



MANAGEMENT DISCUSSION AND ANALYSIS
FOR PERIOD ENDED SEPTEMBER 30 | 2018



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MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") is provided to enable a reader to assess the financial position and results of operations of Olympia Financial Group Inc. ("Olympia") for the period ended September 30, 2018.

This MD&A should be read in conjunction with Olympia's unaudited condensed consolidated interim financial statements ("interim financial statements") for the nine months ended September 30, 2018 and September 30, 2017, the MD&A found in Olympia's 2017 Annual Report, and the audited consolidated financial statements and related notes for the years ended December 31, 2017 and 2016. These interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of the interim financial statements, including International Accounting Standard ("IAS") 34, "Interim Financial Reporting." The audited consolidated annual financial statements for the year ended December 31, 2017, were prepared in accordance with IFRS as issued by the IASB.

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

This report, and the information provided herein, is dated as at November 8, 2018. Additional information about Olympia, including quarterly and annual reports, is available on Olympia's website at www.olympiafinancial.com and on SEDAR at www.sedar.com.

Cautionary note regarding forward-looking statements

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

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

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

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

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

Olympia's business

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

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

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

The ATM division conducted business under Olympia ATM Inc. ("ATM"), a wholly owned subsidiary of Olympia. ATM was incorporated on November 17, 2014, under the *Business Corporations Act* (Alberta). During the period ended September 30, 2018, management closed the sale of substantially all the assets of ATM to Tarman ATM Inc., a corporation owned and controlled by Olympia's president and CEO. Following the sale of the assets, ATM was amalgamated with OBI on August 10, 2018.

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

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

Summary of financial results

Overview and financial highlights of the three month period ended September 30, 2018

As a result of the sale of the ATM division, Olympia has presented the ATM division as “discontinued operations,” with the remaining operations as “continuing operations,” and the total of discontinued operations and continuing operations as “combined operations.” Note that in accordance with the requirements of IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, income, expenses, other gains/losses and cash flows associated with the ATM division have been classified as discontinued operations in the Condensed Consolidated Interim Statements of Net Earnings and Comprehensive Income, as well as in the Condensed Consolidated Interim Statements of Cash Flows of the interim financial statements. Unless otherwise indicated, net earnings and comprehensive income, and other financial information reflect the results of our continuing operations for all periods presented.

Results from continuing operations

- Total revenue increased 24% to \$12.41 million from \$9.97 million when compared to the three months ended September 30, 2017, due to an increase in both service revenue and interest earned.
- Service revenue increased 22% to \$9.45 million from \$7.77 million when compared to the three months ended September 30, 2017, mainly due to increases in the Foreign Exchange division as well as the Private Health Services Plan division. The increase in the Foreign Exchange division is due to an increase in spot trade volume and transaction sizes, while the increase in the Private Health Services Plan division is mainly due to an increase in health claims submitted by customers.
- Olympia’s interest revenue is subject to fluctuations depending on account balances and changes in the Canadian prime rate. Interest revenue on monies held in trust and interest on Olympia’s own cash increased 34% to \$2.96 million from \$2.21 million when compared to the three months ended September 30, 2017, due to increases in the Canadian prime rate. The Canadian prime rate was 3.70% on September 30, 2018, and 3.20% on September 30, 2017.
- Earnings before income tax increased 25% to \$3.02 million from \$2.42 million when compared to the three months ended September 30, 2017.
- Direct and administrative expenses (excluding depreciation and amortization) increased 14% to \$8.40 million from \$7.36 million when compared to the three months ended September 30, 2017, mainly due to an increase in commission expense and bonuses.
- Income tax expense is recognized based on the estimated average annual income tax rate for the full financial year. The rate used as at September 30, 2018, was 27% (September 30, 2017 – 27%).
- Total net earnings and comprehensive income increased 29% to \$2.20 million from \$1.71 million when compared to the three months ended September 30, 2017.

Results from discontinued operations

- Net earnings/(loss) and comprehensive income/(loss) from discontinued operations increased more than 100% to \$0.03 million from \$(0.26) million when compared to the three months ended September 30, 2017.

Overview and financial highlights of the nine month period ended September 30, 2018

Results from continuing operations

- Net earnings and comprehensive income increased 47% to \$7.31 million from \$4.98 million when compared to the nine months ended September 30, 2017.
- Basic and diluted earnings per share attributable to shareholders of Olympia increased 48% to \$3.06 per share from \$2.07 per share when compared to the nine months ended September 30, 2017.
- Cash flow from operating activities decreased 5% to \$9.55 million from \$10.02 million when compared to the nine months ended September 30, 2017, mainly due to the change in unrealised foreign exchange loss. This was partially offset by the promissory note receivable included in changes in non-cash working capital balances.

Results from discontinued operations

- Net loss and comprehensive loss decreased 43% to \$(0.42) million from \$(0.74) million.
- Basic and diluted loss per share attributable to shareholders of Olympia decreased 45% to \$(0.17) per share from \$(0.31) per share when compared to the nine months ended September 30, 2017.
- Cash flow used in operating activities decreased 44% to \$(0.27) million from \$(0.48) million due to the sale of assets.

Summary of quarterly results

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

QUARTERLY SUMMARY								
	Sep. 30	Jun. 30	Mar. 31	Dec. 31	Sep. 30	Jun. 30	Mar. 31	Dec. 31
(\$ thousands)	2018	2018	2018	2017	2017	2017	2017	2016
Service revenue	9,452	10,308	9,099	8,838	7,767	8,278	8,083	7,780
Interest revenue	2,963	2,874	2,630	2,452	2,206	1,984	1,870	1,671
Expenses	(8,584)	(9,268)	(8,327)	(8,221)	(7,558)	(8,223)	(7,791)	(7,770)
Other (losses)/gains, net	(809)	(189)	(122)	(225)	8	275	(33)	577
Earnings before income taxes	3,022	3,725	3,280	2,844	2,423	2,314	2,129	2,258
Earnings from continuing operations	2,200	2,725	2,386	2,063	1,707	1,721	1,549	2,044
Earnings/(loss) from discontinued operations	25	(199)	(244)	(265)	(264)	(259)	(214)	(512)
Net earnings	2,225	2,526	2,142	1,798	1,443	1,462	1,335	1,532
Per share attributable to shareholders of Olympia from continuing operations - basic and diluted (\$)	0.92	1.14	1.00	0.86	0.71	0.72	0.64	0.85
Per share attributable to discontinuing operations - basic and diluted (\$)	0.01	(0.08)	(0.10)	(0.11)	(0.11)	(0.11)	(0.09)	(0.22)
Dividends per share (\$)	0.60	0.54	0.51	0.51	0.51	0.51	0.51	0.50

Objectives for 2018

Management has set the following major objectives for 2018:

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

Establish the Corporate and Shareholder Services division

Corporate and Shareholder Services division is working to implement its information technology systems, finalise its policies and procedures, and train personnel in anticipation of the commencement of operations in December, 2018.

Continue to invest in Olympia's online presence

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

Enhance our Foreign Exchange division with an online trading platform

In 2018, the Foreign Exchange division implemented a new product on PayFX.com that caters to individual consumers on our platform. This new product allows Canadians to purchase from more than 72 currencies on PayFX.com, choose their desired denominations and pay online with their Interac card. The FX cash is sent via Purolator for next day delivery to the individual's home or office. With the addition of several new products such as market orders, limit orders and forward contracts, PayFX.com will continue to grow in market share throughout 2018.

Grow our Health Spending Account ("HSA") business

Olympia's Private Health Services Plan division continues to add to its innovative suite of digital products. A new mobile application is being piloted to improve client experience and increase sales. This will strengthen the entire digital platform and position the division to build on existing competitive advantages.

The HSA group product continues to gain market share. Small corporate clients appreciate how this product is affordable, easy to understand, and 100% digital. Unique online marketing efforts will reinforce inherent product advantages and attract new clients.

Continue to grow the Exempt Edge division

Exempt Edge will continue to build on the momentum it generated in 2017 by expanding its initial product offerings and introducing a data hub that will transform Canada's private capital market.

Outlook for 2018

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

Financial analysis

CONSOLIDATED BALANCE SHEETS AS AT		
(\$)	September 30, 2018	December 31, 2017
ASSETS		
Current assets		
Cash & cash equivalents	\$ 16,050,998	\$ 10,140,523
Restricted cash in circulation	-	3,823,110
Trade & other receivables	2,815,442	1,413,359
Inventory	130,429	223,114
Prepaid expenses	555,440	732,914
Derivative financial instruments	2,391,203	9,236,934
Total current assets	21,943,512	25,569,954
Non-current assets		
Restricted cash & investments	506,000	500,000
Equipment & other	1,214,863	2,232,396
Intangible assets	2,092,413	1,849,693
Financial asset at fair value through other comprehensive income	44,341	48,932
Promissory note receivable	1,413,939	-
Derivative financial instruments	-	729,459
Deferred tax assets	1,535,622	1,435,531
Total non-current assets	6,807,178	6,796,011
Total assets	\$ 28,750,690	\$ 32,365,965
LIABILITIES		
Current liabilities		
Trade & other payables	\$ 1,228,417	\$ 1,278,144
Deferred revenue	3,700,253	313,256
Other liabilities & charges	2,062,756	1,648,081
Cash in circulation due to bank	-	3,823,110
Revolving credit facility	5,057,347	4,812,347
Derivative financial instruments	1,840,232	7,796,036
Current tax liability	96,792	102,212
Total current liabilities	13,985,797	19,773,186
Other liabilities	860,973	1,068,776
Derivative financial instruments	-	543,073
Total liabilities	\$ 14,846,770	\$ 21,385,035
EQUITY		
Share capital	\$ 7,886,989	\$ 7,886,989
Contributed surplus	86,373	86,373
Retained earnings	6,015,350	3,048,996
Equity attributable to owners of Olympia	13,988,712	11,022,358
Non controlling interests	(84,792)	(41,428)
Total equity	13,903,920	10,980,930
Total equity & liabilities	\$ 28,750,690	\$ 32,365,965

Cash, cash equivalents and restricted cash and investments

Olympia continues to generate cash from its core businesses, except for the Exempt Edge and Corporate and Shareholder Services divisions. As at September 30, 2018, cash reserves increased by 58% to \$16.05 million (December 31, 2017 - \$10.14 million). This increase results mainly from Olympia Trust's Registered Plans division receiving annual administration fees for a significant number of clients in January. The unearned portion of annual administration fees is recognized as deferred revenue.

Restricted cash and investments as at September 30, 2018, of \$0.51 million (December 31, 2017 - \$0.50 million), comprises collateral provided to a financial institution securing Olympia Trust's foreign exchange trading platform. The restricted cash and investments consists of a Treasury bond that has a term of one year from issuance and earns interest at a rate of 1.40% (December 31, 2017 - 0.59%). Restricted cash and investments are not readily accessible for use in operations and are reported separately from cash and cash equivalents on the balance sheet.

Olympia's cash is placed with a Canadian financial institution where it generates interest. Cash and cash equivalents comprise 73% of the total current assets of Olympia at September 30, 2018, compared to 40% at December 31, 2017.

Restricted cash in circulation

With the sale of substantially all the assets of ATM, the restricted cash in circulation was returned, resulting in a \$nil balance at September 30, 2018, (December 31, 2017 - \$3.82 million) and ATM's cash bailment agreement was terminated.

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

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

Trade and other receivables

Trade and other receivables are comprised largely of receivables from the Registered Plans division's clients (81%). The increase in trade receivables is mainly due to fees charged in connection with the restructuring of an exempt market issuer.

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

Olympia has made allowances for doubtful accounts of \$0.47 million, compared to \$0.61 million as at December 31, 2017. Management is committed to a policy of closely monitoring risk and exposure in this area and is actively pursuing past due accounts through its internal collection process.

Promissory note receivable

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

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

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

Refer to Note 4 of the interim financial statements for assets sold in the transaction.

For the period ended September 30, 2018, interest of \$13,939 has accrued.

Forward foreign exchange contracts

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

Forward foreign exchange contracts are recorded on Olympia's balance sheet as either an asset or liability, with changes in fair value included in net earnings. This accounting treatment resulted in the disclosure of a forward foreign exchange contract asset of \$2.39 million on the balance sheet at September 30, 2018, compared to \$9.97 million as at December 31, 2017, and a forward

foreign exchange contract liability of \$1.84 million at September 30, 2018, compared to \$8.34 million as at December 31, 2017. The movement in the derivative financial instruments assets and liabilities on the balance sheet is due mainly to the fluctuation of the Canadian and United States dollar exchange rates, as the vast majority of the Foreign Exchange division's trades are in Canadian and United States dollars. The number and size of outstanding forward foreign exchange contracts also impacts the movement in the derivative financial instrument assets and liabilities on the balance sheet.

Current liabilities

The breakdown of Olympia's trade and other payables consists of trade payables (22%), government taxes and other payables (49%), amounts due to agents, clients and commission payable (16%) and amounts due to related parties (13%).

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

Deferred revenue

At September 30, 2018, deferred revenue totaled \$3.70 million compared to \$0.31 million as at December 31, 2017. This consists of annual registered plans administration fees, as well as the Private Health Services Plan division's annual fees for maintaining customer health saving accounts. The unearned portion of these annual fees is recognized as deferred revenue at the time of billing and revenue is recognized on a straight-line basis in relation to Olympia rendering these services.

Employee Share Ownership Plan (ESOP)

Olympia has established an Employee Share Ownership Plan ("ESOP"). Under this plan, Olympia contributes \$1 for each \$1 contributed by an employee up to a maximum that is based on the employee's earnings and years of service. The employee and Olympia's contributions are used to purchase common shares of Olympia through the facilities of the TSX. Olympia's contribution is included as an administrative expense in the statements of net earnings and comprehensive income and amounted to \$0.18 million for the nine months ended September 30, 2018 (September 30, 2017 - \$0.20 million).

Contingencies

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

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

Related party transactions

Refer to Note 25 of the interim financial statements for the period ended September 30, 2018, for disclosure on Olympia's related party transactions.

Shareholders' equity

As at September 30, 2018, and December 31, 2017, Olympia had 2,406,352 outstanding shares, with a carrying value of \$7.89 million.

Income taxes

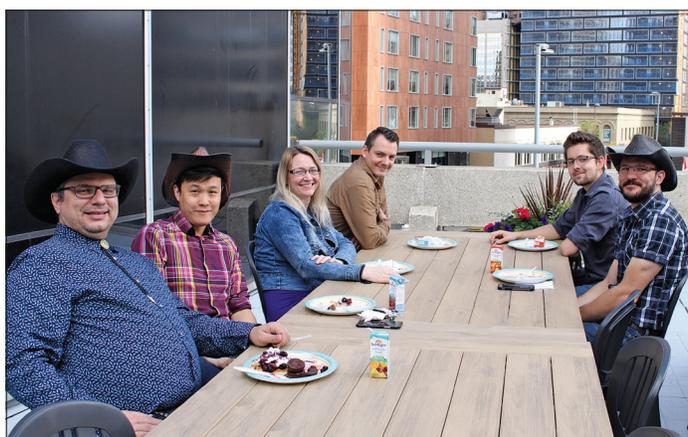
Deferred income tax assets are recognized for loss carry-forward and other deductible temporary differences to the extent that the realization of the related tax benefit is probable through future taxable profits or other tax planning opportunities. The average corporate rate used for the nine months ended September 30, 2018, was 27% (December 31, 2017 - 27%).

Analysis of results by segment

Registered Plans Division

SUMMARY OF DIVISIONAL RESULTS FOR THE THREE MONTHS ENDED SEPTEMBER 30			
(\$ thousands)	2018	2017	Variation
Service revenue	4,689	4,426	6%
Interest revenue	2,782	2,062	35%
Direct expenses	(22)	(25)	-12%
	7,449	6,463	15%
Administrative expenses	(4,962)	(4,414)	12%
Depreciation and amortization	(130)	(123)	6%
Other losses, net	(6)	-	100%
Earnings before income tax	2,351	1,926	22%
Income taxes	(623)	(576)	8%
Net earnings	1,728	1,350	28%

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



ENJOYING AN OLYMPIA STAMPEDE BREAKFAST

RRSP service revenue increased 6% to \$4.69 million from \$4.43 million when compared to the three months ended September 30, 2017. The increase is mainly attributable to a change in accounting policy, whereby administrative revenue from new accounts opened during the year is recognised on a straight line basis over the calendar year, rather than immediately.

Interest revenue includes interest income on cash held in trust. Interest revenue increased 35% to \$2.78 million from \$2.06 million when compared to the three months ended September 30, 2017, reflecting increases in the Canadian prime interest rate.



CALGARY STAMPEDE WITH SOME OLYMPIA BALLOONS

Direct, administrative, depreciation and amortization expenses increased 12% to \$5.11 million from \$4.56 million when compared to the three months ended September 30, 2017. This increase is largely due to an increase in operating expenses, such as salaries and bonuses, computer maintenance, and enhanced cyber security measures.

Earnings before income tax increased 22% to \$2.35 million from \$1.93 million when compared to the three months ended September 30, 2017.

RRSP net earnings increased 28% to \$1.73 million from \$1.35 million when compared to the three months ended September 30, 2017.

RRSP is responsible for 60% of Olympia's total revenue (including interest), a decrease from 65% when compared to the three months ended September 30, 2017.

Private Health Services Plan Division

SUMMARY OF DIVISIONAL RESULTS FOR THE THREE MONTHS ENDED SEPTEMBER 30			
(\$ thousands)	2018	2017	Variation
Service revenue	1,864	1,602	16%
Interest revenue	60	41	46%
Direct expenses	(438)	(277)	58%
	1,486	1,366	9%
Administrative expenses	(907)	(919)	-1%
Depreciation and amortization	(16)	(26)	-38%
Other losses, net	(2)	-	100%
Earnings before income tax	561	421	33%
Income taxes	(142)	(124)	15%
Net earnings	419	297	41%

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



TEAM BUILDING AT SKYLINE LUGE



NORA WARD AND ROBIN FRY
Olympia Benefits Inc. celebrated Robin's 75th birthday

Health's service revenue increased by 16% to \$1.86 million from \$1.60 million when compared to the three months ended September 30, 2017. The increase in the Private Health Services Plan division is mainly due to an increase in the number of health claims submitted by customers.

Direct, administrative, depreciation and amortization expenses increased 11% to \$1.36 million from \$1.22 million when compared to the three months ended September 30, 2017. This increase results from an increase in operating expenses such as salaries, computer maintenance, rent and travel.

Earnings before income tax increased 33% to \$0.56 million from \$0.42 million when compared to the three months ended September 30, 2017.

Health's net earnings increased 40% to \$0.42 million from \$0.30 million when compared to the three months ended September 30, 2017.

Health is responsible for 15% of Olympia's total revenue (including interest), a decrease from 16% when compared to the three months ended September 30, 2017.

Foreign Exchange Division

SUMMARY OF DIVISIONAL RESULTS FOR THE THREE MONTHS ENDED SEPTEMBER 30			
(\$ thousands)	2018	2017	Variation
Service revenue	2,767	1,700	63%
Interest revenue	57	35	63%
Direct expenses	(245)	(233)	5%
	2,579	1,502	72%
Administrative expenses	(1,507)	(1,361)	11%
Depreciation and amortization	(17)	(30)	-43%
Other (losses)/gains, net	(801)	8	>-100%
Earnings before income tax	254	119	>100%
Income taxes	(68)	(35)	94%
Net earnings	186	84	>100%

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

FX’s service revenue increased 63% to \$2.77 million compared to \$1.70 million when compared to the three months ended September 30, 2017. The increase is due to an increase in spot trade volume and transactions sizes.

Direct, administrative, depreciation and amortization expenses increased 9% to \$1.77 million from \$1.62 million when compared to the three months ended September 30, 2017. The increase is mainly due to higher employee commissions and bonuses.

Other (losses)/gains, net, decreased more than 100% to (\$0.80) million from \$0.01 million. This decrease is due to a reduction in the number of forward exchange contracts.

Earnings before income tax increased more than 100% to \$0.25 million from \$0.12 million when compared to the three months ended September 30, 2017.

FX’s net earnings increased more than 100% to \$0.19 million from \$0.08 million when compared to the three months ended September 30, 2017.

FX is responsible for 23% of Olympia’s total revenue (including interest), an increase from 17% when compared to the three months ended September 30, 2017.

Exempt Edge Division

SUMMARY OF DIVISIONAL RESULTS FOR THE THREE MONTHS ENDED SEPTEMBER 30			
(\$ thousands)	2018	2017	Variation
Service revenue	131	39	>100%
Direct expenses	(29)	(26)	12%
	102	13	>100%
Administrative expenses	(183)	(75)	>100%
Depreciation and amortization	(19)	(13)	46%
Loss before income tax	(100)	(75)	33%
Income taxes recovery	30	21	43%
Net loss	(70)	(54)	30%

Exempt Edge (“EEI”) focuses on the provision of information technology services to exempt market dealers, registrants and issuers.

Service revenue for the three months ended September 30, 2018, mainly relates to fees for onboarding clients onto the Exempt Edge platform.

For the three months ended September 30, 2018 the Exempt Edge division incurred direct, administrative, depreciation and amortization expenses of \$0.23 million. These relate mainly to employee salaries, computer maintenance, consulting fees, and depreciation and amortization.

Loss before income tax for the three months ended September 30, 2018 increased 25% to (\$0.10) million from (\$0.08) million compared to the three months ended September 30, 2017.

EEI’s net loss increased 40% to (\$0.07) million from (\$0.05) million when compared to the three months ended September 30, 2017.

Corporate and Shareholder Services Division

SUMMARY OF DIVISIONAL RESULTS FOR THE THREE MONTHS ENDED SEPTEMBER 30	
(\$ thousands)	2018
Service revenue	-
Interest revenue	-
Direct expenses	-
	-
Administrative expenses	(45)
Depreciation and amortization	-
Loss before income tax	(45)
Income taxes recovery	12
Net loss	(33)

On June 13, 2018, Olympia announced that its wholly owned subsidiary Olympia Trust intends to commence business as a transfer agent and corporate trustee commencing December 14, 2018. Olympia's Corporate and Shareholder Services ("CSS") division will provide transfer agency and corporate trust services to public and private issuers across Canada. CSS is positioning itself as an alternative to the large trust companies that are principally focused on eastern Canada, with an emphasis on client service. The services to be provided by CSS include administering dividend reinvestment and employee share purchase plans, acting as depository and disbursing agent for corporate reorganizations, assisting with shareholder solicitations and scrutineering shareholder meetings. The CSS management team will be comprised of highly respected and experienced individuals with a track record of success in the provision of transfer agency and corporate trust services.

For the three months ended September 30, 2018, administrative costs comprise start-up cost.

ATM Division

SUMMARY OF DIVISIONAL RESULTS FOR THE THREE MONTHS ENDED SEPTEMBER 30			
(\$ thousands)	2018	2017 ⁽¹⁾	Variation
Service revenue	22	858	-97%
Interest revenue	14	3	>100%
Direct expenses	(3)	(652)	-100%
	33	209	-84%
Administrative expenses	12	(460)	>-100%
Depreciation and amortization	(13)	(106)	-88%
Other gains, net	6	-	100%
Earnings/(loss) before income tax	38	(357)	>100%
Income tax (expense)/recovery	(13)	92	>-100%
Net earnings/(loss)	25	(265)	>100%

Service revenue relates mainly to interchange and surcharge fees charged for the use of ATMs managed by the ATM division. Service revenue decreased 98% to \$0.02 million from \$0.86 million when compared to the three months ended September 30, 2017. This decrease is mainly due to the sale of substantially all of the assets, with an effective date of July 1, 2018. Service revenue for the three months ended September 30, 2018, relates primarily to post-closing expense recoveries.

Direct, administrative, depreciation and amortization expenses decreased 100% to \$nil from \$1.22 million when compared to the three months ended September 30, 2017.

Earnings/(loss) before income tax increased more than 100% to \$0.04 million from (\$0.36) million when compared to the three months ended September 30, 2017.

ATM's net earnings/(loss) increased more than 100% to \$0.03 million from (\$0.27) million when compared to the three months ended September 30, 2017.

⁽¹⁾ 2017 balances have been restated due to the classification of the ATM division as a Discontinued Operation.

Corporate Division

SUMMARY OF DIVISIONAL RESULTS FOR THE THREE MONTHS ENDED SEPTEMBER 30			
(\$ thousands)	2018	2017	Variation
Interest revenue	64	68	-6%
	64	68	-6%
Administrative expenses	(66)	(32)	>100%
Depreciation and amortization	-	(1)	-100%
(Loss)/earnings before income tax	(2)	35	>-100%
Income taxes expense	(30)	(2)	>-100%
Net (loss)/earnings	(32)	33	>-100%

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

Total revenue earned is incidental to Olympia's activities.

Administrative, depreciation and amortization expenses for the three months ended September 30, 2018, have increased more than 100% to \$0.07 million from \$0.03 million when compared to the three months ended September 30, 2017.

The Corporate division's net earnings decreased more than 100% to (\$0.03) million from \$0.03 million when compared to the three months ended September 30, 2017.

Off-balance sheet arrangements

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

OFF-BALANCE SHEET ARRANGEMENTS UNDER ADMINISTRATION				
	September 30, 2018		December 31, 2017	
(\$ thousands)	Cash & public securities at estimated fair value	Private securities, mortgages and mutual funds at cost	Cash & public securities at estimated fair value	Private securities, mortgages and mutual funds at cost
Registered Plans	\$ 532,435	\$ 4,047,398	\$ 535,348	\$ 4,090,555
Private Health Services Plan	10,444	-	10,124	-
Foreign Exchange	15,094	-	18,900	-
	\$ 557,973	\$ 4,047,398	\$ 564,372	\$ 4,090,555

Refer to Note 5 of the interim financial statements for the period ended September 30, 2018, for disclosure on Olympia's off-balance sheet arrangements.

Management of capital resources

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

- Maintain sufficient cash and cash equivalents over the short and medium term in order to finance its growth and development, including capital expenditures;
- Maintain investor and creditor confidence to sustain future development of the business;
- Maintain regulatory capital for Olympia Trust as required by the *Loan and Trust Corporations Act* (Alberta) (\$2 million). Similar regulatory capital is required by legislation in Nova Scotia (\$5 million). Regulatory capital is defined as share capital and retained earnings. Olympia Trust has maintained these minimum capital requirements throughout the period ended September 30, 2018; and
- Maintain compliance with financial covenants. The financial covenants are reviewed and controls are in place to maintain compliance with the covenants. Olympia complied with its financial covenants for the year ended December 31, 2017, and for the period ended September 30, 2018.

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

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

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

Olympia has committed capital resources to its 2018 Objectives (set out previously) and has sufficient capital through internally generated cash flows and its credit facility to meet these spending objectives.

Completing and fulfilling its 2018 Objectives will help Olympia meet its growth and development activities. No other significant expenditure is required to maintain growth and development activities.

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

Olympia's capital management objectives have remained substantially unchanged over the years presented.

Liquidity

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

Olympia has a healthy current ratio (current assets: current liabilities) of 1.57:1 as at September 30, 2018, compared to 1.29:1 as at December 31, 2017. The ratio indicates that Olympia should not have difficulty in meeting working capital requirements.

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

Cash flows

▪ Operating activities

The movement in cash flow from operating activities from continuing operations for the nine months ended September 30, 2018, is attributable to higher net earnings.

▪ Investing activities

The movement in cash from/(used) in investing activities from continuing operations during the nine months ended September 30, 2018, is mainly attributable to capital asset expenditure.

▪ Financing activities

Cash used in financing activities from continuing operations during the nine months ended September 30, 2018, decreased, mainly due to the issuance of the promissory note.

Cash

Cash is placed with a Canadian financial institution where it generates interest. Cash and cash equivalents comprise 73% of the total current assets of Olympia, compared to 40% as at December 31, 2017.

One factor that affects Olympia's profitability is effective interest rates. Although Olympia Trust is not a deposit taking trust company, it does earn interest on cash held in trust. Cash held in trust generated interest of \$7.57 million, a 37% increase from \$5.51 million when compared to the nine months ended September 30, 2017, due to increases in the Canadian prime rate. The Canadian prime rate was 3.70% on September 30, 2018, and 3.20% on September 30, 2017.

Olympia, through its operational cash flow and line of credit, has sufficient funds to meet its Objectives for 2018.

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

Credit facility

As at September 30, 2018, Olympia had drawn \$5.06 million on its credit facility, compared to \$4.81 million as at December 31, 2017. Amounts drawn during the period ended September 30, 2018, have been used primarily to finance expansion of the EEI division and start up of the CSS division. Amounts drawn in previous years were used for capital expenditures related to the ATM division and Olympia's Normal Course Issuer Bid ("NCIB"). The credit facility provides a maximum of \$8.50 million and bears interest at the Canadian prime rate plus 0.25%. The Canadian prime rate at September 30, 2018, was 3.70% (December 31, 2017 - 3.20%). The

credit facility is subject to review at any time, and in any event will be reviewed annually based on Olympia's audited consolidated financial statements for the year ended December 31, 2018.

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

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

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

Credit facility	September 30, 2018	December 31, 2017
Available balance at January 1	\$ 8,500,000	\$ 8,500,000
Drawn	(5,057,347)	(4,812,347)
Available at the end of the period/year	\$ 3,442,653	\$ 3,687,653

Risk framework

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

- Liquidity risk
- Market risk
- Foreign currency exchange risk
- Interest rate risk
- Credit risk
- Capital risk management
- Operational risk
- Cyber security risk

Refer to Note 6 of the interim financial statements for the nine months ended September 30, 2018, for disclosure on Olympia's above-mentioned risk framework.

Accounting policies

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

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

- IFRS 9 “Financial Instruments”
- IFRS 15 “Revenue from Contracts with Customers”

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

IFRS 9 “Financial instruments” - impact of adoption

Trade receivables

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

- less than 90 days: nominal;
- between 90 days and 365 days: 20% of carrying value;
- more than one year but less than three years past due: 70% of carrying value; and
- three or more years past due: 100% of carrying value.

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

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

Classification

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

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

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

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

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

Measurement

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

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

IFRS 15 “Revenue from Contracts with Customers”

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

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

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

Critical accounting estimates

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

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

The list of critical accounting estimates was included in the MD&A for the year ended December 31, 2017, and those listed are unchanged for the nine months ended September 30, 2018, except for those arising from a change in accounting policy as discussed above.

Future accounting pronouncements

There were no new or amended accounting standards issued during the nine months ended September 30, 2018, that are applicable to Olympia in future periods. As noted in the annual consolidated financial statements for the year ended December 31, 2017, IFRS 16 "Leases" is effective for annual reporting periods beginning on or after January 1, 2019. Olympia is currently evaluating the impact that the standard will have on the consolidated financial statements.

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

There have been no changes in Olympia's internal control over financial reporting that occurred during the interim period ended September 30, 2018, which have materially affected, or are reasonably likely to materially affect, Olympia's internal control over financial reporting.

Outstanding share data

As at November 8, 2018, Olympia has an aggregate of 2,406,352 common shares issued and outstanding.

Additional information

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

Shareholders seeking to contact Olympia's independent directors may do so by calling Rick Skauge, Olympia's president and CEO, at 403-261-7501 or by email at ricks@olympiafinancial.com.

CORPORATE INFORMATION

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Gerard Janssen¹²³⁴
Brian Newman¹²³⁴
Craig Skauge
Diana Wolfe¹²³⁴
Dennis Nerland
Tony Lanzl

Board Committees

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

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EXECUTIVE TEAM



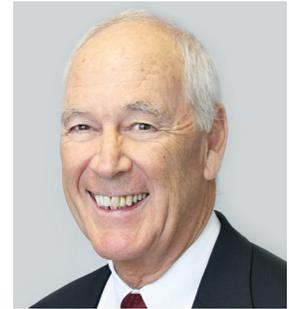
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*President and Chief
Executive Officer*



CRAIG SKAUGE
*Executive Vice President
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