EQUITY FINANCIAL HOLDINGS INC.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Third Quarter Ended September 30, 2013

Responsibility for Interim Consolidated Financial Statements

The accompanying interim consolidated financial statements for Equity Financial Holdings Inc. (“EQI” or the “Corporation”) have been prepared by management in accordance with International Accounting Standard 34, “Interim Financial Reporting” (“IAS 34”), as issued by the International Accounting Standards Board (“IASB”). The most significant of these standards have been set out in the December 31, 2012 annual audited consolidated financial statements. These interim statements are presented on the accrual basis of accounting and accordingly, a precise determination of many assets and liabilities is dependent upon future events. Therefore, estimates and approximations have been made using careful judgment. Recognizing that the Corporation is responsible for both the integrity and objectivity of the financial statements, management is satisfied that these interim financial statements have been fairly presented.

EQUITY FINANCIAL HOLDINGS INC.

INTERIM CONSOLIDATED BALANCE SHEETS

Canadian dollars (unaudited)

($000s)		September 30, 2013		December 31, 2012
Assets				
Cash and cash equivalents	$	47,826	$	34,429
Mortgages receivable (Note 6)		356,565		198,147
Assets held for sale (Note 10)		-		13,305
Current income taxes receivable		100		598
Deferred tax assets (Note 11)		243		261
Other assets (Note 8)		881		610
Property, plant and equipment		819		916
Intangibles		2,696		3,176
	$	409,130	$	251,442
Liabilities and Shareholders' Equity				
Liabilities				
Customer deposits (Note 7)	$	301,306		192,757
Liabilities held for sale (Note 10)		-		1,965
Current income taxes payable		7,181		-
Deferred tax liabilities (Note 11)		840		685
Other liabilities (Note 9)		4,238		3,768
		313,565		199,175
Shareholders' Equity				
Share capital (Note 12)		31,238		29,549
Contributed surplus		1,965		1,903
Retained earnings		62,362		20,815
		95,565		52,267
	$	409,130	$	251,442

Contingent Liability (Note 15)

Approved on Behalf of the Board of Directors

/signed/ - Paul G. Smith
Director

/signed/ - Brad R. Kipp
Director

EQUITY FINANCIAL HOLDINGS INC.

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Canadian dollars (unaudited)

Nine months ended September 30, 2013 and 2012

	Share Capital		Contributed	Retained	Total
($000s)	Shares	Amount	Surplus	Earnings	Equity
Balance December 31, 2011	8,973,926	$ 27,900	$ 1,817	$ 20,281	$ 49,998
Exercise of stock options (Note 13)	179,081	1,637	(395)	-	1,242
Net earnings	-	-	-	410	410
Share-based payment expense	-	-	383	-	383
Balance September 30, 2012	9,153,007	$ 29,537	$ 1,805	$ 20,691	$ 52,033
Balance December 31, 2012	9,155,007	$ 29,549	$ 1,903	$ 20,815	$ 52,267
Exercise of stock options (Note 13)	150,833	1,689	(462)	-	1,227
Net earnings	-	-	-	41,547	41,547
Share-based payment expense	-	-	524	-	524
Balance September 30, 2013	9,305,840	**$ 31,238**	**$ 1,965**	**$ 62,362**	**$ 95,565**

EQUITY FINANCIAL HOLDINGS INC.

INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

Canadian dollars (unaudited)

($000s, except share and per share amounts)	For the three months ended September 30, 2013	2012	For the nine months ended September 30, 2013	2012
Interest income	**$ 4,349**	$ 2,161	**$ 10,775**	$ 5,145
Interest expense	**(1,521)**	(931)	**(3,833)**	(1,998)
Net interest income	**2,828**	1,230	**6,942**	3,147
Provision for credit losses	**(281)**	(94)	**(558)**	(284)
Net interest income, net of provision	**2,547**	1,136	**6,384**	2,863
Other income	**292**	114	**651**	225
Net interest income and other income, net of provision	**2,839**	1,250	**7,035**	3,088
Non interest expenses				
Staffing costs	**1,647**	947	**4,158**	2,796
Other operating expenses	**1,389**	897	**3,514**	2,445
Total non interest expenses	**3,036**	1,844	**7,672**	5,241
Gain on sale of wholly owned subsidiary	**-**	43	**-**	43
Loss before income taxes	**(197)**	(551)	**(637)**	(2,110)
Income tax expense (recovery) (Note 11)				
Current	**(93)**	(138)	**(189)**	(520)
Deferred	**71**	10	**114**	15
	(22)	(128)	**(75)**	(505)
Net loss from continuing operations	**(175)**	(423)	**(562)**	(1,605)
Discontinued operations (Note 10)				
Net earnings from discontinued operations	**-**	513	**42,109**	2,015
Net earnings and comprehensive income	**$ (175)**	$ 90	**$ 41,547**	$ 410
Basic loss per share from continuing operations	**(0.02)**	(0.05)	**(0.06)**	(0.18)
Basic earnings per share from discontinued operations	**-**	0.06	**4.57**	0.22
Basic earnings (loss) per share	**$ (0.02)**	$ 0.01	**$ 4.51**	$ 0.04
Diluted loss per share from continuing operations	**(0.02)**	(0.05)	**(0.06)**	(0.17)
Diluted earnings per share from discontinued operations	**-**	0.06	**4.53**	0.22
Diluted earnings (loss) per share	**$ (0.02)**	$ 0.01	**$ 4.47**	$ 0.05
Weighted average number of common shares outstanding				
Basic	**9,283,017**	9,153,007	**9,207,707**	9,123,332
Diluted	**9,384,416**	9,199,327	**9,301,929**	9,199,579

EQUITY FINANCIAL HOLDINGS INC.

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

Canadian dollars (unaudited)

($000s)	For the nine months ended September 30, 2013	2012
Cash flows provided by (used in)		
Operating Activities		
Net earnings for the period	**$ 41,547**	$ 410
Adjustments to determine cash flows relating to operating activities		
Depreciation of property, plant and equipment	**152**	282
Amortization of intangible assets	**470**	410
Impairment (recovery) losses on asset write-downs	**267**	-
Gain on sale of wholly owned subsidiary	**-**	(43)
Gain on disposal of discontinued operations, net of tax (Note 10)	**(43,850)**	-
Share-based payments	**524**	383
Provision for credit losses	**558**	284
Net change in derivative assets and liabilities	**17**	134
Income tax expense (recovery)	**(649)**	368
Income tax recovered (paid)	**177**	(3,364)
Increase in mortgages receivable	**(158,977)**	(81,475)
Increase in customer deposits	**108,549**	103,079
Increase (decrease) in other assets	**235**	(496)
Decrease in other liabilities	**(650)**	(1,168)
	(51,630)	18,804
Financing Activities		
Shares issued pursuant to stock options exercised	**1,227**	1,242
	1,227	1,242
Investing Activities		
Proceeds from sale of discontinued operations (Note 10)	**64,000**	-
Proceeds from sale of wholly owned subsidiary	**-**	77
Additions to property, plant and equipment	**(62)**	(494)
Additions to intangible assets	**(138)**	(815)
	63,800	(1,232)
Net increase in cash and cash equivalents	**13,397**	18,814
Cash and cash equivalents at the beginning of the period	**34,429**	25,568
Cash and cash equivalents at the end of the period	**$ 47,826**	$ 44,382
Supplementary Disclosure of Cash Flow Information		
Cash interest received	**$ 9,567**	$ 4,694
Cash interest paid	**(2,834)**	(662)

1. Nature of operations

Equity Financial Holdings Inc. ("EQI" or the "Corporation") is a Canadian financial services company, traded on the Toronto Stock Exchange under the stock symbol EQI. Through its federally regulated and wholly owned subsidiary, Equity Financial Trust Company ("EFT"), the Corporation offers alternative residential mortgage loans funded through the issuance of retail deposits. The Corporation is incorporated and domiciled in Canada with its registered office located at 200 University Avenue, Suite 400, Toronto, Ontario.

On April 5, 2013, the Corporation closed the sale transaction for its transfer agent and corporate trust operations, including corporate trust foreign exchange services (the "Transaction", see Note 10) and during the second quarter of 2013 also completed the wind-down of the core foreign exchange operations of Equity Financial FX Inc. ("EFX"). The Corporation is now positioned to focus on its growing residential mortgage lending and deposit-taking business.

2. Summary of significant accounting policies

(a) Statement of compliance

These interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34"), as issued by the International Accounting Standards Board ("IASB"), using the same basis of presentation and accounting policies disclosed in the annual audited consolidated financial statements for the financial year ended December 31, 2012.

These interim consolidated financial statements should be read in conjunction with the Corporation's December 31, 2012 annual audited consolidated financial statements. The principal accounting policies adopted in preparing these interim consolidated financial statements are the same accounting policies as compared with the 2012 annual audited consolidated financial statements with the exception of the following new accounting standards and amendments which the Corporation adopted effective January 1, 2013:

- Amendments to IFRS 7 – Financial Instruments: Disclosures
- IFRS 10 – Consolidated Financial Statements
- IFRS 12 – Disclosure of Interest in Other Entities
- IFRS 13 – Fair Value Measurement
- IAS 19 Revised – Employee Benefits

When IFRS 13 – Fair Value Measurement is adopted for the first time for the year ending December 31, 2013, additional disclosure will be required about fair values of financial and non-financial instruments. Disclosures required under this standard for the interim consolidated financial statements are included in Note 5 (c). The adoption of the remaining standards noted above had no material impact on the interim consolidated financial statements.

These interim consolidated financial statements were authorized for issuance by the Board of Directors of the Corporation on November 12, 2013.

3. New standards and interpretations not yet adopted

The International Accounting Standards Board and the International Financial Reporting Interpretations Committees ("IFRIC") have issued a number of new or revised standards or interpretations that will become effective for future periods and have a potential implication for the Corporation. There have been no pronouncements in addition to those disclosed in the 2012 annual audited consolidated financial statements.

$000s Canadian dollars, except per share and share based payment amounts (unaudited)

4. Capital management

The Corporation's managed capital is comprised of its equity, which totalled $95,565 at September 30, 2013 (December 31, 2012 – $52,267). Senior management is responsible for managing the Corporation's capital and the main objectives are to ensure the longevity of its capital to support continued operations and to maintain shareholder returns on equity. To achieve these objectives, the Corporation manages capital to meet the regulatory requirements of its subsidiary, EFT, to ensure sufficient resources are available to meet day to day operating requirements, to allow it to enhance existing and develop new systems, to have the financial ability to expand the scope of its operations and services and to be able to take advantage of merger and acquisition opportunities that arise. EFT is subject to the regulatory capital requirements governed by the Office of the Superintendent of Financial Institutions of Canada ("OSFI").

EFT's Capital Management Policy governs the quantity and quality of its capital, ensuring it meets minimum regulatory capital requirements, is consistent with the Corporation's risk appetite framework, and supports our business plans. Our internal capital adequacy assessment process ("ICAAP") is integral to our capital planning activities and incorporates a stress testing program that evaluates the impact potential scenarios have on income and capital. Regulatory capital requirements addressed by our policy include the Assets to Capital Multiple ("ACM") and risk based capital ratios (Common Equity Tier 1 ("CET 1"), Tier 1 and Total Capital).

EFT calculates regulatory capital and capital ratios based on the Capital Adequacy Requirements Guidelines issued by OSFI. The guidelines are based on "*Basel III: A global regulatory framework for more resilient banks and banking systems – A Revised Framework*" ("Basel III"), which EFT adopted effective January 1, 2013. Under Basel III, capital is calculated two ways during the transitional period ending January 1, 2018. To measure compliance with minimum risk based capital ratio requirements, capital is calculated on the all-in basis, which includes all applicable deductions immediately. As at September 30, 2013, EFT held CET 1 on an "all-in" basis of $83,720 compared to $35,001 at December 31, 2012. The increase primarily reflects the gain from the disposition of the transfer agent and corporate trust services business net of the goodwill disposed of. ACM is evaluated using capital calculated on the transitional basis, which introduces certain capital deductions on a graduated basis during the transitional period. For the purpose of calculating the ACM, CET 1 capital on the transitional basis as at September 30, 2013 was $86,201. Capital measures for 2012 are reported under Basel II and have not been restated to reflect Basel III measures. EFT's regulatory capital and capital ratios are outlined in the table below.

	As at		
	September 30, 2013		December 31, 2012
Common Equity Tier 1 capital: instruments and reserves	**All-in**	**Transitional**	Basel II
Directly issued qualifying common share capital plus related stock surplus	**31,606**	**31,606**	31,606
Retained earnings	**54,595**	**54,595**	7,651
Common Equity Tier 1 capital before regulatory adjustments	**86,201**	**86,201**	39,257
Common Equity Tier 1 capital: regulatory adjustments			
Total regulatory adjustments to Common Equity Tier 1	**(2,481)**	**-**	(4,256)
Common Equity Tier 1 capital (CET1)	**83,720**	**86,201**	35,001
Tier 1 capital	**83,720**	**86,201**	35,001
Total capital	**83,720**	**86,201**	35,001
Total risk-weighted assets	**142,772**	**145,253**	121,799
Capital ratios			
Common Equity Tier 1 (as percentage of risk-weighted assets)	**58.6%**	**59.3%**	28.7%
Tier 1 (as percentage of risk-weighted assets)	**58.6%**	**59.3%**	28.7%
Total capital (as percentage of risk-weighted assets)	**58.6%**	**59.3%**	28.7%
Assets-to-Capital Multiple		**4.63**	6.64
OSFI all-in target			
Common Equity Tier 1 capital all-in target ratio	**7.0%**	**N/A**	7.0%
Tier 1 capital all-in target ratio	**8.5%**	**N/A**	8.5%
Total capital all-in target ratio	**10.5%**	**N/A**	10.5%

$000s Canadian dollars, except per share and share based payment amounts (unaudited)

5. Financial instruments

(a) Risks associated with financial instruments

The Corporation, like other financial institutions, is exposed to risks related to general economic conditions, operational errors, reliance on third party agents and outsourcing, competition, stock market volatility and government regulation, many of which are beyond the Corporation's direct control. The use of financial instruments exposes the Corporation to credit risk, liquidity risk and interest rate risk. A discussion of the Corporation's risk exposures and how it manages those risks can be found on pages 25 to 31 of the Corporation's 2012 Annual Management Discussion and Analysis.

(i) Interest rate sensitivity

The Corporation's exposure to interest rate risk results from the difference between the maturity of interest sensitive assets and liabilities. The following table shows the gap positions at September 30, 2013 and December 31, 2012. Figures in brackets represent an excess of liabilities and equity over assets or a negative gap position.

As at September 30, 2013	Floating Rate	Less than 1 year	1 to 2 Years	Greater than 2 years	Non-interest Sensitive	Total
Assets:						
Cash and cash equivalents	$ 47,826	$ -	$ -	$ -	$ -	$ 47,826
Effective interest rate	1.30%	-	-	-	-	1.30%
Mortgages receivable	-	252,854	83,880	19,831	-	356,565
Effective interest rate	-	5.32%	5.34%	5.16%	-	5.32%
Other assets	-	-	-	-	4,739	4,739
Total assets	$ 47,826	$ 252,854	$ 83,880	$ 19,831	$ 4,739	$ 409,130
Liabilities:						
Customer deposits	$ -	$ 241,435	$ 47,966	$ 11,905	$ -	$ 301,306
Effective interest rate	-	2.16%	2.32%	2.45%	-	2.19%
Other liabilities	-	-	-	-	12,259	12,259
Shareholders' equity	-	-	-	-	95,565	95,565
Total liabilities and equity	$ -	$ 241,435	$ 47,966	$ 11,905	$ 107,824	$ 409,130
Interest rate sensitive gap	$ 47,826	$ 11,419	$ 35,914	$ 7,926	$ (103,085)	$ -
Cumulative gap	$ 47,826	$ 59,245	$ 95,159	$ 103,085	$ -	$ -
Cumulative gap as a percentage of total assets	11.7%	14.5%	23.3%	25.2%	-	-

$000s Canadian dollars, except per share and share based payment amounts (unaudited)

5. Financial instruments (continued)

As at December 31, 2012	Floating Rate	Less than 1 year	1 to 2 Years	Greater than 2 years	Non-interest Sensitive	Total
Assets:						
Cash and cash equivalents	$ 34,429	$ -	$ -	$ -	$ -	$ 34,429
Effective interest rate	1.30%		-	-	-	1.30%
Mortgages receivable	-	145,774	41,986	10,387	-	$ 198,147
Effective interest rate	-	5.38%	5.22%	5.25%	-	5.34%
Other assets	-	-	-	-	5,561	5,561
Assets held for sale	-	-	-	-	13,305	13,305
Total assets	$ 34,429	$ 145,774	$ 41,986	$ 10,387	$ 18,866	$ 251,442
Liabilities:						
Customer deposits	$ -	$ 162,732	$ 22,687	$ 7,338	$ -	$ 192,757
Effective interest rate	-	2.19%	2.52%	2.58%	-	2.24%
Other liabilities	-	-	-	-	4,453	4,453
Liabilities held for sale	-	-	-	-	1,965	1,965
Shareholders' equity	-	-	-	-	52,267	52,267
Total liabilities and equity	$ -	$ 162,732	$ 22,687	$ 7,338	$ 58,685	$ 251,442
Interest rate sensitive gap	$ 34,429	$ (16,958)	$ 19,299	$ 3,049	$ (39,819)	$ -
Cumulative gap	$ 34,429	$ 17,471	$ 36,770	$ 39,819	$ -	$ -
Cumulative gap as a percentage of total assets	13.7%	6.9%	14.6%	15.8%	-	-

As at September 30, 2013, management believes asset and liability maturities have been appropriately matched to limit interest rate risk exposure.

(b) Fair value of financial instruments

Valuation methods and assumptions used to estimate fair values of financial instruments:

(i) Financial instruments with carrying values that approximate fair value

The carrying value of certain financial assets and liabilities corresponds to a reasonable approximation of fair value, primarily due to their short term nature. The fair values of cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities approximate their carrying values.

(ii) Mortgages receivable

The fair value of mortgages receivable is determined by discounting the expected future cash flows of the mortgages at market rates for mortgages with similar terms and credit risks.

(iii) Customer deposits

The fair value of customer deposits is determined by discounting the contractual cash flows using the market interest rates for deposits with similar terms and risks.

$000s Canadian dollars, except per share and share based payment amounts (unaudited)

5. Financial instruments (continued)

The following table presents the carrying value of each category of financial assets and liabilities and their estimated fair values. The table does not include assets and liabilities that are not considered financial instruments.

September 30, 2013	Fair value through profit and loss	Loans and receivables/ financial liabilities at cost or amortized cost	Carrying Value	Fair Value
Financial assets:				
Cash and cash equivalents	$ 47,826	$ -	$ 47,826	$ 47,826
Accounts receivable	-	423	423	423
Mortgages receivable	-	356,565	356,565	357,396
Total financial assets	$ 47,826	$ 356,988	$ 404,814	$ 405,645
Financial liabilities:				
Accounts payable and accrued liabilities	$ -	$ 2,799	$ 2,799	$ 2,799
Customer deposits	-	301,306	301,306	304,149
Total financial liabilities	$ -	$ 304,105	$ 304,105	$ 306,948

December 31, 2012	Fair value through profit and loss	Loans and receivables/ financial liabilities at cost or amortized cost	Carrying Value	Fair Value
Financial assets:				
Cash and cash equivalents	$ 34,429	$ -	$ 34,429	$ 34,429
Mortgages receivable	-	198,147	198,147	198,486
Derivative assets	275	-	275	275
Assets held for sale	-	1,978	1,978	1,978
Total financial assets	$ 34,704	$ 200,125	$ 234,829	$ 235,168
Financial liabilities:				
Accounts payable and accrued liabilities	$ -	$ 2,224	$ 2,224	$ 2,224
Customer funds held	-	709	709	709
Customer deposits	-	192,757	192,757	193,074
Derivative liabilities	258	-	258	258
Total financial liabilities	$ 258	$ 195,690	$ 195,948	$ 196,265

As of September 30, 2013, the Corporation no longer carried derivative assets, derivative liabilities and customer funds due to the wind-down the core foreign exchange operations of EFX (Note 10).

(c) Fair value hierarchy

The Corporation categorizes its financial assets and liabilities into one of three hierarchy levels as described below:

Level 1: This level includes assets and liabilities measured at fair value based on unadjusted quoted prices for identical assets and liabilities in active markets that are accessible at the measurement date.

Level 2: This level includes valuations determined using directly or indirectly observable inputs other than quoted prices included within Level 1.

$000s Canadian dollars, except per share and share based payment amounts (unaudited)

5. Financial instruments (continued)

Level 3: This level includes valuations based on inputs which are less observable, unavailable or where the observable data does not support a significant portion of the instruments' fair value.

Mortgages receivable and customer deposits are categorized as Level 2 for financial disclosure purposes since their valuation is not based on quoted market prices, but determined using observable market inputs being interest rates derived from third party sources. Derivative assets and liabilities were categorized at Level 2 since their valuation is not based on quoted prices, but determined based on a market approach using observable inputs being foreign exchange rates derived from third-party pricing services. There were no transfers into or out of any of the three levels during the current or prior period.

6. Mortgages receivable

a) Mortgages receivable

		Allowance for credit losses			
					September 30, 2013
	Gross amount	Individual	Collective	Total	Net amount
Mortgages	**$ 357,127**	**$ -**	**$ 1,252**	**$ 1,252**	**$ 355,875**
Accrued interest	**690**	**-**	**-**	**-**	**690**
	$ 357,817	**$ -**	**$ 1,252**	**$ 1,252**	**$ 356,565**

		Allowance for credit losses			
					December 31, 2012
	Gross amount	Individual	Collective	Total	Net amount
Mortgages	$ 198,413	$ -	$ 694	$ 694	$ 197,719
Accrued interest	428	-	-	-	428
	$ 198,841	$ -	$ 694	$ 694	$ 198,147

The balance of mortgages receivable consists of uninsured loans for terms of one to five years for the purchase or refinancing of single-family homes in Ontario, located in the greater Toronto and surrounding and greater Ottawa areas.

At September 30, 2013, the current portion of mortgages receivable due within one year is $252,854 (December 31, 2012 – $145,774), the average term to maturity of the portfolio is 1.0 years (December 31, 2012 – 0.9 years) while the average amortization period for all loans is 33 years. The average effective interest rate of the portfolio as at September 30, 2013 is 5.32% (December 31, 2012 – 5.34%)

The Corporation has outstanding commitments to make future advances on mortgage loans of $21,700 at September 30, 2013 (December 31, 2012 – $12,000). Commitments for the loans remain open for various dates through February 2014.

b) Allowance for credit losses

	For the nine months ended September 30, 2013			For the year ended December 31, 2012		
	Individual Allowance	Collective Allowance	Total	Individual Allowance	Collective Allowance	Total
Balance, beginning of period	**$ -**	**$ 694**	**$ 694**	$ -	$ 298	$ 298
Provision for credit losses	**-**	**558**	**558**	-	396	396
Realized losses	**-**	**-**	**-**	-	-	-
Recoveries	**-**	**-**	**-**	-	-	-
Balance, end of period	**$ -**	**$ 1,252**	**$ 1,252**	$ -	$ 694	$ 694

$000s Canadian dollars, except per share and share based payment amounts (unaudited)

6. Mortgages receivable (continued)

c) Impaired and past due mortgages

The Corporation classifies a mortgage receivable as impaired when, in the opinion of management, there is reasonable doubt as to the collectability, either in whole or in part, of principal or interest. As a matter of practice, unless collection efforts are reasonably expected to result in repayment, mortgages are deemed to be impaired when they have been in arrears for 90 days or more. An exception may be made where the Corporation determines that the mortgage is well secured and in the process of collection, and the collection efforts are reasonably expected to result in either full repayment of the mortgage or restoring it to its current status.

As at September 30, 2013 and December 31, 2012, there were no impaired mortgages.

A loan is considered past due when a borrower has not made a payment by the contractual due date. However, loans past due 30 days or less are not administratively considered past due and are not presented in the analysis below.

The following table presents the carrying value of mortgages that are past due but not classified as impaired because either they are less than 90 days past due, collection efforts are reasonably expected to result in repayment, or they have been restored to a current status in accordance with the Corporation's policy since the consolidated balance sheet dates.

	September 30, 2013	December 31, 2012
31-60 days	**$ 1,929**	$ 815
61-90 days	**816**	107
> 90 days	**-**	580
	$ 2,745	$ 1,502

7. Customer deposits

Customer deposits are comprised of GICs with fixed maturity dates. At September 30, 2013, the current portion of customer deposits due within one year is $241,435 (December 31, 2012 – $162,732) and the average term to maturity is 1.1 years (December 31, 2012 – 0.7 years). The average effective interest rate as at September 30, 2013 is 2.19% (December 31, 2012 – 2.24%).

	September 30, 2013	December 31, 2012
GICs with fixed maturity dates	**$ 299,389**	$ 191,122
Accrued interest	**2,562**	1,984
Deferred deposit agent commissions	**(645)**	(349)
	$ 301,306	$ 192,757

8. Other assets

	September 30, 2013	December 31, 2012
Accounts receivable	**$ 423**	$ -
Prepaids and other current assets	**458**	335
Derivative assets	**-**	275
	$ 881	$ 610

$000s Canadian dollars, except per share and share based payment amounts (unaudited)

9. Other liabilities

	September 30, 2013	December 31, 2012
Accounts payable and accrued liabilities	**$ 2,799**	$ 2,224
Deferred share unit liability	**$ 976**	$ 442
Customer funds held	**-**	709
Deferred revenue	**463**	135
Derivative liabilities	**-**	258
	$ 4,238	$ 3,768

10. Discontinued operations

On April 5, 2013, the Corporation closed the Transaction and the results of the transfer agent and corporate trust operations are presented as discontinued operations. As the core operations of EFX have been wound down, these operations have also been presented as discontinued operations. The two operations were previously presented in the Corporation's consolidated financial statements under the Transfer Agent & Trust and Foreign Exchange operating segments, respectively.

The assets and liabilities classified as held for sale as at December 31, 2012 are no longer included in the consolidated balance sheet as at September 30, 2013 as a result of the closing of the Transaction.

The post-tax gain on sale of the discontinued operations was determined as follows:

Consideration received	
Cash	$ 64,000
Less: cost to sell	(618)
Net proceeds	63,382
Net assets disposed:	
Goodwill	8,788
Accounts receivable	1,308
Intangibles, net	992
Property, plant and equipment	971
Other assets	315
Accounts payable and accrued liabilities	(145)
Deferred revenue	(652)
	11,577
Pre-tax gain on sale of discontinued operations	51,805
Attributable tax expense	(7,955)
Gain on sale of discontinued operations, net of tax	$ 43,850

The gross proceeds on sale of the discontinued operations were $64,000 less cost to sell of $618 for net proceeds of $63,382. The net assets disposed of were $11,577, resulting in an after-tax gain of $43,850.

The purchase price of $64,000 remains subject to a post-closing adjustment based on capital requirements of the transfer agent and corporate trust service business, which could result in a purchase price reduction of up to $1,000 or in further proceeds receivable. Management's best estimate of the fair value of this contingency at closing was $nil and this estimate remains unchanged as at September 30, 2013. As a result, no contingent purchase price adjustment is recorded in the consolidated financial statements. Over the life of the contingency, which could exist for a period of up to five years, management will continue to reevaluate the assumptions on a periodic basis as new information arises to determine if contingent consideration should be recorded, with the changes in the contingency included in the consolidated statement of operations and comprehensive income as part of discontinued operations.

As a result of the Transaction, EFT's client relationships related to the sold business are now managed by a third-party, including the administration of segregated funds. As at September 30, 2013, EFT remains the trustee of segregated funds in the amount of $444,279 (December 31, 2012 – $277,341), which are reported off-balance sheet.

$000s Canadian dollars, except per share and share based payment amounts (unaudited)

10. Discontinued operations (continued)

The results of the discontinued operations are, as follows:

Total discontinued operations – Statements of Operations and Comprehensive Income		For the nine months ended September 30, 2013*		2012
Fees and margin revenue		**3,891**		14,608
Net interest income		**14**		47
Fees and margin revenue and net interest income		**3,905**		14,655
Staffing costs		**3,344**		5,658
Other operating expenses		**2,875**		6,099
Total non interest expenses		**6,219**		11,757
Loss on sale of wholly owned subsidiary		**-**		(10)
Operating earnings (loss) before income taxes from discontinued operations		**(2,314)**		2,888
Income tax expense (recovery)				
Current		**(474)**		807
Deferred		**(99)**		66
		(573)		873
Net earnings (loss) before gain on sale		**(1,741)**		2,015
Gain on sale of discontinued operations, net of tax		**43,850**		-
Net earnings from discontinued operations	**$**	**42,109**	$	2,015

** These figures represent the activity prior to the closing on April 5, 2013*

The operating loss from discontinued operations for the nine months ended September 30, 2013 of $2,314 is primarily the result of costs expensed in relation to the Transaction recognized in the first quarter, in addition to bonuses from the second quarter.

Total discontinued operations – Statements of Cash Flows		For the nine months ended September 30, 2013*		2012
Net cash (used in) from operating activities	**$**	**(3,426)**	$	216
Net cash from (used in) investing activities		**64,000**		(235)
Net change in cash		**60,574**		(19)

** These figures represent the activity prior to the closing on April 5, 2013*

11. Income taxes

The Corporation computes an income tax provision in each of the jurisdictions in which it operates. The operations are subject to income tax rates of approximately 26.5% (September 30, 2012 – 30.2%). The following table reconciles the expected income tax provision at applicable Canadian statutory income tax rates to the amounts recognized in the interim consolidated statements of operations and comprehensive income:

	For the three months ended September 30,				For the nine months ended September 30,			
		2013		2012		**2013**		2012
Loss before income taxes from continuing operations	**$**	**(197)**	$	(551)		**(637)**	$	(2,110)
Income tax provision at statutory rate		**(53)**		(229)		**(169)**		(638)
Share based payment expense not deductible for tax purposes		**50**		7		**98**		53
Non deductible expenses for tax purposes		**-**		42		**4**		44
Other differences		**(19)**		52		**(8)**		36
Income tax provision	**$**	**(22)**	$	(128)		**(75)**	$	(505)

$000s Canadian dollars, except per share and share based payment amounts (unaudited)

11. Income taxes (continued)

The movements in the 2013 deferred tax liabilities and assets are:

	Opening Balance at January 1, 2013	Recognized in Net Earnings	**Closing Balance at September 30, 2013**
Deferred tax liabilities			
Property, plant and equipment	$ 466	$ 52	**$ 518**
License costs	320	2	**322**
Deferred tax liability	$ 786	54	**$ 840**
Deferred tax assets			
Deferred acquisition, financing and share issue costs	$ 218	$ (51)	**$ 167**
Mortgage provision for credit losses	18	15	**33**
Other	67	(24)	**43**
Deferred tax assets	$ 303	$ (60)	**$ 243**
Net deferred tax liability	$ 483	$ 114	**$ 597**

12. Share capital

The authorized capital of the Corporation consists of an unlimited number of no par value common shares.

	Number of Shares	Amount
Issued and outstanding at January 1, 2012	8,973,926	$ 27,900
Exercise of stock options (b)	181,081	$ 1,649
Issued and outstanding at December 31, 2012	9,155,007	$ 29,549
Exercise of stock options (a)	150,833	$ 1,689
Issued and outstanding at September 30, 2013	**9,305,840**	**$ 31,238**

Transactions completed during the period ended September 30, 2013:

(a) Employees and directors of the Corporation exercised 150,833 stock options at a weighted average exercise price of $8.14 per share for total proceeds of $1,227. The weighted average share price at the time of exercise was $10.57 per share. Share capital also increased by a reclassification from contributed surplus of $462, which is the amount previously recognized as share-based payment expense for these options.

Transactions completed during the year ended December 31, 2012:

(b) Employees of the Corporation exercised 181,081 stock options at a weighted average exercise price of $6.92 per share for total proceeds of $1,253 and the weighted average share price at the time of exercise was $10.07 per share. Share capital also increased by a reclassification from contributed surplus of $396, which is the amount previously recognized as share-based payment expense for these options.

$000s Canadian dollars, except per share and share based payment amounts (unaudited)

13. Share based payments

a) Stock options

The amended Stock Option Plan (the "Plan") was approved by the shareholders of the Corporation on April 2, 2013. The purpose of the Plan is to provide additional incentives to employees, executive officers, directors and consultants and to promote the success of the Corporation's business by allowing such persons to partake in the equity of the Corporation. Management proposes the issuance of options and the Board of Directors provides approval of all options granted under the Plan. The aggregate number of shares issuable upon the exercise of all options granted under the Plan shall not exceed 10% of the issued and outstanding shares as at the date of grant of each option under the Plan, which at September 30, 2013 was 930,584.

A summary of the Corporation's stock options is presented below:

	Number of Stock Options		Weighted Average Exercise Price	
	September 30, 2013	December 31, 2012	**September 30, 2013**	December 31, 2012
Opening balance	**552,833**	610,711	**$ 8.12**	$ 7.50
Options granted	**233,500**	193,000	**10.88**	9.50
Options exercised	**(150,833)**	(181,081)	**(8.14)**	(6.92)
Options expired	**(63,500)**	(41,630)	**(9.36)**	(9.68)
Options forfeited	**(2,500)**	(28,167)	**(9.63)**	(9.58)
Ending balance	**569,500**	552,833	**$ 9.10**	$ 8.12
Vested options	**225,333**	265,667	**$ 7.25**	$ 7.23

The weighted average remaining contractual life for all options and vested options outstanding at September 30, 2013 is 3.3 years and 2.0 years, respectively.

A summary of the 2013 option grants are presented below:

					Black-Scholes assumptions					
Number of Options	Date Granted	Recipient(s)	Fair Value	Vesting Period (years)	Risk-free interest rate (%)	Expected life (years)	Expected volatility (%)	Dividend yield (%)	Exercise price	Fair value per option
222,000	May 17, 2013	Employees	$ 794,114	3 years	1.35%	5 years	35%	-	$ 10.90	$ 3.58
11,500	August 16, 2013	Employees	$ 41,292	3 years	1.96%	5 years	35%	-	$ 10.59	$ 3.59
233,500			$ 835,406							$ 3.58

During the three and nine month period ended September 30, 2013, the Corporation recognized $191 (2012 – $27) and $371 (2012 – $201), respectively as share-based payment expense in the net loss from continuing operations.

b) Deferred share units

The Corporation offers a Deferred Share Unit ("DSU") Plan for members of the Board of Directors. Under the DSU plan, non-employee Directors of the Corporation will receive DSUs as part of their annual compensation. Units are redeemable for cash only following cessation of service on the Board of Directors and must be settled within 30 days of when the cessation occurred. At September 30, 2013, there were 87,974 DSUs outstanding representing a liability of $976 (December 31, 2012 – $442). Non-employee Directors of the Corporation were granted 25,163 DSUs during the quarter ended September 30, 2013. The weighted average grant date fair value of DSUs granted during the quarter was $12.32 (December 31, 2012 – $8.50). During the nine months ended September 30, 2013, the Corporation recognized $319 (2012 – $193) in other operating expense and recorded a corresponding liability in other liabilities.

14. Related party transactions

During the period ended September 30, 2013, the Corporation entered into various transactions with companies related to directors and officers of the Corporation. The amounts of the transactions and the liabilities incurred were insignificant. All outstanding balances are due to be settled in cash after the period end date and are not secured.

15. Contingent liability

EFT is named as a defendant in a legal proceeding related to its former transfer agent and corporate trust business operations. In October 2011, a former officer and director of Coventree Inc. ("Coventree") and certain corporations affiliated with him commenced proceedings in the Ontario Superior Court of Justice against Coventree and against EFT related to the cancellation of certain shares of Coventree (the "Proceeding"). The amount claimed is approximately $3,300, plus pre-judgment interest and costs. EFT has filed a Statement of Defense and crossclaim against Coventree for contribution and indemnity. EFT intends to vigorously defend the Proceeding. Coventree has agreed, subject to certain limitations, to indemnify EFT for any liabilities we may incur in connection with the Proceeding, including legal fees and disbursements (the "Indemnity").

The inspectors and the liquidator in the court-supervised winding-up of Coventree have determined that the claims against Coventree and EFT will still be decided in the context of the Proceeding, notwithstanding the winding-up. EFT has filed a claim against Coventree under the claims procedure in the winding-up for the full amount of Coventree's potential exposure to it under the Indemnity. The liquidator has reserved the sum of $5,000 for the Proceeding. The Corporation has not recorded a liability related to this matter.

16. Comparative amounts

Certain comparative amounts have been reclassified to conform to the presentation adopted in the current period. The change in presentation in the interim consolidated financial statements reflects the significant change in the nature of the Corporation's operations subsequent to the sale of the corporate trust and transfer agent business and the wind-up of foreign exchange operations. Consequently, certain non-core assets and liabilities have been grouped into other assets and other liabilities on the interim consolidated balance sheet, and the consolidated statement of operations and comprehensive income also reflects a change in the presentation of the provision for credit losses and non-staffing expenses.