first six months of 2017 was $19.2 million or $1.36 per share on a diluted basis. Reported net income for the first six months of 2016 was $17.8 million or $1.27 per share. As mentioned, the comparable period benefitted from a $3.0 million gain on the sale of an investment and was negatively impacted by $1.1 million in transaction advisory costs. Normalizing for these items, adjusted net income and adjusted earnings per share in the first six months of 2016 were $16.0 million or $1.14 per share, respectively. On this normalized basis, net income and diluted earnings per share increased by 20.0% and 19.3%, respectively.

Selected Quarterly Information

($ in millions except percentages and per share amounts)	**Jun. 2017**	Mar. 2017	Dec. 2016	Sep. 2016	Jun. 2016	Mar. 2016	Dec. 2015	Sept. 2015	Jun. 2015
Revenue	**98.2**	94.7	91.3	87.8	86.1	82.3	82.9	78.0	72.9
Net income	**8.9**	10.3	8.3	4.9	10.5	7.3	7.5	6.3	5.0
Net income as a percentage of revenue	**9.1%**	10.8%	9.1%	5.6%	12.2%	8.8%	9.1%	8.0%	6.9%
Earnings per share[1]									
Basic	**0.66**	0.76	0.62	0.37	0.77	0.54	0.56	0.46	0.37
Diluted	**0.63**	0.73	0.60	0.36	0.75	0.52	0.54	0.45	0.36

[1]Quarterly earnings per share are not additive and may not equal the annual earnings per share reported. This is due to the effect of stock issued or repurchased during the year on the basic weighted average number of common shares outstanding together with the effects of rounding.

Portfolio Analysis

The Company generates its revenue from a portfolio of consumer loans receivable and lease agreements that are originated through the initial transaction with its customers. To a large extent, the business results for a period are determined by the performance of these portfolios, and the make-up of the portfolios at the end of a period are an important indicator of future business results.

The Company measures the performance of its portfolios during a period and their make-up at the end of a period using a number of key performance indicators as described in more detail below. Several of these key performance indicators are not measurements in accordance with IFRS and should not be considered as an alternative to net income or any other measure of performance under IFRS.

The discussion in this section refers to certain financial measures that are not determined in accordance with IFRS. Although these measures do not have standardized meanings and may not be comparable to similar measures presented by other companies, these measures are defined herein or can be determined by reference to the Company's financial statements. The Company discusses these measures because it believes that they facilitate the understanding of the results of its operations and financial position.

Consumer Loans Receivable Portfolio

Loan Originations and Net Principal Written

Gross loan originations is the value of all consumer loans receivable advanced to the Company's customers during the period where new credit underwritings have been performed. Included in gross loan originations are loans to new customers and new loans to existing customers, a portion of which is applied to eliminate their prior borrowings.

When the Company extends additional credit to an existing customer, a full credit underwriting is performed using up-to-date information. Additionally, the loan repayment history of that customer throughout their relationship with the Company is considered in the credit decision. As a result, the quality of the credit decision is improved and is expected to result in better performance.

Net principal written details the Company's gross loan originations during a period, excluding that portion of the originations that has been used to eliminate the prior borrowings.

The gross loan originations and net principal written during the period were as follows:

	Three Months Ended		**Six Months Ended**	
($ in 000's)	**Jun. 30, 2017**	**Jun. 30, 2016**	**Jun. 30, 2017**	**Jun. 30, 2016**
Loan originations to new customers	**64,500**	45,543	**103,808**	81,426
Loan originations to existing customers	**74,920**	52,923	**141,715**	98,729
Less: Proceeds applied to repay existing loans	**(38,623)**	(26,554)	**(73,609)**	(49,867)
Net advance to existing customers	**36,297**	26,369	**68,106**	48,862
Net principal written	**100,797**	71,912	**171,914**	130,288

Gross Consumer Loans Receivable

The measure that the Company uses to describe the size of its easyfinancial portfolio is gross consumer loans receivable. Gross consumer loans receivable reflects the period-end balance of the portfolio before provisioning for potential future charge-offs. Growth in gross consumer loans receivable is driven by several factors including an increased number of customers and an increased loan value per customer. The changes in the gross consumer loans receivable portfolio during the periods were as follows:

	Three Months Ended		Six Months Ended	
($ in 000's)	**Jun. 30, 2017**	**Jun. 30, 2016**	**Jun. 30, 2017**	**Jun. 30, 2016**
Opening gross consumer loans receivable	**387,055**	304,162	**370,517**	289,426
Gross loan originations	**139,420**	98,466	**245,523**	180,155
Gross principal payments and other adjustments	**(84,679)**	(62,517)	**(159,579)**	(116,888)
Gross charge-offs before recoveries	**(16,472)**	(13,903)	**(31,137)**	(26,485)
Net growth in gross consumer loans receivable during the period	**38,269**	22,046	**54,807**	36,782
Ending gross consumer loans receivable	**425,324**	326,208	**425,324**	326,208

Financial Revenue and Net Financial Income

Financial revenue is generated by both the easyfinancial and easyhome segment. Financial revenue includes interest and various other ancillary fees generated by the Company's gross consumer loans receivable portfolio. Net financial income details the profitability of the Company's gross consumer loans receivable portfolio before any costs to originate or administer. Net financial income is calculated by deducting finance costs and bad debt expense from financial revenue. Net financial income is impacted by the size of the gross consumer loans receivable portfolio, the portfolio yield, the amount and cost of the Company's debt, the Company's leverage ratio and the bad debt expense experienced in the period.

	Three Months Ended		Six Months Ended	
($ in 000's)	**Jun. 30, 2017**	**Jun. 30, 2016**	**Jun. 30, 2017**	**Jun. 30, 2016**
Financial revenue (easyfinancial)	**63,642**	50,426	**123,663**	95,429
Financial revenue (easyhome)	**101**	-	**101**	-
Financial Revenue	**63,743**	50,426	**123,764**	95,429
Less: Finance costs	**(6,578)**	(5,114)	**(12,403)**	(9,935)
Less: Bad debt expense	**(17,173)**	(13,315)	**(31,290)**	(25,695)
Net Financial Income	**39,992**	31,997	**80,071**	59,799

Net Charge-Offs

In addition to loan originations, the consumer loans receivable portfolio during a period is impacted by charge-offs of delinquent customers. The Company charges off delinquent customers when they are 90 days contractually in arrears or upon notification that the customer is bankrupt. Subsequent collections of previously charged-off accounts are netted with gross charge-offs during a period to arrive at net charge-offs.

Average gross consumer loans receivable has been calculated based on the average of the month-end loan balances for the indicated period. This metric is a measure of the collection performance of the easyfinancial consumer loans receivable portfolio. For interim periods, the rate is annualized.

	Three Months Ended		Six Months Ended	
($ in 000's except percentages)	**Jun. 30, 2017**	**Jun. 30, 2016**	**Jun. 30, 2017**	**Jun. 30, 2016**
Net charge-offs	**15,112**	12,084	**28,391**	23,461
Average gross consumer loans receivable	**410,690**	318,283	**396,082**	308,560
Net charge-offs as a percentage of average gross consumer loans receivable (annualized)	**14.7%**	15.2%	**14.3%**	15.2%

easyfinancial Bad Debt Expense

The Company's bad debt expense for a period includes the net charge-offs for that particular period plus any increases or decreases to its allowance for loan losses. The details of the Company's bad debt expense for the periods were as follows:

	Three Months Ended		Six Months Ended	
($ in 000's except percentages)	**Jun. 30, 2017**	**Jun. 30, 2016**	**Jun. 30, 2017**	**Jun. 30, 2016**
Net charge-offs	**15,112**	12,084	**28,391**	23,461
Net change in allowance for loan losses	**2,061**	1,231	**2,899**	2,234
Bad debt expense	**17,173**	13,315	**31,290**	25,695
Financial Revenue	**63,743**	50,426	**123,764**	95,429
Bad debt expense as a percentage of Financial Revenue	**26.9%**	26.4%	**25.3%**	26.9%

easyfinancial Allowance for Loan Losses

The allowance for loan losses is a provision that is reported on the Company's balance sheet that is netted against the gross consumer loans receivable to arrive at the net consumer loans receivable. The allowance for loan losses provides for a portion of the future charge-offs that have not yet occurred within the portfolio of consumer loans receivable that exist at the end of a period. It is determined by the Company using a standard calculation that considers i) the relative maturity of the loans within the portfolio; ii) the long-term expected charge-off rates based on actual historical performance; and iii) the long-term expected charge-off pattern (timing) for a vintage of loans over their life based on actual historical performance. The allowance for loan losses essentially estimates the charge-offs that are expected to occur over the subsequent five month period for loans that existed as of the balance sheet date. Customer loan balances which are delinquent greater than 90 days are written off against the allowance for loan losses.

	Three Months Ended		Six Months Ended	
($ in 000's except percentages)	**Jun. 30, 2017**	**Jun. 30, 2016**	**Jun. 30, 2017**	**Jun. 30, 2016**
Allowance for loan losses, beginning of period	**24,294**	19,467	**23,456**	18,465
Net charge-offs written off against the allowance	**(15,112)**	(12,084)	**(28,391)**	(23,461)
Increase in allowance due to lending and collection activities	**17,173**	13,317	**31,290**	25,696
Allowance for loan losses, end of period	**26,355**	20,700	**26,355**	20,700
Allowance for loan losses as a percentage of the ending gross consumer loans receivable	**6.2%**	6.3%	**6.2%**	6.3%

Aging of the Consumer Loans Receivable Portfolio

An aging analysis of the consumer loans receivable portfolio at the end of the periods was as follows:

	June 30, 2017		June 30, 2016	
($ in 000's)	**$**	**% of total**	**$**	**% of total**
Current	**406,768**	**95.7%**	308,767	94.7%
Days past due				
1 - 30 days	**10,725**	**2.5%**	9,875	3.0%
31 - 44 days	**2,179**	**0.5%**	2,065	0.6%
45 - 60 days	**2,078**	**0.5%**	2,099	0.7%
61 - 90 days	**3,574**	**0.8%**	3,402	1.0%
	18,556	**4.3%**	17,441	5.3%
Gross consumer loans receivable	**425,324**	**100.0%**	326,208	100.0%

A large portion of the Company's consumer loans receivable portfolio operates on a bi-weekly rather than monthly repayment cycle. As such, the aging analysis between different fiscal periods may not be comparable depending upon the day of the week on which the fiscal period ends. An alternate aging analysis prepared as of the last Saturday of the fiscal periods often presents a more relevant comparison.

An aging analysis of the consumer loans receivable portfolio as of the last Saturday of the periods was as follows:

($ in 000's)	Saturday, Jun. 24, 2017 % of total	Saturday, Jun. 25, 2016 % of total
Current	**95.2%**	94.0%
Days past due		
1 - 30 days	**2.8%**	3.6%
31 - 44 days	**0.5%**	0.6%
45 - 60 days	**0.6%**	0.7%
61 - 90 days	**0.9%**	1.1%
	4.8%	6.0%
Gross consumer loans receivable	**100.0%**	100.0%

easyfinancial Consumer Loans Receivable Portfolio by Geography

At the end of the periods, the Company's easyfinancial consumer loans receivable portfolio was allocated among the following geographic regions:

($ in 000's)	June 30, 2017		June 30, 2016	
	$	% of total	$	% of total
Newfoundland & Labrador	**21,064**	**5.0%**	16,981	5.2%
Nova Scotia	**30,227**	**7.1%**	24,902	7.6%
Prince Edward Island	**5,600**	**1.3%**	4,346	1.3%
New Brunswick	**23,823**	**5.6%**	18,023	5.5%
Quebec	**7,046**	**1.6%**	-	-
Ontario	**186,539**	**43.8%**	143,438	44.0%
Manitoba	**17,852**	**4.2%**	13,292	4.1%
Saskatchewan	**22,530**	**5.3%**	17,828	5.5%
Alberta	**55,560**	**13.1%**	45,953	14.1%
British Columbia	**50,123**	**11.8%**	38,146	11.7%
Territories	**4,960**	**1.2%**	3,299	1.0%
Gross consumer loans receivable	**425,324**	**100.0%**	326,208	100.0%

easyhome Portfolio Analysis

Potential Monthly Leasing Revenue

The Company measures its leasing portfolio through potential monthly lease revenue. Potential monthly lease revenue reflects the revenue that the Company's portfolio of leased merchandise would generate in a month providing it collected all lease payments due in that period. Growth in potential monthly lease revenue is driven by several factors including an increased number of customers, an increased number of leased assets per customer as well as an increase in the average price of the leased items.

The change in the potential monthly lease revenue during the periods was as follows:

	Three Months Ended		Six Months Ended	
($ in 000's)	**Jun. 30, 2017**	**Jun. 30, 2016**	**Jun. 30, 2017**	**Jun. 30, 2016**
Opening potential monthly lease revenue	**9,707**	10,064	**9,886**	10,651
Decrease due to store closures or sales during the period	**(109)**	(97)	**(130)**	(257)
Decrease due to ongoing operations	**(179)**	(180)	**(337)**	(607)
Net change	**(288)**	(277)	**(467)**	(864)
Ending potential monthly lease revenue	**9,419**	9,787	**9,419**	9,787

easyhome Portfolio by Product Category

At the end of the periods, the Company's leasing portfolio as measured by potential monthly lease revenue was allocated among the following product categories:

($ in 000's)	**Jun. 30, 2017**	**Jun. 30, 2016**
Furniture	**4,194**	4,172
Appliances	**1,129**	1,142
Electronics	**2,974**	3,172
Computers	**1,122**	1,301
Potential monthly lease revenue	**9,419**	9,787

easyhome Portfolio by Geography

At the end of the periods, the Company's leasing portfolio as measured by potential monthly lease revenue was allocated among the following geographic regions:

($ in 000's)	June 30, 2017		June 30, 2016	
	$	**% of total**	**$**	**% of total**
Newfoundland & Labrador	**807**	**8.6%**	864	8.8%
Nova Scotia	**802**	**8.5%**	791	8.1%
Prince Edward Island	**163**	**1.7%**	187	1.9%
New Brunswick	**679**	**7.2%**	706	7.2%
Quebec	**594**	**6.3%**	565	5.8%
Ontario	**3,251**	**34.5%**	3,492	35.7%
Manitoba	**254**	**2.7%**	246	2.5%
Saskatchewan	**465**	**4.9%**	527	5.4%
Alberta	**1,309**	**13.9%**	1,311	13.4%
British Columbia	**968**	**10.3%**	969	9.9%
USA	**127**	**1.4%**	129	1.3%
Potential monthly lease revenue	**9,419**	**100.0%**	9,787	100.0%

easyhome Charge-Offs

When easyhome enters into a leasing transaction with a customer, a sale is not recorded as the Company retains ownership of the related asset under the lease. Instead, the Company recognizes its leasing revenue over the term of the lease as payments are received from the customer. Periodically, the lease agreement is terminated by the customer or by the Company prior to the anticipated end date of the lease and the assets are returned by the customer to the Company. In some instances, the Company is unable to regain possession of the assets which are then charged off. Net charge-offs (charge-offs less subsequent recoveries of previously charged-off assets) are included in the depreciation of lease assets expense for financial reporting purposes.

($ in 000's except percentages)	Three Months Ended		Six Months Ended	
	Jun. 30, 2017	**Jun. 30, 2016**	**Jun. 30, 2017**	**Jun. 30, 2016**
Net charge-offs	**830**	1,220	**1,888**	2,422
Leasing revenue	**34,573**	35,672	**69,265**	72,994
Net charge-offs as a percentage of easyhome revenue	**2.4%**	3.4%	**2.7%**	3.3%

Key Performance Indicators and Non-IFRS Measures

In addition to the reported financial results under IFRS and the metrics described in the Portfolio Analysis section of this MD&A, the Company also measures the success of its strategy using a number of key performance indicators as described in more detail below. Several of these key performance indicators are not measurements in accordance with IFRS and should not be considered as an alternative to net income or any other measure of performance under IFRS.

The discussion in this section refers to certain financial measures that are not determined in accordance with IFRS. Although these measures do not have standardized meanings and may not be comparable to similar measures presented by other companies, these measures are defined herein or can be determined by reference to the Company's financial statements. The Company discusses these measures because it believes that they facilitate the understanding of the results of its operations and financial position.

Several non-IFRS measures that are used throughout this discussion are defined as follows:

Same Store Revenue Growth

Same store revenue growth measures the revenue growth for all stores that have been open for a minimum of 15 months. To calculate same store revenue growth for a period, the revenue for that period is compared to the same period in the prior year. Same store revenue growth is influenced by both the Company's product offerings as well as the number of stores which have been open for a 12-36 month time frame, as these stores tend to be in the strongest period of growth at this time.

	Three Months Ended		Six Months Ended	
	Jun. 30, 2017	**Jun. 30, 2016**	**Jun. 30, 2017**	**Jun. 30, 2016**
Same store revenue growth	**16.6%**	20.0%	**17.2%**	14.6%
Same store revenue growth excluding easyfinancial	**1.4%**	(0.5%)	**(0.1%)**	1.2%

Adjusted Operating Income, Adjusted Operating Margin, Adjusted Net Income, Adjusted Earnings Per Share

At various times, operating income, operating margin, net income and earnings per share may be affected by unusual items that have occurred in the period and impact the comparability of these measures with other periods. The Company defines operating margin as operating income divided by revenue. Items are considered unusual if they are outside of normal business activities, significant in amount and scope and are not expected to occur on a recurring basis. The Company defines i) adjusted operating income as operating income excluding such unusual and non-recurring items; ii) adjusted net income as net income excluding such items; and iii) adjusted earnings per share as diluted earnings per share excluding such items. The Company believes that adjusted operating income, adjusted net income and adjusted earnings per share are important measures of the profitability of operations adjusted for the effects of unusual items.

Items used to adjust operating income, net income and earnings per share for the three and six month periods ended June 30, 2017 and 2016 include those indicated in the chart below:

	Three months ended		Six months ended	
($ in 000's except earnings per share)	**Jun. 30, 2017**	**Jun. 30, 2016**	**Jun. 30, 2017**	**Jun. 30, 2016**
Operating income as stated	**18,606**	18,144	**39,019**	32,897
Divided by revenue	**98,215**	86,098	**192,928**	168,423
Operating margin	**18.9%**	21.1%	**20.2%**	19.5%
Operating income as stated	**18,606**	18,144	**39,019**	32,897
Other income[1]	**-**	(3,000)	**-**	(3,000)
Transaction advisory costs[2]	**-**	597	**-**	1,074
Adjusted operating earnings	**18,606**	15,741	**39,019**	30,971
Divided by revenue	**98,215**	86,098	**192,928**	168,423
Adjusted operating margin	**18.9%**	18.3%	**20.2%**	18.4%
Net income as stated	**8,890**	10,523	**19,160**	17,775
Other income[1]	**-**	(3,000)	**-**	(3,000)
Transaction advisory costs[2]	**-**	597	**-**	1,074
Tax impact of above items	**-**	239	**-**	113
After tax impact of above item	**-**	(2,164)	**-**	(1,813)
Adjusted earnings	**8,890**	8,359	**19,160**	15,962
Weighted average number of diluted shares outstanding	**14,102**	13,982	**14,104**	13,994
Diluted earnings per share as stated	**0.63**	0.75	**1.36**	1.27
Per share impact of normalized items	**-**	(0.15)	**-**	(0.13)
Adjusted earnings per share	**0.63**	0.60	**1.36**	1.14

[1] On June 30, 2016, the Company sold its minority interest in a provider of credit remediation products for cash proceeds of $3.0 million. The shares were acquired by the Company during the start-up phase of this company and the net book value of those shares was nil.

[2] During the three and six months ended June 30, 2016, the Company incurred $0.6 million and $1.1 million, respectively in transaction advisory costs related to a potential acquisition.

Operating Expenses Before Depreciation and Amortization

The Company defines operating expenses before depreciation and amortization as total operating expenses excluding depreciation and amortization expenses for the period. The Company believes that operating expenses before depreciation and amortization is an important measure of the cost of operations adjusted for the effects of purchasing decisions that may have been made in prior periods.

($ in 000's except percentages)	Three Months Ended		
	Jun. 30, 2017	Jun. 30, 2016	Jun. 30, 2016 (adjusted)
Operating expenses before depreciation and amortization as stated	**66,817**	**57,356**	57,356
Transaction advisory costs included in operating expenses	-	-	(597)
Adjusted operating expenses before depreciation and amortization	**66,817**	**57,356**	56,759
Divided by revenue	**98,215**	**86,098**	86,098
Operating expenses before depreciation and amortization as % of revenue	**68.0%**	**66.6%**	65.9%

($ in 000's except percentages)	Six Months Ended		
	Jun. 30, 2017	Jun. 30, 2016	Jun. 30, 2016 (adjusted)
Operating expenses before depreciation and amortization as stated	**127,869**	111,125	111,125
Transaction advisory costs included in operating expenses	**-**	-	(1,074)
Adjusted operating expenses before depreciation and amortization	**127,869**	111,125	110,051
Divided by revenue	**192,928**	168,423	168,423
Operating expenses before depreciation and amortization as % of revenue	**66.3%**	66.0%	65.3%

Operating Margin

The Company defines operating margin as operating income divided by revenue for the Company as a whole and for its operating segments: easyhome and easyfinancial. The Company believes operating margin is an important measure of the profitability of its operations, which in turn assists it in assessing the Company's ability to generate cash to pay interest on its debt and to pay dividends.

($ in 000's except percentages)	Three Months Ended Jun. 30, 2017	Three Months Ended Jun. 30, 2016	Six Months Ended Jun. 30, 2017	Six Months Ended Jun. 30, 2016
easyfinancial				
Operating income	**21,356**	18,519	**45,899**	34,217
Divided by revenue	**63,642**	50,426	**123,663**	95,429
easyfinancial operating margin	**33.6%**	36.7%	**37.1%**	35.9%
easyhome				
Operating income	**5,287**	4,587	**10,455**	10,978
Divided by revenue	**34,573**	35,672	**69,265**	72,994
easyhome operating margin	**15.3%**	12.9%	**15.1%**	15.0%
Total				
Operating income	**18,606**	18,144	**39,019**	32,897
Divided by revenue	**98,215**	86,098	**192,928**	168,423
Total operating margin	**18.9%**	21.1%	**20.2%**	19.5%
Total (adjusted)				
Operating income as stated	**18,606**	18,144	**39,019**	32,897
Other income	**-**	(3,000)	**-**	(3,000)
Transaction advisory costs	**-**	597	**-**	1,074
Adjusted operating income	**18,606**	15,741	**39,019**	30,971
Divided by revenue	**98,215**	86,098	**192,928**	168,423
Total (adjusted) operating margin	**18.9%**	18.3%	**20.2%**	18.4%

Earnings before Interest, Taxes, Depreciation and Amortization [“EBITDA”] and EBITDA Margin

The Company defines EBITDA as earnings before interest, taxes, depreciation and amortization, excluding depreciation of leased assets. The Company uses EBITDA, among other measures, to assess the operating performance of its ongoing businesses. EBITDA margin is calculated as EBITDA divided by revenue.

($ in 000’s except percentages)	Three Months Ended		
	Jun. 30, 2017	**Jun. 30, 2016**	**Jun. 30, 2016 (adjusted)**
Net income as stated	**8,890**	10,523	10,523
Finance costs	**6,578**	5,114	5,114
Income Tax Expense	**3,138**	2,507	2,507
Depreciation and amortization, excluding dep. of lease assets	**2,572**	2,457	2,457
EBITDA	**21,178**	20,601	20,601
Other income	**-**	-	(3,000)
Transaction advisory costs	**-**	-	597
Adjusted EBITDA	**21,178**	20,601	18,198
Divided by revenue	**98,215**	86,098	86,098
EBITDA margin	**21.6%**	23.9%	21.1%

($ in 000’s except percentages)	Six Months Ended		
	Jun. 30, 2017	**Jun. 30, 2016**	**Jun. 30, 2016 (adjusted)**
Net income as stated	**19,160**	17,775	17,775
Finance costs	**12,403**	9,935	9,935
Income Tax Expense	**7,456**	5,187	5,187
Depreciation and amortization, excluding dep. of lease assets	**5,098**	4,814	4,814
EBITDA	**44,117**	37,711	37,711
Other income	**-**	-	(3,000)
Transaction advisory costs	**-**	-	1,074
Adjusted EBITDA	**44,117**	37,711	35,785
Divided by revenue	**192,928**	168,423	168,423
EBITDA margin	**22.9%**	22.4%	21.2%

Return on Equity

The Company defines return on equity as annualized net income in the period divided by average shareholders' equity for the period. The Company believes return on equity is an important measure of how shareholders' invested capital is utilized in the business.

($ in 000's except periods and percentages)	Three Months Ended Jun. 30, 2017	Jun. 30, 2016	Jun. 30, 2016 (adjusted)
Net income as stated	**8,890**	10,523	10,523
Other income	**-**	-	(3,000)
Transaction advisory costs	**-**	-	597
Tax impact of other income & transaction advisory costs	**-**	-	239
After tax impact	**-**	-	(2,164)
Adjusted net income	**8,890**	10,523	8,359
Multiplied by number of periods in year	**X 4/1**	X 4/1	X 4/1
Divided by average shareholders' equity for the period	**207,711**	182,947	182,947
Return on equity	**17.1%**	23.0%	18.3%

($ in 000's except periods and percentages)	Six Months Ended Jun. 30, 2017	Jun. 30, 2016	Jun. 30, 2016 (adjusted)
Net income as stated	**19,160**	17,775	17,775
Other income	**-**	-	(3,000)
Transaction advisory costs	**-**	-	1,074
Tax impact of other income & transaction advisory costs	**-**	-	113
After tax impact	**-**	-	(1,813)
Adjusted net income	**19,160**	17,775	15,962
Multiplied by number of periods in year	**X 4/2**	X 4/2	X 4/2
Divided by average shareholders' equity for the period	**203,818**	180,651	180,651
Return on equity	**18.8%**	19.7%	17.7%

Financial Condition

The following table provides a summary of certain information with respect to the Company's capitalization and financial position as at June 30, 2017 and June 30, 2016.

($ in 000's, except for ratios)	Jun. 30, 2017	Jun. 30, 2016
Consumer loans receivable, net	**409,644**	310,906
Lease assets	**53,189**	56,404
Cash	**44,828**	20,491
Property and equipment	**15,963**	17,908
Intangible assets	**14,905**	14,842
Amounts receivable	**13,410**	6,767
Other assets	**26,922**	31,845
Total assets	**578,861**	459,163
External debt	**322,242**	237,438
Other liabilities	**44,762**	35,553
Total liabilities	**367,004**	272,991
Shareholders' equity	**211,857**	186,172
Total capitalization (total debt plus total shareholders' equity)	**534,099**	423,610
External debt to shareholders' equity	**1.52**	1.28
External debt to total capitalization	**0.60**	0.56
External debt to EBITDA [1]	**3.82**	3.54

[1] EBITDA excludes the impact of transaction advisory costs and is expressed on a trailing 12-month basis.

Total assets were $578.9 million as at June 30, 2017, an increase of $119.7 million or 26.1% compared to June 30, 2016. The growth in total assets was driven primarily by: i) the increased size of the consumer loans receivable portfolio (net of allowance) which increased by $98.7 million over the past 12 months and ii) a $24.3 million increase in cash on hand related to the issuance of convertible debentures in the quarter.

The $119.7 million growth in total assets was financed by a $84.8 million increase in external debt (including the issuance of $53.0 million in convertible unsecured subordinated debentures), a $25.7 million increase in total shareholder's equity and a $9.2 million increase in other liabilities. While the Company has continued to pay a dividend to its shareholders, a large portion of the Company's earnings over the prior 12 months have been retained to fund the growth of easyfinancial.

The Company's credit facilities consisted of a $280 million term loan and a $20 million revolving operating facility. As at June 30, 2017, $280.0 million had been drawn under the Company's term loan. Borrowings under the term loan bore interest at the Canadian Bankers' Acceptance rate plus 699 bps with a 799 bps floor, while borrowings under the revolving operating facility bore interest at the lender's prime rate plus 175 to 275 bps depending on the Company's EBITDA ratio. The Company's term loan and revolving operating facility expire on October 4, 2019 and are secured by a first charge over substantially all assets of the Company. As at June 30, 2017, the Company's interest rates under the term loan and revolving operating facility were 7.99% and 5.45%, respectively.

During the second quarter of 2017, the Company issued $53 million of 5.75% convertible unsecured subordinated debentures with interest payable semi-annually on January 31 and July 31 each year commencing on January 31, 2018. The convertible debentures mature on July 31, 2022 and are convertible at the holder's option into common shares of the Company at a conversion price of $44.00 per share.

Liquidity and Capital Resources

Summary of Cash Flow Components

($ in 000's)	Three Months Ended Jun. 30, 2017	Three Months Ended Jun. 30, 2016	Six Months Ended Jun. 30, 2017	Six Months Ended Jun. 30, 2016
Cash provided by operating activities before issuance of consumer loans receivable	**41,011**	37,635	**74,679**	72,857
Net issuance of consumer loans receivable	**(55,155)**	(34,836)	**(86,435)**	(61,523)
Cash (used in) provided by operating activities	**(14,144)**	2,799	**(11,756)**	11,334
Cash used in investing activities	**(10,480)**	(8,404)	**(23,553)**	(18,687)
Cash provided by financing activities	**45,259**	7,823	**55,209**	16,455
Net increase in cash for the period	**20,635**	2,218	**19,900**	9,102

Cash flows used in operating activities for the three month period ended June 30, 2017 were $14.1 million. Included in this amount was a net investment of $55.2 million to increase the consumer loans receivable portfolio. If this net investment in the consumer loans receivable portfolio was treated as cash flows from investing activities, the cash flows generated by operating activities would be $41.0 million in the second quarter of 2017, up $3.4 million compared to the same period of 2016 due to higher adjusted net income and an increased proportion of non-cash expenses and offset by an increase in working capital.

Cash flows provided by operating and financing activities in the second quarter of 2017 enabled the Company to: i) fund the growth of the consumer loans receivable portfolio as described above; ii) invest $9.3 million in new lease assets; iii) invest $2.9 million in additional property and equipment and intangible assets (specifically internally developed software); and iv) maintain its dividend payments.

During the second quarter of 2017, the Company generated $45.3 million in cash flow from financing activities, which included net proceeds of $50.5 million from the issuance of convertible unsecured subordinated debentures, which was partially offset by: i) the purchase of $2.7 million in common shares under the normal course issuer bid and ii) the payment of $2.4 million in dividends.

Cash flows used by operating activities during the six month period ended June 30, 2017 were $11.8 million. Included in this amount was a net investment of $86.4 million to increase the consumer loans receivable portfolio. If this net investment in the consumer loans receivable portfolio was treated as cash flows from investing activities, the cash flows generated by operating activities would be $74.7 million in the first six months of 2017, up $1.8 million compared to the same period of 2016. The increase was related to higher adjusted net income and an increased proportion of non-cash expenses offset by an increase in working capital.

Cash flows provided by operating and financing activities in the first six month of 2017 enabled the Company to: i) fund the growth of the consumer loans receivable portfolio as described above; ii) invest $19.6 million in new lease assets; iii) invest $5.7 million in property and equipment and intangible assets (primarily software development); and iv) maintain its dividend payments.

Also during the current year to date period, the Company generated $55.2 million in cash flow from financing activities which included: i) net proceeds of $50.5 million from the issuance of convertible unsecured subordinated debentures; and ii) $12.8 million in additional borrowings under the Company's credit facilities; which were offset by i) the purchase of $2.7 million in common shares under the normal course issuer bid; and ii) the payment of $4.1 million in dividends.

The Company believes that the cash flows provided by operations will be sufficient in the near-term to meet operational requirements, purchase lease assets, meet capital spending requirements and pay dividends. Also, the additional availability under the Company's credit facilities and the cash on hand will allow the Company to achieve its targets for the growth of its consumer loans receivable portfolio through to the end of 2017. However, for easyfinancial to achieve its full long-term growth potential, additional sources of financing over and above the currently available credit facilities will be required. Management is confident that additional financing options will be available and is currently assessing alternatives. There is no certainty, however, that these long-term sources of capital will be available or at terms favourable to the Company.

Outstanding Shares & Dividends

As at August 1, 2017 there were 13,327,785 common shares, 156,716 DSUs, 679,692 options, 622,597 RSUs, and no warrants outstanding.

Normal Course Issuer Bid ("NCIB")

On June 22, 2016, the Company announced the acceptance by the Toronto Stock Exchange (the "TSX") of the Company's Notice of Intention to Make a Normal Course Issuer Bid. This NCIB terminated on June 26, 2017. As of June 30, 2017, the Company had purchased and cancelled 179,888 of its common shares on the open market under this NCIB at an average price of $24.40 per share for a total cost of $4.4 million.

On June 22, 2017, the Company announced the acceptance by the TSX of the Company's Notice of Intention to Make a Normal Course Issuer Bid to commence June 27, 2017, (the "Notice of Intention"). Pursuant to this NCIB, the Company proposed to purchase, from time to time, if it is considered advisable, up to an aggregate of 300,000 common shares which represented approximately 4% of the 13,363,158 common shares issued and outstanding as at June 10, 2016. The Company had an average daily trading volume for the six months prior to May 31, 2017 of 29,980 shares.

Under the June 22, 2017 NCIB, daily purchases will be limited to 7,495 common shares, other than block purchase exemptions. The purchases may commence on June 27, 2017 and will terminate on June 26, 2018 or on such earlier date as goeasy may complete its purchases pursuant to the Notice of Intention. The purchases made by goeasy will be effected through the facilities of the TSX, as well as alternative trading systems, and in accordance with the rules of the TSX. The price that the Company will pay for any common shares will be the market price of such shares at the time of acquisition. The Company will not purchase any common shares other than by open-market purchases.

As of June 30, 2017, the Company has not cancelled any of its common shares pursuant to this June 22, 2017 NCIB.

Dividends

During the quarter ended June 30, 2017, the Company paid a $0.18 per share quarterly dividend on outstanding common shares.

The Company reviews its dividend distribution policy on a regular basis, evaluating its financial position, profitability, cash flow and other factors the Board of Directors considers relevant. However, no dividends can be declared in the event there is a default of the loan facility, or where such payment would lead to a default. On February 15, 2017, the Company increased the dividend rate by 44% from 0.125 to 0.18. For the quarter ended June 30, 2017, the Company paid a $0.18 per share quarterly dividend on outstanding common shares.

The following table sets forth the quarterly dividends paid by the Company in the second quarter of the years indicated:

	2017	2016	2015	2014	2013	2012	2011
Dividend per share	**$ 0.18**	$ 0.125	$ 0.100	$ 0.085	$ 0.085	$ 0.085	$ 0.085
Percentage increase	**44.0%**	25.0%	17.6%	0.0%	0.0%	0.0%	0.0%

Commitments, Guarantees and Contingencies

The Company's commitments, guarantees and contingencies remain as described in its December 31, 2016 MD&A.

Risk Factors

The Company's activities are exposed to a variety of commercial, operational, financial and regulatory risks. The Company's overall risk management program focuses on the unpredictability of financial and economic markets and seeks to minimize potential adverse effects on the Company's financial performance. The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Audit Committee of the Board of Directors reviews the Company's risk management policies on an annual basis.

The Company's risk factors remain as described in its December 31, 2016 MD&A.

Critical Accounting Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the year. Actual amounts could differ from these estimates.

Significant changes in assumptions, including those with respect to future business plans and cash flows, could change the recorded amounts by a material amount.

The Company's critical accounting estimates are fully described in the Company's December 31, 2016 Notes to the Financial Statements.

Adoption of New Accounting Standards

On June 20, 2016, the IASB issued amendments to IFRS 2, *Share-based Payment* ["IFRS 2"], which provided clarifications to the classification and measurement of share-based payment transactions. Under the previous requirements of IFRS 2, where a Company issued equity instruments to employees and intended to settle such instruments by withholding a certain number of those equity instruments equal to the monetary value of the employee's tax obligation, such a transaction would be divided into an equity-settled component and a cash-settled component. These amendments permitted the settlement of such instruments to be entirely classified as equity settled, if certain conditions are met.

The effective date of the amendments was January 1, 2018, with early adoption permitted. On January 1, 2017, the Company early-adopted and applied, for the first time, the amendments to IFRS 2.

Accounting Standards Issued But Not Yet Effective

IFRS 9, *Financial Instruments*

The Company will be required to adopt IFRS 9, *Financial Instruments* ["IFRS 9"], which is the IASB's replacement of IAS 39. IFRS 9 will provide new requirements for the classification and measurement of financial assets and liabilities, impairment and hedge accounting. IFRS 9 is required to be applied for years beginning on or after January 1, 2018.

The transition to IFRS 9 will have a significant impact for financial services companies. The most significant impact on the Company's financial reporting will be as a result of the new impairment requirements within IFRS 9.

The Company has established a project team for the transition to IFRS 9, which includes senior stakeholders from the Company's Risk and Finance groups with executive oversight. The key responsibilities of the project team include defining IFRS 9 risk methodology and accounting policy, identifying data and system requirements, and developing an appropriate governance framework.

IFRS 9 introduces a new impairment model based on expected credit losses ["ECL"] which will replace the existing incurred loss model under IAS 39. Under IAS 39, an allowance for loan loss is recorded on those loans, or groups of loans, where a triggering event has occurred as at, or prior to, the balance sheet date which provides objective evidence that the loan will likely charge-off in the future. The Company's current allowance for loan losses essentially estimates the charge-offs that are expected to occur over the subsequent five month period for loans that existed as at the balance sheet date.

Under IFRS 9, the Company will be required to assess and segment its loan portfolio into performing, under-performing and non-performing categories as at each balance sheet date. Loans will be categorized as under-performing if there has been a deterioration in the loan's credit quality. Loans will be categorized as non-performing if there is objective evidence that such loans will likely charge-off in the future. For performing loans, the Company will record an allowance for loan losses equal to the expected losses on that group of loans over the ensuing twelve months. For under-performing and non-performing loans, the Company will record an allowance for loan losses equal to the expected losses on those groups of loans over their remaining life. Ultimately, the expected credit loss will be calculated based on the probability weighted expected cash collected shortfall against the carrying value of the loan and will consider reasonable and supportable information about past events, current conditions and forecasts of future events and economic conditions that may impact the credit profile of the loans. Under IFRS 9, ECL will be recognized in profit or loss before a triggering or loss event has occurred, which will likely result in the earlier recognition of credit losses compared to IAS 39. Similarly, as the allowance for loan losses will provide for either expected 12 month or lifetime losses, the amount of the allowance for loan losses under IFRS 9 will increase when compared to the methodology under IAS 39 as will the volatility of this allowance for loan losses from one balance sheet date to the next.

The Company is on track to complete its implementation within the required timeframe.

IFRS 15, *Revenue from Contracts with Customers*

The Company will be required to adopt IFRS 15, *Revenue from Contracts with Customers* ["IFRS 15"], which clarifies the principles for recognizing revenue and cash flows arising from contracts with customers. IFRS 15 is required to be applied for years beginning on or after January 1, 2018, and is to be applied retrospectively.

The Company is in the process of analyzing its inventory of impacted contracts under the new standard. The Company does not believe that the implementation of this standard will have a material impact on its consolidated financial statements.

IFRS 16, Leases

The Company will be required to adopt IFRS 16, *Leases* ["IFRS 16"], which is the IASB's replacement of IAS 17. IFRS 16 will require lessees to recognize a lease liability that reflects future lease payments and a "right-of-use asset" for most lease contracts. IFRS 16 is required to be applied for years beginning on or after January 1, 2019, with early adoption permitted, but only in conjunction with the adoption of IFRS 15. The Company is in the process of assessing the impact of this standard.

Internal Controls

Disclosure Controls and Procedures [“DC&P”]

DC&P are designed to provide reasonable assurance that information required to be disclosed by the Company in reports filed with or submitted to various securities regulators is recorded, processed, summarized and reported within the time periods specified in the Canadian Securities Law and include controls and procedures designed to ensure that information required to be disclosed in the Company’s filings or other reports is accumulated and communicated to the Company’s management, including the Chief Executive Officer [“CEO”] and Chief Financial Officer [“CFO”], so that timely decisions can be made regarding required disclosure.

The Company’s management, under supervision of, and with the participation of, the CEO and CFO, have designed and evaluated the Company’s DC&P, as required in Canada by National Instrument 52-109, “*Certification of Disclosure in Issuers’ Annual and Interim Filings*”. Based on this evaluation, the CEO and CFO have concluded that the design of the system of the Company’s disclosure controls and procedures were effective as at June 30, 2017.

Internal Controls over Financial Reporting [“ICFR”]

ICFR is a process designed by, or under the supervision of, senior management, and effected by the Board of Directors, management and other personnel, to provide reasonable assurances regarding the reliability of financial reporting and preparation of the Company’s consolidated financial statements in accordance with IFRS.

The Company’s internal control over financial reporting framework includes those policies and procedures that:

(i) Pertain to the maintenance of records that, in reasonable details, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
(ii) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of the consolidated financial statements in accordance with IFRS, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
(iii) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company’s assets that could have a material effect on the Company’s consolidated financial statements.

Management is responsible for establishing and maintaining ICFR and designs such controls to attempt to ensure that the required objectives of these internal controls have been met. Management uses the Internal Control – Integrated Framework (2013) to evaluate the effectiveness of internal control over financial reporting, which is a recognized and suitable framework issued by the Committee of Sponsoring Organizations of the Treadway Commission [“COSO”].

In designing and evaluating such controls, it should be recognized that due to inherent limitations, any controls, no matter how well designed and operated, can provide only reasonable assurance and may not prevent or detect all misstatements as a result of, among other things, error or fraud. Projections of any evaluations of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and/or procedures may deteriorate.

As at June 30, 2017, under the direction and supervision of the CEO and CFO, the Company has evaluated that the design of the Company's internal controls over financial reporting were effective. In addition, there were no changes in the ICFR during the interim period ended June 30, 2017 that materially affected, or were reasonably likely to materially affect, the Company's ICFR.