Q1 2022 REPORT

EquityLine Mortgage Investment Corporation

EquityLineMIC.com

TABLE OF CONTENTS

CEO and President's Message	03
About EquityLine Mortgage Investment Corporation	04
Meet Our Team	06
Management's Discussion and Analysis	11
Business Overview	13
Significant Events	14
Portfolio Activity	15
Highlights of Financial Performance	17
Shareholder's Equity	18
Corporate Governance and Board Committees	20
Q1 Unaudited Financial Statements	21

EquityLine Group

550 Highway 7 Ave. E Suite #338
Richmond Hill Ontario Canada, L4B 3Z4

Phone: 1 (888) 269-1988 | (416) 999-3993

Fax: (416) 747-9855

Email: info@EquityLineMIC.com

Website: EquityLineMIC.com

BROKERAGE # 12570 | ADMIN # 13068

CEO AND PRESIDENT'S MESSAGE

Dear Shareholders,

I am pleased to present EquityLine Mortgage Investment Corporation's first quarter report for March 31, 2022.

The quarter was marked by growth within the EquityLine Group, the assets under administration (AUA) of registered mortgages under contract with EquityLine Mortgage Investment Corporation, EquityLine Service Corp. and EquityLine Special Purpose Vehicle (SPV) Limited Partnership, as a Group increased by 144% year-over-year (March 31, 2021, to March 31, 2022) from $15.1 million to $36.8 million. EquityLine MIC assets also increased by 55% as it achieved key operational and financial milestones.

Most importantly, the Company was able to extend its perfect track record of dividend payments and stable, predictable returns to publicly traded Series A Preferred Shares and our private Series B and F Preferred Shares while incurring zero defaults or foreclosures in the mortgage portfolio since inception.

Fiscal Year 2022 First Quarter Highlights

- Assets under administration (AUA) increased 144% year-over-year (March 31, 2021, to March 31, 2022) from $15.1 million to $36.8 million.
- Assets under management (AUM) of registered mortgages grew to $17.6 million as of March 31, 2022, compared with $11.3 million on March 31, 2021 — year-over-year growth of 55%.
- EquityLine MIC launched a new class of series "F" preferred shares, which are used by portfolio managers and brokers for fee-based accounts.
- EquityLine Capital (Delaware) LP, an affiliate, has prepared the foundation for a US$ 50 million private funding round to US investors via a Regulation A offering scheduled to be launched in Q3 of 2022

On behalf of the management team at EquityLine MIC I want to thank you for your continued support of our Company mission. I am proud of the way that we have shepherded your investments through the global pandemic, and I am optimistic about how we can continue to thrive.

The nature of our business positions us well in an environment marked by globally tightening monetary policies, harbinger of higher interest rates, and I am excited to continue to lead our efforts in the years ahead.

Sincerely,

Sergiy Shchavyelyev

Sergiy Shchavyelyev
President and Chief Executive Officer

ABOUT EQUITYLINE MIC

EquityLine Mortgage Investment Corporation ("the" Company) is a Canadian mortgage investment corporation (MIC) incorporated under the laws of the Province of Ontario and located in Richmond Hill, Ontario, Canada.

EquityLine MIC was founded by the principals of EquityLine Financial Corp., an Ontario-based mortgage brokerage formed in 2014, who have extensive experience in the Canadian real estate and mortgage industries. The objective of forming EquityLine MIC was to provide investors an opportunity to participate in a pool of short-term mortgages provided to qualified borrowers seeking to access their home equity. Generally, the interest rate charged to borrowers through a mortgage investment corporations is higher than what a banking institution would charge.

EquityLine MIC is a traditionally structured, provincially regulated MIC that provides eligible investors the opportunity to participate in a pool of private mortgages. The MIC is a business model, as defined under Section 130.1 (6) of the Income Tax Act (Canada), unique to Canada, wherein the corporation receives a stream of mortgage interest payments from borrowers, which it then distributes as income to investors. As a flow-through entity, the MIC must distribute all net income by the end of each year.

The primary focus of our investments is prime first and second residential mortgages in the Greater Toronto Area (GTA) and urban Southern Ontario region of Canada.

The Company funds only those borrowers who qualify through a rigorous underwriting process.

The Company has never experienced a foreclosure nor default in its mortgage portfolio.

The Company has never missed or reduced a distribution payment, even during the COVID-19 pandemic.

FOUNDATION FOR SUCCESS

- Deep knowledge of the Greater Toronto Area (GTA) and Southern Ontario real estate market enabling the identification of qualified mortgage applications.
- Short duration residential mortgages of between 6 and 12 months. Historical average is 10 months.
- Rate of return for investors that is appealing and dependable.
- Investor redemption strategies that are easy to trigger and implement.
- Realistic risk mitigation profile that is understandable and credible.
- Strong and active Board of Directors that has majority of independent directors with significant experience across the financial services industry.

FIXED AND TARGETED DIVIDEND STRATEGY

EquityLine MIC has discrete classes of Preferred Shares. Series A Preferred Shareholders receive an 8% fixed annual return, paid monthly, while Series B and Series F Preferred Shareholders receive a return that is targeted between 8% to 9% annually, paid monthly.

The Series A Preferred Shares trade on the Jamaican Stock Exchange (JSE: ELMIC), while the Series B and Series F Preferred Shares are not listed on any securities exchange. These latter Series are considered restricted securities available through Canadian Dealing Representatives, Financial Advisors (Investment Industry Regulatory Organization of Canada) and registered Portfolio Managers.

AFFILIATED ENTITIES IN THE EQUITYLINE GROUP PROFILE

EquityLine Service Corp. was founded in 2018 to provide day-to-day mortgage administration, including the sourcing, structuring and management of mortgages on behalf of EquityLine MIC and other contracted entities.

In September 2021, EquityLine MIC initiated an initial $25 million credit facility through a Special Purpose Vehicle with a Schedule One Canadian chartered bank. The SPV provides a unique structure that accelerates EquityLine MIC AUM growth, while mitigating debt risk. EquityLine MIC funds approximately 20% of a mortgage from its existing capital pool, which triggers an additional 80% funding contribution from the SPV at an approximate 4% interest rate, without commission or distributions payable.

MEET OUR TEAM

EquityLine Management Team

SERGIY SHCHAVYELYEV

President and Chief Executive Officer; Director

Sergiy Shchavyelyev is the CEO and Founder of the EquityLine Mortgage Investment Corp. (EquityLine MIC) and VeleV Capital. EquityLine MIC is publicly traded corporation on the Jamaica Stock Exchange. Sergiy received a Financial Accounting certificate from Harvard Business School and holds a Master of Law Degree from Mechnikov National University. He currently manages over C$110 million between funds and development projects. Sergiy is a real estate developer and mortgage broker, with extensive lending and financial experience in real estate assets. He has a track record of closing and redeveloping multi-milliondollar transactions in the real estate industry. He owns, in part, a family operated real estate brokerage, EquityLine Financial Corp., located in Toronto, Canada.

Sergiy has been an active real estate broker from 2006 and mortgage specialist since 2008. Prior to working as a real estate broker, lender, and re-developer, Sergiy worked in a small claims court and land registry office as a paralegal for over two years. He joined his family real estate business where he was involved in residential and commercial developments, custom built dwellings, apartment buildings and multi-million-dollar commercial real estate projects. Sergiy has completed over C$750 million in real estate transactions.Sergiy is a member of the advisory committee of PCMA Canada (Private Capital Markets Association of Canada) and director of CAMLA (Canadian Alternative Mortgage Lender Association)

MARK KOROL, CFA, CPA

Chief Financial Officer

Mark Korol has over 20 years' experience as a chief financial officer in a variety of industries, including 8 years of public company experience at Zenon Environmental, CDI Education Corp., and most recently, Char Technologies where he has spent the last 2 years. Prior to that he was the CFO at the Arturos Group, an international vertically integrated hospitality business with 2,000 employees and prior to those 12 years with the Xela Group of Companies. He has experience at National Bank Financial as a Research Analyst. Mark is a Chartered Financial Analyst (CFA) and a Certified Public Accountant (CPA). Mark is also a Certified Fraud Examiner (CFE) and Accredited Business Valuator (ABV) and holds the Institute of Corporate Directors designation (ICD.D).

ROBERT C. KAY

Executive Vice President; Director

Robert C. Kay is a seasoned Corporate Director and Business Advisor. He combines business and legal skills with extensive experience in international commerce to develop and assess complex strategies with multinational companies and governments. Robert has served as a Corporate Director in both privately held and publicly listed companies, serving on Governance, Audit, Strategy, and ESG Committees. Robert was a teaching Board Member in the Integrative Thinking Practicum of the MBA Degree Program at the University of Toronto. He is a former Deputy Judge, Superior Court of Justice of Ontario, SCC branch. Earlier in his career, Robert served as Personal Assistant to the Deputy Prime Minister of Canada. Robert contributes his time as Chair of the Royal Canadian Military Institute Audit Committee. Robert is also a Member of the American Judges Association, and the Institute of Corporate Directors.

SERGIY PRZHEBELSKYY

Chief Operating Officer; Director

Sergiy Przhebelskyy brings a wealth of banking sector knowledge having spent time over seven years in the banking and financial sectors at TD and The National Bank of Canada. In 2014, Sergiy transitioned out of the traditional mortgage lending channels to the mortgage broker channel. During this time, he gained experience and insights into alternative mortgage lending practices including private mortgage financing. He has completed more than $200 million dollars in residential mortgage transactions over his career as a mortgage specialist. Sergiy's ability to source and secure the best deals that match client's needs continues to win him high praise. At EquityLine MIC, Sergiy is involved in daily operations of underwriting, deal compliance, administration, and office management. He has an excellent knowledge of real estate sector, appraisals reports, mortgage structuring and funding processes.

ARTHUR SMELYANSKY

Chief Portfolio Officer; Manager

Arthur Smelyansky currently serves as the Chief Executive Officer and Portfolio Manager at Maccabi Capital Management LLC and is a Portfolio Manager, Hedge Fund Trader and Co-Founder of Maccabi Equity Income Fund. Arthur was the Senior Analyst and Trader at Bonello Holdings Inc., located in Toronto, Canada, from September 2012 to January 2018. During his tenure at Bonello Holding, the company improved investment returns from 6% to 9.71%. Arthur's responsibilities include credit analysis, market research for EquityLine MIC and direct management of a portfolio with assets over $40 million. Arthur's specialty is in options trading and using derivatives to preserve capital and lower portfolio volatility.

Arthur holds the CIM (Chartered Investment Manager), DMS (Derivatives Market Specialist) and PFP (Personal Financial Planner) designations. He is currently in the process of obtaining the CAIA (Chartered Alternative Investment Analyst) designation.

MARK SIMONE

Vice President

Mark Simone is a business executive with extensive C-Suite experience in the development and management of businesses in the insurance, finance, and medical sectors.

He was the President of Medipac International Insurance, Canada's largest retailer of long-term travel medical insurance, the Executive and Managing Director of the Canadian Snowbird Association, one of Canada's largest lifestyle affinity groups, the President of Ontario Health Clinics, serving over fifty thousand patients and, most recently, the Vice President of Strategic Relations with Pinnacle Wealth Brokers, Canada's largest Exempt Market Dealer.

STEPHEN CLARKE

Vice President

Stephen Clarke is an executive leader with over 30 years' experience in the marketing and sales areas of the wealth management and financial services sectors. Stephen has significant experience in different regulatory environments including the Investment Industry Regulatory Organization of Canada (IIROC), the Mutual Fund Dealers Association (MFDA), the Financial Services Regulatory Authority (FSRA) and Private Capital Markets (Issuers and Exempt Market Dealers). Stephen has worked in both the product (asset manager, issuer) and distribution side of the wealth management industry. He has a unique ability to structure and promote a wide range of innovative products through multiple channels to a diverse investor audience. He holds an Honours Bachelor of Commerce and a Master of Business Administration (MBA) from McMaster University.

EARL CHAPMAN

International Business Development

Earl Chapman is a business executive with over twenty-five years' experience in business development and marketing. Earl has extensive knowledge of government processes and a strong network of government contacts.

Earl has held senior management roles with Bell Canada, leading a new internet division that created over $77 million in annual revenue, and at Tucows International. In addition, Earl founded and successfully operated Green Club Inc., a company that manufactured and distributed bio-degradable additives for plastic film. Earl continues to maintain strategic global relationships helping companies achieve their growth objectives..

ROMAN RASKIN

Chief Financial Officer; EquityLine Service Corp.

Mr. Raskin is Chief Financial Officer of the EquityLine Service Corp. and VeleV Capital (affiliated companies), with over 15 years of experience servicing local and international clients. Mr. Raskin is the founder and principal of Raskin & Associates Chartered Professional Accountants, an accounting firm located in Toronto providing accounting and assurance, taxation and business advisory services. Prior to Raskin and Associates, Mr Raskin held various accounting, audit and advisory roles at Crowe Soberman LLP, Williams & Partners LLP, G7G Partnership LLP and Sloan Partners. Mr. Raskin is a Chartered Professional Accountant in Canada who takes pride in his work and offers personal commitment, strategy and unique foresight.

UNGAD CHADDA

Independent Director

Ungad Chadda was Senior Vice President of TMX Group, parent company of Toronto Stock Exchange and Enterprise Head of Corporate Strategy, Development and External Affairs. He was responsible for building and maintaining the TMX Group investor base as well as supporting its public interest mandate and strategies to grow as a company. Ungad joined TMX Group in 1997. During his tenure, Ungad held progressively senior roles, including Director of Listings, TSX Venture Exchange; Chief Operating Officer, TSX Venture Exchange; Vice President, Business Development, Toronto Stock Exchange and TSX Venture Exchange, Senior Vice President, Toronto Stock Exchange and President, Capital Formation.

DONALD HATHAWAY

Independent Director, Chair of the Governance Committee and Lead Director

Don Hathaway has spent over forty years as a business CEO, a senior partner in two major international consultancies and a corporate director on multiple boards while accumulating expertise in strategy, finance, risk management, marketing and corporate governance. Key roles have included the inaugural President and CEO of the Ontario Centres of Excellence and of the Global Risk Institute in Financial Services, and as a Founder and the original Board Chair of Compute Canada, the national system of high-performance computers supporting research at all Canadian universities (he remains the Emeritus Chair). He has been a Governor of both York University and Ontario Tech University, and he is a former Chair of the University of Waterloo Advisory Council; Board of Governors, The Ontario Free Trade Policy Advisory Council, and the Canadian Employment and Immigration Advisory Council.

After undergraduate studies in electrical engineering and mathematics he completed post graduate studies in business at the Schulich School of Business. Later he undertook the Economic Value Analysis program at the Kellogg School of Business and the program in corporate governance at the University of Toronto.

ERIC KLEIN

Independent Director, Chair of the Audit Committee

Eric Klein is currently President of Klein Advisory Services Inc., a firm that focuses on business strategy, complex mergers, acquisitions, divestitures, and financings for mid-sized Canadian corporations. With more than 30 years of experience, Eric focuses on providing results-driven corporate finance advisory services for midmarket Canadian companies. Recently, Eric was a senior executive with a Canadian public financial institution. Prior to that he was the founder and Managing Director of the Corporate Finance, Valuations & Transaction practice of Farber Financial Group. Eric is a graduate of McGill University with a B.Comm and a graduate Diploma in Public Accounting and holds designations as a Chartered Public Accountant, a Chartered Business Valuator and is a member of the Institute of Corporate Directors.

WILLIE HANDLER

Independent Director, Chair of the Compensation Committee

Willie Handler has 28 years of experience in the insurance sector with 20 years working on insurance regulatory policy with the Financial Services Commission of Ontario and eight years' operating his own consulting business.

Willie has provided strategic advice to a wide range of clients dealing with an evolving regulatory environment. He holds a Bachelor of Science from the University of Toronto, a Master's degree in Health Administration from the Fox School of Business at Temple University and a Master's degree in Public Administration from the Schulich School of Business at York University.

Stability
Predictability
Diversification

EQUITYLINE
MORTGAGE INVESTMENT CORPORATION

Management's Discussion and Analysis

For the three months ended March 31, 2022

EQUITYLINE

FORWARD-LOOKING STATEMENTS
ADVISORY

The terms, the “Company”, “we”, “us” and “our” in the following Management Discussion & Analysis (“MD&A”) refer to EquityLine Mortgage Investment Corporation. (the “Company”). This MD&A may contain forward-looking statements relating to anticipated future events, results, circumstances, performance or expectations that are not historical facts but instead represent our beliefs regarding future events.

These statements are typically identified by expressions like “believe”, “expects”, “anticipates”, “would”, “will”, “intends”, “projected”, “in our opinion” and other similar expressions. By their nature, forward-looking statements require us to make assumptions which include, among other things, that (i) the Company will have sufficient capital under management to affect its investment strategies and pay its targetted dividends to shareholders, (ii) the investment strategies will produce the results intended by the manager,
(iii) the markets will react and perform in a manner consistent with the investment strategies and (iv) the Company is able to invest in mortgages of a quality that will generate returns that meet and/or exceed the Company’s targetted investment returns.

Forward-looking statements are subject to inherent risks and uncertainties. There is significant risk that predictions and other forward-looking statements will prove to be inaccurate. We caution readers of this MD&A not to place undue reliance on our forward-looking statements as a number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed or implied in the forward-looking statements.

Actual results may differ materially from management expectations as projected in such forward-looking statements for reasons, including but not limited to, general market conditions, interest rates, regulatory and statutory developments, the effects of competition in areas that the Company may invest in and the risks detailed from time to time in the Company’s public disclosures.

We caution that the foregoing list of factors is not exhaustive and that when relying on forward-looking statements to make decisions with respect to investing in the Company, investors and others should carefully consider these factors, as well as other uncertainties and potential events and the inherent uncertainty of forward-looking statements. Due to the potential effect of these factors, the Company does not undertake, and specifically disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by applicable law.

This MD&A is dated May 9, 2022. Disclosure contained in this MD&A is current to that date, unless otherwise noted.

BUSINESS OVERVIEW

EquityLine Mortgage Investment Corporation's business is to provide financing to borrowers that are not well serviced by the commercial banks for short-term mortgages secured by real estate assets (primarily residential homes). Borrowers use these mortgages to finance short-term financing needs.

The Company is, and intends to continue to be, qualified as a mortgage investment corporation ("MIC") as defined under Section 130.1(6) of the Income Tax Act (Canada) ("ITA").

BASIS OF PRESENTATION

This MD&A has been prepared to provide information about the financial results of the Company for the three months ended March 31, 2022. This MD&A should be read in conjunction with the audited annual financial statements for the period and for the three months ended March 31, 2021, which are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

The functional and reporting currency of the Company is Canadian dollars.

SIGNIFICANT EVENTS

COVID-19 UPDATE

The Company's operations could be significantly adversely affected by the effects of the COVID-19 pandemic.

For the three months ended March 31, 2022, COVID-19 had a minimal effect on the Company's income as evidenced by the fact that there were no defaults or N.S.F. cheques on its mortgage loans. The Company did not experience any defaults within the mortgage loan portfolio as of the date of this MD&A, (that were not rectified). The Company expects positive cash flows for the foreseeable future.

The COVID-19 pandemic has introduced uncertainty and volatility in global markets and economies. The Company is monitoring these developments and is prepared for potentially adverse effects related to COVID-19. The Company has a pandemic and business continuity plan designed to mitigate business risks and their consequences for investors.

RECENT DEVELOPMENTS

(as of March 31, 2022)

22 new residential mortgages.
1 new commercial mortgage.

Asset under management totaling $17,593,891. Up 55% over March 31, 2021.

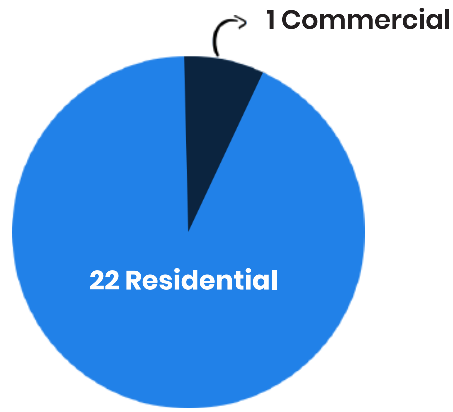
Weighted average mortgage interest rate 10.74%.

PORTFOLIO ACTIVITY

During three months ended March 31, 2022, EquityLine MIC funded 22 mortgages totaling $7,272,650. This represents growth of 33% over last year whereby EquityLine MIC funded 16 new mortgages totaling $5,469,500. The Company had a portfolio AUM balance of $17,593,891 at the end of the first quarter 2022 compared to $11,343,548 last year, an increase of 55%. Regulatory changes, including the B20 guidelines, have resulted in most residential lenders tightening income qualification standards, thereby forcing borrowers to engage with private lenders because of their difficulty of qualifying for institutional loans. The result has been a large increase in demand for more private mortgage products nationwide.

100% of the portfolio is invested in Ontario urban markets that generally experience better real estate liquidity in periods of uncertainty and can offer a better risk profile.

MORTGAGE DEALS FUNDED (IN VALUE) for three months ended March 31, 2022

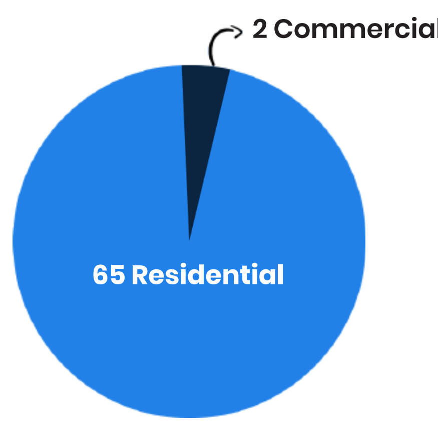


MORTGAGE AVERAGE RETURN

(as of March 31, 2022)

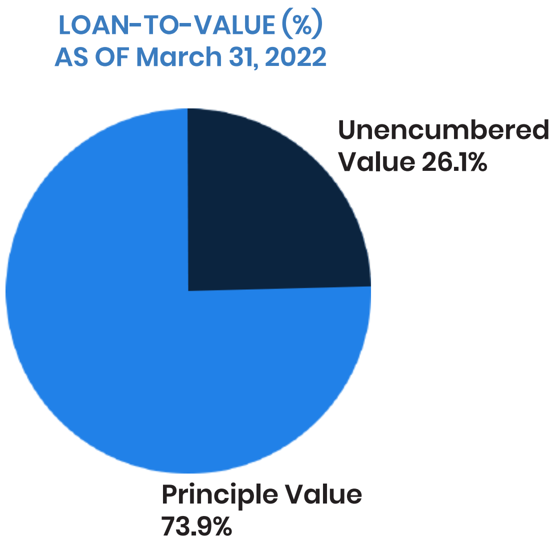
During the period, the Company earned $383,380 (2021- $336,282) of interest income on net mortgage investments representing an increase of 14% on a quarter over quarter basis. The weighted average interest rate on net mortgage investments for the three months ended March 31, 2022 was 10.74% compared to 11.21% in Q1 2021. This decrease in yield was largely attributable to a higher mix of first mortgages in the portfolio of 31%.

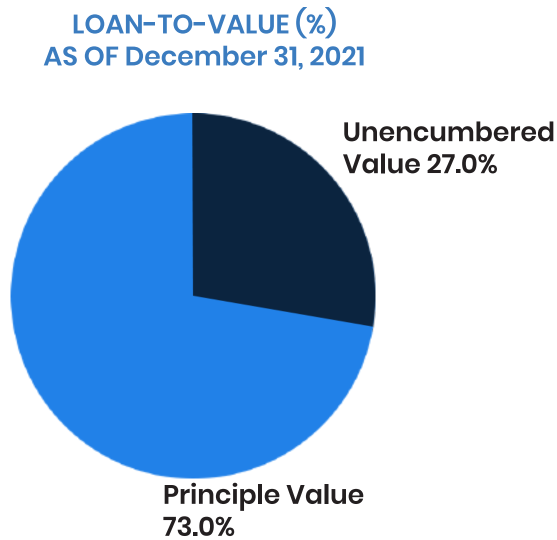
MORTGAGE PORTFOLIO as of March 31, 2022



LOAN-TO-VALUE (LTV) OF PORTFOLIO

The portfolio of mortgages at March 31, 2022 has an average loan-to-value of 73.9% compared to 67.44% in the first quarter of 2021.





EXPENSES

Management Fees

The management fee is equal to 1% per annum of the gross net mortgage investments of the Company, calculated and paid monthly in arrears. Gross mortgage investments are defined as the total mortgage investments of the Company less unearned revenue. For the three months ended March 31, 2022, the Company incurred management fees of $39,666 (2021 - $28,155).

General and Administrative

For the three months ended March 31, 2022, the Company incurred general and administrative expenses of $53,177 (2021 – $4,603). The increase is primarily attributable to costs related to increasing the Company's distribution network along with pursuing financing initiatives. General and administrative expenses consist of listing fees, fees paid on custodial services, and other operating costs and administration of the mortgage portfolio.

HIGHLIGHTS OF FINANCIAL PERFORMANCE

The Company ended its first quarter of 2022 with a net income and comprehensive loss of ($265,767) (2021 – net income of $9,979).

To conform with the presentation and disclosure of accounting policies adopted for the audited December 31, 2021 financial statements, there are significant losses incurred for the current quarter; however, the losses alone are not reflective of the Company's results of operation for it includes the distributions made to holders of the Series A, B, and F Preferred shares.

An excerpt from the Interim Statement of Loss and Comprehensive Income for three months ended March 31, 2022 and 2021 is as the following:

	MARCH 31 2022	MARCH 31 2021
MORTGAGE INTEREST INCOME	$ 383,380	$ 336,282
OPERATING EXPENSES	(262,654)	(72,413)
OTHER FINANCING EXPENSES	(113,833)	(25,770)
NET INCOME	6,893	238,099
ACCRETION OF TRANSACTIONS COSTS	(121,744)	(92,137)
DISTRIBUTION TO SHAREHOLDERS OF PREFERRED SHARES (SERIES A included)	(150,916)	(135,983)
NET LOSS AND COMPREHENSIVE INCOME	$ (265,767)	$ 9,979

As the Company expands it needs to position itself to capitalize on its growth prospects in its unique market niche. As such it has been necessary to increase selling, general and administrative expenses as well as consulting and professional fees to build its infrastructure through product distribution and funding initiatives. Furthermore, as the Company expands its mortgage portfolio it will be able to cover its fixed costs more effectively and efficiently. In Q3 last year the Company established a SPV to provide more funding availability to capitalize on its growth opportunities. The flexibility and leverage that the SPV structure provides will lower debt costs and enhance asset growth providing the ability to generate enhanced profitability without assuming additional debt risk.

The accounting standards require that capital issued with a redemption option are required to be reported as a liability, costs associated with the issuance of share capital are amortized over the expected redemption period. As such, the redeemable Preferred Share classes have been classified as a long-term liability, therefore dividends paid on those shares are recorded as expenses and associated expenses are recorded as accretion of transaction costs.

SHAREHOLDERS' EQUITY

PREFERRED SHARES

The Company is authorized to issue an unlimited number of Series A Redeemable Preferred Shares. Holders of Series A Redeemable Preferred Shares are entitled to receive dividends as declared by the Board of Directors. The Company is also authorized to issue an unlimited number of Series B, F and H preferred shares.

On January 18, 2019, the Company completed a public offering of 2,683,400 Series A Redeemable Preferred Shares for total net proceeds of $6,199,133 in Canadian dollars.

DIVIDENDS

The Company intends to pay dividends to holders of Series A Redeemable Preferred Shares monthly within 15 days following the end of each month.

For the three months ended March 31, 2022, the Company distributed $150,916 or $0.05 CAD per Redeemable Preferred A Share (2021 - $135,983, or $0.05 CAD per Preferred A Share).

RELATED PARTY TRANSACTIONS

As at March 31, 2022, advances to EquityLine Services Corporation (the Manager) totaled $271,522 (YE 2021 – $613,977). The advances are non-interest bearing and are due on demand. The Company and the Manager are related by virtue of common ownership in management.

As at March 31, 2022, the Company's mortgage servicing and administration provider (the Manager) was due $289,190 (YE 2021-$1,261,167). The balance primarily relates to mortgage funding holdbacks and prepaid mortgage interest received from various borrowers.

OUTSTANDING SHARE DATA

As at March 31, 2022, the Company's authorized capital consists of an unlimited number of common shares, of which 200 were initially issued and outstanding and were subsequently split into 100 million shares in the fourth quarter of 2021. There are an unlimited number of Series A Preferred Shares, of which 2,683,400 were issued and outstanding at March 31, 2022.

The Company has also authorized an unlimited number of Series B, F and H non-voting shares, of which 425,915 of B and F preferred shares are issued and outstanding in aggregate. No Series H preferred shares have been issued to date.

CAPITAL STRUCTURE AND LIQUIDITY

CAPITAL STRUCTURE

The Company manages its capital structure to support ongoing operations while focusing on its primary objectives of preserving shareholder capital and generating a stable monthly cash dividend to shareholders. The Company believes that the conservative amount of structural leverage gained from the debentures is accretive to net earnings, appropriate for the risk profile of the business. The Company anticipates meeting all its contractual liabilities (described below) using its mix of capital and cash flow from operating activities.

The Company reviews its capital structure on an ongoing basis and adjusts it in response to mortgage investment opportunities, the availability of capital and anticipated changes in general economic conditions.

LIQUIDITY

Access to liquidity is an important element of the Company as it allows it to implement its investment strategy. The Company is, and intends to continue to be, qualified as a MIC as defined under Section 130.1(6) of the ITA and, as a result, is required to distribute not less than 100% of the taxable income of the Company to its shareholders.

The Company manages its liquidity position through cash flows including cash generated from operations and convertible debentures to fund mortgage investments and other working capital needs. The Company established an initial $25 million credit facility through an SPV structure with a Schedule One Canadian chartered bank in July 2021. As at March 31, 2022, the Company is in compliance with its loan agreements and expects to remain in compliance in the future. The Company routinely forecasts cash flow sources and requirements, including unadvanced commitments, to ensure cash is effectively utilized.

CORPORATE GOVERNANCE AND BOARD COMMITTEES

CORPORATE GOVERNANCE POLICY

The Company has developed a governance framework of procedures and controls in alignment with applicable securities laws. The Company's Governance Committee Charter can be found at EquityLineMIC.com/documents.

BOARD COMMITTEES

The Company's Board has established the following Board Committees:

1. **EquityLine MIC Governance Committee**
   Chaired by: Independent and Lead Director Don Hathaway

2. **EquityLine MIC Audit Committee**
   Chaired by: Independent Director Eric Klein

3. **EquityLine MIC Compensation Committee**
   Chaired by: Independent Director Willie Handler

Stability
Predictability
Diversification

EQUITYLINE
MORTGAGE INVESTMENT CORPORATION

Interim Unaudited Financial Statements

For the Three Months Period Ended March 31, 2022 and 2021

EQUITYLINE

INDEX TO INTERIM UNAUDITED FINANCIAL STATEMENTS

FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2022 AND 2021

Consolidated Statements of Financial Postion	23
Consolidated Statements of Net Loss and Comprehensive Loss	24
Consolidated Statements of Changes in Shareholders Deficiency	25
Consolidated Statements of Cash Flows	26
Notes to Consolidated Financial Statements	27
Top 10 Shareholders	49
Directors Report	50
Audit Committee Composition and Function	51

Equityline Mortgage Investment Corporation
Consolidated Statements of Financial Position

(Expressed in Canadian dollars)

	(Unaudited) March 31 **2022**	(Audited) December 31 2021
Assets		
Current		
Cash and cash equivalents	**$ 171,798**	$ 736,578
Mortgage investments (Note 4)	**17,593,891**	14,595,265
Prepaid expenses	**353,179**	215,374
Withholding taxes recoverable	**7,096**	7,096
Due from related party (Note 6)	**271,522**	613,977
	$ 18,397,486	$ 16,168,290
Liabilities		
Current		
Accounts payable and accrued liabilities	**$ 199,635**	$ 132,236
Prepaid mortgage interest	**10,257**	16,269
Distributions payable	**159,942**	160,639
Due to related parties (Note 6)	**289,190**	1,261,167
Senior demand facility (Note 7)	**4,794,270**	3,033,180
Series A redeemable preferred shares (Note 9)	**6,706,353**	6,804,029
Series B redeemable preferred shares (Note 9)	**443,545**	309,244
Series F redeemable preferred shares (Note 9)	**111,952**	97,394
Short term debentures (Note 8)	**7,739,635**	6,957,635
	20,454,779	18,771,793
Long term debentures (Note 8)	**1,185,994**	374,017
Series A redeemable preferred shares (Note 9)	**-**	-
	21,640,773	19,145,810
Shareholders' Deficiency		
Share capital (Note 10)	**200**	200
Deficit	**(3,243,487)**	(2,977,720)
	(3,243,287)	(2,977,520)
	$ 18,397,486	$16,168,290

Contingent liability (Note 12)

On behalf of the Board

Sergiy Shchavyelyev Director

Sergiy Przhebelskyy Director

Sergiy Shchavyelyev
President and Chief Executive Officer

Sergiy Przhebelskyy
Chief Operating Officer

See accompanying notes to the consolidated financial statements.

Equityline Mortgage Investment Corporation
Consolidated Statements of Net Loss and Comprehensive Loss

(Expressed in Canadian dollars)

	(Unaudited) March 31 **2022**	*(Audited)* March 31 2021
Mortgage interest income	**$ 383,380**	$ 336,282
Operating expenses		
Professional fees	**37,408**	6,523
Advertising and promotion	**1,413**	14,388
Consulting fees	**91,821**	12,674
Management fees (Note 5)	**39,666**	28,155
Director fees	**22,500**	17,000
General and administrative	**53,177**	4,603
Referral fees	**5,300**	5,600
Credit facility fees	**6,129**	-
Provision for mortgage investment (recovery) losses	**-**	(20,000)
Business taxes, licenses and memberships	**-**	-
Insurance	**5,240**	3,470
Travel	**-**	-
	262,654	72,413
Income before finance expenses	**120,726**	263,869
Finance expenses		
Interest and bank charges	**202,403**	118,138
Realized foreign exchange loss	**9,105**	(13,476)
Unrealized foreign exchange gain	**(97,675)**	(78,892)
Accretion of senior demand facility transaction costs	**82,990**	-
Accretion of transaction costs of debentures	**10,000**	26,202
Accretion of transaction costs of redeemable preferred shares	**28,754**	65,935
Distributions to shareholders of redeemable preferred shares	**150,916**	135,983
	386,493	253,890
Net loss and comprehensive loss	**$ (265,767)**	$ 9,979
Loss per common share (Note 11)	**$ (.003)**	$ 0.01

See accompanying notes to the consolidated financial statements.

Equityline Mortgage Investment Corporation
Consolidated Statements of Changes in Shareholders' Deficiency
(Expressed in Canadian dollars)

	Share Capital	Deficit	Total Shareholders' Deficiency
Balance at January 1, 2021	$ 200	$ (1,668,940)	$ (1,668,740)
Net income	-	(1,308,780)	(1,308,780)
Balance at December 31, 2021	$ 200	$ (2,977,720)	$ (2,977,520)
Balance at January 1, 2022	$ 200	$ (2,977,720)	$ (2,977,520)
Net loss and comprehensive loss	-	(265,767)	(265,767)
Balance at March 31, 2022	**$ 200**	**$ (3,243,487)**	**$ (3,243,287)**

See accompanying notes to the consolidated financial statements.

Equityline Mortgage Investment Corporation
Consolidated Statements of Cash Flows

(Expressed in Canadian dollars)

	(Unaudited) March 31 **2022**	(Unaudited) March 31 2021
Increase (decrease) in cash and cash equivalents		
Operating		
Net loss	**$ (265,767)**	$ 9,979
Accretion of facility transaction costs	**82,990**	-
Accretion of transaction costs of short term debentures	**10,000**	26,202
Accretion of transaction costs of redeemable preferred shares	**28,755**	74,561
Provision for mortgage investment losses	**-**	-
Unrealized foreign exchange gain	**(97,675)**	-
	(241,697)	110,742
Changes in non-cash working capital items		
Accounts receivable	**-**	-
Prepaid expenses	**(137,805)**	29,045
Accounts payable and accrued liabilities	**67,399**	(28,976)
Withholding taxes recoverable/payable	**-**	20,397
Interest payable	**-**	-
Distributions payable	**(697)**	(41,509)
Prepaid mortgage interest	**(6,012)**	17,053
	(318,812)	106,752
Financing		
Advances from (to) related parties, net	**(629,524)**	377,369
Net proceeds from issuance of redeemable preferred shares, net of financing costs	**270,104**	-
Net proceeds from senior demand facility, net of financing costs	**1,678,100**	-
Proceeds from issuance of debentures, net of financing costs	**2,643,977**	1,010,000
Repayment of debentures	**(1,210,000)**	(1,385,000)
	2,752,657	2,369
Investing		
Investments in mortgage investments, net of discharges	**(2,998,626)**	(345,082)
Increase in cash and cash equivalents	**(564,780)**	(235,961)
Cash and cash equivalents, beginning of period	**736,578**	437,969
Cash and cash equivalents, end of period	**$ 171,798**	$ 202,008

See accompanying notes to the consolidated financial statements.

1. Nature of business

Equityline Mortgage Investment Corporation (the "Company") is a mortgage investment corporation domiciled in Canada. The Company is incorporated under the laws of the Province of Ontario. The registered office of the Company is Suite 338 - 550 Highway 7 Avenue East, Richmond Hill, Ontario L4B 3Z4. The Company was managed by Equityline Service Corporation ("the Manager"). The Series A preference shares of the Company are listed on the Jamaica Stock Exchange (JSE) under the symbol "ELMIC".

The investment objective of the Company is to acquire mortgages and maintain a portfolio of mortgages consisting primarily of residential Non-Conventional Mortgages and Alt-A Mortgages that generates returns relative to risk in order to permit the Corporation to pay dividends to its shareholders.

On June 23, 2021, the Company established a special purpose vehicle, Equityline SPV Limited Partnership to establish a $25,000,000 credit facility with a Canadian Schedule 1 bank. The facility is to be utilized for the purchase of eligible mortgage investments.

2. Basis of presentation

Statement of compliance

The consolidated financial statements of the Company have been prepared by management in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

The unaudited consolidated financial statements were approved by the Board of Directors on May 9, 2022.

Basis of consolidation

The consolidated financial statements include financial statements of Equityline Mortgage Investment Corporation and Equityline SPV Limited Partnership, a special purpose vehicle over which it has control.

The Company controls an investee when the Company is exposed to, or has rights to, variable returns from its relationship with the investee and has the ability to affect those returns through its power over the investee. The Company considers all relevant facts and circumstances in assessing whether the rights outlined in the Limited Partnership Agreement of Equityline SPV Limited Partnership are sufficient to give it power. These facts and circumstances include: the Company's involvement in the purpose and design of the investee, contractual arrangements between the Company and the investee, whether the Company directs the relevant activities of the investee and implicit and explicit commitments to support the investee. The financial statements of the special purpose vehicle are included in the consolidated financial statements from the date control commences and are deconsolidated on the date when control ceases.

Intra-group balances and transactions are eliminated on consolidation.

2. Basis of presentation (continued)

Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for financial instruments classified as fair value through profit or loss ("FVTPL") which are measured at fair value at each reporting date.

Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency.

Critical accounting estimates, assumptions and judgments

In the preparation of these consolidated audited financial statements, Equityline Services Corporation (the "Manager") has made judgments, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses.

In making estimates, the Manager relies on external information and observable conditions where possible, supplemented by internal analysis as required. There are no known trends, commitments, events or uncertainties that the Manager believes will materially affect the methodology or assumptions utilized in making those estimates and judgments in these statements. The significant estimates and judgments used in determining the recorded amount for assets and liabilities in the statements are as follows:

Classification of mortgage investments

Mortgage investments are classified based on the business model for managing assets and the contractual cash flow characteristics of the asset. The Manager exercises judgment in determining both the business model for managing the assets and whether cash flows of the asset comprise solely payments of interest.

Provision for impairment

The most significant estimates that the Company is required to make relate to the impairment of the mortgage investments (Note 4). These estimates include assumptions regarding local real estate market conditions, interest rates and the availability of credit, cost and terms of financing, the impact of present or future legislation or regulation, prior encumbrances, adverse changes in the payment status of borrowers, and other factors affecting the investments and underlying security of the investments. These assumptions are limited by the availability of reliable comparable data, economic uncertainty, ongoing geopolitical concerns, and the uncertainty of predictions concerning future events. Accordingly, by their nature, estimates of impairment are subjective and do not necessarily result in precise determinations of the actual outcome. Should the underlying assumptions change, the estimated fair value could vary by a material amount.

Classification of investment portfolio - Investment portfolio is classified based on the assessment of business model and the cash flow characteristics of the investments. The Company exercises judgement in determining the classification of loans in the investment portfolio into measurement categories (Note 3).

2. Basis of presentation (continued)

Critical accounting estimates, assumptions and judgments (continued)

Measurement of expected credit loss

The determination of allowance for credit losses takes into account different factors and varies by nature of investment. These judgments include changes in circumstances that may cause future assessments of credit risk to be materially different form current assessments, which would require an increase or decrease in the allowance of credit risk. (Note 4).

Measurement of fair values

The Company's accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or liability, the Company uses market observable data where possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The Manager reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or appraisals are used to measure fair values, the Manager will assess the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

3. Summary of significant accounting policies

(a) Cash and cash equivalents

The Company considers highly liquid investments with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value to be cash equivalents. Cash and cash equivalents are classified and measured at amortized cost.

(b) Mortgage investments

Mortgage investments are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, the mortgage investments are measured at amortized cost using the effective interest method, less any impairment losses. Mortgage investments are assessed on each reporting date to determine whether there is objective evidence of impairment.

3. Summary of significant accounting policies (continued)

(b) Mortgage investments (continued)

A financial asset is considered to be impaired only if objective evidence indicates that one or more loss events have occurred after its initial recognition that have a negative effect on the estimated future cash flows of that asset. The estimation of future cash flows includes assumptions about local real estate market conditions, market interest rates, availability and terms of financing, underlying value of the security and various other factors. These assumptions are limited by the availability of reliable comparable market data, economic uncertainty and the uncertainty of future events. Accordingly, by their nature, estimates of impairment are subjective and may not necessarily be comparable to the actual outcome. Should the underlying assumptions change, the estimated future cash flows could vary materially.

The Company consider evidence of impairment for mortgage investments at both a specific asset and collective level. All individually significant mortgage investments are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but is not yet identifiable at an individual mortgage level. Mortgage investments that are not individually significant are collectively assessed for impairment by grouping together mortgage investments with similar risk characteristics.

(c) Mortgage interest income

Interest and other income includes interest earned on the Company's mortgage investments and interest earned on cash and cash equivalents. Interest income earned on mortgage and other investments is accounted for using the effective interest rate method.

(d) Income taxes

The Company is a mortgage investment corporation ("MIC") pursuant to the Income Tax Act (Canada). As such, the Company is entitled to deduct from its taxable income dividends paid to shareholders during the year or within 90 days of the end of the year to the extent the dividends were not deducted previously. The Company intends to maintain its status as a MIC and intends to distribute sufficient dividends in the year and in future years to ensure that the Company is not subject to income taxes. Accordingly, for consolidated financial statement reporting purposes, the tax deductibility of the Company's dividends results in the Company being effectively exempt from taxation and no provision for current or future income tax is required for the Company.

(e) Foreign currency forward contracts

The Company may enter into foreign currency forward contracts to economically hedge its foreign currency risk exposure of its mortgage and other investments that are denominated in foreign currencies. The value of forward currency contracts entered into by the Company is recorded as the difference between the value of the contract on the reporting period and the value on the date the contract originated. Any resulting gain or loss is recognized in the statement of net income and comprehensive income unless the foreign currency contract is designated and effective as a hedging instrument under IFRS. The Company has elected to not account for the foreign currency contracts as an accounting hedge.

3. Summary of significant accounting policies (continued)

(f) Financial instruments

Classification & Measurement of Financial Assets

Recognition and initial measurement

The Company on the date of origination or purchase recognizes loans, debt and equity securities, deposits and subordinated debentures at the fair value of consideration paid. Regular-way purchases and sales of financial assets are recognized on the settlement date. All other financial assets and liabilities are initially recognized on the date at which the Company becomes a party to the contractual provisions of the instrument.

The initial measurement of a financial asset or liability is at fair value plus transaction costs that are directly attributable to its purchase or issuance. For instruments measured at fair value through profit or loss, transaction costs are recognized immediately in profit or loss.

Classification and subsequent measurement - financial assets

Financial assets are classified into one of the following measurement categories:

- amortized cost;
- fair value through other comprehensive income ("FVOCI") - debt investment; or
- FVTPL.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of interest on the principal amount outstanding.

The Company has no debt investments measured at FVOCI.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

3. Summary of significant accounting policies (continued)

(f) Financial instruments (continued)

Classification and subsequent measurement - financial assets (continued)

Financial assets - Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management.

The information considered includes:

- the objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- the frequency, volume and timing of sales of financial assets in prior periods. The reasons for such sales and expectation about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets - assessment whether contractual cash flows are solely payments of interest

For the purposes of this assessment, 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets.

3. Summary of significant accounting policies (continued)

(f) Financial instruments (continued)

Classification and subsequent measurement - financial assets (continued)

Financial assets - assessment whether contractual cash flows are solely payments of interest (continued)

A prepayment feature is consistent with the solely payments of interest criterion if the prepayment amount substantially represents unpaid amounts of interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

Subsequent measurement and gains and losses – financial assets

Financial assets classified at FVTPL

Measured at fair value. Net gains and losses, including any interest, are recognized in net income and comprehensive income.

Financial assets classified at amortized cost

Measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in net income and comprehensive income. Any gain or loss on derecognition is recognized in net income and comprehensive income.

Debt investments classified at FVOCI

Measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in Other Comprehensive Income ("OCI"). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Financial assets

The Company classified its financial assets into one of the following categories:

Financial Instrument	Classification and measurement
Financial Assets:	
Mortgage investments	Amortized cost
Cash and cash equivalents	Amortized cost
Accounts receivable	Amortized cost
Due from related party	Amortized cost

3. Summary of significant accounting policies (continued)

(f) Financial instruments (continued)

Classification, subsequent measurement and gains and losses - financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as measured at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

The Company classified its financial liabilities into one of the following categories:

Financial Instrument	Classification and measurement
Financial Liabilities:	
Accounts payable	Amortized cost
Senior demand facility	Amortized cost
Debentures	Amortized cost
Series A redeemable preferred shares	Amortized cost
Series B redeemable preferred shares	Amortized cost
Series F redeemable preferred shares	Amortized cost
Due to related parties	Amortized cost

Impairment of financial assets

The Company recognizes loss allowances for expected credit loss ("ECL") on financial assets measured at amortized cost, unfunded loan commitments and financial guarantee contracts. The Company applies a three-stage approach to measure allowance for credit losses. The Company measures loss allowance at an amount equal to 12 months of expected losses for performing loans if the credit risk at the reporting date has not increased significantly since initial recognition (Stage 1) and at an amount equal to lifetime expected losses on performing loans that have experienced a significant increase in credit risk since origination (Stage 2) and at an amount equal to lifetime expected losses which are credit impaired (Stage 3).

The determination of a significant increase in credit risk takes into account different factors and varies by nature of investment. The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due interest payment or maturity date, and borrower specific criteria as identified by the Manager. As is typical in shorter duration, structured financing, the Manager does not solely believe there has been a significant deterioration in credit risk or an asset to be credit impaired if mortgage and other investments to go into overhold position past the maturity date for a period greater than 30 days or 90 days, respectively. The Manager actively monitors these mortgage and other investments and applies judgment in determining whether there has been significant increase in credit risk. The Company considers a financial asset to be credit impaired when the borrower is more than 90 days past due and when there is objective evidence that there has been a deterioration of credit quality to the extent the Company no longer has reasonable assurance as to the timely collection of the full amount of interest or/and when the Company has commenced enforcement remedies available to it under its contractual agreements.

3. Summary of significant accounting policies (continued)

(f) Financial instruments (continued)

Impairment of financial assets (continued)

The assessment of significant increase in credit risk requires experienced credit judgment. In determining whether there has been a significant increase in credit risk and in calculating the amount of expected credit losses, the Manager relies on estimates and exercises judgment regarding matters for which the ultimate outcome is unknown. These judgments include changes in circumstances that may cause future assessments of credit risk to be materially different from current assessments, which could require an increase or decrease in the allowance for credit losses. In cases where a borrower experiences financial difficulties, the Company may grant certain concessionary modifications to the terms and conditions of a loan. Modifications may include payment deferrals, extension of amortization periods, debt consolidation, forbearance and other modifications intended to minimize the economic loss and to avoid foreclosure or repossession of collateral. The Company determines the appropriate remediation strategy based on the individual borrower. If the Company determines that a modification results in expiry of cash flows, the original asset is derecognized while a new asset is recognized based on the new contractual terms. Significant increase in credit risk is assessed relative to the risk of default on the date of modification. If the Company determines that a modification does not result in derecognition, significant increase in credit risk is assessed based on the risk of default at initial recognition of the original asset. Expected cash flows arising from the modified contractual terms are considered when calculating the ECL for the modified asset. For loans that were modified while having a lifetime ECL, the loans can revert to having 12-month ECL after a period of performance and improvement in the borrower's financial condition.

Measurement of ECLs

ECLs are probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset. Lifetime ECLs are the ECLs that result from all possible default event over the expected life of a financial instrument. 12-months ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

When determining the expected credit loss provision, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. The Manager consider past events, current market conditions and reasonable forward-looking supportable information about future economic conditions. In assessing information about possible future economic conditions, the Manager utilized multiple economic scenarios including a base case, which represents the most probable outcome and is consistent with our view of the portfolio. In considering the lifetime of a loan, the contractual period of the loan, including prepayment, extension and other options is generally used.

3. Summary of significant accounting policies (continued)

(f) Financial instruments (continued)

Measurement of ECLs (continued)

The calculation of expected credit losses includes the explicit incorporation of forecasts of future economic conditions. In determining expected credit losses, the Manager has considered key macroeconomic variables that are relevant to each investment type. Key economic variables include unemployment rate, housing price index and interest rates. The estimation of future cash flows also includes assumptions about local real estate market conditions, availability and terms of financing, underlying value of the security and various other factors. These assumptions are limited by the availability of reliable comparable market data, economic uncertainty and the uncertainty of future events. Accordingly, by their nature, estimates of impairment are subjective and may not necessarily be comparable to the actual outcome. Should the underlying assumptions change, the estimated future cash flows could vary. The forecast is developed internally by the Manager. The Manager exercises experienced credit judgment to incorporate multiple economic forecasts which are probability-weighted in the determination of the final expected credit loss. The allowance is sensitive to changes in both economic forecast and the probability- weight assigned to each forecast scenario.

Credit-impaired financial assets

Allowances for Stage 3 are recorded for individually identified impaired loans to reduce their carrying value to the expected recoverable amount. The Manager reviews the loans on an ongoing basis to assess whether any loans carried at amortized cost should be classified as credit impaired and whether an allowance or write-off should be recorded. The review of individually significant problem loans is conducted at least quarterly by the Manager, who assesses the ultimate collectability and estimated recoveries for a specific loan based on all events and conditions that are relevant to the loan. To determine the amount the Manager expects to recover from an individually significant impaired loan, the Manager uses the value of the estimated future cash flows discounted at the loan’s original effective interest rate. The determination of estimated future cash flows of a collateralized impaired loan reflects the expected realization of the underlying security, net of expected costs and any amounts legally required to be paid to the borrower.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial asset measured at amortized cost are deducted from the gross carrying amount of the asset.

Write-offs

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectation of recovering a financial asset in its entirely or a portion thereof. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

3. Summary of significant accounting policies (continued)

(g) Derecognition of financial assets and liabilities

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or in which the Company neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset. Any interest in such transferred financial assets that does not qualify for derecognition that is created or retained by the Company is recognized as a separate asset or liability. On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

The Company enters into transactions whereby it transfers mortgage investments recognized on its statement of financial position, but retains either all, substantially all, or a portion of the risks and rewards of the transferred mortgage investments. If all or substantially all risks and rewards are retained, then the transferred mortgage or loan investments are not derecognized. In transactions in which the Company neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset and it retains control over the asset, the Company continues to recognize the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

Financial liabilities

The Company derecognizes a financial liability when the obligation under the liability is discharged, cancelled or expires.

(h) Adoption of new accounting standards

The Company has not adopted any new accounting standards that had a material impact on the Company’s consolidated financial statements.

Future accounting policy changes

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

The IASB has published Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) which clarifies the guidance on whether a liability should be classified as either current or non-current. The amendments:

- clarify that the classification of liabilities as current or non-current should only be based on rights that are in place "at the end of the reporting period"
- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability and the settlement includes transfers to the counterparty of cash, equity instruments, other assets or services that result in extinguishment of the liability.

(Expressed in Canadian dollars)

3. Summary of significant accounting policies (continued)

(h) Adoption of new accounting standards (continued)

Future accounting policy changes (continued)

This amendment is effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted. The extent of the impact of adoption of this amendment has not yet been determined. Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement.

4. Mortgage investments

	March 31 2022	Number	Dec 31 2021	Number
Residential	$ 17,053,225	65	$ 14,192,075	57
Commercial	425,000	2	300,000	1
	17,478,225	67	14,492,075	58
Accrued interest receivable (net of servicing fees)	154,666		142,190	
	17,632,891		14,634,265	
Allowance for loan losses	(39,000)		(39,000)	
	$ 17,593,891		$ 14,595,265	

	2022	%	2021	%
Interest in first mortgages	$ 9,565,559	54%	$ 7,166,044	49%
Interest in non-first mortgages	8,067,332	46%	7,468,221	51%
	17,632,891	100%	14,634,265	100%
Allowance for loan losses	(39,000)		(39,000)	
	$ 17,593,891		$ 14,595,265	

The following table presents the gross carrying amounts of mortgage investments subject to IFRS 9 impairment requirements.

Allowance for credit losses

Allowance on performing loans

The mortgage investments are assessed at each reporting date to determine whether there is objective evidence of expected credit losses. The ECL model requires the recognition of credit losses based on 12 months of expected losses for performing loans (Stage 1) and the recognition of lifetime expected losses on performing loans that have experienced a significant increase in credit risk since origination (Stage 2). As at March 31, 2022, no provision for expected credit losses on the mortgage investments was recorded (2021 - $39,000).

(Expressed in Canadian dollars)

4. Mortgage investments (continued)

Allowance for credit losses (continued)

Allowance on impaired loans

Allowance for impaired loans (Stage 3) are recorded for individually identified impaired loans to reduce their carrying value to the expected recoverable amount. As at March 31, 2022 and December 31, 2021, there were no impaired mortgage investments.

Loans are broken down into the different stages as follows:

	Stage 1	Stage 2	Stage 3	Total
Residential				
Gross mortgage investments	$ 17,053,225	$ -	$ -	$ 17,053,225
Allowance for loan losses	(38,194)	-	-	(38,194)
Mortgage investment, net of allowance	17,015,031	-	-	17,015,031
Commercial				
Gross mortgage investments	425,000	-	-	425,000
Allowance for loan losses	(806)	-	-	(806)
Mortgage investment, net of allowance	424,194	-	-	424,194
Total mortgage loans	**$ 17,478,225**	**$ -**	**$ -**	**$ 17,478,225**

The Company uses the following internal risk ratings for credit risk purposes:

Low Risk: Mortgage investments that exceed the credit risk profile standard of the Company with a below average probability of default. Yields on these investments are expected to trend lower than the Company's average portfolio.

Medium-Low: Mortgage investments that are typical for the Company's risk appetite, credit standards and retain a below average probability of default. These mortgage and loan investments are expected to have average yields and would represent a significant percentage of the overall portfolio.

Medium-High: Mortgage investments within the Company's risk appetite and credit standards with an average probability of default. These investments typically carry attractive risk- return yield premiums.

High Risk: Mortgage investments within the Company's risk appetite and credit standards that have an additional element of credit risk that could result in an above average probability of default. These mortgage and loan investments carry a yield premium in return for their incremental credit risk. These mortgage and loan investments are expected to represent a small percentage of the overall portfolio.

(Expressed in Canadian dollars)

4. Mortgage investments (continued)

Default: Mortgage investments that are 90 days past due and when there is objective evidence that there has been a deterioration of credit quality to the extent the Company no longer has reasonable assurance as to the timely collection of the full amount of principal and interest and/or when the Company has commenced enforcement remedies available to it under its contractual agreements.

All mortgage investments held at March 31, 2022 are classified as Medium-low risk.

The mortgage loans outstanding as of March 31, 2022, bear interest at the weighted average rate of 10.744% (2021 - 11.21%).

5. Management fees

The Manager is responsible for day-to-day operations including administration of the Company's mortgage portfolio. Pursuant to the management agreement, the Manager is entitled to 1% per annum of the gross mortgage investments of the Company, calculated and paid monthly in arrears.

Gross mortgage investments are defined as the total mortgage investments of the Company less unearned revenue. For the quarter ended March 31, 2022, the Company incurred management fees of $39,666 (2021 - $28,155).

6. Related party transactions and balances

Due from related party

	March 31 2022	Dec 31 2021
Equityline Services Corp. (the Manager)	**$ 271,522**	$ 613,977

Due to related parties

	March 31 2022	Dec. 31 2021
VeleV Capital GP Inc. (GP Inc.)	**$ 289,190**	$ 1,261,167

The amount receivable from the Manager is non-interest bearing, and due on demand. The Manager is related to the Company by virtue of common ownership and management.

The amount payable to GP Inc. and Equityline Financial Corp. are non-interest bearing and due on demand. GP Inc. and Equityline Financial Corp. are related to the Company by virtue of common ownership and management.

On December 31, 2021, the Company sold three mortgages at their carrying value to GP Inc. for an aggregate amount of $3,322,984. The consideration received was applied against the outstanding balance of the debenture owing to GP Inc. During the first quarter of 2022, 2 of the loans have been fully repaid for proceeds of $951,977.

(Expressed in Canadian dollars)

6. Related party transactions and balances (continued)

During fiscal 2021, the Company issued a debenture for $450,000 to Equityline Financial Corp. bearing interest at 8% with a maturity date of December 30, 2022. On February 9, 2022, this was repaid by the Company.

During fiscal 2020, the Company issued debentures for $4,670,000 to GP Inc. with a maturity date of January 3, 2023. On August 20, 2020, GP Inc. assigned $940,000 of the debentures to Equityline Capital Limited. During fiscal 2021, the Company repaid the debenture issued to Equityline Capital Limited. Equityline Capital Limited is related to the Company by virtue of common ownership and management. The Company repaid $1,382,999 of the debentures issued to GP Inc. during the year. Refer to Note 8 which further describes the terms and conditions of the debentures.

During the quarter, the Company paid management fees of $39,666 (2021 - $28,188) to the Manager.

These related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

7. Senior demand facility

	March 31 2022	Dec 31 2021
Senior revolving demand facility	**$ 5,992,600**	$ 3,914,500
Less: transaction costs	**(1,395,620)**	(995,619)
	4,596,980	2,918,881
Accretion of transaction costs	**197,289**	114,299
	$ 4,794,269	$ 3,033,180

Equityline SPV LP ("the Borrower") entered into an agreement with Equitable Bank on August 5, 2021 for a demand senior secured revolving credit facility. The facility can be used by the Borrower to acquire eligible mortgages as defined by the banking agreement from Equityline Mortgage Investment Corporation ("the Originator"). The facility is authorized to the lesser of (i) $25,000,000 and (ii) the borrowing base as defined by the banking agreement. The Borrower has agreed to grant the lender a first priority lien on all of its assets and Equityline Services Corp. is the guarantor of the facility. The facility bears interest at the prime rate of interest plus 1.50% per annum, provided that the interest rate is not less than 3.70% (2021- 3.95%).

Pursuant to the credit facility agreement, the Borrower is subject to the following financial covenants:

- Loss ratio cannot exceed 3.00%, tested monthly.
- Delinquency ratio cannot exceed 5.00%, tested monthly.
- Weighted average yield of the portfolio for Eligible Mortgages must be at least 1.00% greater than the Interest Rate, tested monthly.
- The Originator shall maintain a minimum contribution of equity equal to at least 5.00% of the Eligible Mortgage Balance.

As of March 31, 2022, the Company was in compliance with its financial covenants.

(Expressed in Canadian dollars)

8. Debentures

Short term debentures are comprised of as follows:

	March 31 2022	Dec 31 2021
Issued		
Due on demand, carrying interest rate of 8%	**$ 250,000**	$ 250,000
Due on demand, carrying interest rate of 8%	**150,000**	150,000
Due on demand, carrying interest rate of 8%	**-**	-
Due on demand, carrying interest rate of 8%	**400,000**	400,000
Due on demand, carrying interest rate of 8%	**110,000**	110,000
Due on demand, carrying interest rate of 8%	**100,000**	100,000
Due on demand, carrying interest rate of 8%	**400,000**	400,000
Due on April 12, 2022, carrying interest rate of 8%	**660,000**	660,000
Due on May 1, 2022, carrying interest rate of 8%	**80,000**	80,000
Due on May 10, 2022, carrying interest rate of 8%	**120,000**	120,000
Due on May 10, 2022, carrying interest rate of 8%	**150,000**	150,000
Due on June 23, 2022, carrying interest rate of 8%	**240,000**	240,000
Due on June 30, 2022, carrying interest rate of 8%	**800,000**	800,000
Due on July 21, 2022, carrying interest rate of 8%	**370,000**	370,000
Due on July 22, 2022, carrying interest rate of 8%	**300,000**	300,000
Due on July 27, 2022, carrying interest rate of 8%	**400,000**	400,000
Due on July 27, 2022, carrying interest rate of 8%	**200,000**	200,000
Due on August 17, 2022, carrying interest rate of 8%	**100,000**	100,000
Due on August 31, 2022, carrying interest rate of 8%	**300,000**	300,000
Due on September 1, 2022, carrying interest rate of 8%	**200,000**	200,000
Due on September 22, 2022, carrying interest rate of 8%	**-**	30,000
Due on September 28, 2022, carrying interest rate of 8%	**250,000**	250,000
Due on November 12, 2022, carrying interest rate of 8%	**242,749**	242,749
Due on November 15, 2022, carrying interest rate of 8%	**100,000**	100,000
Due on December 14, 2022, carrying interest rate of 8%	**120,000**	120,000
Due on December 17, 2022, carrying interest rate of 8%	**-**	200,000
Due on December 29, 2022, carrying interest rate of 8%	**390,000**	390,000
Due on December 30, 2022, carrying interest rate of 8%	**-**	450,000
Due on January 28, 2023, carrying interest rate of 8%	**42,000**	-
Due on January 31, 2023, carrying interest rate of 8%	**410,000**	-
Due on February 16, 2023, carrying interest rate of 8%	**400,000**	-
Due on March 23, 2023, carrying interest rate of 8%	**600,000**	-
	$ 7,884,749	7,112,749
Less: transaction costs	**(303,674)**	(303,674)
	$ 7,581,075	6,809,075
Accretion of transaction costs	**158,560**	148,560
Total short term debentures	**$ 7,739,635**	$ 6,957,635

Long term debentures are comprised of as follows:

	2022	2021
Issued		
Due January 3, 2023, carrying interest rate of 8% (Note 6)	**$ 1,185,994**	$ 374,017
Total long term debentures	**$ 1,185,994**	$ 374,017

(Expressed in Canadian dollars)

On January 3, 2020, the Company established a revolving debenture facility of $8,000,000 with VeleV Capital GP Inc. As at March 31, 2022, the balance of the facility was $1,185,994.

On August 20, 2020, VeleV Capital GP Inc. assigned $940,000 of long term debentures to Equityline Capital Limited (Jamaica) due August 20, 2022. The debenture was repaid during the year.

8. Debentures (continued)

During the quarter, the Company issued short term debentures for proceeds of $2,793,977 with maturity dates ranging from April 13, 2022 to March 23, 2023.

The short term and long term debentures are secured by a general security agreement constituting a charge on all of the assets of the Company ranking equal with the holders of the Series A, B and F redeemable preferred shares.

Interest costs of $202,403 (2021 - $117,951) related to the debentures are recorded in financing costs using the effective interest rate method.

9. Redeemable preferred shares

Series A Redeemable Preferred Shares

	March 31 2022		Dec 31 2021	
	Shares	**Amount**	Shares	Amount
Shares outstanding at the beginning of the year	**2,683,400**	**$ 6,804,029**	2,683,400	$ 6,580,875
Foreign currency revaluation	**-**	**(97,676)**	-	223,154
Less: transaction costs	**-**	**(737,667)**	-	(737,667)
	2,683,400	**5,968,686**	2,683,400	6,066,362
Accretion of transaction costs	**-**	**737,667**	-	737,667
	2,683,400	**$ 6,706,353**	2,683,400	$ 6,804,029

Series B Redeemable Preferred Shares

	2022		2021	
	Shares	**Amount**	Shares	Amount
Shares outstanding at the beginning of the year	**43,500**	**$ 435,000**	43,500	$ 435,000
Issuance of Series B preferred shares	**12,983**	**129,830**	-	-
Redemption of Series B preferred Shares	**(1,000)**	**(10,000)**		
Less: transaction costs	**-**	**(173,651)**	-	(173,651)
	55,483	**381,179**	43,500	261,349
Accretion of transaction costs	**-**	**62,366**	-	47,895
	43,500	**$ 443,545**	43,500	$ 309,244

(Expressed in Canadian dollars)

Series F Redeemable Preferred Shares

	2022		2021	
	Shares	**Amount**	Shares	Amount
Shares outstanding at the beginning of the year	**13,700**	**$ 137,000**	13,700	$ 137,000
Issuance of Series F preferred shares	**1,000**	**10,000**	-	-
Less: transaction costs	**-**	**(54,690)**	-	(54,690)
	13,700	**92,310**	13,700	82,310
Accretion of transaction costs	**-**	**19,642**	-	15,084
	13,700	**$ 111,952**	13,700	$ 97,394

9. Redeemable preferred shares (continued)

During the quarter, the Company issued 12,983 Series B shares for proceeds of $129,830. One shareholder of Series B shares redeemed 1,000 shares.

On January 18, 2019, the Company completed a public offering of 2,683,400 Series A redeemable preferred shares for a total of net proceeds of $6,480,844.

There is an unlimited number of Series A redeemable preferred shares available for issue. The shares are non-voting and redeemable at $2.00 USD per share.

Distributions to shareholders of Series A redeemable preferred shares

The Company intends to pay dividends to holders of Series A preferred shares monthly within 15 days following the end of each month. For the quarter ended March 31, 2022, the Company declared dividends of $135,614 (2021 - $135,983), or $0.20 CAD ($0.16 USD) (2021 - $0.05 CAD ($0.06 USD)) per Series A preferred share.

Distributions to shareholders of Series B redeemable preferred shares

The Company intends to pay dividends to holders of Series B preferred shares monthly within 15 days following the end of each month. For the quarter ended March 31, 2022, the Company declared dividends of $9,324 (2021 - $Nil), or $0.80 (2020 - $Nil) per Series B preferred share.

Distributions to shareholders of Series F redeemable preferred shares

The Company intends to pay dividends to holders of Series F preferred shares monthly within 15 days following the end of each month. For the quarter ended March 31, 2022, the Company declared dividends of $5,978 (2021 - $Nil), or $0.85 (2020 - $Nil) per Series F preferred share.

10. Share capital

Authorized:

Unlimited voting common shares.

Unlimited Series A preferred shares, non-voting, redeemable by the Company after 24 months and retractable by the holder after 36 months at $2.00 USD per share with a right to a monthly dividend of $0.01333 USD ($0.16 USD annually).

(Expressed in Canadian dollars)

Unlimited Series B non-voting shares, redeemable and retractable at $10 per share with a right to an annual cumulative dividend of 8.0% paid monthly.

Unlimited Series F non-voting shares, redeemable and retractable at $10 per share with a right to an annual cumulative dividend of 8.5% paid monthly.
Unlimited Series H non-voting shares, redeemable and retractable at $10 per share with a right to an annual cumulative dividend of 8.0% paid monthly.

10. Share capital (continued)

	2022	2021
Issued		
100,000,000 voting common shares (2020-200)	$ **200**	$ 200

On November 11, 2021, the Company subdivided the 200 voting common shares into 100,000,000 voting common shares with one voting right per 1,000,000 shares.

11. Earnings per share

Basic earnings per share are calculated by dividing total net income and comprehensive income by the weighted average number of common shares during the period.

The following table shows the computation of per share amounts:

	2022	2021
Net loss and comprehensive loss	$ **(265,767)**	$ 9,979
Weighted average number of common shares - basic	**100,000,000**	1,125,296
Loss per common share – basic	**(.003)**	(0.01)

12. Contingent liability

In the ordinary course of business activities, the Company may be contingently liable for litigation and claims arising from investing in mortgage investments and other investments. Where required, management records adequate provisions in the accounts.

Although it is not possible to accurately estimate the extent of potential costs and losses, if any, management believes that the ultimate resolution of such contingencies would not have a material adverse effect on the Company’s financial position.

Currently, there are no contingent liabilities or litigations.

13. Financial instruments

The Company is exposed to the symptoms and effects of global economic conditions and other factors that could adversely affect its business, financial condition and operating results. Many of these risk factors are beyond the Company's direct control. The Manager and Board of Directors play

(Expressed in Canadian dollars)

an active role in monitoring the Company's key risks and in determining the policies that are best suited to manage these risks. There has been no change in the process since the previous year.
The Company's business activities, including its use of financial instruments, exposes the Company to various risks, the most significant of which are market rate risk (interest rate risk and currency risk), credit risk, and liquidity risk.

13. Financial instruments (continued)

Credit risk

Credit risk is the risk that a borrower may be unable to honour its debt commitments as a result of a negative change in market conditions that could result in a loss to the Company. The Company mitigates this risk by the following:

i. adhering to the investment restrictions and operating policies included in the asset allocation model (subject to certain duly approved exceptions);
ii. ensuring all new mortgage investments are approved by the investment committee before funding; and
iii. actively monitoring the mortgage investments and initiating recovery procedures, in a timely manner, where required.

The Company’s primary exposure to credit risk at March 31, 2022 is its mortgage investments of $17,593,891 (2021 - $14,595,265). However, the exposure to risk is mitigated by security against the assets of the borrowers.

The Company has recourse under these mortgages and in the event of default by the borrower; in which case, the Company would have a claim against the underlying collateral.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they become due. This risk arises in normal operations from fluctuations in cash flow as a result of the timing of mortgage investment advances and repayments and the need for working capital. Management routinely forecasts future cash flow sources and requirements to ensure cash is efficiently utilized.

The following are the contractual maturities of financial liabilities as at March 31, 2022 and March 31, 2021:

2022	Carrying values	Contractual cash flows	Within a year	1 to 3 years	3 to 5 years
Accounts payable and accrued liabilities	$ 199,636	$ 199,636	$ 199,636	$ -	$ -
Distributions payable	159,942	159,942	159,942	-	-
Due to related parties	289,190	289,190	289,190	-	-
Prepaid mortgage interest	10,257	10,257	10,257	-	-
Short term debentures	7,589,635	7,589,635	7,589,635	-	-
Debentures	1,185,994	1,185,994	-	1,885,994	-
Series A redeemable preferred shares	6,706,353	6,706,353	6,706,353	-	-
Series B redeemable preferred shares	443,545	554,830	-	-	-
Series F redeemable preferred shares	261,952	297,000	-	-	-

Credit facility	4,794,270	5,992,600	5,992,600	-	-
	$ 21,654,334	$ 22,998,997	$ 20,961,173	$ 1,885,994	$ -

13. Financial instruments (continued)

2021	Carrying values	Contractual cash flows	Within a year	1 to 3 years	3 to 5 years
Accounts payable and accrued liabilities	$ 92,198	$ 92,198	$ 92,198	$ -	$ -
Withholding tax payable	13,011	13,011	13,011		
Distributions payable	109,177	109,177	109,177	-	-
Prepaid mortgage interest	9,543	9,543	9,543	-	-
Debentures	6,561,349	6,561,349	1,530,128	1,550,000	3,245,000
Series A redeemable preferred shares	6,325,128	6,512,530	-	-	-
	$ 13,110,406	$ 13,297,808	$ 1,754,057	$ 1,550,000	$ 3,245,000

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is exposed to currency risk primarily from other investments that are denominated in a currency other than the Canadian dollar. The Company does not use foreign currency forwards to hedge the principal balance of future earnings and cash flows caused by movements in foreign exchange rates.

As at March 31, 2022, the Company has the following assets and liabilities denominated in US dollars:

	March 31 2022	Dec 31 2021
Cash and cash equivalents	**$ 161,820**	$ 163,347
Distributions payable	**159,942**	160,639
Series A redeemable preferred shares	**6,706,353**	6,804,029
	$ 7,028,115	$ 7,128,015

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of financial assets or financial liabilities with fluctuate because of changes in market interest rates. The Company manages its sensitivity to interest rate fluctuations by managing the fixed rate composition of its investment portfolio.

The Company's amounts receivable, accounts payable and accrued expenses, prepaid mortgage interest have no exposure to interest rate risk due to their short-term nature. Cash and cash equivalents carry a variable rate of interest and are subject to minimal interest rate risk and the debentures have no exposure to interest rate risk due to their fixed interest rate.

Interest income risk

The Company's mortgage loans consist of short term loans that are generally repaid by the borrowers in under 12 months. The reinvestment of the funds received from such repayments is invested at current market interest rates. As such, the weighted average interest rate applicable to the investment portfolio changes with time. This creates an ongoing risk that the weighted average interest rate on the investment portfolio will decrease, which will have a negative impact on the Company's mortgage interest income.

Unless otherwise noted, it is management's opinion that the Company is not exposed to significant market risk and other price risks arising from these financial instruments.

14. Fair value of financial instruments

a) Mortgage investments

There is no quoted price in an active market for the mortgage investments. The Manager makes its determination of fair value based on its assessment of the current lending market for mortgages. Typically, the fair value of these mortgage investments approximate their carrying values given the amounts consist of short-term loans.

b) Other financial assets and liabilities

The fair values of cash and cash equivalents, amounts receivable, due from related parties, accounts payable, prepaid mortgage interest, debentures and redeemable preferred shares approximate their carrying amounts due to their short-term maturities or bear interest and dividend at market rates.

15. Capital risk management

The Company manages its capital structure in order to support ongoing operations while focusing on its primary objectives of preserving shareholder capital and generating a stable monthly cash dividend to shareholders. The Company defines its capital structure to include common shares and debentures.

The Company reviews its capital structure on an ongoing basis and adjusts its capital structure in response to mortgage investment opportunities, the availability of capital and anticipated changes in general economic conditions.

The Company's investment restrictions and asset allocation model incorporate various restrictions and investment parameters to manage the risk profile of the mortgage investments. There have been no changes in the process over the previous year.

At March 31, 2022, the Company was in compliance with its investment restrictions.

16. Events after the statement of financial position date

The following significant non-adjusting event has occurred between the reporting date and the date of authorization.

TOP 10 SHAREHOLDINGS

SHAREHOLDER	UNITS
JCSD TRUSTEE SERVICES LTD - SIGMA GLOBAL BOND	625,000
JCSD TRUSTEE SERVICES LTD - SIGMA OPTIMA	525,000
SAGICOR POOLED EQUITY FUND	384,000
SIGMA GLOBAL MARKETS FUND JCSD TRUSTEE SERVICES LTD.	225,000
ROLAND R. JAMES	112,000
HUGH CROSS	50,000
QUINTAL INVESTMENTS LTD.	50,000
VENIA L. GRAY	50,000
MARY J. MCCONNELL	50,000
ROBERT E. SMITH	30,000

EQUITY IN THE COMPANY OF MORE THAN 25%

Individual	Ownership	Active in the business
Sergiy Shchavyelyev	25%	Yes
Robert Kay	25%	Yes
Yuliya Yashku	25%	No
Igor Demitchev	25%	No

DIRECTORS REPORT

The Directors are pleased to submit their report along with the Unaudited Financial Statements of the Company for the year ended March 31, 2022.

Directors

The directors of the Company as at March 31, 2022 were:

Sergiy Shchavyelyev	Chairman and Chief Executive Officer
Robert Kay	Executive Vice President
Sergiy Przhebelskyy	Chief Operating Office
Ungad Chadda	Independent Director
Donald Hathaway	Independent Director
Eric Klein	Independent Director
William Handler	Independent Director

Independent Audit Committee

Eric Klein	Chairman
Ungad Chadda	
William Handler	

Senior Management

Mark Korol	Chief Financial Officer
Arthur Smelyansky	Chief Portfolio Officer
Mark Simone	Vice President
Stephen Clarke	Vice President

AUDIT COMMITTEE COMPOSITION AND FUNCTION

The primary purpose of a company's audit committee is to provide oversight of the financial reporting process, the audit process, the company's system of internal controls and compliance with laws and regulations.

The audit committee can expect to review significant accounting and reporting issues and recent professional and regulatory pronouncements to understand the potential impact on financial statements. An understanding of how management develops internal interim financial information is necessary to assess whether reports are complete and accurate.

The committee reviews the results of an audit with management and external auditors, including matters required to be communicated to the committee under generally accepted auditing standards. Controls over financial reporting, information technology security and operational matters fall under the purview of the committee.

The audit committee is responsible for the appointment, compensation and oversight of the work of the auditor. As such, CPAs report directly to the audit committee, not management.

Audit committees meet separately with external auditors to discuss matters that the committee or auditors believe should be discussed privately. The committee also reviews proposed audit approaches and handle coordination of the audit effort with internal audit staff. When an internal audit function exists, the committee will review and approve the audit plan, review staffing and organization of the function, and meet with internal auditors and management on a periodic basis to discuss matters of concern that may arise.

Audit committees must have authority over their own budgets and over external auditors. It is through these protections that investors will come to trust the financial reports released by companies.

While boards should seek members who can provide a diverse range of competent perspectives based on their experience and expertise, it is nevertheless imperative that board members are knowledgeable and conversant in the language of finance and accounting. This need is particularly acute for the audit committee.

Governance Policies

Please visit our website at https://equitylinemic.com/documents/#current-corporate-documents/

Stability
Predictability
Diversification

EQUITYLINE
MORTGAGE INVESTMENT CORPORATION

EquityLine Group

550 Highway 7 Ave. E Suite #338
Richmond Hill Ontario Canada, L4B 3Z4

Phone: 1 (888) 269-1988 | (416) 999-3993

Fax: (416) 747-9855

Email: info@EquityLineMIC.com

Website: EquityLineMIC.com

BROKERAGE # 12570 | ADMIN # 13068

EQUITYLINE