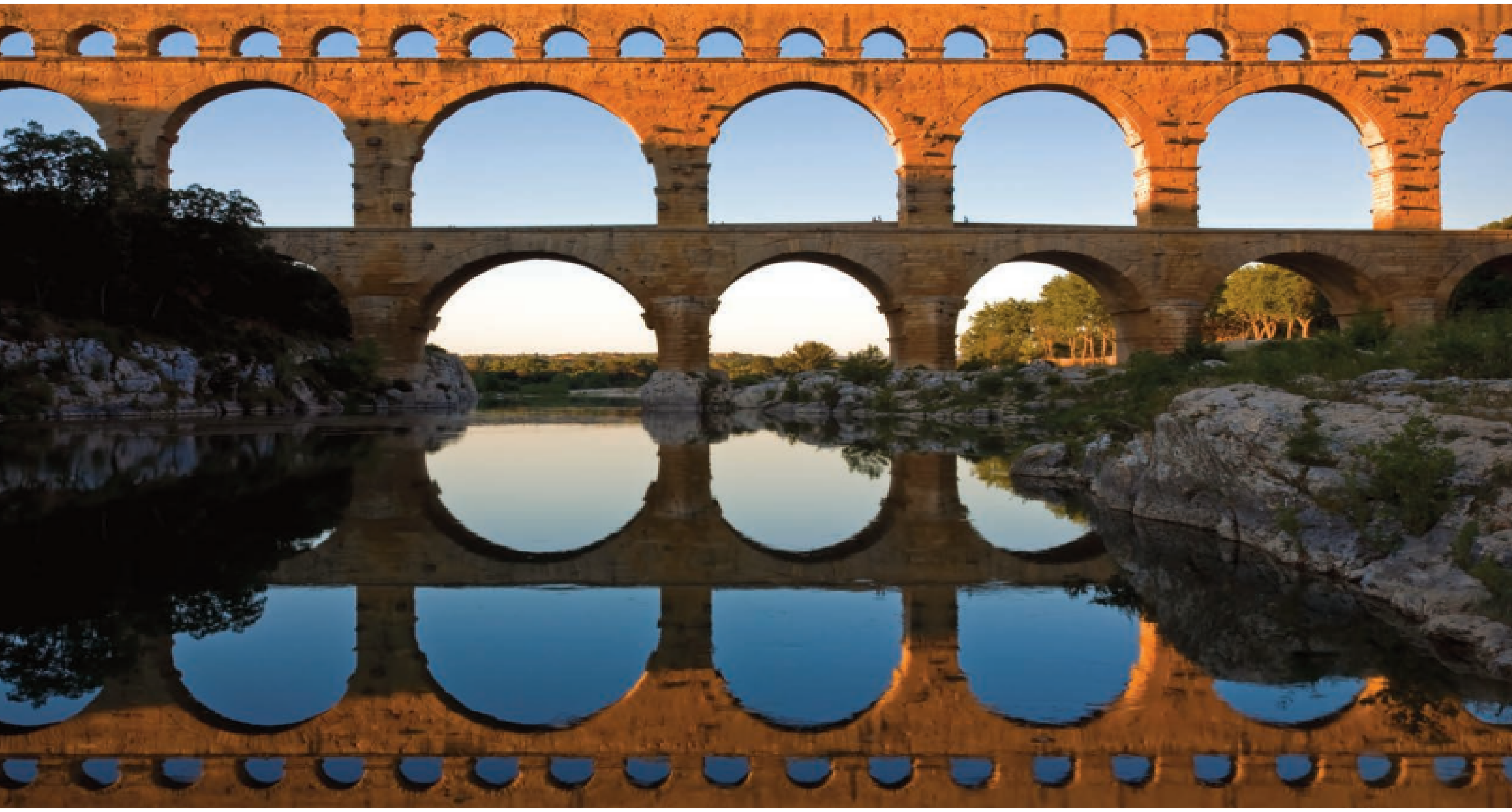
ACCORD
FINANCIAL



Strength | Stability | Continuity

Third Quarter Report 2023

Strong & Stable Financing Solutions from Accord

Asset-based Lending

Accord's asset-based lending serves companies of all sizes across North America. Our flexible ABL solutions allow clients to unlock working capital from their accounts receivable, inventory and equipment. Accord also provides financing solutions to other lending companies, enabling them to grow more quickly than they would with traditional funding. Forty-five year of superior service combined with exceptional financial strength makes us the most reliable finance partner for companies positioning for their next phase of growth.

Factoring

Accord has been factoring small- and medium-sized companies for more than forty years. Factoring – buying clients' accounts receivable – accelerates cash flow by unlocking the value of receivables for cash. In addition to improving liquidity, factoring also saves management time often tied up with cash flow planning, credit analysis and collections. Our experienced team has worked with companies in virtually every industry, which allows us to provide quick credit approvals for companies in transition or shifting into growth mode.

Small Business Finance

Accord provides a variety of financing solutions for Canadian small businesses, including equipment leasing and flexible working capital facilities. Under the AccordExpress banner, we offer a range of innovative programs designed with a streamlined approval process and fast funding. These programs deliver up to $250,000 of working capital, and up to $1 million when backed by receivables or equipment collateral, all with flexible terms designed to spur growth in 2023.

Equipment Financing

Accord finances equipment for small and middle market businesses, serving a broad base of North America's most dynamic industries, from forestry and energy, to construction and manufacturing. We're equally comfortable financing incremental capex or business expansion, or refinancing existing assets to optimize balance sheet strength. Our success has been built on our commitment to supporting private equity sponsors, finance professionals and SMEs directly.

Media Finance

Accord provides media finance through affiliate BondIt Media Capital, a world renowned film, television and media financier founded in 2014. Since inception, BondIt has provided debt financing to more than 500 feature film and television productions ranging from micro-budgets to studio level projects. Based in Santa Monica, BondIt is a flexible financing partner for projects, producers and media companies alike.

International Trade Services

Since 1978, Accord has been a leader in cross-border trade services. Our alliance with Factors Chain International provides North American credit and collection services to a network of more than 265 banks and trade firms in 75 countries worldwide. Our expert knowledge of U.S. and Canadian buyers allows foreign banks to finance clients' export receivables while minimizing collection risk.

ACCORD FINANCIAL CORP.

MESSAGE FROM THE PRESIDENT AND CEO

Enclosed are the financial statements, as well as Management's Discussion and Analysis, for the quarter and nine months ended September 30, 2023, together with comparative figures for December 31, 2022, and the same periods of 2022. These financial statements have not been reviewed by the Company's auditors but have been reviewed and approved by its Audit Committee and Board of Directors.

Accord's net earnings have been impacted by a significant provision for loan losses, largely related to a single borrower currently under investigation. Over the last two weeks the Company uncovered significant irregularities in collateral reporting by a borrower related to their $14.4 million revolving loan. The Company immediately commenced a comprehensive investigation and implemented strict on-premises oversight of the borrower's operations, including financial controls. The investigation is ongoing; based on the information available at this time Accord recorded a third quarter provision for credit and loan losses of $11.4 million related to this account. This provision is also reflected in the allowance for credit losses on the balance sheet.

Despite this challenging event, Accord's portfolio continued to grow through the third quarter, as business conditions have shifted in favor of non-bank lenders, and Accord's product mix specifically. The Company's finance receivables and loans grew to $493.6 million at September 30, 2023, up 9.0% since the start of the year. Two successive quarters of growth is a welcome change from the conditions Accord has navigated since mid-2022. Driven by portfolio growth and higher average yields, revenue rose 18.1% year-over-year to $19.4 million in the third quarter. However, the significant loss provision, rising interest costs, and debenture restructuring expenses, contributed to a net loss attributable to shareholders of $8.8 million, bringing the year-to-date loss to $7.1 million, down from earnings of $5.3 million in the first nine months of 2022. Book value per common share declined to $10.76, compared to $11.80 at the start of the year.

While the account under investigation is a significant event today, the economic environment remains conducive to growth. As we've written before, economic uncertainty often leads the major banks to restrict their lending appetite, which provides opportunities for Accord as our expertise, and reliance on strong collateral, allows us to finance companies that may no longer meet the banks' criteria. As a result, we are seeing stronger deal flow in all our operating companies, in many cases originating with the banks.

MESSAGE FROM THE PRESIDENT AND CEO

Table of Contents

We're equally focused on accelerating Accord's small business success. Central to this strategy is Accord's unique new program with Export Development Canada ("EDC"), building on our successful risk-sharing partnership. The Accord|EDC Trade Expansion Lending Program ("TELP") finances companies throughout the export supply chain. EDC's 75% loan loss guarantee allows Accord to offer faster, simpler approvals, supporting a wider range of SMEs. Since 2021 Accord has lent $250 million to more than 1,500 small businesses, supported by similar EDC programs now replaced by TELP.

While we're enjoying a steady increase in new applications, we remain attuned to the challenging credit environment, and are highly selective in onboarding new clients. Difficult business conditions facing SMEs, and a challenging near-term forecast, warrant an increase in the Company's provision for losses and related increase in the allowance for losses on the balance sheet. The third quarter provision was $14.4 million, or $3.0 million excluding the account under investigation, compared to $1.1 million during the same quarter last year. Within the provision, $13.2 million boosts the Company's allowance for future losses to $20.1 million at September 30, 2023, compared to $8.2 million at the start of the year. As the above-noted investigation and account resolution progresses, the allowance for losses will be adjusted to reflect our ongoing assessment, and repayment from realized collateral and other potential sources of funds.

Throughout this period, Accord has taken steps to ensure effective funding for the core businesses going forward. In this regard, at a special meeting held in August, more than 80% of debenture holders voted in support of extending $20.7 million of convertible debentures, set to mature at the end of 2023, to January 31, 2026.

Funded by a debt facility outside our main banking group, BondIt's growth continues to be limited within the current facility, and market forces have made it difficult to pass increased interest costs through to its customers over the past year. We continue to work on several strategies to solve this puzzle.

MESSAGE FROM THE PRESIDENT AND CEO

The reduction in our shareholders' equity resulting from the third quarter net loss may impact the Company's current pace of portfolio growth. Accordingly, to strengthen the Company's capital base in this environment, the Company's Board of Directors has suspended its quarterly dividend, which will be reassessed in the normal course going forward.

While business conditions have been challenging, we look forward to continuing Accord's long history of delivering much-needed capital to small and medium-sized companies, while maintaining the Company's financial strength.

Simon Hitzig
President and Chief Executive Officer
November 14, 2023

FINANCIAL HIGHLIGHTS

(unaudited, in thousands of Canadian dollars, except values per share, or otherwise noted)	Three months ended Sep, 30		Nine months ended Sep, 30	
	2023	2022	**2023**	2022
Average funds employed (millions)	**478**	445	**461**	452
Revenue	**19,430**	16,452	**55,807**	49,120
Earnings (loss) before income tax	**(12,359)**	1,856	**(11,317)**	4,951
Net earnings (loss) attributable to shareholders	**(8,806)**	1,831	**(7,050)**	5,090
Adjusted net earnings (loss)	**(8,271)**	1,926	**(6,279)**	5,290
Earnings (loss) per common share (basic and diluted)	**(1.03)**	0.21	**(0.82)**	0.59
Adjusted earnings (loss) per common share (basic and diluted)	**(0.97)**	0.23	**(0.73)**	0.62
Book value per share			**10.76**	12.34

OVERVIEW

The following discussion and analysis explain trends in Accord Financial Corp.'s ("Accord" or the "Company") results of operations and financial condition for the quarter and nine months ended September 30, 2023 compared with the quarter and nine months ended September 30, 2022 and, where presented, the year ended December 31, 2022. It is intended to help shareholders and other readers understand the dynamics of the Company's business and the factors underlying its financial results. Where possible, issues have been identified that may impact future results.

This Management's discussion & analysis ("MD&A"), which has been prepared as at November 14, 2023, should be read in conjunction with the Company's condensed interim unaudited consolidated financial statements (the "Statements") and notes thereto for the quarter and nine months ended September 30, 2023 and 2022, which are included as part of this 2023 Third Quarter Report, and as an update in conjunction with the discussion and analysis and fiscal 2022 audited consolidated financial statements and notes thereto included in the Company's 2022 Annual Report. Certain comparative amounts have been restated to conform with the presentation adopted in the current period.

All amounts discussed in this MD&A are expressed in thousands of Canadian dollars, except per share amounts and as otherwise noted and have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Please refer to the Critical Accounting Policies and Estimates section below and note 2 and 3 to the Statements regarding the Company's use of accounting estimates in the preparation of its financial statements in accordance with IFRS. Additional information pertaining to the Company, including its Annual Information Form, is filed under the Company's profile with SEDAR at www.sedar.com.

The following discussion contains certain forward-looking statements that are subject to significant risks and uncertainties that could cause actual results to differ materially from historical results and percentages. Factors that may impact future results are discussed in the Risks and Uncertainties section below.

NON-IFRS FINANCIAL MEASURES

In addition to the IFRS prepared results and balances presented in the Statements and notes thereto, the Company uses a number of other financial measures to monitor its performance and some of these are presented in this MD&A. These measures may not have standardized meanings or computations as prescribed by IFRS that would ensure consistency and comparability between companies using them and are, therefore, considered to be non-IFRS measures. The Company primarily derives these measures from amounts presented in its Statements, which were prepared in accordance with IFRS. The Company's focus continues to be on IFRS measures and any other information presented herein is purely supplemental to help the reader better understand the key performance indicators used in monitoring its operating performance and financial position. The non-IFRS measures presented in this MD&A and elsewhere in the Company's 2023 Third Quarter Report are defined as follows:

i) **Return on average equity ("ROE")** – this is a profitability measure that presents net earnings attributable to shareholders ("shareholders' net earnings") as an annualized percentage of the average shareholders' equity employed in the period to earn the income. The Company includes all components of shareholders' equity, as shown on the Company's balance sheet, calculated on a month-by-month basis to calculate the average thereof;

ii) **Adjusted net earnings, adjusted earnings per common share and adjusted ROE** – adjusted net earnings presents shareholders net earnings before stock-based compensation, business acquisition expenses (namely, business transaction and amortization of intangibles) and restructuring expenses (which includes non-recurring expenses associated with recent debenture amendments). The Company considers these items to be non-operating expenses. Management believes adjusted net earnings is a more appropriate measure of ongoing operating performance than shareholders' net earnings as it excludes items which do not directly relate to ongoing operating activities. Adjusted (basic and diluted) earnings per common share is adjusted net earnings divided by the (basic and diluted) weighted average number of common shares outstanding in the period (see note 10 to the Statements), while adjusted ROE is adjusted net earnings for the period expressed as an annualized percentage of the average shareholders' equity employed in the period;

iii) **Book value per share** – book value is defined as shareholders' equity and is the same as the net asset value of the Company (calculated as total assets minus total liabilities) less non-controlling interests in subsidiaries. Book value per share is the book value, or shareholders' equity, divided by the number of common shares outstanding as of a particular date;

iv) **Average funds employed** – Funds employed is another name that the Company uses for its finance receivables and loans (also referred to as "Loans" in this MD&A), an IFRS measure. Average funds employed are the average finance receivables and loans calculated over a particular period; and

v) **Financial condition and leverage ratios** – The table on page 18 presents the following percentages: (i) total equity expressed as a percentage of total assets; (ii) tangible equity (total equity less goodwill, intangible assets) expressed as a percentage of total assets; (as of March 31, 2023 the Company no longer deducts deferred taxes from tangible equity, as they are not considered intangible assets or liabilities. Prior periods in the table have been adjusted for comparability) and (iii) debt (bank indebtedness, loans payable, notes payable and convertible debentures) expressed as a percentage of total equity. These percentages provide information on trends in the Company's financial condition and leverage.

ACCORD'S BUSINESS

Accord is one of North America's leading independent finance companies serving clients throughout the United States and Canada. Accord's flexible finance programs cover the full spectrum of asset-based lending ("ABL"), from receivables and inventory finance, equipment and trade finance, working capital finance, and film and media finance. Accord's business also includes credit protection and receivables management. Its clients operate in a wide variety of industries, examples of which are set out in note 14 to the Statements.

The Company, founded in 1978, operates six finance companies in North America, namely, Accord Financial Inc. ("AFIC"), Accord Financial Canada Corp. ("AFCC") and Accord Financial Ltd. ("AFL") in Canada, and Accord Financial, Inc. ("AFIU"), BondIt Media Capital ("BondIt") and Accord CapX LLC (doing business as Accord Equipment Finance ("AEF"), in the United States. Some sections of this report present Accord's businesses as cash-generating units ("CGUs"), which is simply an aggregation of subsidiaries according to their country of operation.

The Company's business principally involves: (i) asset-based lending by AFIC and AFIU, which entails financing or purchasing receivables on a recourse basis, as well as financing other tangible assets, such as inventory and equipment; (ii) equipment financing (leasing and equipment loans) by AEF and AFCC. AFCC also provides working capital financing to small businesses through its Accord Small Business Finance ("ASBF") subsidiary; (iii) film and media production financing by BondIt; and (iv) credit protection and receivables management services by AFL, which principally involves providing credit guarantees and collection services, generally without financing.

QUARTERLY FINANCIAL INFORMATION

	Quarter ended	Revenue	Shareholders' net earnings (loss)	Earnings (loss) per share*
2023	**September 30**	**$19,430**	**$(8,806)**	**$ (1.03)**
	June 30	17,933	(263)	(0.03)
	March 31	18,444	2,017	0.24
2022	December 31	$18,371	$ (3,664)	$ (0.43)
	September 30	16,452	1,831	0.21
	June 30	16,490	121	0.01
	March 31	16,178	3,138	0.37
Fiscal 2022 **		$67,491	$ 1,427	$ 0.17
2021	December 31	$18,465	$ 3,573	0.42
	September 30	16,119	2,643	0.31
	June 30	15,416	3,085	0.36
	March 31	13,480	2,585	0.30
Fiscal 2021 **		$63,480	$11,887	$ 1.39

** basic and diluted*
*** due to rounding the total of the four quarters does not agree with the total for the fiscal year*

RESULTS OF OPERATIONS

Quarter ended September 30, 2023 compared with the quarter ended September 30, 2022

Shareholders' net loss for the quarter ended September 30, 2023 was $8,806 compared to shareholders' net earnings of $1,831 earned last year. Shareholders' net earnings declined compared to the third quarter of 2022 as a result of a significant provision for credit and loan losses related to a single $14.4 million loan. Over the last two weeks the Company uncovered significant irregularities in collateral reporting by a borrower related to their revolving loan and has launched a comprehensive investigation. While the irregularities were discovered after September 30, this shareholders' report reflects the estimated provision for this account as of September 30. Other items affecting earnings include a non-recurring loss related to the significant modification of a portion of the Company's debentures, higher interest expenses and higher general and administrative expenses ("G&A"). Basic and diluted loss per common share ("LPS") was $1.03 compared to earnings per common share ("EPS") of 21 cents in the third quarter of 2022.

Revenue rose by 18.1% or $2,978 to $19,430 in the third quarter of 2023 compared to $16,452 last year. Interest income rose by 11.2% or $1,690 to $16,772 compared to $15,082 last year due to higher average funds employed. Other income rose by 94.0% to $2,658 compared to $1,370 last year. Average funds employed in the third quarter of 2023 increased to $477.5 million compared to $444.6 million last year.

Total expenses increased by 117.8% or $17,193 to $31,789 in the third quarter of 2023 from $14,596 last year. Total expenses net of the additional provision for estimated credit losses related to the loan being investigated increased by 39.7% or $5,798 to $20,394. This is comprised of a non-recurring loss of $549 resulting from the significant modification of the terms of certain debentures and interest expense, which increased 43.7% or $2,775 to $9,131 compared to $6,356 in the third quarter of 2022, primarily driven by higher interest rates and higher average bank indebtedness. G&A increased by 16.1% or $1,114 from the same quarter last year due to additional personnel hired in business development and portfolio servicing during the latter half of 2022 and early 2023. G&A expenses are comprised of personnel costs, which represent the majority of the Company's G&A costs, as well as information technology expenses, professional fees, and portfolio servicing costs, among others. The Company continues to manage its controllable expenses closely.

The provision for credit losses increased by $13,366 to $14,435 compared to $1,069 last year, primarily as a result of the $11,426 allowance attributed to the loan being investigated, as previously discussed.

Three months ended September 30	**2023**	2022
Net write-offs	**$ 1,313**	$ 1,218
Increase (decrease) in allowance for expected credit losses	**13,122**	(149)
Total provision for expected credit losses	**$ 14,435**	$ 1,069

Net write-offs increased by $95 to $1,313 in the third quarter of 2023 compared to $1,218 last year. The majority of the write-offs in the third quarter are related to the small business loan portfolio at AFCC and are in line with management expectations. The non-cash allowance for expected credit losses increased by $13,271 primarily due to the significant provision attributed to the loan discussed above and to a lesser extent due to a declining outlook on inflation, interest rates and supply chain disruptions compared to the same period in 2022. The Company's allowance for expected credit losses and its portfolio of Loans and managed receivables are discussed in detail below and in the Statements. While the Company manages its portfolio of Loans and managed receivables closely, as noted in the Risks and Uncertainties section below, financial results can be impacted by individually significant insolvencies or losses.

There were no impairment charges taken in the third quarter of 2023 (2022 – $nil) related to assets held for sale. Depreciation expense decreased by $63 to $138 (2022 - $201) in the third quarter of 2023. Depreciation of $100 (2022 – $138) was charged on the Company's right-of-use assets in the third quarter of 2023, while the balance of the expense related to capital assets. Business acquisition expenses in the third quarter of 2023 totalled $34 (2022 – $33).

Income tax expense decreased in the third quarter by $3,342 to a recovery of $3,342 compared to a recovery of $17 last year.

Canadian operations reported a shareholders' net loss of $9,384 in the third quarter of 2023 compared to net earnings of $208 in 2022, primarily resulting from the $11,426 provision related to the account under investigation. (see note 13 to the Statements). Revenue increased by 31.9% or $3,011 to $12,451. Expenses increased by 168.0% or $15,451 to $24,648. Net of the provision for credit losses related to the loan under investigation, expenses increased $4,056 to $13,253. The provision for credit losses increased by $12,174, while interest expense and G&A rose by $2,223 and $1,055, respectively. Income tax expense increased by $172 to an expense of $207.

U.S. operations reported a decline in shareholders' net earnings in the third quarter of 2023 compared to 2022 (see note 13 to the Statements). Shareholders' net earnings declined by $1,296 to $369 compared to $1,665 last year. Revenue declined by 0.8% or $58 to $7,135. Expenses increased by $1,715 or 30.7% to $7,295. Interest expense, G&A, the provision for expected credit losses and business acquisition expenses increased by $525, $60, $1,192 and $1, respectively. Depreciation expense decreased by $63. Income tax expense declined by $477 to a recovery of $529. Net loss attributable to non-controlling interests in subsidiaries declined to $211 compared to net earnings to non-controlling interests of $42 in the third quarter of 2022.

Nine months ended September 30, 2023 compared with nine months ended September 30, 2022

Shareholders' net loss for the first nine months of 2023 was $7,050 compared to net earnings of $5,090 in the first nine months of 2022. Shareholders' net earnings decreased compared to 2022 mainly as a result of the significant provision related to the aforementioned account under investigation. Other factors affecting shareholders' net earnings include significantly higher interest expense and higher G&A, which was only partially offset by higher interest revenue and a lower provision for expected credit losses. Basic and diluted LPS were 82 cents compared to EPS of 59 cents in the first nine months of 2022. ROE in the first nine months of 2023 was -9.3% (2022: 6.7%).

Revenue for the first nine months of 2023 rose by 13.6% or $6,687 to a record $55,807 compared to $49,120 last year. Interest income rose by 12.4% or $5,429 to $49,162 compared to $43,733 in the first nine months of 2022 on higher average loan yields and slightly higher average funds employed. Other income rose by 23.4% to $6,645 compared to $5,387 in the first nine months of 2022. Average funds employed in the first nine months of 2023 increased to $461.4 million compared to $452.0 million in 2022.

Total expenses for the first nine months of 2023 increased by 52.0% or $22,955 to $67,124 compared to $44,169 last year. The provision for expected credit losses increased by $11,000 primarily due to the account under investigation. Interest expense, G&A expenses and business acquisition expenses increased by $8,530, $3,580, and $5, respectively. Impairment of assets held for sale, and depreciation decreased by $38, and $122, respectively. A non-recurring loss of $549 resulting from the significant modification of the terms of certain debentures in August 2023 was recorded in the third quarter.

Interest expense rose by 50.8% to $25,319 compared to $16,789 in the first nine months of 2022 due to higher average interest rates and higher average bank indebtedness. G&A increased by 16.6% to $25,122 in the first nine months of 2023 compared to $21,542 last year. The increase in G&A compared to last year is primarily due to reasons stated above. The Company continues to manage its controllable expenses closely.

The provision for expected credit losses increased by $11,000 to an expense of $16,170 in the first nine months of 2023 compared to an expense of $5,170 last year, due primarily to an $11,395 provision related to a loan under investigation. The provision comprised:

Nine months ended September 30	**2023**	2022
Net write-offs	**$ 4,323**	$ 3,512
Increase in allowance for expected credit losses	**11,847**	1,658
Total provision for expected credit losses	**$ 16,170**	$ 5,170

Net write-offs increased by $811 to $4,323 in the first nine months of 2023 compared to $3,512 last year. The non-cash allowance for expected credit losses increased by $10,189 due to the reasons stated above.

Income tax expense declined by $3,480 to a recovery of $3,817 in the first nine months of 2023 compared to a recovery of $337 in 2022.

Canadian operations reported a shareholders' net loss of $10,220 in the first nine months of 2023 compared to net earnings of $192 in 2022. Revenue increased by 26.0% or $7,410 to $35,908. Expenses increased by $20,365 to $48,861. The provision for credit losses, interest expense, G&A and depreciation increased by $10,491, $6,931, $2,980, and $2, respectively. Impairment of assets held for sale declined by $38. Income tax decreased by $2,543 to a recovery of $2,733.

U.S. operations reported a decline in shareholders' net earnings in the first nine months of 2023 compared to 2022. Shareholders' net earnings declined by $1,726 to $3,172 compared to $4,898 last year. Revenue declined by $701 to $20,452. Expenses increased by $2,610 to $18,814. Interest expense, G&A, the provision for credit losses and business acquisition expenses increased by $1,619, $601, $509 and $5, respectively. Depreciation was lower by $124. Income tax declined by $937 to a recovery of $1,084. Net loss attributable to non-controlling interests in subsidiaries increased to $450 compared to $198 in the first nine months of 2022.

REVIEW OF FINANCIAL POSITION

Shareholders' equity at September 30, 2023 was $92.1 million, compared to $101.0 million at December 31, 2022. The significant decline in shareholders' equity is primarily attributed to the significant provision for estimated credit losses recorded against the account under investigation as previously discussed. Book value per common share was $10.76 at September 30, 2023 compared to $11.80 at December 31, 2022. Please also see the consolidated statements of changes in equity on page 36 of this Third Quarter Report.

Total assets were $524.1 million at September 30, 2023, 6.6% higher than the $491.8 million at December 31, 2022. Total assets largely comprised Loans. Excluding inter-company loans, identifiable assets located in the United States were 45.5% of total assets at September 30, 2023 (see note 13 to the Statements).

Gross finance receivables and loans, before the allowance for expected credit losses ("ECL") thereon, increased to $493.6 million at September 30, 2023 compared to $452.7 million at December 31, 2022. The growth is due to increased originations in most products, notwithstanding a slight decrease in inventory & equipment loans. As noted above the Company recently launched an investigation of a borrower and loan due to collateral reporting irregularities. While the events occurred after September 30, the impact on loan aging, Stage and allowance for credit losses are reflected in this Shareholders report as of September 30. As detailed in note 4 to the Statements, the Company's Loans comprised:

	September 30, 2023	December 31, 2022
Working capital loans	**$ 131,716**	$ 121,979
Receivable loans	**105,474**	86,788
Inventory & equipment loans	**87,334**	90,970
Media loans	**91,531**	87,770
Lease receivable	**77,577**	65,171
Finance receivables and loans, gross	**493,632**	452,678
Less allowance for expected credit losses	**20,083**	8,220
Finance receivables and loans, net	**$ 473,549**	$ 444,458

The Company's Loans principally represent advances made by its asset-based lending subsidiaries, AFIC and AFIU, to approximately 49 clients in a wide variety of industries, lease receivables, equipment and working capital loans made by AFCC and AEF to approximately 1,139 clients and media finance loans made by Bondit to approximately 60 media productions. The largest client in the diversified loan portfolio comprised 3.4% of gross Loans at September 30, 2023. Note 14 to the Statements provides details of the Company's credit exposure by industrial sector.

In its credit protection and receivables management business, the Company contracts with clients to assume the credit risk associated with respect to their receivables without financing them. Since the Company does not take title to these receivables, they do not appear on its consolidated statements of financial position. These managed receivables totalled $1.2 million at September 30, 2023 and $5.3 million at December 31, 2022. Most of the clients' customers for which the Company assumes the credit risk are from the wholesale and distribution industries in North America. The Company monitors the credit risk related to its managed receivables very closely.

The Company's total portfolio, which comprises both Loans and managed receivables, as detailed above, increased 8.0% to $494.8 million at September 30, 2023 compared to $458.0 million at December 31, 2022.

As described in note 14 to the Statements, the Company's business principally involves funding or assuming the credit risk on the receivables offered to it by its clients, as well as financing other assets such as inventory and equipment, and media productions. The Company, through its subsidiary AFCC, also provides working capital term loans.

Credit approval for transactions supported by management in the Company's six operating businesses is delegated to a staff of senior credit officers within each business. Transactions in excess of $1.0 million (US$1.0 million for U.S. Group companies), are approved by the Company's SVP, Underwriting and Portfolio Risk in consultation with the Corporate Credit Committee. Transactions in excess of $2.5 million (US$2.5 million in the case of U.S. group companies) are approved by the Credit Committee of the Board of Directors, which comprises three members of its Board. The Company monitors and controls its risks and exposures through financial, credit and legal systems and, accordingly, believes that it has procedures in place for evaluating and limiting the credit risks to which it is subject. Credit risk is subject to ongoing management review. Nevertheless, for a variety of reasons, there will inevitably be defaults by clients or their customers.

For its factoring products, the Company's primary focus continues to be on the creditworthiness and collectability of its client's receivables. The client's customers have varying payment terms depending on the industries in which they operate, although most customers have payment terms of 30 to 60 days from invoice date.

Receivables become "ineligible" for lending purposes when they reach a certain pre-determined age, typically 75 to 90 days from invoice date, and are usually charged back to clients, thereby limiting the Company's credit risk on older receivables. Asset-based lending products additionally require focus on the performance of other collateral types (inventory, equipment and in certain cases real estate) as well as the underlying cash flows of the borrower. AFCC's and AEF's lease receivables and equipment and working capital loans are usually structured as term loans with payments spread out evenly over the term of the lease or loan, with terms up to 60 months. AFCC also has a revolving equipment loan product which has no fixed repayment terms and can be repaid at any time.

The Company uses a credit risk rating system for assessing obligor and transaction risk for finance receivables and loan exposures. Risk rating models use internal and external data to assess and rate borrowers, predict future performance and manage limits for existing loans and collection activities. The credit rating of the borrower is used (in addition to other criteria) to assess the predicted credit risk for each initial credit approval or significant account management action. Credit ratings improve credit decision quality, adjudication time frames and consistency in the credit decision process and facilitate risk-based pricing. In the Company's credit protection business, it employs a customer credit scoring system to assess the credit risk associated with the managed receivables that it guarantees. Please see note 4 to the Statements which presents tables summarizing the Company's finance receivables and loans, and managed receivables, by the three stage credit criteria of IFRS 9, Financial Instruments ("IFRS 9"), as well as an aged analysis thereof. Credit risk is managed by ensuring that, as far as possible, the receivables financed are of good quality and any inventory, equipment or other assets securing loans are appropriately appraised. Collateral is monitored and managed on an on-going basis to mitigate credit risk. In its asset-based lending operations, the Company assesses the financial strength of its clients' customers and the industries in which they operate on a regular and ongoing basis. Cash flows from a client's ongoing business operations represent the primary source of repayment.

The Company also manages credit risk by limiting the maximum amount that it will lend to any one client, enforcing strict advance rates, disallowing certain types of receivables, applying concentration limits, charging back or making receivables ineligible for lending purposes as they become older, and taking cash collateral in certain cases. The Company will also confirm the validity of the receivables that it purchases or lends against. In its factoring operations, the Company administers and collects the majority of its clients' receivables allowing it to quickly identify problems as and when they arise and act promptly to minimize credit and loan losses. In the Company's Canadian small business finance operations, AFCC, security deposits are usually obtained in respect of equipment leases or loans, while a majority of ASBF's working capital loans have the benefit of a strong financial guarantor guaranteeing up to 80% of the loan balance in the event of a loss.

As detailed in note 4 to the Statements, the Company had past due finance receivables and loans of $63,140 at September 30, 2023, of which $27,692 relates to BondIt, AFIU's 60% controlled media finance subsidiary, $17,696 related to AFCC and $14,426 related to AFIC. As of September 30, 2023, 12.7% or $62,781 of total finance receivables and loans were considered to have had a significant increase in credit risk ("SICR").

The Company had impaired finance receivables and loans of $26,592 at September 30, 2023, (including $14,426 related to the loan under investigation) representing 5.4% of total funds employed. The impaired loans, most of which have been written down to net realizable value ("NRV") (being fair value less costs of realization), are mainly secured by receivables, inventory and equipment, the estimated NRV of which was $13,188 at September 30, 2023. As the vast majority of the Company's finance receivables and loans are secured, past due or impaired loans do not necessarily lead to a significant ECL. Often a low or no loss given default ("LGD") is attributed to an impaired loan, based on the NRV of the security. Details of net write-offs for the three and nine months ended September 30, 2023 and 2022 are provided above.

The Company maintains separate allowances for expected losses on both its Loans and its guarantee of managed receivables, at amounts which, in management's judgment, are sufficient to cover ECL thereon. The Company's allowance for expected credit losses on Loans, calculated under the ECL criteria of IFRS 9, totalled $20,080 at September 30, 2023 compared to $8,189 at December 31, 2022. This represents management's best estimate of its allowance for expected credit losses based on information available at those dates. The economic impacts of the post - Covid-19 era continue to affect the Company's loan portfolio to varying degrees and the measurement of the allowance could fluctuate substantially in future periods. The allowance for expected losses on the guarantee of managed receivables totalled $3 at September 30, 2023, compared to $31 at December 31, 2022.

The activity in the allowance for expected credit losses in the first nine months of 2023 and 2022 is set out in note 4 to the Statements. The estimates of the allowances for ECL involve judgment which management considers to be reasonable and supportable.

Assets held for sale totalled $572 at September 30, 2023 compared to $108 at December 31, 2022 and comprised certain assets securing defaulted finance receivables and loans from a number of clients and repossessed long-lived assets. See note 5 to the Statements.

Cash decreased to $5,533 at September 30, 2023 compared to $11,630 at December 31, 2022. The Company endeavors to minimize cash balances as far as possible when it has bank indebtedness outstanding. Fluctuations in cash balances are normal.

Restricted cash comprises cash held as security for non-recourse borrowings provided by a lender. Restricted cash totalling 5% of the outstanding loan balance from the lender is required to be held by it in a cash reserve account and is partially released as the loan balance is repaid. Further, cash receipts from the loan collateral securing the non-recourse borrowings are deposited into a cash collection account and can only be used to repay that debt. At September 30, 2023, restricted cash totalled $3,826 compared to $6,625 at December 31, 2022.

Intangible assets, net of accumulated amortization, totalled $3,102 at September 30, 2023 compared to $3,201 at December 31, 2022. Intangible assets totalling US$2,885 were acquired upon the acquisition of AEF on October 27, 2017 and comprised customer and referral relationships and brand name. These assets are carried in the Company's U.S. subsidiary and are translated into Canadian dollars at the prevailing period-end exchange rate; foreign exchange adjustments usually arise on retranslation. Customer and referral relationships are being amortized over a period of 15 years, while the acquired brand name is considered to have an indefinite life and is not amortized. Intangible assets comprising existing customer contracts and broker relationships were also acquired as part of the AFCC acquisition on January 31, 2014. These were amortized over a period of 5 to 7 years and were fully amortized in 2022.

Goodwill totalled $12,092 at September 30, 2023 compared to $12,075 at December 31, 2022. The increase from December 31, 2022 is due to foreign currency translation. Goodwill of US$2,409 and US$5,538 was recognized upon the acquisition of BondIt and AEF on July 1, 2017, and October 27, 2017, respectively and is carried in the Company's U.S. operations, together with US$962 from a much earlier acquisition. The Company performs an annual goodwill impairment test by estimating the fair value of each CGU based primarily on a multiple of recent actual and expected future earnings. The goodwill in the Company's U.S. operations is translated into Canadian dollars at the prevailing period-end exchange rate; foreign exchange adjustments usually arise on retranslation.

Other assets increased by $5,850 to $10,907 at September 30, 2023 compared to $5,057 at December 31, 2022. The largest component of other assets represents $5,366 (December 31, 2022 - $1,351) due from Export Development Canada ("EDC") related to claims made on defaulted loans which benefit from an EDC guaranty of up to 80%. Other assets also include prepaid expenses, of $5,148 at September 30, 2023 (December 31,2022 - $3,070).

Net deferred tax assets increased by $5,752 to $12,017 at September 30, 2023 compared to $6,265 at December 31, 2022.

Income taxes receivable and property and equipment at September 30, 2023 and December 31, 2022 were not significant.

Total liabilities increased by $41.6 million to $426.8 million at September 30, 2023 compared to $385.2 million at December 31, 2022. The increase since December 31, 2022 mainly resulted from an increased in bank indebtedness.

Amounts due to clients decreased by $1,792 to $35 at September 30, 2023 compared to $1,827 at December 30, 2022. Amounts due to clients principally consist of collections of receivables not yet remitted to clients. Contractually, the Company remits collections within a week of receipt. Fluctuations in amounts due to clients are not unusual.

Bank indebtedness increased by $62,317 to $276,372 at September 30, 2023 compared to $214,055 at December 31, 2022. The Company's revolving credit facility was amended in July 2023 reducing the maximum commitment from $436.5 million to $375.0 million in an effort to reduce the amount of unused line fees being incurred by the Company. Pricing for drawn amounts under the revolving credit facility are primarily based on bankers' acceptances plus a margin for Canadian dollar borrowings or the secured overnight financing rate ("SOFR") plus a margin for U.S. dollar borrowings. The margin is based on a measure of leverage at each quarter end.

The Company was not in compliance with one covenant at December 31, 2022, for which it received a waiver from its banking syndicate, and was in compliance with all covenants at September 30, 2023. Please refer to the Subsequent Event footnote in the accompanying financial statements for details regarding the impact of the loan under investigation on the Company's credit facility. Subject to other debt borrowings, bank indebtedness principally fluctuates with the amount of funds employed.

Loans payable decreased to $92,275 at September 30, 2023 compared to $109,039 at December 31, 2022. The decrease is primarily attributable to a $16,864 decrease in the balance of a non-recourse loan provided by a life insurance company secured by the majority of ASBF's assets. At September 30, 2023, the outstanding balance of the non-recourse loan was $27,504 compared to $44,368 at December 31, 2022. ASBF experienced a trigger event on December 31, 2022 related to the covenant breach under the Company's primary bank facility noted above, which was subsequently waived, and was in compliance with all loan covenants at September 30, 2023. See note 7 to the Statements.

Accounts payable and other liabilities decreased by $2,685 to $8,541 at September 30, 2023 compared to $11,226 at December 31, 2022.

Notes payable increased by $243 to $18,848 at September 30, 2023 compared to $18,605 at December 31, 2022. See note 8 to the Statements.

Convertible debentures with a face value of $25,650 (25,650 convertible debentures of $1,000 each) were issued by the Company in 2018 and 2019. Of these, 20,650 debentures are listed for trading ("Listed Debentures") on the Toronto Stock Exchange ("TSX"), while 5,000 ("Unlisted Debentures") are unlisted. All debentures are unsecured and pay interest semi-annually on June 30 and December 31 each year. On August 10th debenture holders approved amendments to extend the maturity date of the Listed Debentures to January 31, 2026, increase the interest rate to 10.0%, remove the conversion feature and remove the right of the Company to repay the debentures in common shares. All debenture holders who voted in favor of the amendments received a consent fee equal to $20 for every $1,000 voted. The total amount of consent fees paid was $330. The Unlisted Debentures carry a coupon rate of 7.0%, mature on December 31, 2023 and are convertible at the option of the holder into common shares at a conversion price of $13.50 per common share. Please see note 9 to the Statements, which provides details of the financial impact of the amendment and how the debt and equity components of the convertible debentures were allocated. At September 30, 2023, the debt component totalled $26,017 compared to $24,864 at December 31, 2022, while the equity component totalled $1,005 at September 30, 2023 and December 31, 2022, net of deferred tax.

Income taxes payable, lease liabilities, deferred income and net deferred tax liabilities at September 30, 2023 and December 31, 2022 were not material.

Capital stock totalled $9,448 at September 30, 2023 and December 31, 2022. There were 8,558,913 common shares outstanding at those dates.

Contributed surplus totalled $1,752 at September 30, 2023 compared to $1,705 at December 31, 2022.

Retained earnings decreased by $8,976 to $73,183 at September 30, 2023 compared to $82,159 at December 31, 2022. The decrease in 2023 comprised shareholders' net loss of $7,050 less dividends paid of $1,926 (22.5 cents per common share).

The Company's accumulated other comprehensive income ("AOCI") account solely comprises the cumulative unrealized foreign exchange gain arising on the translation of the assets and liabilities of the Company's foreign operations. The AOCI balance increased to $7,712 at September 30, 2023 compared to $7,659 at December 31, 2022.

Non-controlling interests in subsidiaries totalled $5,197 at September 30, 2023 compared with $5,640 at December 31, 2022.

Please see note 10 to the Statements and the consolidated statement of changes in equity on page 36 of this report, which details changes in capital stock, contributed surplus, retained earnings, AOCI and non-controlling interests during the first nine months of 2023 and 2022.

LIQUIDITY AND CAPITAL RESOURCES

The Company considers its capital resources to include equity and debt, namely, its bank indebtedness, debentures, loans and notes payable. The Company's objectives when managing its capital are to: (i) maintain financial flexibility in order to meet financial obligations and continue as a going concern; (ii) maintain a capital structure that allows the Company to finance its growth using internally generated cash flow and debt capacity; and (iii) optimize the use of its capital to provide an appropriate investment return to its shareholders commensurate with risk.

The Company manages its capital resources and makes adjustments to them in light of changes in economic conditions and the risk characteristics of its underlying assets. To maintain or adjust its capital resources, the Company may, from time to time, change the amount of dividends paid to shareholders, return capital to shareholders by way of normal course issuer bid, issue new shares, or reduce liquid assets to repay debt. Among other things, the Company monitors the ratio of its debt to total equity and its total equity and tangible equity to total assets. These ratios are set out in the table below. The ratios indicate the Company's continued financial strength.

	September 30, 2023	December 31, 2022
Tangible equity / assets	**15.7%**	18.6%
Total equity / assets	**18.6%**	21.7%
Debt* / total equity	**4.25x**	3.44x

** bank indebtedness, loans payable, notes payable and convertible debentures*

The Company's financing and capital requirements generally increase with the level of Loans outstanding. The collection period and resulting turnover of outstanding receivables and loans also impact financing needs. In addition to cash flow generated from operations, the Company maintains credit facilities in Canada and the United States. The Company can also raise funds through its notes payable program or other forms of debt, or equity.

The Company had credit facilities totalling approximately $470.0 million at September 30, 2023 and had borrowed $368.7 million against these facilities. Funds generated through operating activities and the issuance of term debt, notes payable, or other forms of debt or equity decrease the usage of, and dependence on, these lines. Note 14 details the Company's financial assets and liabilities at September 30, 2023 by their maturity date.

After September 30th, in connection with the aforementioned loan under investigation, the balance of the related loan reduced the Company's permitted borrowings under its credit facility. This caused a technical default under the Company's credit facility which was waived by all lenders in the Company's banking syndicate through January 15, 2024.

As noted in the Review of Financial Position section above, cash balances are maintained at a minimum and surplus cash is used to repay bank indebtedness.

Management believes that current cash balances and existing credit lines, together with cash flow from operations, will be sufficient to meet the cash requirements of working capital, capital expenditures, operating expenditures, and interest payments. The Company suspended dividend payments in the fourth quarter as a prudent measure to conserve cash as it explores options to increase liquidity and capital for future growth over the next twelve months.

Cash flow for the nine months ended September 30, 2023 compared with the nine months ended September 30, 2022

Cash inflow from net earnings before changes in operating assets and liabilities and income tax payments decreased to $6,156 in the first nine months of 2023 compared to $7,928 last year. After changes in operating assets and liabilities and income tax payments or refunds are taken into account, there was a net cash outflow from operating activities of $51,359 in the first nine months of 2023 compared to an inflow of $18,845 last year. The net cash outflow in the first nine months of 2023 largely resulted from the funding of new Loans of $45,629. In the first nine months of 2022, the net cash inflow largely resulted from repayment of Loans of $39,279. Changes in other operating assets and liabilities are discussed above and are set out in the Company's consolidated statements of cash flows.

Cash outflows from investing activities totalled $225 (2022 – $131) in the first nine months of 2023 and comprised property and equipment additions.

Net cash inflow from financing activities totalled $42,843 in the first nine months of 2023 compared to an outflow of $27,435 last year. The net cash inflow this year primarily resulted from an increase in bank indebtedness of $61,717, partially offset by repayment of loans payable of $16,813. In the first nine months of 2022, the net cash outflow primarily resulted from repayment of loans payable of $37,256, partially offset by a decrease in bank indebtedness of $7,858.

The effect of exchange rate changes on cash comprised a decrease of $155 in the first nine months of 2023 compared to an increase of $1,239 in the first nine months of 2022.

Overall, there was a net cash outflow of $8,896 in the first nine months of 2023 compared to a net cash outflow of $7,482 in the first nine months of 2022.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS AT SEPTEMBER 30, 2023

	Payments due in				
	Less than 1 year	1 to 3 years	3 to 5 years	Thereafter	**Total**
Debt obligations	$ 95,833	$ 317,714	$ -	$ -	**$ 413,547**
Operating lease obligations	453	922	432	-	**1,807**
Purchase obligations	24	70	-	-	**94**
	$ 96,310	$ 318,706	$ 432	$ -	**$ 415,448**

$13.7 million of debt obligations due in less than one year and $13.8 million of debt obligations due in 1 to 3 years are non-recourse debt obligations secured by specific receivables which are the primary source of repayment of those amounts.

RELATED PARTY TRANSACTIONS

The Company has borrowed funds (notes payable) on an unsecured basis from shareholders, management, employees, other related individuals and third parties. Notes payable totalled $18,848 at September 30, 2023 compared to $18,605 at December 31, 2022. Notes payable comprise: (i) unsecured demand notes due on, or within a week of, demand of $4,577 (December 31, 2022 – $4,717); and (ii) term notes totalling $14,271 (December 31, 2022 – $13,888), which are repayable on various dates the latest of which is July 31, 2025. Notes due on, or within a week of demand, bear interest at rates that vary with the bank prime rate, while the term notes bear interest at rates between 7.25% and 11%.

Of the notes payable, $16,365 (December 31, 2022 – $16,411) was owing to related parties and $2,483 (December 31, 2022 – $2,194) to third parties. Interest expense on these notes in the current quarter and first nine months of 2023 totalled $394 (2022 – $342) and $1,127 (2022 –$949), respectively. Please refer to note 8 to the Statements.

The following related parties had notes payable with the Company at September 30, 2023:

Demand notes payable	**Relationship**			
Hitzig Bros., Hargreaves & Co. Inc.*	Directors		$	4,000,000
Hitzig Bros., Hargreaves & Co. LLC.*	Directors	US	$	1,000,000
Ken Hitzig	Director		$	500,000
Term notes payable				
Hitzig Bros., Hargreaves & Co. Inc.*	Directors		$	4,000,000
Oakwest Corporation Inc.	Director		$	3,000,000
Ken Hitzig	Director		$	2,500,000
Keewatin House Inc.			$	1,000,000

** a director of the Company has an ownership interest in the company*

Accord pays a rate of interest related to Canadian prime (at September 30, 2023 the rate was 7.20%) on its Canadian dollar unsecured demand notes payable. This interest rate is typically below the interest rate the Company pays on its primary revolving credit facility, agented by The Bank of Nova Scotia ("BNS"), resulting in interest savings to the Company.

Upon renewal of the BNS facility in July 2022, the Company renewed certain unsecured three year term notes payable which had matured on July 31, 2022 for a further three-year term, expiring on July 31, 2025. These term notes, which pay a 7.25% rate of interest, are solely with related parties. The renewed revolving credit facility allows these notes to be treated as "quasi equity" in the Company's tangible net worth ("TNW") calculation for the purposes of leveraging its bank line (up to 4.0 x TNW). This created additional borrowing capacity for the Company.

FINANCIAL INSTRUMENTS

Financial assets and liabilities are recorded at amortized cost, with the exception of derivative financial instruments, and the guarantee of managed receivables which are all recorded at fair value. Financial assets and liabilities, other than the lease receivables and loans to clients in our equipment and small business finance operations, term loan payable and lease liabilities, are short term in nature and, therefore, their carrying values approximate fair values.

At September 30, 2023 and December 31, 2022, there were no outstanding foreign exchange contracts entered into by the Company.

CRITICAL ACCOUNTINGS POLICIES AND ESTIMATES

Critical accounting estimates represent those estimates that are highly uncertain and for which changes in those estimates could materially impact the Company's financial results. The following are accounting estimates that the Company considers critical to the financial results of its business segments:

(i) The allowance for expected credit losses on both its Loans and its guarantee of managed receivables. The Company maintains a separate allowance for expected losses on each of the above items at amounts which, in management's judgment, are sufficient to cover losses thereon. The allowances are based upon several considerations including the current economic environment, condition of the loan and receivable portfolios, typical industry loss experience, macroeconomic factors and forward- looking information ("FLI"). The key inputs in the measurement of ECL allowances for each loan are as follows: (i) the probability of default ("PD") which is an estimate of the likelihood of default over a given time horizon; (ii) the LGD which is an estimate of the loss arising in the case where a default occurs at a given time; and (iii) the exposure at default ("EAD") which is an estimate of the exposure at a future default date. These key inputs associated with each loan are sensitized to future market and macroeconomic conditions through the incorporation of FLI. These estimates are particularly judgmental and operating results may be adversely affected by significant unanticipated credit or loan losses, such as occur in a bankruptcy or insolvency, or may result from severe adverse economic conditions as we have seen and are continuing to see as a result of the Covid-19 pandemic.

The Company's allowance for expected losses on its Loans and its guarantee of managed receivables are provided for under the three stage criteria set out in IFRS 9, where a Stage 1 allowance is established to reserve against accounts which have not experienced a SICR and which cannot be specifically identified as impaired on an item-by-item or group basis at a particular point in time. Stage 1 ECL results from default events on the financial instrument that are possible within the twelve-month period after the reporting date. Stage 1 accounts are considered to be in good standing. The Company's Stage 2 allowances are based on a review of the loan or managed receivable and comprises an allowance for those financial instruments which have experienced a SICR since initial recognition. Lifetime ECL are recognized for all Stage 2 financial instruments. Stage 3 financial instruments are those that the Company has classified as impaired. The Company classifies a financial instrument as impaired when the future cash flows of the financial instrument could be adversely impacted by events after its initial recognition. Evidence of impairment includes indications that the borrower is experiencing significant financial difficulties, or a default or delinquency has occurred. Lifetime ECL are recognized for all Stage 3 financial instruments. In Stage 3, financial instruments are written-off, either partially or in full, against the related allowance for expected losses when the Company judges that there is no realistic prospect of future recovery in respect of those amounts after the collateral has been realized or transferred at net recoverable value. Any subsequent recoveries of amounts previously written-off are credited to the respective allowance for expected losses. Management believes that its allowances for expected losses, which require a high degree of reasonable and supportable credit judgment, are sufficient and appropriate and does not consider it reasonably likely that the Company's material assumptions will change. The Company's allowances are discussed in notes 4 and 14 to the Statements.

(ii) Goodwill is tested for impairment annually or more frequently if impairment indicators arise. To determine if goodwill is impaired, the Company estimates the fair value (being the recoverable amount) of each of its CGUs and compares this to the carrying value of the CGU. In the Company's case the estimated fair value of each CGU is determined to be a multiple of the expected earnings of the CGU, where expected earnings are an estimate of future years' earnings. This provides a similar result to extrapolating and discounting budgeted earnings for the CGUs. The estimated fair value of each CGU is then compared to the carrying value of the CGU, including goodwill, to determine if the goodwill is impaired. The most sensitive assumptions used in the impairment testing is the multiple applied to the expected earnings of each CGU in determining the fair value thereof, as well as the expected earnings estimates themselves.

CONTROL ENVIRONMENT

Disclosure controls and procedures ("DC&P") are designed to provide reasonable assurance that all relevant information is gathered and reported to management, including the CEO and CFO, on a timely basis so that appropriate decisions can be made regarding public disclosure. Internal Controls over Financial Reporting ("ICFR") are designed by or under the supervision of the CEO and CFO, management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The CEO, CFO and other members of management have assessed the design effectiveness of the Company's DC&P and ICFR at September 30, 2023, and have concluded that the design of the Company's DC&P and ICFR were effective as of that date. During the nine months ended September 30, 2023, there have been no significant changes to the Company's ICFR that would have or would be reasonably likely to materially affect the Company's ICFR. Internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation 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 or procedures may deteriorate and, as such, there can be no assurance that any design will succeed in achieving its stated goal under all potential conditions.

RISKS AND UNCERTAINTIES THAT COULD AFFECT FUTURE RESULTS

Past performance is not a guarantee of future performance, which is subject to substantial risks and uncertainties. Management remains optimistic about the Company's long-term prospects. Factors that may impact the Company's results include, but are not limited to, the factors discussed below. Please refer to note 14 to the Statements, which discuss the Company's principal financial risk management practices.

Deterioration in economic or business uncertainty

The Company's operating results may be negatively impacted by various economic factors and business conditions, including the level of economic activity in Canada and the United States, in the markets in which it operates. To the extent that economic activity or business conditions deteriorate, delinquencies and credit losses may increase. Negative conditions and/or significant events can include the effects of public health emergencies including pandemics, geo-political or military conflicts, sanctions and other trade disruptions, and unexpected changes in inflation and borrowing costs. As the Company extends credit primarily to small- and medium-sized businesses, many of its customers are particularly susceptible to economic slowdowns or recessions and may be unable to make scheduled lease or loan payments during these periods. Unfavorable economic conditions may make it more difficult for the Company to maintain new origination volumes and the credit quality of new loans at levels previously attained.

Unfavorable economic conditions could also increase funding costs or operating cost structures, limit access to credit facilities and other capital markets funding sources or result in a decision by the Company's lenders not to extend further credit. Any of these events could have a material adverse impact on the Company's business, financial conditions and results of operations.

Competition from alternative sources of financing

The Company operates in an intensely competitive environment and its results could be significantly affected by the activities of other industry participants. The Company expects this level of competition to persist in the future as the markets for its services continue to develop and as additional companies enter its markets. There can be no assurance that the Company will be able to compete effectively with current or future competitors. If the Company's competitors engage in aggressive pricing policies with respect to services that compete with those of the Company's, the Company would likely lose some clients or be forced to lower its rates, both of which could have a material adverse effect on the Company's business, financial condition and results of operations. In addition, some of the Company's competitors may have higher risk tolerances or different risk assessments, which could allow them to establish more origination sources and customer relationships to increase their market share. Further, because there are fewer barriers to entry to the markets in which the Company operates, new competitors could enter these markets at any time. Because of all these competitive factors, the Company may be unable to sustain its operations at its current levels or generate growth in revenues or operating income, either of which could have a material adverse impact on the Company's business, financial condition and results of operations.

Credit risk, inability to underwrite finance receivables and loan applications

The Company is in the business of financing its clients' receivables and making asset-based loans, including inventory and equipment financings, designed to serve small- and medium-sized businesses, which are often owner-operated and have limited access to traditional financing. There is a high degree of risk associated with providing financing to such parties as a result of their lower creditworthiness. Even with an appropriately diversified lending business, operating results can be adversely affected by large bankruptcies and/or insolvencies. Losses from client loans in excess of the Company's expectations could have a material adverse impact on the Company's business, financial condition and results of operations. In addition, since defaulted loans as well as certain delinquent loans cannot be used as collateral under the Company's credit facilities, higher than anticipated defaults and delinquencies could adversely affect the Company's liquidity by reducing the amount of funding available to the Company under these financing arrangements. Furthermore, increased rates of delinquencies or loss levels could cause the Company to be in breach of its financial covenants under its credit facilities, and could also result in adverse changes to the terms of future financing arrangements available to the Company, including increased interest rates payable to lenders and the imposition of more burdensome covenants and increased credit enhancement requirements.

Interest rate risk

The Company has fixed rate borrowings, as well as floating rate borrowings. The Company's agreements with its clients (affecting interest revenue) and lenders (affecting interest expense) usually provide for rate adjustments in the event of interest rate changes. However, as the Company's floating rate borrowings currently exceed its floating rate assets, the Company is exposed to some degree to interest rate fluctuations. Fluctuations in interest rates may have a material adverse impact on the Company's business, financial condition and results of operations.

Foreign currency risk

The Company has international operations, primarily in the United States. Accordingly, a significant portion of its financial resources are held in currencies other than the Canadian dollar. In recent years, the Company has seen the fluctuations in the U.S. dollar against the Canadian dollar affect its operating results when its foreign subsidiaries results are translated into Canadian dollars. It has also affected the value of the Company's net Canadian dollar investment in its foreign subsidiaries, which had, in the past, reduced the AOCI component of equity to a loss position, although it is now in a large gain position. No assurances can be made that changes in foreign currency rates will not have a significant adverse effect on the Company's business, financial condition or results of operations.

External financing

The Company depends and will continue to depend on the availability of credit from external financing sources, to continue to, among other things, finance new and refinance existing loans and satisfy the Company's other working capital needs. The Company believes that current cash balances and existing credit lines, together with cash flow from operations, will be sufficient to meet its cash requirements with respect to investments in working capital, operating expenditures, maturing debt and dividend payments, and also provide sufficient liquidity and capital resources for future growth over the next twelve months. However, there is no guarantee that the Company will continue to have financing available to it or if the Company were to require additional financing that it would be able to obtain it on acceptable terms or at all.

If any or all of the Company's funding sources become unavailable on terms acceptable to the Company or at all, or if any of the Company's credit facilities are not renewed or re-negotiated upon expiration of their terms, the Company may not have access to the financing necessary to conduct its businesses, which would limit the Company's ability to finance its operations and could have a material adverse impact on its business, financial condition and results of operations. Please also see comments regarding business conditions on page 23.

Dependence on key personnel

Employees are a significant asset of the Company, and the Company depends to a large extent upon the abilities and continued efforts of its key operating personnel and senior management team. If any of these persons becomes unavailable to continue in such capacity, or if the Company is unable to attract and retain other qualified employees, it could have a material adverse impact on the Company's businesses, financial condition and results of operations. Market forces and competitive pressures may also adversely affect the ability of the Company to recruit and retain key qualified personnel.

Income Tax Matters

The income of the Company must be computed in accordance with Canadian, U.S. and foreign tax laws, as applicable, and the Company is subject to Canadian, U.S. and foreign tax laws, all of which may be changed in a manner that could adversely affect the Company's business, financial condition or results of operation.

Prior and future acquisitions and investments

In prior years, the Company has acquired or invested in businesses and may seek to acquire or invest in additional businesses in the future that expand or complement its current business. Prior acquisitions by the Company have increased the size of the Company's operations and the amount of indebtedness that will have to be serviced by the Company and any future acquisitions by the Company, if they occur, may result in further increases in the Company's operations or indebtedness. The successful integration and management of any recently acquired businesses or businesses acquired in the future involves numerous risks that could adversely affect the Company's business, financial condition, or results of operations, including: (i) the risk that management may not be able to successfully manage the acquired businesses and that the integration of such businesses may place significant demands on management, diverting their attention from the Company's existing operations; (ii) the risk that the Company's existing operational, financial, management, due diligence or underwriting systems and procedures may be incompatible with the markets in which the acquired business operates or inadequate to effectively integrate and manage the acquired business; (iii) the risk that acquisitions may require substantial financial resources that otherwise could be used to develop other aspects of the Company's business; (iv) the risk that as a result of acquiring a business, the Company may become subject to additional liabilities or contingencies (known and unknown); (v) the risk that the personnel of any acquired business may not work effectively with the Company's existing personnel; (vi) the risk that the Company fails to effectively deal with competitive pressures or barriers to entry applicable to the acquired business or the markets in which it operates or introduce new products into such markets; and (vii) the risk that the acquisition may not be accretive to the Company. The Company may fail to successfully integrate such acquired businesses or realize the anticipated benefits of such acquisitions, and such failure could have a material adverse impact on the Company's business, financial condition and results of operations.

Fraud by lessees, borrowers, vendors or brokers

The Company may be a victim of fraud by lessees, borrowers, vendors or brokers. In cases of fraud, it is difficult and often unlikely that the Company will be able to collect amounts owing under a lease/loan or repossess any related collateral. Increased rates of fraud could have a material adverse impact on the Company's business, financial condition and results of operations.

Technology and cyber security

The Company remains focused on the confidentiality, integrity and availability of the information and cyber security controls that protect its network, data and infrastructure. The cyber security risk landscape includes numerous cyber threats such as hacking threats, identity theft, denial of service, and advanced persistent threats. These and other cyber threats continue to become more sophisticated, complex, and potentially damaging. Third party service providers that the Company uses may also be subject to these risks which can increase our risk of potential attack. The Company establishes the requirements and sets out the overall framework for managing cyber and information security related risks. These include developing and implementing the appropriate activities to detect, respond to and contain the impact of cyber security threats, along with implementing the appropriate safeguards to ensure the delivery of critical infrastructure services.

The Company is continuously improving the strength of its practices and capabilities. It works closely with our critical cyber security and software suppliers to ensure that its technology capabilities remain cyber resilient and effective in the event of any unforeseen cyber attack. The Company has not experienced any material cyber security breaches and has not incurred any material expenses with respect to the remediation of such cyber events. Security risks continue to be actively monitored and reviewed, leveraging the expertise of the Company's service providers and vendors, reviewing industry best practices and regularly re-assessing controls in place to acknowledge, address and mitigate the risks identified. The Company maintains a cyber security insurance policy to provide coverage in the event of cyber security incidents.

Data management and privacy risk

Data management and its governance are becoming increasingly important as the Company continues to invest in digital solutions and innovation and the ongoing expansion of business activities. Furthermore, there are regulatory compliance risks associated with data management and privacy. The Company establishes the requirements and sets out the overall framework for data management and managing privacy related risks.

Risk of future legal proceedings

The Company is threatened from time to time with, or is named as a defendant in, or may become subject to, various legal proceedings, fines or penalties in the ordinary course of conducting its businesses. A significant judgment or the imposition of a significant fine or penalty on the Company could have a material adverse impact on the Company's business, financial condition and results of operation. Significant obligations may also be imposed on the Company by reason of a settlement or judgment involving the Company, as well as risks pertinent to financing facilities, including acceleration and/or loss of funding availability. Publicity regarding involvement in matters of this type, especially if there is an adverse settlement or finding in the litigation, could result in adverse consequences to the Company's reputation that could, among other things, impair its ability to retain existing or attract further business. The continuing expansion of class action litigation in U.S. and Canadian court actions has the effect of increasing the scale of potential judgments. Defending such a class action or other major litigation could be costly, divert management's attention and resources and have a material adverse impact on the Company's business, financial condition and results of operations.

RECENT DEVELOPMENTS

The Company recently announced that holders of $20.7 million of 7.0% convertible debentures, due on December 31, 2023, passed an extraordinary resolution approving certain amendments at a meeting held on August 10, 2023. The amendments provide for i) an extension of the maturity date to January 31, 2026, ii) an increased interest rate of 10.0%, iii) removal of the conversion feature, and iv) removal of the Company's right to repay the debentures with common shares. The amendments, except for the interest rate change, were effective as of August 15, 2023, by way of a supplemental trust indenture. The amended interest rate will be effective January 2, 2024 in keeping with the trading mechanics of the TSX.

As described earlier in this report, in November the Company uncovered significant irregularities in the collateral reporting provided by a borrower associated with their $14.4 million revolving loan. The Company immediately commenced a comprehensive investigation and implemented strict on-premises oversight of the borrower's operations, including financial controls. While the irregularities were discovered after September 30, this shareholders' report includes an estimated provision for credit loss for this account of $11.4 million as of September 30. This provision is also reflected in the allowance for losses on the balance sheet. The investigation is ongoing and adjustments will be made to the allowance as further information becomes available and to reflect repayment from realized collateral and other potential sources of funds.

OUTLOOK

The Company's focus over the coming weeks will be maximizing the recovery related to the account being investigated and managing its credit facilities and liquidity to facilitate prudent growth. The Company expects to provide greater clarity on the path to a return to profitability as information and the collateral supporting account repayment becomes more certain.

The economic environment is beginning to provide the ingredients for increasing growth and earnings for Accord Financial. While 2022 presented significant headwinds for growth in several of our operating companies, continuing stress in the business sector is likely to drive more companies to non-bank lenders, providing Accord opportunities to refill the new business pipeline. This is consistent with previous business cycles when commercial banks tighten lending standards in response to economic uncertainty.

Inflation and rising interest rates have created headwinds for small- and medium-sized businesses and Accord's operating companies are facing related challenges, including a generally conservative approach by many of our clients (and prospective clients) to incurring incremental debt to buy equipment, expand operations, or make acquisitions. In keeping with this backdrop Accord continues to maintain a conservative approach to adding new business. The Company's Finance Receivables and Loans grew by 9.0% in the first nine months of 2023 as the Company added new volume.

The current economic environment, particularly the work of central banks on lowering inflation through fiscal policy and successive increases in benchmark interest rates, has continued to put pressure on net interest margin (interest income less interest expense), which in turn affects profitability. While the Company focuses on disciplined risk-adjusted pricing for new business, it is not always possible to pass through the full extent of higher interest rates to our clients. The Company also has $324.5 million of fixed-rate assets, many of which were originated in a lower-rate environment. A portion of the fixed-rate assets are match funded through securitization or other fixed rate debt. The Company expects short-term interest rates to remain elevated in the near term and continues to evaluate appropriate strategies to minimize the impact on profitability. Approximately $151.6 million of fixed-rate loans will mature in the next 12 months providing an opportunity to redeploy those funds in higher yielding assets or to pay down bank debt, providing a clear path to a return to profitability over the same time period.

AFCC, the Company's Canadian small business finance division, resumed growth in originations and continues to roll out new AccordExpress products in partnership with EDC. BondIt Media Capital faced a more competitive landscape in 2022 as it adjusted pricing in the face of higher interest rates, which continues to put pressure on growth and profit margins in 2023.

The economic conditions for the Company's two ABL/factoring units, AFIC and AFIU, are becoming more conducive to growth. Notably, rapid inflation, supply chain problems, and rising interest rates tend to make banks more conservative in their lending, which provides opportunities for Accord as our lending expertise, and reliance on strong collateral, allows us to finance companies that may no longer meet the banks' criteria. As the new business pipelines build in these two divisions, we anticipate growth in funds employed, with revenue and earnings to follow.

AEF, the Company's U.S. equipment finance division, is also seeing a return to growth. For the middle market companies AEF typically finances, ramping up investment in equipment relies to some extent on a more certain economic forecast. Despite this continuing headwind, new leadership and business development tactics are driving renewed growth, a trend we expect will continue into 2024.

Accord has ceased originating new business at AFL as it focuses its resources on direct lending in its other businesses. AFL's contribution has not been financially significant to the Accord group overall in recent years.

While this quarter's allowance for expected loan losses fully reflects our expert credit judgement and third-party economic forecasts, it is possible that the economy underperforms expectations. Furthermore, the specific allowances related to Stage 2 and Stage 3 accounts, including the loan under investigation, could prove to be inaccurate. And finally, in the current environment, the Company is favoring financially stronger clients, which has the effect of lowering average yields.

Overall, the Company is seeing a slow return to growth in funds employed in 2023 and expects this trend to continue. While there are economic challenges to navigate, revenue and earnings growth is expected to follow as the portfolio grows. In an effort to further control expenses, the Company amended its primary bank facility in July to reduce the maximum commitment amount to $375.0 million, which is expected to provide adequate borrowing capacity for the Company in 2023 and beyond. The Company will carefully manage its credit facility as it operates under a temporary waiver of a technical default associated with the immediate reduction in permitted borrowings associated with the account under investigation. The Company also maintains non-bank loan facilities for BondIt (US$51.0 million) and ASBF ($27.5 million) as noted above. However, the reduction in shareholders' equity as we work through a resolution of the account under investigation, may hamper the Company's current pace of portfolio growth.

The Company is pleased to have the continued support of debenture holders who recently approved certain amendments to convertible debentures issued in 2018. The amendments provide for a 25-month extension of the maturity dote, to January 31, 2026, an interest rate of 10%, removal of the conversion feature and removal of the Company's right to repay the debentures with common shares. Securing the extension of $20.7 million of capital at a time when market conditions have been volatile represents a vote of confidence in Accord's future. The Company continues to evaluate a range of options to increase available capital from both private and public capital providers, as the Company plans for future growth. This is consistent with other similar companies, whereby funds are raised publicly, privately, through forward-flow and/or asset management structures, or a combination of these and other strategies.

While recent events may constrain Accord's short-term growth potential, the Company has successfully navigated through multiple economic cycles for more than four decades, giving us valuable perspective as the current situation and environment unfolds. The Company also knows from experience that economic uncertainty creates growth opportunities, as capital providers become more selective, some competitors weaken, and the major banks become even more risk averse.

Irene Eddy
Senior Vice President, Chief Financial Officer
November 14, 2023

Appendix to MD&A: Non-IFRS Measures and Ratios
($000s, except percentages)

	Three months ended Sep, 30	
	2023	**2022**
Adjusted net earnings (loss)		
Net earnings (loss) attributible to shareholders	**$ (8,806)**	$ 1,831
Adjustments, net of tax:		
Stock-based compensation expense	**46**	73
Restructuring expenses	**464**	-
Business acquisition expenses	**25**	22
Adjusted net earnings (loss) attributible to shareholders	**$ (8,271)**	$ 1,926

	Three months ended Sep, 30	
	2023	**2022**
Adjusted earnings (loss) per share		
Adjusted net earnings (loss)	**$ (8,271)**	$ 1,926
Weighted average number of common shares outstanding in the period	**8,559**	8,559
Adjusted earnings (loss) per share	**$ (0.97)**	$ 0.23

	Three months ended Sep, 30	
	2023	**2022**
Average funds employed (note)		
Average fund employed	**$477,524**	$ 444,603

Note: average funds employed is average finance receivable and loans calculated for each month of the year or quarter and divided by the number of months in the period.

	Nine months ended Sep, 30	
	2023	**2022**
Return on equity		
Net earnings (loss) attributible to common shareholders	**$ (7,050)**	$ 5,090
Weighted average shareholders' equity (note)	**100,937**	101,193
Return on equity (annualized)	**-9.3%**	6.7%

Note: weighted average shareholders' equity is the average shareholder's equity calculated for each month of the fiscal year and divided by the number of months in the period.

	Nine months ended Sep, 30	
	2023	**2022**
Adjusted net earnings (loss)		
Net earnings (loss) attributible to shareholders	**$ (7,050)**	$ 5,090
Adjustments, net of tax:		
Stock-based compensation expense	**79**	126
Restructuring expenses	**616**	64
Business acquisition expenses	**76**	10
Adjusted net earnings (loss) attributible to shareholders	**$ (6,279)**	$ 5,290

	Nine months ended Sep 30	
	2023	**2022**
Adjusted earnings (loss) per share		
Adjusted net earnings	**$ (6,279)**	$ 5,290
Weighted average number of common shares outstanding in the period	**8,559**	8,559
Adjusted earnings (loss) per share	**$ (0.73)**	$ 0.62

	Nine months ended Sep 30	
	2023	**2022**
Adjusted return on equity		
Adjusted net earnings (loss)	**$ (6,279)**	$ 5,290
Weighted average shareholders' equity (note)	**100,937**	101,193
Adjusted return on equity (annualized)	**-8.3%**	7.0%

Note: weighted average shareholders' equity is the average shareholder's equity calculated for each month of the fiscal year, then totalled up and divided by the number of months in the period.

	Nine months ended Sep 30	
	2023	**2022**
Average funds employed (note)		
Average funds employed	**$461,383**	$ 452,003

Note: average funds employed is average finance receivable and loans calculated for each month of the year or quarter and divided by the number of months in the period.

	Sep 30, 2023	Dec 31, 2022
Book value per share		
Shareholders' equity	**$ 92,095**	$ 100,971
Common shares outstanding	**8,559**	8,559
Book value per share	**$ 10.76**	$ 11.80

	Sep 30, 2023	Dec 31, 2022
Tangible equity (note)		
Equity	**$ 97,292**	$ 106,611
Less: Intangible assets	**3,102**	3,201
Less: goodwill	**12,092**	12,075
Tangible equity	**$ 82,098**	$ 91,335

Note: As of March 31, 2023, the Company no longer deducts deferred taxes from tangible equity, as they are not considered intangible assets or liabilities. Prior periods in the table above have been adjusted for comparability.

	Sep 30, 2023	Dec 31, 2022
Tangible equity / assets		
Assets	**$524,108**	$ 491,762
Tangible equity	**82,098**	91,335
Tangible equity / assets	**15.7%**	18.6%

	Sep 30, 2023	Dec 31, 2022
Equity / assets		
Equity	**$ 97,292**	$ 106,611
Assets	**524,108**	491,762
Equity / assets	**18.6%**	21.7%

	Sep 30, 2023	Dec 31, 2022
Debt / equity		
Debt (note)	**$413,512**	$ 366,563
Equity	**97,292**	106,611
Debt / equity	**4.25x**	3.44x

Note: debt comprises the total of bank indebtedness, loans payable, convertible debentures and notes payable as taken from the Company's Financial Position.

	Sep 30, 2023	Dec 31, 2022
Portfolio		
Finance receivables and loans	**$493,632**	$ 452,678
Managed receivables (note)	**1,179**	5,309
Portfolio	**$494,811**	$ 457,987

Note: managed receivables represent those off-balance sheet receivables on which the Company has assumed the credit risk and/or collection responsibilities.

ACCORD FINANCIAL CORP.

Consolidated Statements of Financial Position (unaudited)

(Expressed in thousands of Canadian dollars, except where otherwise indicated)

	Note	September 30, 2023	December 31, 2022
Assets			
Cash		$ 5,533	$ 11,630
Restricted cash		3,826	6,625
Finance receivables and loans, net	4	473,549	444,458
Income taxes receivable		218	597
Other assets		10,907	5,057
Assets held for sale	5	572	108
Deferred tax assets, net		12,017	6,265
Property and equipment		2,292	1,746
Intangible assets		3,102	3,201
Goodwill		12,092	12,075
		$ 524,108	$ 491,762
Liabilities			
Due to clients		$ 35	$ 1,827
Bank indebtedness	6	276,372	214,055
Loans payable	7	92,275	109,039
Accounts payable and other liabilities		8,541	11,226
Income taxes payable		780	2,616
Notes payable	8	18,848	18,605
Convertible debentures	9	26,017	24,864
Lease liabilities		1,982	1,496
Deferred income		1,966	1,282
Deferred tax liabilities, net		-	141
		$ 426,816	$ 385,151
Equity			
Capital stock	10	9,448	9,448
Contributed surplus		1,752	1,705
Retained earnings		73,183	82,159
Accumulated other comprehensive income		7,712	7,659
Shareholders' equity		92,095	100,971
Non-controlling interests in subsidiaries		5,197	5,640
Total equity		97,292	106,611
		$ 524,108	$ 491,762

Notice to Reader - Management has prepared these condensed interim unaudited consolidated financial statements and notes and is responsible for the integrity and fairness of the financial information presented therein. They have been reviewed and approved by the Company's Audit Committee and Board of Directors. Pursuant to National Instrument 51-102, Part 4, Subsection 4.3(3)(a), the Company advises that its independent auditor has not performed a review or audit of these condensed interim unaudited consolidated financial statements.

ACCORD FINANCIAL CORP.

Consolidated Statements of Earnings (unaudited)

(Expressed in thousands of Canadian dollars, except where otherwise indicated)

		Three months		Nine months	
Three and nine months ended September 30	**Note**	**2023**	2022	**2023**	2022
Revenue					
Interest		**$16,772**	$15,082	**$49,162**	$43,733
Other income		**2,658**	1,370	**6,645**	5,387
		19,430	16,452	**55,807**	49,120
Operating expenses					
Interest expense		**9,131**	6,356	**25,319**	16,789
General and administrative		**8,051**	6,937	**25,122**	21,542
Provision for credit losses	**4**	**14,435**	1,069	**16,170**	5,170
Impairment of assets held for sale		**-**	-	**-**	38
Depreciation		**138**	201	**410**	532
Business Acquisition expenses:					
Amortization of intangible assets		**34**	33	**103**	98
		31,789	14,596	**67,124**	44,169
Earnings (loss) before income tax		**(12,359)**	1,856	**(11,317)**	4,951
Income tax recovery		**(3,342)**	(17)	**(3,817)**	(337)
Net earnings (loss)		**(9,017)**	1,873	**(7,500)**	5,288
Net earnings (loss) attributable to non-controlling interests in subsidiaries		**(211)**	42	**(450)**	198
Net earnings (loss) attributable to shareholders		**$ (8,806)**	$ 1,831	**$ (7,050)**	$ 5,090
Basic and diluted earnings (loss) per common share	**11**	**$ (1.03)**	$ 0.21	**$ (0.82)**	$ 0.59

see accompanying notes

Consolidated Statements of Comprehensive Income (unaudited)

	Three months		Nine months	
Three and nine months ended September 30	**2023**	2022	**2023**	2022
Net earnings (loss)	**$ (8,806)**	$ 1,831	**$ (7,050)**	$ 5,090
Other comprehensive income:				
Items that are or may be reclassified to profit or loss:				
Exchange differences on translation of foreign operations	**579**	1,518	**53**	1,967
Comprehensive income	**$ (8,227)**	$ 3,349	**$ (6,997)**	$ 7,057

see accompanying notes

ACCORD FINANCIAL CORP.

Consolidated Statements of Changes in Equity (unaudited)

(Expressed in thousands of Canadian dollars, except where otherwise indicated)

	Capital stock						
	Number of common shares outstanding	Amount	Contributed surplus	Retained earnings	Accumulated other comrehensive income	Non-controlling interests in subsidaries	Total equity
Balance at January 1, 2022	8,558,913	$ 9,448	$ 1,088	$ 83,300	$ 6,131	$ 3,992	$ 103,959
Comprehensive income	-	-	-	5,090	1,967	-	7,057
Dividends paid	-	-	-	(1,926)	-	-	(1,926)
Distribution to non-controlling interests	-	-	-	-	-	(149)	(149)
Stock-based compensation expense related to stock option grants	-	-	110	-	-	-	110
Purchase of additional 8% of Accord CapX LLC from non-controlling interests	-	-	-	(1,612)	-	1,075	(537)
Increase of 1% in non-controlling interest on additional capital raised in BondIt	-	-	2,040	-	-	130	2,170
Net earnings attributable to non-controlling interests in subsidaries	-	-	-	-	-	198	198
Translation adjustments on non-controlling interests						488	488
Balance at September 30, 2022	8,558,913	$ 9,448	$ 3,238	$ 84,852	$ 8,098	$ 5,734	$ 111,370
Balance at January 1, 2023	**8,558,913**	**$ 9,448**	**$ 1,705**	**$ 82,159**	**$ 7,659**	**$ 5,640**	**$ 106,611**
Comprehensive income	**-**	**-**	**-**	**(7,050)**	**53**	**-**	**(6,997)**
Dividends paid	**-**	**-**	**-**	**(1,926)**	**-**	**-**	**(1,926)**
Stock-based compensation expense related to stock option grants	**-**	**-**	**47**	**-**	**-**	**-**	**47**
Net loss attributable to non-controlling interests in subsidaries	**-**	**-**	**-**	**-**	**-**	**(450)**	**(450)**
Translation adjustments on non-controlling interests	**-**	**-**	**-**	**-**	**-**	**7**	**7**
Balance at September 30, 2023	**8,558,913**	**$ 9,448**	**$ 1,752**	**$ 73,183**	**$ 7,712**	**$ 5,197**	**$ 97,292**

ACCORD FINANCIAL CORP.

Consolidated Statements of Cash Flows (unaudited)

(Expressed in thousands of Canadian dollars, except where otherwise indicated)

Nine months ended September 30	Note	2023	2022
Cash provided by (used in):			
Operating activities			
Net earnings		**$ (7,500)**	$ 5,288
Items not affecting cash:			
Provision for credit losses	**4**	**16,170**	1,658
Deferred income		**-**	20
Amortization of intangible assets		**103**	98
Depreciation of property and equipment		**410**	532
Loss on disposal of property and equipment		**26**	-
Impairment of assets held for sale		**-**	38
Accretion of debentures	**9**	**522**	529
Loss from modification of debentures	**9**	**99**	-
Gain on sale of assets held for sale		**-**	(8)
Stock-based compensation expense	**10**	**143**	110
Deferred tax recovery		**(5,371)**	(2,686)
Current income tax expense		**1,554**	2,349
		6,156	7,928
Change in operating assets and liabilities			
Finance receivables and loans, gross	**4**	**(45,629)**	39,279
Due to clients		**(1,792)**	(2,972)
Other assets		**(5,247)**	(6,478)
Accounts payable and other liabilities		**(1,700)**	(15,665)
Disposal of assets held for sale		**220**	131
Income tax paid, net		**(3,367)**	(3,378)
		(51,359)	18,845
Investing activities			
Additions to property and equipment		**(225)**	(131)
Financing activities			
Bank indebtedness	**6**	**61,717**	7,858
Loan payable	**7**	**(16,813)**	(37,256)
Notes payable issued, net	**8**	**194**	2,816
Dividends paid	**10**	**(1,926)**	(1,926)
Distribution of non-controlling interest		**-**	(149)
Increase of 1% non-controlling interest on additional capital raised by BondIt		**-**	2,170
Purchase of 8% of Accord CapX LLC from non-controlling interests		**-**	(537)
Lease liabilities principal paid		**(329)**	(411)
		42,843	(27,435)
Effect of exchange rate changes on cash		**(155)**	1,239
Decrease in cash and restricted cash		**(8,896)**	(7,482)
Cash and restricted cash at January 1		**18,255**	24,148
Cash and restricted cash at September 30		**$ 9,359**	$ 16,666
Supplemental cash flow information			
Net cash used in operating activities includes:			
Interest paid		**$ 23,474**	$ 15,281

See accompanying notes

1. Description of the business

Accord Financial Corp. (the "Company") is incorporated by way of Articles of Continuance under the Ontario Business Corporations Act and, through its subsidiaries, is engaged in providing asset-based financing, including factoring and receivables financing, equipment and inventory financing, leasing, working capital financing, credit investigation, credit protection and receivables management, to industrial and commercial enterprises, principally in Canada and the United States. The Company's registered office is at 40 Eglinton Avenue East, Suite 602, Toronto, Ontario, Canada.

2. Basis of presentation and statement of compliance

These condensed interim unaudited consolidated financial statements ("Statements") are expressed in thousands of Canadian dollars, except per share amounts and as otherwise noted, the Company's functional and presentation currency, and are prepared in compliance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). Accordingly, the condensed consolidated interim financial statements contain selected explanatory notes to the financial statements and do not include all the disclosures required by International Financial Reporting Standards ("IFRS"). These Statements and notes should be read in conjunction with the audited consolidated financial statements and notes included in the Company's Annual Report for the fiscal year ended December 31, 2022. Certain comparative amounts have been restated to conform with the presentation adopted in the current period.

The preparation of the condensed interim unaudited consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses. Actual results may differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Changes to accounting estimates are recognized in the year in which the estimates are revised and in any future periods affected. Estimates that are particularly judgmental relate to the determination of the allowance for expected losses relating to finance receivables and loans and to the guarantee of managed receivables (note 4), the carrying value of assets held for sale (note 5), the determination of the valuation of goodwill and intangible assets on acquisition, as well as in the impairment testing thereof, and the net realizable value ("NRV") of deferred tax assets and liabilities.

In March 2020, the World Health Organization declared a global pandemic related to the novel coronavirus known as Covid-19. The rapid evolution of this pandemic combined with the restrictions on the movement of people and goods led to a significant contraction in economic activity. While Covid-19 is no longer considered a pandemic, several follow-on effects are now impacting the economy, including supply chain disruptions, high inflation, and rapidly increasing interest rates.

As a result, significant economic uncertainty still persists, the expected impact of which requires increased judgment for many of the Company's estimates and assumptions and carry a higher degree of measurement uncertainty, variability and volatility. As events continue to evolve and additional information becomes available, the Company's estimates may change materially in the future. Examples of significant estimates include the allowance for expected losses, the determination of triggering events for the impairment of non-financial assets, such as goodwill and intangible assets, and fair value measurements, including those related to financial instruments. Management believes that its estimates are reasonable, supportable and appropriate.

The condensed interim unaudited consolidated financial statements of the Company have been prepared on an historical cost basis except for the following items which are recorded at fair value:

- Stock option grants (a component of contributed surplus); and
- Guarantee of managed receivables (a component of finance receivables and loans, net)

These condensed interim unaudited consolidated financial statements for the three and nine months ended September 30, 2023 were approved for issuance by the Company's Board of Directors ("Board") on November 14, 2023.

3. Significant accounting policies

Basis of consolidation

These condensed interim financial statements consolidate the accounts of the Company and its wholly owned subsidiaries; namely, Accord Financial Ltd. ("AFL"), Accord Financial Inc. ("AFIC") and Accord Financial Canada Corp. ("AFCC") in Canada and Accord Financial, Inc. ("AFIU") in the United States. The Company exercises 100% control over each of its subsidiaries. The accounting policies of the Company's subsidiaries are aligned with IFRS. Intercompany balances and transactions are eliminated upon consolidation.

(Expressed in thousands of Canadian dollars, except where otherwise indicated)

4. Finance receivables and loans and managed receivables

a) Finance receivables and loans

	September 30, 2023	December 31, 2022
Working capital loans	**$ 131,716**	$ 121,979
Receivable loans	**105,474**	86,788
Inventory & equipment loans	**87,334**	90,970
Media loans	**91,531**	87,770
Lease receivable	**77,577**	65,171
Finance Receivable and loans	**493,632**	452,678
Less allowance for expected credit losses	**20,080**	8,189
Finance Receivable and loans, net	**$ 473,552**	$ 444,489

The Company's finance receivables and loans are generally either: (i) collateralized by a charge on substantially all of the borrowers' assets, or (ii) leased assets or factored receivables which the Company owns; or (iii) guaranteed by a credit-worthy party. Collateral securing the Company's finance receivables and loans primarily comprises receivables, inventory, and equipment, as well as other assets such as real estate and guarantees.

Lease receivables comprise the net investment in leases by AFCC and AEF. Lease receivables at September 30, 2023 are expected to be collected over a period of up to five years.

Finance receivables and loans based on the contractual repayment dates thereof can be summarized as follows:

	September 30, 2023	December 31, 2022
Less than 1 year	**$ 263,427**	$ 217,844
1 to 2 years	**118,830**	117,623
2 to 3 years	**61,054**	65,879
3 to 4 years	**34,629**	33,279
4 to 5 years	**15,692**	18,053
	$ 493,632	$ 452,678

The aged analysis of the Company's finance receivables and loans was as follows:

	September 30, 2023	December 31, 2022
Current	**$ 430,492**	$ 403,807
Past due but not impaired:		
Past due less than 90 days	**14,674**	23,302
Past due 90 to 180 days	**21,874**	1,755
Past due 180 days or more	**-**	4,845
Impaired loans	**26,592**	18,969
	$ 493,632	$ 452,678

Past due finance receivables and loans, including those past due over 90 days, do not necessarily represent a significant increase in credit risk ("SICR"), or an impairment, due to circumstances where payments are delayed for non-credit related reasons. These may include specific industry related behaviours or practices as we often see across certain of the Company's lines of business. Of the past due and impaired finance receivables at September 30, 2023, $27,692 relates to BondIt Media Capital ("BondIt"), AFIU's 60% controlled media finance subsidiary, and $17,696 relates to AFCC, all of which benefits from a guarantee from Export Development Canada ("EDC") of up to 80% of the loan balance. $14,426 relates to AFIC.

As the Company's finance receivables and loans are generally secured by collateral, past due or impaired accounts do not necessarily lead to a significant expected credit loss ("ECL") allowance or write-off, as the NRV of the collateral is evaluated and may result in a low or no loss given default ("LGD").

At September 30, 2023, the estimated NRV of the collateral securing the impaired loans totalled $13,188 (December 31, 2022 – $17,817). During the nine months ended 2023, loans totalling $684 (December 31, 2022 – $1,430) were transferred to assets held for sale upon default of the leases and repossession of the collateral.

The Company uses a credit risk rating system for assessing obligor and transaction risk for finance receivables and loan exposures. Risk rating models use internal and external data to assess and assign credit ratings to borrowers, predict future performance and manage limits for existing loans and collection activities. The credit rating of the borrower is used to assess the predicted credit risk for each initial credit approval or significant account management action. Credit ratings improve credit decision quality, adjudication time frames and consistency in the credit decision process and facilitates risk-based pricing.

The Company assigns credit ratings to its finance receivables and loans. The credit ratings, along with other factors, are used in the determination of Staging based on a SICR analysis.

The Staging segmentation influences estimated allowances as described below:

- Stage 1 – for leases and loans that have not experienced a SICR since initial recognition, a loss allowance is recognized equal to the net credit losses expected to result from defaults occurring in the next 12 months;
- Stage 2 – for those leases or loans that have experienced a SICR since initial recognition, a loss allowance is recognized equal to the expected lifetime net credit losses over the remaining life of the lease or loan; and
- Stage 3 – for leases or loans that are considered credit-impaired, a loss allowance is recognized equal to full lifetime expected net credit losses.

(Expressed in thousands of Canadian dollars, except where otherwise indicated)

Finance receivables and loans classified under the three stage credit criteria of IFRS 9, Financial Instruments ("IFRS 9") were as follows:

	September 30, 2023	December 31, 2022
Stage 1	**$ 404,259**	$ 370,463
Stage 2 (SICR)	**62,781**	63,246
Stage 3 (Impaired)	**26,592**	18,969
	$ 493,632	$ 452,678

The activity in the allowance for expected credit losses on finance receivables and loans during the three months ended September 30, 2023 by stage of allowance was as follows:

Three months ended at September 30 2023	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Allowance for Expected losses at Jul 1	**$ 2,678**	**$ 2,962**	**$ 1,246**	**$ 6,886**
Transfer between stages	**(12)**	**(105)**	**117**	**-**
Provision related to change in allowance for expected losses	**212**	**417**	**13,813**	**14,442**
Write offs	**-**	**(119)**	**(1,259)**	**(1,378)**
Recoveries	**-**	**31**	**35**	**66**
Foreign exchange adjustment	**26**	**14**	**24**	**64**
Allowance for Expected losses at Sep 30	**$ 2,904**	**$ 3,200**	**$ 13,976**	**$ 20,080**

The activity in the allowance for expected losses on finance receivables and loans during the three months ended September 30, 2022 by stage of allowance was as follows:

Three months ended at September 30 2022	Stage 1	Stage 2	Stage 3	Total
Allowance for Expected losses at Jul 1	$ 2,300	$ 4,105	$ 705	$ 7,110
Transfer between stages	100	(32)	(68)	-
Provision (recovery) related to change in allowance for expected losses	(224)	(85)	1,409	1,100
Write offs	-	-	(1,389)	(1,389)
Recoveries	-	-	162	162
Foreign exchange adjustment	78	138	(18)	198
Allowance for Expected losses at Sep 30	$ 2,254	$ 4,126	$ 801	$ 7,181

(Expressed in thousands of Canadian dollars, except where otherwise indicated)

The activity in the allowance for expected losses on finance receivables and loans during the first nine months of 2023 by stage of allowance was as follows:

Nine months ended at September 30 2023	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Allowance for Expected losses at Jan 1	**$ 2,903**	**$ 2,803**	**$ 2,483**	**$ 8,189**
Transfer between stages	**(740)**	**609**	**131**	**-**
Provision related to change in allowance for expected losses	**778**	**205**	**15,221**	**16,204**
Write offs	**(37)**	**(471)**	**(4,042)**	**(4,550)**
Recoveries	**-**	**50**	**171**	**221**
Foreign exchange adjustment	**-**	**4**	**12**	**16**
Allowance for Expected losses at Sep 30	**$ 2,904**	**$ 3,200**	**$ 13,976**	**$ 20,080**

The activity in the allowance for expected losses on finance receivables and loans during the first nine months of 2022 by stage of allowance was as follows:

Nine months ended at September 30 2022	Stage 1	Stage 2	Stage 3	Total
Allowance for Expected losses at Jan 1	3,319	1,872	59	5,250
Transfer between stages	(201)	189	12	-
Provision (recovery) related to change in allowance for expected losses	(802)	2,392	3,618	5,208
Write offs	(178)	(490)	(3,213)	(3,881)
Recoveries	11	-	319	330
Foreign exchange adjustment	105	163	6	274
Allowance for Expected losses at Sep 30	2,254	4,126	801	7,181

The allowance for expected credit losses for some Stage 3 accounts can be minimal, as the impaired finance receivables and loans are in respect of accounts where the Company intends to or has actively taken possession of its collateral and is currently or will be liquidating the same as a means of recovering some or all of the outstanding account balance. In such cases, the finance receivables and loans have been written down to the present value of their estimated net recoverable amounts and any allowance for expected losses thereon reversed.

The Company's allowance for expected losses on finance receivables and loans is estimated using statistical models that involve a number of inputs and assumptions. The key drivers of changes in the Company's allowance for expected losses include the following:

- Increase or decrease in the amount of finance receivables and loans;
- Transfers between stages due to SICR's, as reflected by changes in probably of default ("PD") and LGD; and;
- Changes in forward-looking macroeconomic variables used in the expected credit losses models.

The Company incorporates the impact of FLI into its allowance for expected losses. The Company sources data from Moody's Analytics, a third-party service provider for the purpose of computing forward-looking credit risk parameters under multiple macroeconomic scenarios that consider both market-wide and idiosyncratic factors and influences.

The Company employs macroeconomic indicator data derived from multiple macroeconomic scenarios in order to mitigate volatility in the estimation of its allowance for expected losses, and to satisfy the IFRS 9 requirement that future economic conditions are to be based on an unbiased, probability-weighted assessment of possible future outcomes. The macroeconomic indicator data utilized by the Company for the purpose of sensitizing PD and LGD to forward-looking economic conditions includes, but are not limited to: monetary policy, fiscal policy, energy prices, public health emergencies, including an epidemic or pandemic, business investment, housing, employment, and supply chain amongst others.

Currently, the Company assigns discrete weights to several macroeconomic forecast scenarios for use in the estimation of its allowance for expected credit losses. The Company also applies experienced credit judgment in circumstances where the assumptions or models may not capture all the relevant risk factors. The Company has applied experienced credit judgement to consider uncertainty in the U.S. and Canadian macroeconomic environment attributable to rising interest rates, supply chain disruption, energy prices and labor/supply costs. The Company tracks forward estimates of the following indices in order to sensitize allowances for expected losses: Producer Price Index ("PPI"); WTI Crude; Global Supply Chain Stress Index ("GSCP"); and U.S. and Canadian Prime rates, as these factors have a pronounced impact on the Company's portfolio.

The Company uses experienced credit judgment to review and analyze the various forecast scenarios and assign probability weightings. If management were to assign a 100% probability to the most pessimistic downside scenario forecast considered, the allowance for expected losses would have been $1.7 million higher than the reported estimate for the allowance for expected losses as at September 30, 2023. Alternatively, the assignment of a 100% probability to the most optimistic upside scenario forecast considered would have resulted in the allowance for expected losses being $2.8 million lower than that reported.

The nature of the Company's business involves funding or assuming the credit risk on the receivables of its clients, and the financing of other assets, such as inventory and equipment. The Company controls the credit risk associated with its finance receivables and loans, and managed receivables in a variety of ways, as discussed below. For details of the Company's policies and procedures in this regard, please refer to note 14.

At September 30, 2023, the Company held cash collateral of $2,922 (December 31, 2022 – $3,533) to help reduce the risk of loss on certain of the Company's finance receivables and loans.

(Expressed in thousands of Canadian dollars, except where otherwise indicated)

b) Managed receivables

The Company has entered into agreements with clients, whereby it has assumed the credit risk with respect to the clients' receivables. Fees from the Company's receivables management and credit protection business are included in other income.

The aged analysis of the Company's managed receivables was as follows:

	September 30, 2023	December 31, 2022
Current	**$ 1,179**	$ 5,309
Past due but not impaired:		
Past due less than 90 days	**-**	-
Past due >90 days	**-**	-
	$ 1,179	$ 5,309

Managed receivables classified under the three stage credit criteria of IFRS 9 were as follows:

	September 30, 2023	December 31, 2022
Stage 1	**$ 1,179**	$ 5,309
Stage 2 (SICR)	**-**	-
Stage 3 (Impaired)	**-**	-
	$ 1,179	$ 5,309

Management provides an allowance for expected losses on the guarantee of managed receivables, which represents the estimated fair value of the guarantees at that date. This allowance is included in the allowance for losses at September 30, 2023, whereas at September 30, 2022 this balance was included in accounts payable and other liabilities. The Company does not take title to the managed receivables and they are not included in the consolidated statements of financial position.

The activity in the allowance for expected losses on the guarantee of managed receivables during the three months ended 2023 by stage of allowance was as follows:

Three months ended at September 30 2023	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Allowance for Expected losses at Jul 1	**$ 10**	**$ -**	**$ -**	**$ 10**
Recovery related to change in allowance for expected losses	**(7)**	**-**	**-**	**(7)**
Allowance for Expected losses at Sep 30	**$ 3**	**$ -**	**$ -**	**$ 3**

(Expressed in thousands of Canadian dollars, except where otherwise indicated)

The activity in the allowance for expected losses on the guarantee of managed receivables during the three months ended 2022 by stage of allowance was as follows:

Three months ended at September 30 2022		Stage 1		Stage 2		Stage 3		Total
Allowance for Expected losses at Jul 1	$	31	$	-	$	-	$	31
Recovery related to change in allowance for expected losses		(31)		-		-		(31)
Recoveries		31		-		-		31
Allowance for Expected losses at Sep 30	$	31	$	-	$	-	$	31

The activity in the allowance for losses on the guarantee of managed receivables during the first nine months of 2023 by stage of allowance was as follows:

Nine months ended at September 30 2023		**Stage 1**		**Stage 2**		**Stage 3**		**Total**
Allowance for Expected losses at Jan 1	**$**	**31**	**$**	**-**	**$**	**-**	**$**	**31**
Recovery related to change in allowance for expected losses		**(34)**		**-**		**-**		**(34)**
Recoveries		**6**		**-**		**-**		**6**
Allowance for Expected losses at Sep 30	**$**	**3**	**$**	**-**	**$**	**-**	**$**	**3**

The activity in the allowance for losses on the guarantee of managed receivables during the first nine months of 2022 by stage of allowance was as follows:

Nine months ended at September 30 2022		Stage 1		Stage 2		Stage 3		Total
Allowance for Expected losses at Jan 1	$	31	$	-	$	-	$	31
Recovery related to change in allowance for expected losses		(38)		-		-		(38)
Recoveries		38		-		-		38
Allowance for Expected losses at Sep 30	$	31	$	-	$	-	$	31

(Expressed in thousands of Canadian dollars, except where otherwise indicated)

5. Assets held for sale

During the first nine months of 2023, the Company obtained title to or repossessed certain long-lived assets securing defaulted finance receivables and loans from one or more clients. These assets have been sold or are being actively marketed for sale and will be disposed of as market conditions permit. The estimated NRV of the assets held for sale at the above dates was based upon external appraisals.

6. Bank indebtedness

The Company has a revolving credit facility with a maximum commitment of $375.0 million and a contractual maturity date of July 26, 2025, provided by a syndicate of six banks. Floating rate indices for drawn amounts under the revolving credit facility are primarily based on bankers' acceptances, the secured overnight financing rate ("SOFR") or Prime rate. The credit facility is secured by the Company's finance receivables and loans, except for finance receivables and loans that secure the BondIt loan and the ASBF loan. The Company amended its revolving credit facility as of July 28, 2023 to reduce the maximum commitment to $375.0 million from $436.5 million, increase the accordion from $50.0 million to $75.0 million, to increase the flexibility of various terms relating to eligible loans and update certain covenants contained therein. There is no impact to the financial statements as a result of this amendment. The Company was not in compliance with one covenant at December 31, 2022, which was subsequently waived and was in compliance with all loan covenants under its revolving credit facility at September 30, 2023, however please refer to the Subsequent Event footnote for additional information.

7. Loans payable

Loans payable balance of the Company consists as follows:

	September 30, 2023	December 31, 2022
BondIt loan[a]	**$ 64,771**	$ 64,671
ASBF loan[b]	**27,504**	44,368
	$ 92,275	$ 109,039

a) BondIt loan

BondIt has a revolving line of credit with a non-bank lender, which bears interest varying with a base rate, generally the higher of the U.S Prime Rate or the effective Federal Funds Rate. This revolving line, which is secured by all of BondIt's assets, has a total commitment of US$51.0 million ($67.5 million) and a maturity date of August 8, 2024. At September 30, 2023, the amount outstanding under this line of credit totalled $64.8 million (December 31, 2022 – $64.7 million), inclusive of accrued interest and fees. BondIt was in compliance with all loan covenants under this facility during the first nine months of 2023 and 2022.

(Expressed in thousands of Canadian dollars, except where otherwise indicated)

b) ASBF loan

ASBF, a subsidiary of AFCC, has a non-recourse loan with a life insurance company. This loan is secured by the majority of ASBF's assets and bears a fixed rate of interest. The amount outstanding under this loan facility at September 30, 2023 was $27.5 million (December 31, 2022 – $44.4 million). ASBF experienced a trigger event at December 31, 2022 due to the covenant breach under the Company's primary credit facility, which was subsequently waived and was in compliance with all covenants at September 30, 2023.

8. Related parties

a) Notes payable

Notes payable comprise: (i) unsecured demand notes due on, or within a week of, demand and; (ii) term notes which are repayable on various dates the latest of which is July 31, 2025. Notes payable are to individuals or entities and consist of advances from shareholders, management, employees, other related individuals and third parties.

Notes payable were as follows:

		September 30, 2023		December 31, 2022
Demand and term notes due within one year:				
Related parties	**$**	**5,865**	$	5,911
Third parties		**2,483**		2,194
		8,348		8,105
Term notes due after one year:				
Related parties		**10,500**		10,500
	$	**18,848**	$	18,605

Notes due on, or within a week of, demand bear interest at rates that vary with bank prime rate, while the term notes bear interest at rates between 7.25% and 11%.

Interest expense on the notes payable for the three and nine months ended September 30 was as follows:

	Three months				Nine months			
		2023		2022		**2023**		2022
Related parties	**$**	**310**	$	253	**$**	**912**	$	494
Third parties		**84**		63		**215**		113
	$	**394**	$	316	**$**	**1,127**	$	607

b) BondIt participations

BondIt utilizes loan participations to provide capital for and reduce the risk of loss on certain client loans, as well as reduce its overall cost of capital. A number of related parties have participated in the BondIt client loans. At September 30, 2023, participations in BondIt client loans totalled US$23.6 million (December 31, 2022 – US$28.1 million), of which US$13.0 million (December 31, 2022 – US$11.8 million) was provided by related parties. These participations are not included in the Company's statements of financial position.

9. Convertible debentures

Convertible debentures with a face value of $25.7 million (25,650 convertible debentures) carrying a 7.0% coupon rate were issued by the Company in 2018 and 2019. Of these, 20,650 debentures are listed for trading ("Listed Debentures") on the Toronto Stock Exchange ("TSX"), while 5,000 ("Unlisted Debentures") are unlisted. Interest on all the convertible debentures is payable semi-annually on June 30 and December 31 each year.

Prior to the amendments to the Listed Debentures described below, the maturity date of all debentures was December 31, 2023 and they were convertible at the option of the holder into common shares of the Company at a conversion price of $13.50 per common share. The original maturity date and conversion feature now apply only to the Unlisted Debentures.

The Company used the residual method to calculate the allocation between the debt and equity components of the debentures. Gross proceeds were allocated to the debt component of the debentures by discounting the future principal and interest payments at the rate of interest prevailing on the issue date for similar non-convertible debentures. The equity component was initially determined to be the difference between the gross proceeds and the debt component. Transaction costs were then allocated to the debt and equity components on a pro-rata basis. The equity component is carried net of deferred taxes and is included in contributed surplus.

At a meeting held on August 10, 2023, the Company announced that holders of $20.7 million of 7.0% Listed Debentures, due on December 31, 2023, passed an extraordinary resolution approving certain amendments to the debentures. The amendments include i) an extension of the maturity date to January 31, 2026, ii) an increased interest rate of 10% effective January 2, 2024, iii) removal of the conversion feature and iv) removal of the Company's right to repay the debentures with common shares. The Company performed an assessment in accordance the requirements of IFRS 9 and determined that removing the conversion feature represents a substantial modification, triggering a derecognition of the original Listed Debentures and recognition of a new liability.

As a result of the amendment, the amortized cost of the original Listed Debentures of $20,550 was extinguished and the amended Listed Debentures with a nominal value of $20,650 were recognized on the balance sheet at the date of modification. A loss of $549, arising as a result of the substantial modification, is comprised of $450 of transaction costs, including $330 of consent fees paid to debenture holders that voted in favor of the amendment, and $99 as the difference between the carrying value of the extinguished original Listed Debentures and the fair value of the amended Listed Debentures.

(Expressed in thousands of Canadian dollars, except where otherwise indicated)

The allocation of gross proceeds from the original issuance of the convertible debentures and the impact on the related debt and equity components resulting from the modification of the debentures in August 2023 at September 30, 2023 is presented below:

	Liability component of Debentures	Equity component of Debentures	Total
Debentures Issued	$ 24,153	$ 1,474	$ 25,627
Transaction costs	(1,739)	(107)	(1,846)
Net proceeds	22,414	1,367	23,781
Deferred taxes	-	(362)	(362)
Extinguishment of listed debentures on Aug. 10, 2023	(17,975)	-	(17,975)
Recognition of new debentures	20,650	-	20,650
Balance (net of accretion balance)	25,088	1,005	26,093
Accretion in carrying value of debenture liability through Aug. 9, 2023	3,103	-	3,103
Extinguishment of listed debentures on Aug 10, 2023	(2,575)	-	(2,575)
Accretion in carrying value of debture liability from Aug 10 to Sep 30, 2023	401	-	401
Accretion in carrying value of debenture liability	929	-	929
	$ 26,017	$ 1,005	$ 27,022

The allocation of the gross proceeds from the convertible debentures issuance and the balances outstanding on the debt and equity components at December 31, 2022 were as follows:

	Liability component of Debentures	Equity component of Debentures	Total
Debentures Issued	$ 24,153	$ 1,474	$ 25,627
Transaction costs	(1,739)	(107)	(1,846)
Net proceeds	22,414	1,367	23,781
Deferred taxes	-	(362)	(362)
Accretion in carrying value of debenture liability	2,450	-	2,450
	$ 24,864	$ 1,005	$ 25,869

At September 30, 2023 all debentures remained outstanding.

10. Capital stock and stock-based compensation

a) Capital stock

The authorized capital stock of the Company consists of an unlimited number of first preferred shares, issuable in series, and an unlimited number of common shares with no par value. The first preferred shares may be issued in one or more series and rank in preference to the common shares. Designations, preferences, rights, conditions or prohibitions relating to each class of shares may be fixed by the Board. At September 30, 2023 and 2022, there were no first preferred shares outstanding.

(Expressed in thousands of Canadian dollars, except where otherwise indicated)

The Company's issued and outstanding common shares during the first nine months of 2023 and 2022 are set out in the consolidated statements of changes in equity.

Dividends in respect of the Company's common shares are declared in Canadian dollars. During the three and nine months ended September 30, 2023, dividends totalling $643 (2022 – $642) and $1,926 (2022 – $1,926) or $0.075 (2022 – $0.075) and $0.225 (2022 – $0.225), respectively, per common share were declared and paid.

b) Stock option plans

The Company has a stock option plan (the "2021 SOP") for employees and directors. Under the terms of the plan, an aggregate of 850,000 common shares, representing 9.9% of the Company's issued and outstanding common shares, have been reserved for issuance upon the exercise of stock options granted. The options granted vest one-third on the date of the grant, and one-third on each of the first two anniversaries after the date of grant. The options are exercisable for a period of seven years after the date of grant. The exercise price of all options granted under the 2021 SOP is not lower than the volume-adjusted average trading price of the Company's common shares on the TSX during the ten trading days immediately preceding the date of grant. The Board reserves the right to change the terms of the options.

As of September 30, 2023, outstanding options granted under the 2021 SOP were as follows:

Grant Date	Number of Options Granted	Exercise Price	Expiry Date	**September 30, 2023**	December 31, 2022
8/4/2021	80,100	$ 8.83	8/3/2028	**45,000**	54,000
10/12/2021	12,000	$ 8.83	8/3/2028	**12,000**	12,000
9/19/2022	72,000	$ 8.34	9/18/2029	**72,000**	72,000
9/25/2023	127,500	$ 5.69	9/24/2030	**127,500**	-
	291,600			**256,500**	138,000

On September 25, 2023, the Company granted 127,500 stock options at an exercise price of $5.69 to its President and senior employees.

Of the outstanding options, 147,500 were vested in the first nine months ended September 2023. The decrease in the outstanding options for the grant date of August 4, 2021, is due to the cancellation of options granted to certain employees that left the Company.

(Expressed in thousands of Canadian dollars, except where otherwise indicated)

The fair value of the options granted was determined using the Black-Scholes option pricing model with the following assumptions on the grant date:

	Sep 25, 2023	Sep 19, 2022	Oct 12, 2021	Aug 12, 2021
Risk Free Interest Rate	4.02%	3.17%	1.35%	0.92%
Expected Dividend Yield	5.29%	3.29%	2.48%	2.24%
Expected Share Price Volatility	27.48%	27.51%	29.53%	29.36%
Expected life of option (years)	7.0	7.0	6.8	7.0
Fair Value per option	$0.98	$1.87	$1.67	$1.97

c) Deferred share unit ("DSU") plan

During the three and nine months ended September 30, 2023, the Company granted 3,370 (2022 – 2,157) and 9,098 DSUs (2022 – 5,553), respectively. DSUs are issued quarterly at fair market value at the date of grant and vest immediately.

d) Stock-based compensation

During the three months ended September 30, 2023, the Company recorded a stock-based compensation expense of $73 (2022 – $88), of which $62 (2022 – $72) related to stock option grants under the 2021 SOP and $11 (2022 - $16) related to DSU grants. For the nine months ended September 30, 2023, the Company recorded a stock-based compensation expense of $143 (2022 – $157), of which $108 (2022 - $110) related to stock option grants under the 2021 SOP and $35 (2022 - $47) related to DSU grants. DSU grants of $61 previously expensed and classified as equity has been reclassified as a liability.

11. Earnings per common share

Basic earnings per share have been calculated based on the weighted average number of common shares outstanding in the period without the inclusion of dilutive effects. Diluted earnings per share are calculated based on the weighted average number of common shares plus dilutive common share equivalents outstanding in the year, which in the Company's case consist of stock options and convertible debentures.

Certain outstanding options were excluded from the calculation of diluted shares outstanding in the three and nine months ended September 30, 2023 because they were considered to be anti-dilutive for earnings per common share purposes, while for the twelve months ended December 31, 2022 all outstanding options were excluded for the same reason. Details of outstanding options are set out in note 10.

12. Contingent liabilities

At September 30, 2023 the Company was contingently liable with respect to letters of guarantee issued on behalf of a client in the amount of $760 (December 31, 2022 – $759). There were no letters of credit issued on behalf of clients for which the Company was contingently liable. These amounts were considered in determining the allowance for expected losses on finance receivables and loans.

13. Segmented information

The Company operates and manages its businesses in one dominant industry segment – providing asset-based financial services to industrial and commercial enterprises, principally in Canada and the United States. An operating segment is a component in the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses relating to transactions with any of the Company's other subsidiaries, whose operating results are regularly reviewed by the Company's Chief Operating Decision Makers ("CODM") to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. Segment results that are reported to the CODM include items that are directly attributable to a segment as well as those that can be allocated on a reasonable basis. There were no significant changes to property and equipment during the periods under review.

(Expressed in thousands of Canadian dollars, except where otherwise indicated)

Three months ended September 30	2023				2022			
	Canada	**United States**	**Inter-company**	**Total**	Canada	United States	Inter-company	Total
Identifiable assets	**$ 288,553**	**$238,285**	**$ (2,730)**	**$524,108**	$ 259,957	$244,977	$ (2,804)	$502,130
Revenue								
Interest income	**$ 11,668**	**$ 5,260**	**$ (156)**	**$ 16,772**	$ 9,216	$ 6,047	$ (181)	$ 15,082
Other income	**783**	**1,875**	**-**	**2,658**	224	1,146	-	1,370
	12,451	**7,135**	**(156)**	**19,430**	9,440	7,193	(181)	16,452
Expenses								
Interest	**6,506**	**2,779**	**(156)**	**9,131**	4,283	2,254	(181)	6,356
General and administrative	**4,972**	**3,079**	**-**	**8,051**	3,918	3,019		6,937
Provision (recovery of) for credit losses	**13,098**	**1,337**	**-**	**14,435**	924	145	-	1,069
Impairment of goodwill	**-**	**-**	**-**	**-**	-	-	-	-
Impairment of assets held for sale	**-**	**-**	**-**	**-**	-	-	-	-
Depreciation	**72**	**66**	**-**	**138**	72	129	-	201
Business acquisition expenses	**-**	**34**	**-**	**34**	-	33	-	33
	24,648	**7,295**	**(156)**	**31,789**	9,197	5,580	(181)	14,596
Earnings (loss) before income tax expense	**(12,197)**	**(160)**	**-**	**(12,359)**	243	1,613	-	1,856
Income tax expense (recovery)	**(2,813)**	**(529)**	**-**	**(3,342)**	35	(52)	-	(17)
Net earnings (loss)	**(9,384)**	**369**	**-**	**(9,017)**	208	1,665	-	1,873
Net earnings (loss) attributable to non-controlling interest in subsidiaries	**-**	**(211)**	**-**	**(211)**	-	42	-	42
Net earnings (loss) attributable to shareholders	**$ (9,384)**	**$ 580**	**$ -**	**$ (8,806)**	$ 208	$ 1,623	$ -	$ 1,831

Nine months ended September 30	2023				2022			
	Canada	**United States**	**Inter-company**	**Total**	Canada	United States	Inter-company	Total
Identifiable assets	**$ 288,553**	**$238,285**	**$ (2,730)**	**$524,108**	$ 259,957	$244,977	$ (2,804)	$502,130
Revenue								
Interest income	**$ 33,414**	**$ 16,301**	**$ (553)**	**$ 49,162**	$ 27,171	$ 17,093	$ (531)	$ 43,733
Other income	**2,494**	**4,151**	**-**	**6,645**	1,327	4,060	-	5,387
	35,908	**20,452**	**(553)**	**55,807**	28,498	21,153	(531)	49,120
Expenses								
Interest	**18,037**	**7,833**	**(553)**	**25,319**	11,106	6,214	(531)	16,789
General and administrative	**15,545**	**9,577**	**-**	**25,122**	12,566	8,976		21,542
Provision (recovery of) for credit losses	**15,066**	**1,104**	**-**	**16,170**	4,575	595	-	5,170
Impairment of goodwill	**-**	**-**	**-**	**-**	-	-	-	-
Impairment of assets held for sale	**-**	**-**	**-**	**-**	38	-	-	38
Depreciation	**213**	**197**	**-**	**410**	211	321	-	532
Business acquisition expenses	**-**	**103**	**-**	**103**	-	98	-	98
	48,861	**18,814**	**(553)**	**67,124**	28,496	16,204	(531)	44,169
Earnings (loss) before income tax expense	**(12,953)**	**1,638**	**-**	**(11,317)**	2	4,949	-	4,951
Income tax expense (recovery)	**(2,733)**	**(1,084)**	**-**	**(3,817)**	(190)	(147)	-	(337)
Net earnings (loss)	**(10,220)**	**2,722**	**-**	**(7,500)**	192	5,096	-	5,288
Net earnings (loss) attributable to non-controlling interest in subsidiaries	**-**	**(450)**	**-**	**(450)**	-	198	-	198
Net earnings (loss) attributable to shareholders	**$ (10,220)**	**$ 3,172**	**$ -**	**$ (7,050)**	$ 192	$ 4,898	$ -	$ 5,090

14. Financial risk management

The Company is exposed to credit, liquidity and market risks related to the use of financial instruments in its operations. The Board has overall responsibility for the establishment and oversight of the Company's risk management framework through its Audit Committee. In this respect, the Audit Committee meets with management and the Company's Risk Management Committee at least quarterly. The Company's risk management policies are established to identify, analyze, limit, control and monitor the risks faced by the Company. Risk management policies and systems are reviewed regularly to reflect changes in the risk environment faced by the Company.

a) Credit risk

Credit risk is the risk of financial loss to the Company if a client or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises with respect to loans to and other financial transactions with clients, the guarantee of managed receivables, and any other financial transaction with a counterparty that the Company deals with. The gross amount of loans ($493.6 million) and managed receivables ($1.2 million) represents the Company's maximum credit exposure as of the reporting dates and is the most significant measurable risk that it faces. The nature of the Company's asset-based lending business involves funding or assuming the credit risk on the receivables offered to it by its clients, as well as financing other assets, such as inventory and equipment. The Company often owns the factored receivables that it finances. The Company does not take title to the managed receivables as it does not lend against them, but it assumes the credit risk from the client in respect of these receivables.

In its asset-based lending business, the Company makes loans that are secured against various forms of collateral. The collateral is generally first ranking security on the client's assets which typically comprise receivables, inventory, equipment and real estate, or a guarantee from a counterparty. The Company provides an expected loss allowance on its finance receivables and loans based on the estimated credit risk. There were no significant changes in the quality of collateral or changes to the Company's collateral policy during the three and nine months ended September 30, 2023 and 2022.

At September 30, 2023, the Company had impaired loans of $26,592 (December 31, 2022 – $18,969), while, at that date, it held collateral for these loans with an estimated NRV of $13,188 (December 31, 2022 – $17,817). These impaired loans were mainly secured by receivables, inventory and/or equipment. There were no Stage 3 (impaired) managed receivables at September 30, 2023 and December 31, 2022.

Credit approval for transactions supported by management in the Company's six operating businesses is delegated to a staff of senior credit officers within each business. Transactions in excess of $1.0 million (US$1.0 million U.S. Group companies), are approved by the Company's SVP, Underwriting and Portfolio Risk in consultation with the Corporate Credit Committee.

Transactions in excess of $2.5 million (US$2.5 million in the case of U.S. group companies) are approved by the Credit Committee of the Board of Directors which comprises three members of its Board. The Company monitors and controls its risks and exposures through financial, credit and legal systems and, accordingly, believes that it has procedures in place for evaluating and limiting the credit risks to which it is subject. Credit risk is subject to ongoing management review. Nevertheless, for a variety of reasons, there will inevitably be defaults by clients or their customers. For its factoring products, the Company's primary focus continues to be on the creditworthiness and collectability of its clients' receivables. The clients' customers have varying payment terms depending on the industries in which they operate, although most customers have payment terms of 30 to 60 days from the invoice date. Receivables become ineligible for lending purposes when they reach a certain pre-determined age, typically 75 to 90 days from invoice date, and are usually charged back to clients, thereby limiting the Company's credit risk on older receivables. Asset-based lending products additionally require focus on the performance of other collateral types (inventory, equipment and in certain cases real estate) as well as the underlying cash flows of the borrower. AFCC's and AEF's lease receivables and equipment and working capital loans are usually structured as term loans with payments spread out evenly over the term of the lease or loan, with terms up to 60 months. AFCC also has a revolving equipment loan product which has no fixed repayment terms and can be repaid at any time.

The Company uses an internal credit risk rating system for assessing obligor and transaction risk for finance receivables and loan exposures. Risk rating models use internal and external data to assess and assign credit ratings to borrowers, predict future performance and manage limits for existing loans and collection activities. In its credit protection and receivables management business, the Company employs a customer credit scoring system to assess the credit risk associated with the managed receivables that it guarantees. Please see note 4 which presents the Company's finance receivables and loans and managed receivables by the three stage credit criteria of IFRS 9, as well as an aged analysis thereof. Credit risk is managed by ensuring that, as far as possible, the receivables financed are of the highest quality and that any inventory, equipment or other assets securing loans are appropriately appraised. Collateral is monitored and managed on an ongoing basis to mitigate credit risk. In its asset-based lending and equipment finance operations, the Company assesses the financial strength of its clients and its clients' customers and the industries in which they operate on an ongoing basis. Cash flows from a client's ongoing business operations represent the primary source of repayment.

The Company also manages credit risk by limiting the maximum amount that it will lend to any one client, enforcing strict advance rates, disallowing certain types of receivables, charging back or making receivables ineligible for lending purposes as they become older, and taking cash collateral in certain cases. The Company will also confirm the validity of the receivables that it finances. In its asset-based lending operations, the Company administers and collects the majority of its clients' receivables allowing it to quickly identify problems as and when they arise and act promptly to minimize credit and loan losses. Regular field examinations are conducted to verify collateral such as inventory and equipment. In the Company's Canadian small business finance operations, AFCC, security deposits are usually obtained in respect of equipment leases or loans, while a majority of ASBF's working capital loans have the benefit of a strong financial guarantor guaranteeing up to 80% of the loan balance in the event of a loss.

(Expressed in thousands of Canadian dollars, except where otherwise indicated)

In the Company's credit protection and receivables management business, each customer is provided with a credit limit up to which the Company will guarantee that customer's total receivables. All customer credit in excess of $2.5 million is approved by the Credit Committee of the Board on a case-by-case basis. At September 30, 2023, the Company had no customer's accounts receivable in excess of $5.0 million.

The Company's credit exposure relating to its finance receivables and loans by industrial sector was as follows:

	September 30, 2023		December 31, 2022	
Industry sector	**Gross finance receivables and loans**	**% of total**	Gross finance receivables and loans	% of total
Media	**$ 99,699**	**20.2**	$ 93,622	20.7
Manufacturing	**72,062**	**14.6**	76,995	17.0
Wholesale and distribution	**57,059**	**11.6**	48,938	10.8
Finance and Insurance	**44,664**	**9.0**	40,282	8.9
Waste Management and Remediation Services	**31,454**	**6.4**	33,356	7.4
Construction	**31,392**	**6.4**	29,193	6.5
Retail Trade	**30,564**	**6.2**	19,947	4.4
Transportation and Warehousing	**27,201**	**5.5**	30,570	6.8
Mining	**22,811**	**4.6**	28,134	6.2
Real Estate Rental and Leasing	**20,879**	**4.2**	8,351	1.8
Professional, Scientific, and Technical Services	**14,852**	**3.0**	10,049	2.2
Accommodation and food services	**13,428**	**2.7**	8,050	1.8
Other	**27,567**	**5.6**	25,191	5.5
	$ 493,632	**100.0**	$ 452,678	100.0

The Company's credit exposure relating to its managed receivables by industrial sector was as follows:

	September 30, 2023		December 31, 2022	
Industry sector	**Managed receivables**	**% of total**	Managed receivables	% of total
Wholesale and distribution	**$ 1,179**	**100.0**	$ 5,309	100.0
	$ 1,179	**100.0**	$ 5,309	100.0

As set out in note 4, the Company maintains separate allowances for expected losses on both its finance receivable and Loans and its guarantee of managed receivables in accordance with IFRS 9. The allowances for expected losses are estimated using statistical models, including the impact of FLI based on several macroeconomic forecast scenarios. The allowances for expected losses is deemed sufficient based on the results of the expected loss modeling and experienced credit judgment.

(Expressed in thousands of Canadian dollars, except where otherwise indicated)

b) Liquidity risk

The Company's financial assets and liabilities at September 30, 2023 by maturity date were as follows (please refer to the Subsequent Event footnote for additional information):

	0 to 12 months	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Thereafter	Total
Financial Assets							
Cash and restricted cash	**$ 8,670**	**$ 670**	**$ 19**	**$ -**	**$ -**	**$ -**	**$ 9,359**
Finance receivables and loans	**263,427**	**118,830**	**61,054**	**34,629**	**15,671**	**21**	**493,632**
All other Assets	**12,708**	**-**	**-**	**-**	**-**	**-**	**12,708**
Total	**$ 284,805**	**$ 119,500**	**$ 61,073**	**$ 34,629**	**$ 15,671**	**$ 21**	**$ 515,699**
Financial Liabilities							
Due to clients	**$ 35**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 35**
Bank indebtedness	**3,893**	**272,479**	**-**	**-**	**-**	**-**	**276,372**
Loan payable	**78,506**	**13,390**	**379**	**-**	**-**	**-**	**92,275**
Notes payable	**8,348**	**10,500**	**-**	**-**	**-**	**-**	**18,848**
Convertible debentures	**5,051**	**-**	**20,966**	**-**	**-**	**-**	**26,017**
All other liabilities	**11,189**	**36**	**15**	**-**	**-**	**-**	**11,240**
Total	**$ 107,022**	**$ 296,405**	**$ 21,360**	**$ -**	**$ -**	**$ -**	**$ 424,787**

The Company's financial assets and liabilities at December 31, 2022 by maturity date were as follows:

	0 to12 months	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Thereafter	Total
Financial Assets							
Cash and restricted cash	$ 16,879	$ 931	$ 445	$ -	$ -	$ -	$ 18,255
Finance receivables and loans	217,844	117,623	65,879	33,279	18,053	-	452,678
All other Assets	7,122	1,007	497	-	-	-	8,626
Total	$ 241,845	$ 119,561	$ 66,821	$ 33,279	$ 18,053	$ -	$ 479,559
Financial Liabilities							
Due to clients	$ 1,827	$ -	$ -	$ -	$ -	$ -	$ 1,827
Bank indebtedness(1)	214,055	-	-	-	-	-	214,055
Loan payable	17,579	82,536	8,924	-	-	-	109,039
Notes payable	8,105	-	10,500	-	-	-	18,605
Convertible debentures	24,864	-	-	-	-	-	24,864
All other liabilities	14,606	50	33	-	-	141	14,830
Total	$ 281,036	$ 82,586	$ 19,457	$ -	$ -	$ 141	$ 383,220

(1) Included in Bank indebtedness maturing within 12 months is $214,055 of debt which has been classified as current as the Company was in breach of one of its debt covenants at December 31, 2022. The Company obtained a waiver from the lender subsequent to December 31, 2022.

Liquidity risk is the risk that the Company will not be able to meet its financial obligations and support business growth. The Company's approach to managing liquidity risk is to ensure that, as far as possible, it will always have sufficient liquidity to meet its liabilities when they come due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company's principal obligations are its bank indebtedness, loans payable, notes payable, convertible debentures, due to clients, accounts payable and other liabilities. Please refer to the Subsequent Event footnote for additional information.

c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's income or the value of its financial instruments. The objective of managing market risk is to control market risk exposures within acceptable parameters, while optimizing the return on risk.

d) Currency risk

The Company's Canadian operations have some assets and liabilities denominated in foreign currencies, principally finance receivables and loans, cash, bank indebtedness, due to clients and notes payable. These assets and liabilities are usually economically hedged, although the Company enters into foreign exchange contracts from time to time to hedge its currency risk when there is no economic hedge. At September 30, 2023, the Company's unhedged foreign currency positions in its Canadian operations totalled $1,734 (December 31, 2022 – $12). The Company ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies on a spot or forward basis to address short-term imbalances. The impact of a 1% change in the value of the Company’s foreign currency holdings against the Canadian dollar would not have a material impact on the Company's net earnings.

e) Interest rate risk

Interest rate risk pertains to the risk of loss due to the volatility of interest rates. The Company's lending and borrowing rates include both fixed rates and floating rates. The Company manages its interest rate exposure where possible, through the use of securitization or other match funding strategies. If the Company’s floating rate borrowings exceed its floating rate finance receivables and loans, the Company could be exposed to fluctuations in interest rates, such that an increase in floating interest rates could increase the Company’s interest expense beyond its ability to pass the increase on to its clients.

(Expressed in thousands of Canadian dollars, except where otherwise indicated)

The following table shows the gap between floating rate debt and floating rate assets at September 30, 2023:

	Floating rate	Fixed Rate	Non-rate sensitive	Total
Assets				
Cash and restricted cash	$ 7,330	$ -	$ 2,029	**$ 9,359**
Finance receivables and loans, net	169,168	324,464	(20,083)	**473,549**
All other assets	-	-	41,200	**41,200**
	$ 176,498	$ 324,464	$ 23,146	**$ 524,108**
Liabilities				
Due to clients	$ -	$ -	$ 35	**$ 35**
Bank indebtedness	276,372	-	-	**276,372**
Loan payable	64,771	27,504	-	**92,275**
Notes payable	4,576	14,272	-	**18,848**
Convertible debentures	-	26,017	-	**26,017**
All other liabilities	-	-	13,269	**13,269**
Equity	-	-	97,292	**97,292**
	$ 345,719	$ 67,793	$ 110,596	**$ 524,108**
Interest rate sensitivity gap	$ (169,221)	$ 256,671	$ (87,450)	**$ -**

The Company's floating rate debt, net of unrestricted cash, exceeds the Company's floating rate assets by $87.9 million. Incorporated into that calculation is the assumption that fixed rate assets maturing in less than twelve months, if not redeployed in new Loans, would be used to pay down bank indebtedness. Based on the Company's interest rate positions at September 30, a 100 basis point rise in interest rates would decrease pre-tax earnings by approximately $772 over a twelve-month period. A 100 basis point decrease in interest rates would add a similar amount to pre-tax earnings. The analysis is a static measurement of interest rates at a specific point in time, and there is the potential for these gaps to change significantly over a short time period.

15. Capital disclosure

The Company considers its capital structure to include equity and debt; namely, its bank indebtedness, loans payable, notes payable and convertible debentures. The Company's objectives when managing capital are to: (a) maintain financial flexibility in order to preserve its ability to meet financial obligations and continue as a going concern; (b) maintain a capital structure that allows the Company to finance its growth using internally-generated cash flow and debt capacity; and (c) optimize the use of its capital to provide an appropriate investment return to its shareholders commensurate with risk.

The Company's financial strategy is formulated and adapted according to market conditions in order to maintain a flexible capital structure that is consistent with its objectives and the risk characteristics of its underlying assets. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its underlying assets. To manage its capital structure, the Company may, from time to time, change the amount of dividends paid to shareholders, return capital to shareholders by way of normal course issuer bid, issue new shares or debt, or reduce liquid assets to repay other debt. The Company monitors the ratio of its debt to total equity and its total equity to total assets. At September 30, 2023, these ratios were 4.25x (December 31, 2022 – 3.44x) and 0.19 (December 31, 2022 – 0.22), respectively. The Company's debt and leverage will usually rise with an increase in finance receivables and loans and vice-versa. The Company's share capital is not subject to external restrictions. However, the Company's credit facilities include debt to tangible net worth ("TNW") covenants. At September 30, 2023, the Company is required to maintain a senior debt to TNW ratio of less than 4.0 to 1.0 on its syndicated bank facility. BondIt, which has entered into a loan facility with a non-bank lender, is required to maintain a TNW of at least US $5,000. There were no changes in the Company's approach to capital management from previous periods.

Subsequent Events

After September 30th, in connection with the aforementioned loan under investigation, the balance of the loan reduced the Company’s permitted borrowings under its credit facility. This caused a technical default under the Company’s credit facility which was waived by all lenders in the Company’s banking syndicate through January 15, 2024.

Board of Directors

David Beutel, Toronto, Ontario [1, 3, 4]
Burt Feinberg, New York, New York [3]
Simon Hitzig, Toronto, Ontario
Jean Holley, Alpharetta, Georgia [2]
Gary Prager, Wake Forest, North Carolina [2, 3]
David Spivak, Vancouver, British Columbia [1]
Stephen Warden, Oakville, Ontario [1, 2]

(1) Member of Audit Committee
(2) Member of Compensation Committee
(3) Member of Credit Committee
(4) Chairman of the Board

Officers

Simon Hitzig, President, CEO and Corporate Secretary
Irene Eddy, Senior Vice President, Chief Financial officer
Todd Eubanks, Senior Vice President, Underwriting & Portfolio Risk
Cathy Osborne, Senior Vice President, Human Resources

Subsidiaries

Accord Financial Ltd.
Simon Hitzig, President
Accord Financial Inc.
Jason Rosenfeld, President
Accord Financial, Inc.
Jim Hogan, President
Accord Small Business Finance
James Jang, President
Accord Equipment Finance
Jim Hogan, President
BondIt Media Capital
Matthew Helderman, President

Auditors

KPMG LLP

Legal Counsel

Stikeman Elliott

Stock Exchange Listings

Toronto Stock Exchange Symbols:
Common Shares: ACD
Convertible Debentures: ACD.DB

Bankers

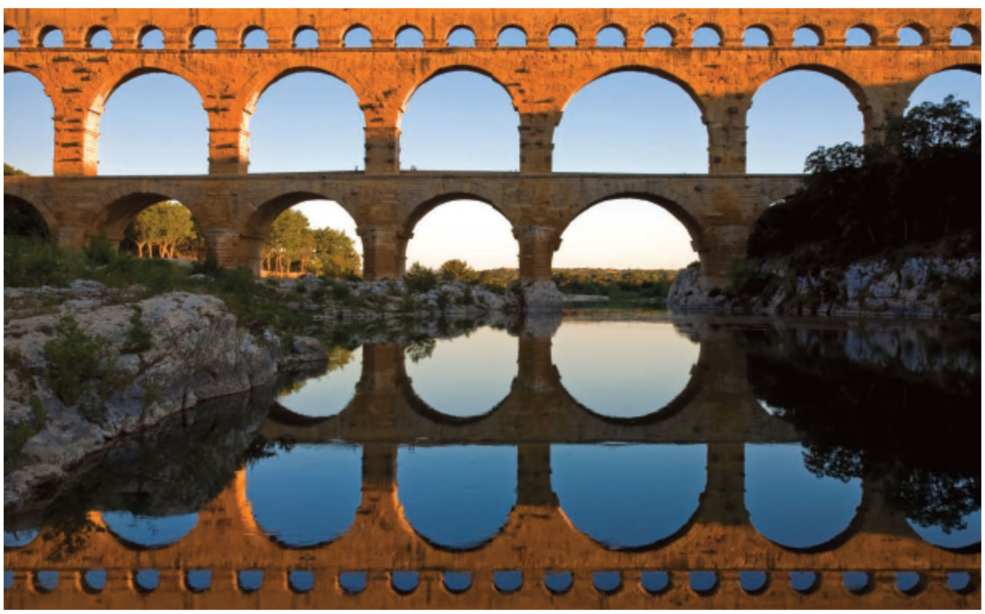
Bank of Montreal
The Bank of Nova Scotia
Canadian Imperial Bank of Commerce
HSBC Bank Canada
Regions Bank
M&T Bank
The Toronto-Dominion Bank

Registrar & Transfer Agent

Computershare Trust Company of Canada

602-40 Eglinton Avenue East, Toronto, Ontario, M4P 3A2
Tel (800) 967-0015; Fax (416) 961-9443
www.accordfinancial.com

ACCORD
FINANCIAL



www.accordfinancial.com