EQUITY FINANCIAL HOLDINGS INC.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

First Quarter Ended March 31, 2015

Responsibility for 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 Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). Estimates and approximations have been made using careful judgment. Recognizing that the Corporation is responsible for both the integrity and objectivity of the interim consolidated financial statements, management is satisfied that these interim consolidated financial statements have been fairly presented.

EQUITY FINANCIAL HOLDINGS INC.

INTERIM CONSOLIDATED BALANCE SHEETS

(unaudited)

($000s Canadian dollars)		March 31, 2015		As at December 31, 2014
Assets				
Cash and cash equivalents (Note 6)	**$**	**36,462**	$	33,231
Mortgages receivable, net (Note 7)		**294,398**		297,375
Current income taxes receivable		**216**		421
Deferred tax assets (Note 11)		**856**		641
Other assets (Note 9)		**433**		599
Property, plant and equipment		**550**		607
Intangible assets		**1,961**		2,079
	$	**334,876**	$	334,953
Liabilities and Shareholders' Equity				
Liabilities				
Customer deposits (Note 8)	**$**	**236,496**	$	235,597
Deferred tax liabilities (Note 11)		**550**		567
Deferred share unit liability (Note 13)		**644**		375
Other liabilities (Note 10)		**2,398**		3,563
		240,088		240,102
Shareholders' Equity				
Share capital (Note 12)		**33,425**		33,401
Contributed surplus		**1,945**		1,772
Retained earnings		**59,418**		59,678
		94,788		94,851
	$	**334,876**	$	334,953

Approved on Behalf of the Board of Directors

/signed/ - Michael R. Jones
Director

/signed/ - Brad R. Kipp
Director

The accompanying notes and shaded sections of the MD&A are an integral part of these interim consolidated financial statements.

EQUITY FINANCIAL HOLDINGS INC.

INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(unaudited)

($000s Canadian dollars, except share and per share amounts)	For the three months ended **March 31, 2015**	March 31, 2014
Interest income	**$ 3,777**	$ 5,433
Interest expense	**(1,281)**	(1,985)
Net interest income	**2,496**	3,448
Increase in provision for credit losses (Note 7)	**(32)**	(58)
Net interest income, including provision for credit losses	**2,464**	3,390
Other income	**297**	378
Net interest income and other income, including provision for credit losses	**2,761**	3,768
Non-interest expenses (Note 16)		
Staffing costs	**1,814**	2,427
Other expenses	**1,234**	6,033
Total non-interest expenses	**3,048**	8,460
Loss before income taxes	**(287)**	(4,692)
Income tax expense (recovery) (Note 11)		
Current	**205**	(279)
Deferred	**(232)**	(918)
	(27)	(1,197)
Net loss and total comprehensive loss	**$ (260)**	$ (3,495)
Net loss per common share		
Basic loss per share	**$ (0.03)**	$ (0.37)
Diluted loss per share	**$ (0.03)**	$ (0.37)
Weighted average number of common shares outstanding		
Basic	**9,528,241**	9,347,924
Diluted	**9,537,648**	9,444,227

The accompanying notes and shaded sections of the MD&A are an integral part of these interim consolidated financial statements.

EQUITY FINANCIAL HOLDINGS INC.

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(unaudited)

	For the three months ended March 31, 2015 and 2014								
	Share Capital			Contributed		Retained		Total	
($000s Canadian dollars, except share amounts)	Number		Amount		Surplus		Earnings		Shareholders' Equity
Balance as at December 31, 2014	**9,527,508**	**$**	**33,401**	**$**	**1,772**	**$**	**59,678**	**$**	**94,851**
Exercise of stock options (Notes 12 and 13)	**2,000**		**24**		**(8)**		**-**		**16**
Net loss	**-**		**-**		**-**		**(260)**		**(260)**
Share-based payment expense	**-**		**-**		**181**		**-**		**181**
Balance as at March 31, 2015	**9,529,508**	**$**	**33,425**	**$**	**1,945**	**$**	**59,418**	**$**	**94,788**
Balance as at December 31, 2013	9,345,840	$	31,735	$	1,778	$	62,597	$	96,110
Exercise of stock options (Notes 12 and 13)	2,501		32		(9)		-		23
Net loss	-		-		-		(3,495)		(3,495)
Share-based payment expense	-		-		168		-		168
Balance as at March 31, 2014	9,348,341	$	31,767	$	1,937	$	59,102	$	92,806

The accompanying notes and shaded sections of the MD&A are an integral part of these interim consolidated financial statements.

EQUITY FINANCIAL HOLDINGS INC.

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited)

($000s Canadian dollars)	For the three months ended March 31, 2015	March 31, 2014
Operating Activities		
Net loss for the period	**$ (260)**	$ (3,495)
Adjustments to determine cash flows relating to operating activities		
Depreciation of property, plant and equipment	**57**	56
Amortization of intangible assets	**118**	114
Share-based payments	**181**	168
Provision for credit losses	**32**	58
Changes in operating assets and liabilities		
Income tax recovery	**(27)**	(1,197)
Income tax paid	**-**	(7,647)
Decrease (increase) in mortgages receivable	**2,945**	(2,282)
Increase in customer deposits	**899**	30,469
Increase (decrease) in deferred share unit liability	**269**	(594)
Decrease in other assets	**166**	94
(Decrease) increase in other liabilities	**(1,165)**	1,408
Cash flows provided by operating activities	**3,215**	17,152
Financing Activities		
Shares issued pursuant to stock options exercised (Note 12 and 13)	**16**	23
Cash flows provided by financing activities	**16**	23
Investing Activities		
Additions to property, plant and equipment	**-**	(8)
Cash flows used in investing activities	**-**	(8)
Net increase in cash and cash equivalents during the period	**3,231**	17,167
Cash and cash equivalents at the beginning of the period	**33,231**	43,376
Cash and cash equivalents at the end of the period	**$ 36,462**	$ 60,543
Supplementary Disclosure of Cash Flow Information		
Cash interest received	**$ 3,825**	$ 5,219
Cash interest paid	**(1,325)**	(845)
Non-Cash Transactions: Deferred share unit grants (Note 13)	**290**	-

The accompanying notes and shaded sections of the MD&A are an integral part of these interim consolidated financial statements.

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 serves the Canadian alternative mortgage market by offering residential mortgage loans to non-prime and near-prime customers who do not meet the conventional underwriting standards of the major Canadian banks. The Corporation is incorporated and domiciled in Canada with its registered office located at 200 University Avenue, Suite 400, Toronto, Ontario.

2. Summary of significant accounting policies

(a) Basis of preparation

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, 2014.

These interim consolidated financial statements should be read in conjunction with the Corporation's December 31, 2014 annual audited consolidated financial statements.

These interim consolidated financial statements were authorized for issuance by the Board of Directors of the Corporation on May 12, 2015.

3. Current and future changes in accounting policies

The International Accounting Standards Board ("IASB") 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 could have a potential implication on the accounting policies of the Corporation. There have been no new or revised pronouncements in addition to those disclosed in the 2014 annual consolidated audited financial statements.

4. Capital management

The Corporation's managed capital is comprised of shareholders' equity, which totalled $94,788 as at March 31, 2015 (December 31, 2014 – $94,851). 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 shareholders' return 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 systems and develop new systems, and to have the financial ability to expand the scope of its operations and services. 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 the Corporation's business plans. Management's internal capital adequacy assessment process is integral to the Corporation's 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 the policy include the Leverage Ratio ("LR") and risk-based capital ratios (Common Equity Tier 1 ("CET 1"), Tier 1 and Total Capital).

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

4. Capital management (continued)

Regulatory capital and capital ratios calculations are 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 required by 2019 in the current period.

As at March 31, 2015, EFT held CET 1 on an "all-in" basis of $85,351, compared to $85,332 as at December 31, 2014.

Basel III leverage ratio

In January 2014, the Basel Committee on Banking Supervision ("BCBS") released the Basel III leverage ratio framework and disclosure requirements, which replaced the leverage ratio section (Section V) of the Basel III Framework released in December 2010. On October 30, 2014, OSFI issued the final version of the Leverage Requirements Guideline, which transposes leverage requirements issued by the BCBS into OSFI guidance. The Basel III leverage ratio framework requires public disclosure of the leverage ratio beginning first fiscal quarter of 2015. The Basel III leverage ratio replaced the Asset to Capital Multiple. The leverage ratio is currently defined as Tier 1 capital divided by the total exposure measure. The exposure measure is the sum of (a) on-balance sheet exposures; (b) derivative exposures; (c) securities financing transaction (SFT) exposures and (d) off-balance sheet items. Federally regulated deposit-taking institutions are expected to have Basel III leverage ratios that meet or exceed 3%.

The full Basel III Pillar 3 capital and leverage ratio disclosures can be found in pages 17 of the Corporation's Management Discussion and Analysis ("MD&A") for the first quarter ended March 31, 2015.

EFT's regulatory capital, capital and leverage ratios are outlined in the table below.

Capital Disclosures				
As at	**March 31, 2015**		December 31, 2014	
Common Equity Tier 1 capital: instruments and reserves	**All-in**	**Transitional**	All-in	Transitional
Directly issued qualifying common share capital plus related stock surplus	**33,077**	**33,077**	32,606	32,606
Retained earnings	**53,716**	**53,716**	54,183	54,183
Common Equity Tier 1 capital before regulatory adjustments	**86,793**	**86,793**	86,789	86,789
Common Equity Tier 1 capital: regulatory adjustments				
Total regulatory adjustments to Common Equity Tier 1	**(1,442)**	**(578)**	(1,457)	(291)
Common Equity Tier 1 capital (CET1)	**85,351**	**86,215**	85,332	86,498
Tier 1 capital	**85,351**	**86,215**	85,332	86,498
Total capital	**85,351**	**86,215**	85,332	86,498
Total risk-weighted assets	**131,501**	**132,367**	130,181	131,347
Capital ratios				
Common Equity Tier 1 (as percentage of risk-weighted assets)	**64.9%**	**65.1%**	65.5%	65.8%
Tier 1 (as percentage of risk-weighted assets)	**64.9%**	**65.1%**	65.5%	65.8%
Total capital (as percentage of risk-weighted assets)	**64.9%**	**65.1%**	65.5%	65.8%
OSFI all-in target				
Common Equity Tier 1 capital all-in target ratio	**7.0%**	**N/A**	7.0%	N/A
Tier 1 capital all-in target ratio	**8.5%**	**N/A**	8.5%	N/A
Total capital all-in target ratio	**10.5%**	**N/A**	10.5%	N/A

Leverage Ratio Disclosures		
As at	**March 31, 2015**	December 31, 2014
Leverage ratio exposure	**332,905**	329,646
Levarage ratio (Tier 1 capital/leverage ratio exposure)	**25.6%**	25.9%

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

5. Financial instruments

(a) Risks associated with financial instruments

The Corporation, similar to 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 financial instruments risk exposures and how it manages those risks can be found in the shaded sections of pages 18 to 21 of the Corporation's MD&A for the first quarter ended March 31, 2015.

(i) Interest rate sensitivity

The Corporation's exposure to interest rate risk results from the difference between the maturity of interest rate sensitive assets and liabilities. The following table shows the gap positions as at March 31, 2015 and December 31, 2014 based on contractual maturities. Figures in brackets represent an excess of liabilities over assets or a negative gap position.

As at March 31, 2015	Floating Rate	Less than 1 Year	1 to 2 Years	Greater than 2 Years	Non-interest Sensitive	Total
Assets:						
Cash and cash equivalents	$ 36,462	$ -	$ -	$ -	$ -	$ 36,462
Effective interest rate	1.18%	-	-	-	-	1.18%
Mortgages receivable, net	-	195,856	66,605	31,937	-	294,398
Effective interest rate	-	5.12%	4.56%	4.37%	-	4.93%
Other assets	-	-	-	-	4,016	4,016
Total assets	$ 36,462	$ 195,856	$ 66,605	$ 31,937	$ 4,016	$ 334,876
Liabilities:						
Customer deposits	$ -	$ 168,849	$ 46,584	$ 21,063	$ -	$ 236,496
Effective interest rate	-	2.14%	2.32%	2.68%	-	2.22%
Other liabilities	-	-	-	-	3,592	3,592
Shareholders' equity	-	-	-	-	94,788	94,788
Total liabilities and shareholders' equity	$ -	$ 168,849	$ 46,584	$ 21,063	$ 98,380	$ 334,876
Interest rate sensitivity gap	$ 36,462	$ 27,007	$ 20,021	$ 10,874	$ (94,364)	$ -
Cumulative gap	$ 36,462	$ 63,469	$ 83,490	$ 94,364	$ -	$ -
Cumulative gap as a percentage of total assets	10.9%	19.0%	24.9%	28.2%	-	-

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

5. Financial instruments (continued)

As at December 31, 2014	Floating Rate	Less than 1 Year	1 to 2 Years	Greater than 2 Years	Non-interest Sensitive	Total
Assets:						
Cash and cash equivalents	$ 33,231	$ -	$ -	$ -	$ -	$ 33,231
Effective interest rate	1.30%	-	-	-	-	1.30%
Mortgages receivable, net	-	205,417	58,651	33,307	-	297,375
Effective interest rate	-	5.32%	4.65%	4.31%	-	5.10%
Other assets	-	-	-	-	4,347	4,347
Total assets	$ 33,231	$ 205,417	$ 58,651	$ 33,307	$ 4,347	$ 334,953
Liabilities:						
Customer deposits	$ -	$ 162,177	$ 46,986	$ 26,434	$ -	$ 235,597
Effective interest rate	-	2.24%	2.28%	2.63%	-	2.24%
Other liabilities	-	-	-	-	4,505	4,505
Shareholders' equity	-	-	-	-	94,851	94,851
Total liabilities and shareholders' equity	$ -	$ 162,177	$ 46,986	$ 26,434	$ 99,356	$ 334,953
Interest rate sensitivity gap	$ 33,231	$ 43,240	$ 11,665	$ 6,873	$ (95,009)	$ -
Cumulative gap	$ 33,231	$ 76,471	$ 88,136	$ 95,009	$ -	$ -
Cumulative gap as a percentage of total assets	9.9%	22.8%	26.3%	28.4%	-	-

Based on the current interest rate gap position as at March 31, 2015, the Corporation estimates that a 100 basis point decrease in interest rates would decrease net interest income over the next 12 months by $583 (December 31, 2014 – $361 decrease). A 100 basis point increase in interest rates would increase net interest income over the next 12 months by $592 (December 31, 2014 – $336 increase).

(b) Fair value of financial instruments

The valuation methods and assumptions used to estimate fair values of financial instruments are described as follows:

(i) Mortgages receivable

The disclosed 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.

(ii) Customer deposits

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

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.

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

5. Financial instruments (continued)

								As at March 31, 2015
		Loans and Receivables/Financial Liabilities at Amortized Cost		**Carrying Value**		**Fair Value**		**Fair Value (Under) Over Carrying Value**
Financial assets:								
Mortgages receivable, net		**294,398**		**294,398**		**295,621**		**1,223**
Total financial assets	**$**	**294,398**	**$**	**294,398**	**$**	**295,621**	**$**	**1,223**
Financial liabilities:								
Customer deposits		**236,496**		**236,496**		**237,964**		**1,468**
Total financial liabilities	**$**	**236,496**	**$**	**236,496**	**$**	**237,964**	**$**	**1,468**

								As at December 31, 2014
		Loans and Receivables/Financial Liabilities at Amortized Cost		Carrying Value		Fair Value		Fair Value Over Carrying Value
Financial assets:								
Mortgages receivable, net		297,375		297,375		297,236		(139)
Total financial assets	$	297,375	$	297,375	$	297,236	$	(139)
Financial liabilities:								
Customer deposits		235,597		235,597		236,000		403
Total financial liabilities	$	235,597	$	235,597	$	236,000	$	403

(c) Fair value hierarchy

The Corporation categorizes its financial assets and liabilities into one of three fair value 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.

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.

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

5. Financial instruments (continued)

The following table presents the fair value of financial instruments across the levels of the fair value hierarchy.

								As at March 31, 2015
		Level 1		**Level 2**		**Level 3**		**Total**
Financial assets:								
Mortgages receivable		-		-		295,621		295,621
Total financial assets	$	-	$	-	$	295,621	$	295,621
Financial liabilities:								
Customer deposits		-		-		237,964		237,964
Total financial liabilities	$	-	$	-	$	237,964	$	237,964

								As at December 31, 2014
		Level 1		Level 2		Level 3		Total
Financial assets:								
Mortgages receivable		-		-		297,236		297,236
Total financial assets	$	-	$	-	$	297,236	$	297,236
Financial liabilities:								
Customer deposits		-		-		236,000		236,000
Total financial liabilities	$	-	$	-	$	236,000	$	236,000

There were no transfers into or out of any of the three levels during the current or prior period.

6. Cash and cash equivalents

As at		**March 31, 2015**		December 31, 2014
Deposits with regulated financial institutions	$	34,464	$	28,239
Short-term investments		1,998		4,992
Total cash and cash equivalents	$	36,462	$	33,231

Cash and cash equivalents include balances with banks and short-term investments with original maturity dates of less than 90 days.

7. Mortgages receivable

(a) Mortgages receivable

									As at March 31, 2015
		Gross		**Allowance for credit losses**					**Net**
		Amount		**Individual**		**Collective**		**Total**	**Amount**
Mortgages	$	294,883		56	$	1,032	$	1,088	$ 293,795
Accrued interest		603		-		-		-	603
Balance	$	295,486	$	56	$	1,032	$	1,088	$ 294,398

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

7. Mortgages receivable (continued)

										As at December 31, 2014
		Gross	Allowance for credit losses							Net
		Amount		Individual		Collective		Total		Amount
Mortgages	$	297,735	$	15	$	1,041	$	1,056	$	296,679
Accrued interest		696	$	-		-		-		696
Balance	$	298,431	$	15	$	1,041	$	1,056	$	297,375

Mortgages receivable consist of uninsured loans with terms up to five years for the purchase or refinancing of single-family homes in urban and suburban areas of Ontario.

As at March 31, 2015, the current portion of mortgages due within one year is $195,856 (December 31, 2014 – $205,417) and the weighted average term to maturity of the portfolio is 1.0 year (December 31, 2014 – 1.0 year). The weighted average effective interest rate of the portfolio as at March 31, 2015 is 4.93% (December 31, 2014 – 5.10%).

The Corporation has outstanding commitments to make future advances on mortgage loans of $18.8 million as at March 31, 2015 (December 31, 2014 – $9.9 million). Commitments for the loans remain open for various dates through August 2015.

(b) Allowance for credit losses

	For the three months ended March 31, 2015						For the year ended December 31, 2014					
		Individual Allowance		**Collective Allowance**		**Total**		Individual Allowance		Collective Allowance		Total
Balance, beginning of period	**$**	**15**	**$**	**1,041**	**$**	**1,056**	$	-	$	1,386	$	1,386
Provision for (reversal of) credit losses		**41**		**(9)**		**32**		64		(345)		(281)
Realized losses		**-**		**-**		**-**		(49)		-		(49)
Balance, end of period	**$**	**56**	**$**	**1,032**	**$**	**1,088**	$	15	$	1,041	$	1,056

(c) Past due mortgages but not impaired

A loan is considered past due when a borrower has not made a payment by the contractual due date. The following table presents the carrying value of mortgages that are past due but not classified as impaired because collection efforts are reasonably expected to result in full repayment, or they have been restored to current status in accordance with the Corporation's collection policy since the consolidated balance sheet dates.

As at		**March 31, 2015**		December 31, 2014
1 to 30 days	**$**	**12,524**	$	21,722
31 to 60 days		**1,013**		2,254
61 to 90 days		**333**		1,162
Over 90 days		**1,692**		1,228
	$	**15,562**	$	26,366

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

7. Mortgages receivable (continued)

(d) Impaired mortgage

The Corporation classifies loans 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. The following table presents the carrying value of the impaired mortgage.

As at		March 31, 2015		December 31, 2014
Gross amount of impaired loan	$	**241**	$	225
Individual allowance		**(56)**		(15)
Net amount	$	**185**	$	210

The total appraised value of the collateral for the impaired mortgage as at March 31, 2015 was $255 (December 31, 2014 - $255).

8. Customer deposits

As at		March 31, 2015		December 31, 2014
Guaranteed Investment Certificates	$	**233,763**	$	232,650
Accrued interest		**3,295**		3,477
Deferred deposit agent commissions		**(562)**		(530)
	$	**236,496**	$	235,597

Customer deposits are comprised of Guaranteed Investment Certificates ("GICs") with fixed maturity dates over a period of thirty days to five years. As at March 31, 2015, the current portion of customer deposits due within one year is $168,849 (December 31, 2014 – $162,177) and the average term to maturity is 1.0 year (December 31, 2014 – 1.0 year). The weighted average effective interest rate as at March 31, 2015 is 2.22% (December 31, 2014 – 2.24%).

9. Other assets

As at		March 31, 2015		December 31, 2014
Accounts receivable	$	**131**	$	80
Prepaids and other current assets		**302**		519
	$	**433**	$	599

10. Other liabilities

As at		March 31, 2015		December 31, 2014
Accounts payable and accrued liabilities	$	**2,170**	$	3,309
Deferred revenue		**228**		254
	$	**2,398**	$	3,563

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

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% (2014 – 26.5%). The following table reconciles the expected income tax provision at applicable Canadian statutory income tax rates to the amounts recognized in the consolidated statements of operations and comprehensive loss:

	For the three months ended	
	March 31, 2015	March 31, 2014
Loss before income taxes from continuing operations	**$ (287)**	$ (4,692)
Income tax recovery at statutory rate	**(77)**	(1,244)
Share-based payment expense not deductible for tax purposes	**48**	45
Non-deductible expenses for tax purposes	**2**	2
Income tax recovery	**$ (27)**	$ (1,197)

The movements in the deferred tax assets and liabilities are as follows:

	Opening balance as at January 1, 2015	Recognized in Net Earnings	**Closing balance as at March 31, 2015**
Deferred tax assets			
Non-capital losses	$ 483	$ 132	**$ 615**
Deferred acquisition, financing and share issuance costs	85	(15)	**70**
Mortgage provision for credit losses	28	1	**29**
DSU liability	99	72	**171**
Other	32	-	**32**
Deferred tax assets	$ 727	$ 190	**$ 917**
Deferred tax liabilities			
Property, plant and equipment	$ (315)	$ 42	**$ (273)**
License costs	(338)	-	**(338)**
Deferred tax liabilities	$ (653)	$ 42	**$ (611)**
Net deferred tax assets (liabilities)	$ 74	$ 232	**$ 306**
Consolidated Balance Sheets:			
Deferred tax assets	$ 641	$ 215	**$ 856**
Deferred tax liabilities	(567)	17	**(550)**
Net deferred tax assets (liabilities)	$ 74	$ 232	**$ 306**

12. Share capital

The authorized capital of the Corporation consists of an unlimited number of common shares without par value.

	Number of Shares	**Amount**
Issued and outstanding as at December 31, 2014	**9,527,508**	**$ 33,401**
Exercise of stock options (a)	**2,000**	**24**
Issued and outstanding as at March 31, 2015	**9,529,508**	**$ 33,425**
Issued and outstanding as at December 31, 2013	9,345,840	$ 31,735
Exercise of stock options (b)	2,501	32
Issued and outstanding as at March 31, 2014	9,348,341	$ 31,767

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

12. Share capital (continued)

(a) Transactions completed during the period ended March 31, 2015:

An employee of the Corporation exercised 2,000 stock options at a weighted average exercise price of $8.00 per share for total proceeds of $16. The weighted average share price at the time of exercise was $9.43 per share. Share capital also increased by a reclassification from contributed surplus of $8, which is the amount previously recognized as share-based payment expense for these options.

(b) Transactions completed during the period ended March 31, 2014:

Employees of the Corporation exercised 2,501 stock options at a weighted average exercise price of $9.17 per share for total proceeds of $23. The weighted average share price at the time of exercise was $12.15 per share. Share capital also increased by a reclassification from contributed surplus of $9, which is the amount previously recognized as share-based payment expense for these options.

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 as at March 31, 2015 was 952,951 (December 31, 2014 – 952,751).

	For the year ended March 31, 2015			For the year ended December 31, 2014		
	Number of Stock Options		**Weighted Average Exercise Price**	Number of Stock Options		Weighted Average Exercise Price
Opening balance	**583,000**	**$**	**9.79**	419,502	$	8.76
Options granted	**55,360**		**9.40**	517,500		9.83
Options exercised	**(2,000)**		**8.00**	(181,668)		6.89
Options expired	**(500)**		**10.90**	(89,005)		10.63
Options forfeited	**-**		**-**	(83,329)		10.28
Ending balance	**635,860**	**$**	**9.76**	583,000	$	9.79
Vested options	**40,002**	**$**	**8.76**	40,336	$	8.68

The weighted average remaining contractual life for all options outstanding as at March 31, 2015 is 4.05 years (December 31, 2014 – 4.20 years). During the three months ended March 31, 2015, the Corporation recognized $181 (2014 - $168) as share-based payment expense related to stock options within staffing costs.

During the three months ended March 31, 2015, 55,360 options were granted to employees under the Plan. The options will vest over a three year period. The Black-Scholes model was used to estimate the fair value of these options at the grant date.

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

13. Share-based payments (continued)

A summary of the 2015 option grants are presented below:

				For the three months ended March 31, 2015						
				Black-Scholes assumptions						
Number of Options	Date Granted	Recipient(s)	Fair Value	Vesting Period	Risk-free interest rate	Expected life	Expected volatility	Dividend yield	Exercise price	Fair value per option
55,360	February 18, 2015	Employees	$ 161,917	3 years	0.57%	5 years	35%	-	$ 9.40	$ 2.92
55,360			$ 161,917							

(b) Deferred share units

The Corporation offers a Deferred Share Unit ("DSU") Plan for members of the Board of Directors and Employees. Under the plan, DSUs are granted as part of their annual compensation and vest at the time of grant. When an individual ceases to be a Board of Director or an Employee, the DSUs shall be redeemed for cash no later than December 31 of the first calendar year thereafter. The value of each DSU will be equivalent to the closing share price of the Corporation's common shares on the cessation date.

As at March 31, 2015, there were 66,633 DSUs outstanding (December 31, 2014 – 36,230) representing a liability of $644 (December 31, 2014 – $375). DSUs of 30,403 were granted during the period ended March 31, 2015 (December 31, 2014 – 26,291). Expense recorded for the period ended March 31, 2015 relating to DSUs outstanding amounted to $269 (March 31, 2014 –$61 recovery). The DSUs are revalued at each reporting date based on the closing price of the Corporation's shares.

Details of the outstanding deferred share units are as follows:

As at	March 31, 2015	December 31, 2014
Units		
Outstanding, beginning of period	**36,230**	87,974
Granted	**30,403**	26,291
Redeemed	**-**	(76,341)
Forfeited	**-**	(1,694)
Outstanding, end of period	**66,633**	36,230
Liability		
Balance, beginning of period	**$ 375**	$ 1,022
Expense recognized in the statements of operations and comprehensive loss	**269**	144
Redeemed	-	(791)
Balance, end of period	**$ 644**	$ 375

14. Related party transactions

During the three months ended March 31, 2015, the Corporation entered into various transactions in the normal course of business with directors and officers of the Corporation related to director and officer compensation. All outstanding balances are due to be settled in cash after the period end date and are not secured.

15. Discontinued operations

On April 5, 2013, the Corporation closed the sale transaction for its transfer agent and corporate trust operations (the "Transaction"). 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 March 31, 2015. As a result, no contingent purchase price adjustment is recorded in the consolidated financial statements. Over the life of the contingent consideration period, 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 statements of operations and comprehensive loss 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 March 31, 2015, EFT remains the trustee of segregated funds in the amount of $125,054 (December 31, 2014 – $196,272), which are reported off-balance sheet.

16. Non-interest expenses

Included in other expenses for the three months ended March 31, 2014 are costs related to a board-led independent review of underwriting processes and risk management controls and to the settlement of a shareholder action initiated by the Corporation's largest shareholder, Smoothwater Capital Partners LP I ("Smoothwater"). Costs related to the controls review totaled $1,300 and costs related to the shareholder action totaled $4,270.

Included in the costs related to the shareholder action settlement are transactions with related parties, which include severance of $950 paid to the Corporation's outgoing CEO, Board of Directors fees of $264, and amounts totaling $625 in respect of advisory fees incurred by Smoothwater, which were paid to new Board members and companies related to new Board members.

17. Comparative amounts

Certain comparative amounts have been reclassified to conform to the presentation adopted in the current period.