EQUITY FINANCIAL HOLDINGS INC.

CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2015

Responsibility for Consolidated Financial Statements

The accompanying 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 consolidated financial statements, management is satisfied that these consolidated financial statements have been fairly presented.

Equity Financial Holdings Inc.

December 31, 2015

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Equity Financial Holdings Inc.,

We have audited the accompanying consolidated financial statements of Equity Financial Holdings Inc., which comprise the consolidated balance sheets as at December 31, 2015 and 2014, and the consolidated statements of operations and comprehensive income (loss), changes in shareholders' equity and cash flows for the years ended December 31, 2015 and 2014, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Equity Financial Holdings Inc. as at December 31, 2015 and 2014, and its financial performance and its cash flows for the years ended December 31, 2015 and 2014 in accordance with International Financial Reporting Standards.

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada

February 8, 2016

EQUITY FINANCIAL HOLDINGS INC.

CONSOLIDATED BALANCE SHEETS

	As at	
($000s Canadian dollars)	**December 31, 2015**	December 31, 2014
Assets		
Cash and cash equivalents (Note 6)	**$ 44,326**	$ 33,231
Mortgages receivable, net (Note 7)	**383,282**	297,375
Current income taxes receivable	**-**	421
Deferred tax assets (Note 13)	**894**	641
Other assets (Note 9)	**699**	599
Property, plant and equipment (Note 11)	**399**	607
Intangibles (Note 12)	**1,829**	2,079
	431,429	334,953
Liabilities and Shareholders' Equity		
Liabilities		
Customer deposits (Note 8)	**332,197**	235,597
Current income taxes payable	**135**	-
Deferred tax liabilities (Note 13)	**251**	567
Deferred share unit liability (Note 15)	**837**	375
Contingent consideration payable (Note 19)	**1,000**	-
Other liabilities (Note 10)	**3,554**	3,563
	337,974	240,102
Shareholders' Equity		
Share capital (Note 14)	**33,515**	33,401
Contributed surplus	**2,419**	1,772
Retained earnings	**57,521**	59,678
	93,455	94,851
	$ 431,429	$ 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 form an integral part of these consolidated financial statements.

EQUITY FINANCIAL HOLDINGS INC.

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

($000s Canadian dollars, except share and per share amounts)	For the years ended December 31, 2015	December 31, 2014
Interest income	$ 16,155	$ 19,733
Interest expense	(5,815)	(6,878)
Net interest income	10,340	12,855
(Increase in) reversal of provision for credit losses (Note 7)	(165)	281
Net interest income, including provision for credit losses	10,175	13,136
Non-interest income		
Mortgage servicing fees	1,244	1,534
Other fee income (Note 19)	450	-
Total non-interest income	1,694	1,534
Net interest income and non-interest income, including provision for credit losses	11,869	14,670
Non-interest expenses (Note 20)		
Staffing costs	7,808	7,955
Other expenses	5,527	10,460
Total non-interest expenses	13,335	18,415
Charge for contingent consideration (Note 19)	1,000	-
Loss before income taxes	(2,466)	(3,745)
Income tax (recovery) expense (Note 13)		
Current	260	(228)
Deferred	(569)	(598)
Total income tax recovery	(309)	(826)
Net loss and total comprehensive loss	(2,157)	(2,919)
Net loss per common share (Note 16)		
Loss per share	$ (0.23)	$ (0.30)
Diluted loss per share	$ (0.23)	$ (0.30)
Weighted average number of common shares outstanding		
Basic	9,532,647	9,442,549
Diluted	9,535,450	9,483,492

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

EQUITY FINANCIAL HOLDINGS INC.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the years ended December 31, 2015 and 2014

	Share Capital				
($000s Canadian dollars, except share amounts)	**Number**	**Amount**	**Contributed Surplus**	**Retained Earnings**	**Total Shareholders' Equity**
Balance as at December 31, 2014	**9,527,508**	**$ 33,401**	**$ 1,772**	**$ 59,678**	**$ 94,851**
Exercise of stock options (Notes 14 and 15)	**12,000**	**114**	**(29)**	**-**	**85**
Net loss	**-**	**-**	**-**	**(2,157)**	**(2,157)**
Share-based payment expense	**-**	**-**	**676**	**-**	**676**
Balance as at December 31, 2015	**9,539,508**	**33,515**	**2,419**	**57,521**	**93,455**
Balance as at December 31, 2013	9,345,840	31,735	1,778	62,597	96,110
Exercise of stock options (Note 14 and 15)	181,668	1,666	(415)	-	1,251
Net loss	-	-	-	(2,919)	(2,919)
Share-based payment expense	-	-	409	-	409
Balance at at December 31, 2014	9,527,508	$ 33,401	$ 1,772	$ 59,678	$ 94,851

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

EQUITY FINANCIAL HOLDINGS INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

($000s Canadian dollars)	For the years ended **December 31, 2015**	December 31, 2014
Operating Activities		
Net loss for the year	**$ (2,157)**	$ (2,919)
Adjustments to determine cash flows relating to operating assets and liabilities		
Depreciation of property, plant and equipment (Note 11)	**328**	229
Amortization of intangible assets (Note 12)	**471**	509
Realized loss on impaired mortgages (Note 7)	**(54)**	(49)
Impairment losses on asset write-offs (Note 12)	**-**	28
Share-based payments	**676**	409
Provision for (reversal of) credit losses	**165**	(281)
Increase in contingent consideration payable (Note 19)	**1,000**	-
Changes in operating assets and liabilities		
Income tax recovery	**(309)**	(826)
Income tax received (paid)	**297**	(7,227)
(Increase) decrease in mortgages receivable	**(86,018)**	97,767
Increase (decrease) in customer deposits	**96,600**	(96,840)
Increase (decrease) in deferred share unit liability	**462**	(647)
Decrease in other assets	**(101)**	(87)
Decrease in other liabilities	**(9)**	(1,371)
Cash flows provided by (used in) operating activities	**11,351**	(11,305)
Financing Activities		
Shares issued pursuant to stock options exercised (Note 15)	**85**	1,251
Cash flows provided by financing activities	**85**	1,251
Investing Activities		
Additions to property, plant and equipment	**(120)**	(91)
Addition of intangible assets	**(221)**	-
Cash flows used in investing activities	**(341)**	(91)
Net increase (decrease) in cash and cash equivalents during the year	**11,095**	(10,145)
Cash and cash equivalents at the beginning of the year	**33,231**	43,376
Cash and cash equivalents at the end of the year	**$ 44,326**	$ 33,231
Supplementary Disclosure of Cash Flow Information		
Cash interest received	**$ 15,778**	$ 19,216
Cash interest paid	**(4,577)**	(5,832)
Non-cash transactions: Deferred share unit grants	**630**	228

The accompanying notes and shaded sections of the MD&A form an integral part of these 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 consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

The consolidated financial statements have been prepared on the cost basis, except for the following consolidated balance sheet items:

- Liabilities for cash-settled share-based payment arrangements, which are measured at fair value (see Note 2(m))
- Liability for contingent consideration payable which is measured at fair value (see Note 19)

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below and have been consistently applied to all the years presented, unless otherwise stated.

These consolidated financial statements were authorized for issuance by the Board of Directors of the Corporation on February 09, 2016.

(b) Principles of consolidation

The consolidated financial statements include the assets, liabilities and results of operations of the Corporation and its subsidiary after the elimination of intercompany transactions.

A subsidiary is an entity controlled by the Corporation. The Corporation has control when it has power over the entity, has exposure or rights to variable returns from its involvement and has the ability to use its power over the entity to affect returns. The subsidiary included in the consolidated financial statements is EFT.

(c) Critical accounting judgments, estimates and assumptions

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses and related disclosures. Actual results may differ from these estimates.

Estimates and judgments are continually evaluated by management based on historical experience and other external factors, and for certain estimates, expectations of future events that are believed to be reasonable under the current circumstances.

Information about assumptions and estimation uncertainties that could have a significant impact on the consolidated financial statements is included in the following notes:

- 2(d) Financial instruments
- 2(g) Allowance for credit losses on mortgages receivable
- 2(i) Intangible assets

2. Summary of significant accounting policies continued

(c) Critical accounting judgments, estimates and assumptions continued

- 2(k) Income taxes

(d) Financial instruments

i. Recognition and classification of financial assets and financial liabilities

Financial assets

The Corporation classifies financial assets either as "at fair value through profit or loss" (FVTPL) or as "loans and receivables", which include mortgages receivable.

Financial assets classified as FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognized in the consolidated statements of operations and comprehensive loss.

Financial assets, except loans and receivables, are recognized on the trade date, where their purchase or sale are under a contract of which the terms require delivering the financial asset within the timeframe established by the market concerned. The Corporation derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Loans and receivables are financial assets with fixed and determinable payments that are not quoted in an active market. Such assets are initially recognized on settlement date at fair value plus any transaction costs and subsequently they are measured at amortized cost using the effective interest method, less any allowance for credit losses.

Financial liabilities

Customer deposits are measured at amortized cost using the effective interest method, recognizing interest expense on an effective yield basis.

Contingent consideration payable is measured at fair value, with any adjustments on re-measurement recognized in the consolidated statements of operations and comprehensive loss. The disclosed fair value of the contingent consideration payable is determined by using management's best estimate based on a probability weighted range of future outcomes.

ii. Determination of fair value

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is measured using the principal market or most advantageous market that is accessible to the Corporation for the asset or liability.

Subsequent to initial recognition, financial instruments classified as FVTPL are remeasured using quoted market prices from active markets or, where quoted market prices are not available, using fair value estimates determined using valuation methods that refer to observable market data.

2. Summary of significant accounting policies continued

(d) Financial instruments continued

iii. Impairment

Financial assets, other than those classified as FVTPL, are assessed for indicators of impairment at the end of each reporting period or more frequently if required. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after initially recognizing the financial asset, the present value of estimated future cash flows is lower than the asset's carrying amount. The financial asset's carrying amount is reduced by the impairment loss either directly, or in the case when a trade receivable or a mortgage receivable is considered uncollectible, it is written off against an allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in the consolidated statements of operations and comprehensive loss.

iv. Risks associated with financial instruments

The use of financial instruments exposes the Corporation to credit risk, liquidity risk and interest rate risk. Elements of these risks and how the Corporation manages them are outlined in detail in Note 5 and pages 25 to 28 of the Corporation's 2015 Annual Management Discussion and Analysis ("MD&A").

(e) Cash and cash equivalents

Cash and cash equivalents consist of deposits with regulated financial institutions and liquid short-term investments, including government guaranteed investments, of which the term to maturity at the date of purchase is less than three months and which are readily convertible to known amounts of cash. Interest earned on cash and cash equivalents is included in interest income in the consolidated statements of operations and comprehensive loss.

(f) Mortgages receivable

Mortgages receivable are recorded at amortized cost plus accrued interest, net of unamortized broker fees, deferred commitment fees and an allowance for credit losses. Net fees relating to mortgage origination are amortized to earnings on an effective interest basis over the term of the mortgages to which they relate. The effective interest rate is the rate that exactly discounts estimated future cash receipts over the expected life of the loan.

Interest income is accrued as earned with the passage of time and continues to accrue when a loan is considered impaired using the effective interest rate method (with an appropriate allowance for credit loss as discussed below).

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.

When loans are classified as impaired, the book value of such loans is adjusted to their estimated realizable value based on the fair value of any security underlying the loans, net of any costs of realization, by establishing an allowance for credit losses as described below.

An impaired loan is not returned to a performing status unless all principal and interest payments are up to date, and management is reasonably assured of the full recoverability of the loan.

2. Summary of significant accounting policies continued

(g) Allowance for credit losses on mortgages receivable

An allowance for credit losses is maintained at an amount that, in management's opinion, is considered adequate to absorb all credit-related losses that have occurred in the portfolio, whether or not detected at period-end. The allowance for credit losses on mortgage assets consists of both the individually and collectively assessed allowance. The adequacy of the allowance for credit losses is reviewed at least quarterly. Losses expected from future events are not recognized. The allowance for credit losses is deducted from mortgages receivable on the consolidated balance sheets. The provision for credit losses reflected in the consolidated statements of operations and comprehensive loss is the change in the allowance for credit losses

i. Individual allowances

Individual allowances are determined on an item-by-item basis and reflect the associated estimate of credit loss. At the end of each reporting period, the Corporation first assesses whether objective evidence of impairment exists individually for mortgage assets. Individual allowances are set up for mortgages where evidence exists that the loan is not fully recoverable. The individual allowance is measured as the difference between the mortgage's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. The calculation of the present value of the estimated future cash flows of the mortgage reflects the cash flows that may result from power of sale or foreclosure, less costs for obtaining and selling the property underlying the mortgage.

ii. Collective allowance

The collective allowance is established to absorb credit losses on the aggregate exposures in the Corporation's loan portfolio for which losses have been incurred but not yet individually reported or identified. If an individual allowance is not required for a particular mortgage, the Corporation includes the mortgage in a group of mortgage assets with similar credit risk characteristics and collectively assesses them for impairment. Management's assessment process considers industry peer group experience and other relevant factors including economic conditions, security and mortgage type, geographical exposure, arrears trends and loan to value ratios.

iii. Impairment

An impairment loss is reflected in the consolidated statements of operations and comprehensive loss in the year in which the impairment is identified. In subsequent periods, recoveries of amounts previously written off and any increase in the carrying value of the mortgage are credited to the allowance for credit losses on the consolidated balance sheets.

(h) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The Corporation recognizes depreciation to write off the cost of assets less their residual values over their estimated useful lives on a straight-line basis. The ranges of useful lives for each asset type are as follows:

Furniture	5 to 10 years
Computer equipment	4 years
Computer infrastructure	7 years

2. Summary of significant accounting policies continued

(h) Property, plant and equipment continued

Leasehold improvements	Term of lease

The Corporation reviews the estimated useful lives, residual values and depreciation methods at each year end, accounting for the effect of any changes in estimate on a prospective basis.

The gain or loss arising on disposing of or retiring an item of property, plant and equipment is determined as the difference between the sales proceeds and the asset's carrying amount and is recognized in the consolidated statements of operations and comprehensive loss.

(i) Intangible assets

Acquired intangible assets

Intangible assets include costs incurred to amend the trust licence to allow EFT to become a deposit-taking institution ("DTI"). The trust licence granted to EFT under the federal *Trust and Loans Companies Act* does not expire and is therefore considered to have an indefinite life. It is carried at cost and is not amortized; however, it is assessed for impairment on an annual basis.

Computer software is carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over its estimated useful life of 2 to 5 years respectively. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, accounting for the effect of any changes in estimate on a prospective basis.

Internally generated intangible assets

The Corporation's internally generated intangible assets consist of computer software. The Corporation recognizes expenditure on research activities as an expense in the period in which it is incurred. The Corporation recognizes an internally generated intangible asset arising from development (or from the development phase of an internal project).

The amount initially recognized for internally generated intangible assets is the sum of the eligible expenditures incurred from the date when the intangible asset first meets the recognition criteria. Where no internally generated intangible asset can be recognized, the development expenditures are recognized in the consolidated statements of operations and comprehensive loss in the period in which it is incurred.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortization and impairment losses, on the same basis as acquired definite-life intangible assets. The internally generated computer software is amortized on a straight-line basis over its estimated useful life of 2 to 5 years.

Asset impairment

The Corporation assesses, at each reporting date, whether there is an indication that an intangible asset may be impaired. The trust licence is reviewed for impairment at least annually. If any indication of impairment exists, the Corporation estimates the asset's recoverable amount to determine the extent of the impairment loss. Where it is not possible to estimate a specific asset's recoverable amount, the Corporation estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs. The recoverable amount is the higher of fair value less costs of disposal and value in use, where value in use is the present value of the future cash flows expected to be derived from the assets of the CGU. Where the carrying amount of the asset or the CGU exceeds its recoverable amount, the asset is considered impaired and written down to its recoverable amount. The impairment loss is immediately recognized in the statement of operations and loss.

Where an impairment loss subsequently reverses, the carrying amount is increased to the revised estimate of its recoverable amount, without exceeding the carrying amount that would have been determined if no impairment loss

2. Summary of significant accounting policies continued

(i) Intangible assets continued

had been recognized in prior years. A reversal of an impairment loss is recognized immediately in the consolidated statements of operations and comprehensive loss.

(j) Customer deposits

Customer deposits comprise of guaranteed investment certificates ("GICs") issued to depositors. Deposits are recorded on the consolidated balance sheets at amortized cost using the effective interest method. Deferred deposit agent commissions are accounted for as a component of customer deposits and amortized to interest expense over the term of the deposit using the effective interest method.

(k) Income taxes

Income tax expense represents the sum of taxes currently payable and deferred taxes.

Taxes currently payable are based on taxable earnings for the year. Taxable earnings differ from net income or loss as reported in the consolidated statements of operations and comprehensive loss because of items of income or expense taxable or deductible in other years and items that are never taxable or deductible. The Corporation calculates its liability for current taxes using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred taxes are recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in computing taxable earnings. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable earnings will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable earnings nor the accounting earnings.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Corporation is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable there will be sufficient taxable earnings against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and, if necessary, reduced to the amount expected to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Corporation expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Corporation intends to settle its current tax assets and liabilities on a net basis.

Current and deferred taxes are recognized as an expense or income in income or loss, except when they relate to items recognized outside of income or loss (whether in other comprehensive income or directly in equity), in which case the

2. Summary of significant accounting policies continued

(k) Income taxes continued

taxes are also recognized outside of income or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in the accounting for the business combination.

(l) Earnings per share

Basic earnings per share is computed by dividing the earnings for the year by the weighted average number of common shares outstanding during the year, including contingently issuable shares that are included when the conditions necessary for issuance have been met. Diluted earnings per share is calculated in a similar manner, except that the weighted average number of common shares outstanding is increased to include potentially issuable common shares from the assumed exercise of options, if dilutive. The number of additional shares included in the calculation is based on the treasury stock method for options. Diluted earnings per share exclude all dilutive potential common shares if their effect is anti-dilutive.

(m) Share-based payments

i. Stock options

Fair value is determined on the grant date of the stock option and is recognized as an expense over the vesting period, with a corresponding increase to contributed surplus based on the Corporation's estimate of the number of options expected to vest. When stock options are exercised, the proceeds received by the Corporation, together with any related amount recorded in contributed surplus, are credited to share capital.

ii. Deferred share units

The fair value of the amount payable to directors and employees in respect of deferred share units, which are settled in cash, is recognized as an expense in the consolidated statements of operations and comprehensive loss with a corresponding change in liabilities, over the period that the individual becomes unconditionally entitled to payment. The liability is remeasured at each reporting date and at the settlement date based on the fair value of the stock price. Any changes in the liability are recognized in other expenses in the consolidated statements of operations and comprehensive loss.

iii. Employee share purchase plan contributions

The Corporation's contributions under the plan on behalf of employees are included in staffing costs.

(n) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Corporation and that the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment.

i. Interest income and expense

Interest income includes interest income earned on mortgages receivable, bank deposit balances and short-term investments. Interest expense is the cost of issuing customer deposits.

Interest income and expense for all interest-bearing financial instruments is recognized within interest income

2. Summary of significant accounting policies continued

(n) Revenue recognition continued

i. Interest income and expense continued

and interest expense in the consolidated statements of operations and comprehensive loss using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability by allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments or receipts over the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Corporation estimates cash flows by considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate.

ii. Non-interest income

Non-interest income includes mortgage servicing fees and other fee income. Mortgage servicing fees include annual maintenance fees and renewal fees, non-sufficient fund fees, discharge fees, legal fees, and other miscellaneous fees. Other fee income is related to EFT's transitional status as trustee for client relationships managed by a third party.

Non-interest income is accrued and recognized as income when the associated services are rendered.

(o) Leases

The Corporation recognizes operating lease payments as an expense on a straight-line basis over the lease term. Lease incentives received to enter into operating leases are recognized initially as a liability and then as a reduction of rental expense on a straight-line basis over the lease term.

3. Current and future changes in accounting policies

(a) Future changes in accounting policy

The IASB and 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. Those which are considered to be relevant to the Corporation’s operations are as follows:

IFRS 9 - Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9, which replaces the guidance in IAS 39. The standard includes a logical model for classification and measurement, a single, forward-looking "expected loss" impairment model and a substantially-reformed approach to hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Corporation is in the process of evaluating the impact of IFRS 9 on its consolidated financial statements.

3. Current and future changes in accounting policies continued

(a) Future changes in accounting policy continued

IFRS 15 - Revenue from Contracts with Customers

In September 2015, the IASB issued an amendment to the revenue standard formalizing the deferral of the effective date by one year to January 1, 2018. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The Corporation is in the process of evaluating the impact of IFRS 15 on its consolidated financial statements.

IFRS 16 - Leases

In January 2016, the IASB issued IFRS 16, which replaces the previous lease standard and related interpretations. The new standard requires lessees to recognise assets and liabilities for most leases and is effective for annual periods beginning on or after January 1, 2019. The Corpioration has not yet determined the impact of IFRS 16 on its consolidated financial statements.

4. Capital management

The Corporation's managed capital comprises of shareholders' equity, which totaled $93,455 as at December 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).

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 December 31, 2015, EFT held CET 1 on an "all-in" basis of $84,200, 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 required public disclosure of the leverage ratio beginning first fiscal quarter of 2015. The Basel III leverage ratio replaced the Asset to Capital Multiple prescribed by OSFI. 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

4. Capital management continued

(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 on pages 23 to 24 of the Corporation's 2015 Annual MD&A.

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

Capital Disclosures

As at	**December 31, 2015**	December 31, 2014
Common Equity Tier 1 capital: instruments and reserves	**All-in**	All-in
Directly issued qualifying common share capital plus related stock surplus	**$ 33,912**	$ 32,606
Retained earnings	**51,697**	54,183
Common Equity Tier 1 capital before regulatory adjustments	**85,609**	86,789
Common Equity Tier 1 capital: regulatory adjustments		
Total regulatory adjustments to Common Equity Tier 1	**(1,409)**	(1,457)
Common Equity Tier 1 capital (CET1)	**84,200**	85,332
Tier 1 capital	**84,200**	85,332
Total capital	**84,200**	85,332
Total risk-weighted assets	**169,246**	130,181
Capital ratios		
Common Equity Tier 1 (as a percentage of risk-weighted assets)	**49.8 %**	65.5 %
Tier 1 (as a percentage of risk-weighted assets)	**49.8 %**	65.5 %
Total capital (as a percentage of risk-weighted assets)	**49.8 %**	65.5 %
OSFI all-in target		
Common Equity Tier 1 capital all-in target ratio	**7.0 %**	7.0 %
Tier 1 capital all-in target ratio	**8.5 %**	8.5 %
Total capital all-in target ratio	**10.5 %**	10.5 %

Leverage Ratio Disclosures

As at	**December 31, 2015**	December 31, 2014
Leverage ratio exposure	**441,842**	329,646
Leverage ratio (Tier 1 capital / total exposure measure)	**19.1 %**	25.9 %

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 21 to 23 of the Corporation's 2015 Annual MD&A.

(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 December 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 December 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	$ 44,326	$ -	$ -	$ -	$ -	$ 44,326
Effective interest rate	1.04 %	-	-	-	-	1.04 %
Mortgages receivable, net	-	244,757	101,662	36,863	-	383,282
Effective interest rate	-	4.97 %	4.64 %	4.74 %	-	4.86 %
Other non-interest sensitive assets	-	-	-	-	3,821	3,821
Total assets	$ 44,326	$ 244,757	$ 101,662	$ 36,863	$ 3,821	$ 431,429
Liabilities:						
Customer deposits	$ -	$ 174,376	$ 91,875	$ 65,946	$ -	$ 332,197
Effective interest rate	-	2.03 %	2.20 %	2.40 %	-	2.13 %
Other non-interest sensitive liabilities	-	-	-	-	5,777	5,777
Shareholders' equity	-	-	-	-	93,455	93,455
Total liabilities and shareholders' equity	-	174,376	91,875	65,946	99,232	431,429
Interest rate sensitivity gap	44,326	70,381	9,787	(29,083)	(95,411)	-
Cumulative gap	$ 44,326	$ 114,707	$ 124,494	$ 95,411	$ -	$ -
Cumulative gap as a percentage of total assets	10.3 %	26.6 %	28.9 %	22.1 %	-	-

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 non-interest sensitive 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 non-interest sensitive 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 December 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 $229 (December 31, 2014 – $361 decrease). A 100 basis point increase in interest rates would increase net interest income over the next 12 months by $466 (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

Mortgages receivable are carried at amortized cost on the consolidated balance sheets. 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) Contingent consideration payable

Contingent consideration payable is carried at fair value on the consolidated balance sheets. The disclosed fair value of the contingent consideration payable is determined by using management's best estimate based on a probability weighted range of future outcomes.

5. Financial instruments continued

(b) Fair value of financial instruments continued

(iii) Customer deposits

Customer deposits are carried at amortized cost on the consolidated balance sheets. 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.

	As at December 31, 2015		
	Carrying Value	**Fair Value**	**Fair Value (Under) Over Carrying Value**
Financial assets:			
Mortgages receivable, net	**$ 383,282**	**$ 384,855**	**$ 1,573**
Total financial assets	**383,282**	**384,855**	**1,573**
Financial liabilities:			
Customer deposits	**332,197**	**334,755**	**2,558**
Contingent consideration payable	**1,000**	**1,000**	**-**
Total financial liabilities	**$ 333,197**	**$ 335,755**	**$ 2,558**

	As at December 31, 2014		
	Carrying Value	Fair Value	Fair Value (Under) Over Carrying Value
Financial assets:			
Mortgages receivable, net	$ 297,375	$ 297,236	$ (139)
Total financial assets	297,375	297,236	(139)
Financial liabilities:			
Customer deposits	235,597	236,000	403
Contingent consideration payable	-	-	-
Total financial liabilities	$ 235,597	$ 236,000	$ 403

5. Financial instruments continued

(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 that are less observable, unavailable or where the observable data does not support a significant portion of the instruments' fair value.

The following table presents the fair values of financial instruments recorded at amortized cost or fair value across the levels of the fair value hierarchy.

	As at December 31, 2015			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets:				
Mortgages receivable, net	**$ -**	**$ -**	**$ 384,855**	**$ 384,855**
Total financial assets	**-**	**-**	**384,855**	**384,855**
Financial liabilities:				
Customer deposits	**-**	**-**	**334,755**	**334,755**
Contingent consideration payable	**-**	**-**	**1,000**	**1,000**
Total financial liabilities	**$ -**	**$ -**	**$ 335,755**	**$ 335,755**

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

5. Financial instruments continued

The following table presents the changes in fair value of the financial liability reported in Level 3. This liability is measured at fair value utilizing non-observable inputs.

As at		December 31, 2015		December 31, 2014
Balance, beginning of period	$	-	$	-
Charge for contingent consideration		1,000		-
Balance, end of period	$	1,000	$	-

6. Cash and cash equivalents

As at		December 31, 2015		December 31, 2014
Deposits with regulated financial institutions	$	42,328	$	28,239
Short-term investments		1,998		4,992
Total cash and cash equivalents	$	44,326	$	33,231

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

7. Mortgages receivable

(a) Mortgages receivable

	As at December 31, 2015				
	Gross Amount	**Individual Allowance**	**Collective Allowance**	**Total**	**Net Amount**
Mortgages	$ 383,671	$ 93	$ 1,074	$ 1,167	$ 382,504
Accrued interest	778	-	-	-	778
Balance	$ 384,449	$ 93	$ 1,074	$ 1,167	$ 383,282

7. Mortgages receivable continued

	As at December 31, 2014				
	Gross Amount	Individual Allowance	Collective Allowance	Total	Net 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 predominantly in urban and suburban areas of Ontario.

As at December 31, 2015, the current portion of mortgages due within one year is $244,757 (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 December 31, 2015 is 4.86% (December 31, 2014 – 5.10%).

The Corporation has outstanding commitments to make future advances on mortgage loans of $19,300 as at December 31, 2015 (December 31, 2014 – $9,900). Commitments for the loans remain open for various dates through May 2016.

(b) Allowance for credit losses

	For the years ended December 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	**132**	**33**	**165**	64	(345)	(281)
Realized losses	**(54)**	**-**	**(54)**	(49)	-	(49)
Balance, end of period	**$ 93**	**$ 1,074**	**$ 1,167**	$ 15	$ 1,041	$ 1,056

(c) Mortgages past due 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.

7. Mortgages receivable continued

(c) Mortgages past due but not impaired continued

As at		December 31, 2015		December 31, 2014
1 to 30 days	**$**	**10,376**	$	21,722
31 to 60 days		**1,714**		2,254
61 to 90 days		**317**		1,162
Over 90 Days		**1,866**		1,228
	$	**14,273**	$	26,366

(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 impaired mortgages.

As at		December 31, 2015		December 31, 2014
Gross amount of impaired loan	**$**	**500**	$	225
Individual allowance		**(93)**		(15)
Net amount	**$**	**407**	$	210

The total appraised value of the collateral for the impaired mortgage as at December 31, 2015 was $460.

8. Customer deposits

As at		December 31, 2015		December 31, 2014
Term deposit principal	**$**	**329,068**	$	232,650
Term deposit accrued interest		**4,068**		3,477
Deferred broker commissions		**(939)**		(530)
	$	**332,197**	$	235,597

Customer deposits comprise of Guaranteed Investment Certificates ("GICs") with fixed maturity dates over a period of thirty days to five years.

8. Customer deposits continued

As at December 31, 2015, the current portion of customer deposits due within one year is $174,376 (December 31, 2014 – $162,177) and the average term to maturity is 1.3 years (December 31, 2014 – 1.0 year). The weighted average effective interest rate as at December 31, 2015 is 2.13% (December 31, 2014 – 2.24%).

9. Other assets

As at		December 31, 2015		December 31, 2014
Accounts receivable	$	159	$	80
Prepaids and other current assets		540		519
	$	699	$	599

10. Other liabilities

As at		December 31, 2015		December 31, 2014
Accounts payable and accrued liabilities	$	3,271	$	3,309
Deferred revenue		283		254
	$	3,554	$	3,563

11. Property, plant and equipment

		Furniture		Computer Equipment and Infrastructure		Leasehold Improvements		Total
Opening cost, January 1, 2015	$	465	$	1,021	$	384	$	1,870
Additions		5		115		-		120
Closing cost, December 31, 2015		470		1,136		384		1,990
Opening accumulated amortization, January 1, 2015		311		716		236		1,263
Depreciation expense		86		172		70		328
Closing accumulated amortization, December 31, 2015		397		888		306		1,591
Net book value as at December 31, 2015	$	73	$	248	$	78	$	399

11. Property, plant and equipment continued

	Furniture	Computer Equipment and Infrastructure	Leasehold Improvements	Total
Opening cost, January 1, 2014	$ 437	$ 979	$ 363	$ 1,779
Additions	28	42	21	91
Closing cost, December 31, 2014	465	1,021	384	1,870
Opening accumulated amortization, January 1, 2014	275	584	175	1,034
Depreciation expense	36	132	61	229
Closing accumulated amortization, December 31, 2014	311	716	236	1,263
Net book value as at December 31, 2014	$ 154	$ 305	$ 148	$ 607

Effective January 1, 2015, the Corporation changed the depreciation method for furniture and computer equipment from declining balance to straight line method. The effect of this change in accounting estimate increased depreciation expense for the year ended December 31, 2015 by $52 and $39 for furniture and computer equipment, respectively, compared to the declining balance method.

12. Intangible assets

	Intangible Asset with Indefinite Life	**Computer Software**		**Total**
	Licence costs	**Purchased**	**Internally Generated**	
Opening cost, January 1, 2015	**$ 1,276**	**$ 1,911**	**$ 245**	**$ 3,432**
Additions	**-**	**221**	**-**	**221**
Closing cost, December 31, 2015	**1,276**	**2,132**	**245**	**3,653**
Opening accumulated amortization, January 1,2015	**-**	**1,232**	**121**	**1,353**
Amortization expense	**-**	**423**	**48**	**471**
Closing accumulated amortization, December 31, 2015	**-**	**1,655**	**169**	**1,824**
Net book value as at December 31, 2015	**$ 1,276**	**$ 477**	**$ 76**	**$ 1,829**

12. Intangible assets continued

	Intangible Asset with Indefinite Life	Computer Software		Total
	Licence costs	Purchased (a)	Internally Generated	
Opening cost, January 1, 2014	$ 1,276	$ 1,957	$ 245	$ 3,478
Asset write-off	-	(46)	-	(46)
Closing cost, December 31, 2014	1,276	1,911	245	3,432
Opening accumulated amortization, January 1, 2015	-	789	73	862
Amortization expense	-	461	48	509
Amortization write-off	-	(18)	-	(18)
Closing accumulated amortization, December 31, 2014	-	1,232	121	1,353
Net book value as at December 31, 2014	$ 1,276	$ 679	$ 124	$ 2,079

(a) During the year ended December 31, 2014, the Corporation wrote-off previously purchased software with a remaining net book value of $28, with losses recognized in the statements of operations and comprehensive loss.

13. 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 years ended	
	December 31, 2015	December 31, 2014
Loss before income taxes from continuing operations	**$ (2,466)**	$ (3,745)
Income tax recovery at statutory rate	**(653)**	(990)
Non-taxable portion of charge for contingent consideration	**133**	-
Adjustments to prior years	**-**	55
Share-based payment expense not deductible for tax purposes	**198**	108
Non-deductible expenses for tax purposes	**13**	1
Income tax recovery	**$ (309)**	$ (826)

13. Income taxes continued

The movements in the 2015 deferred tax assets and liabilities are as follows:

	Opening balance as at January 1, 2015	Recognized in Net Earnings	**Closing balance as at December 31, 2015**
Deferred tax assets			
Non-capital losses	$ 483	$ 168	**$ 651**
Deferred acquisitions, financing and share issuance costs	85	(64)	**21**
Mortgage provision for credit losses	28	3	**31**
DSU liability	99	123	**222**
Charge for contingent consideration	-	133	**133**
Other	32	5	**37**
Deferred tax assets	727	368	**1,095**
Deferred tax liabilities			
Property, plant and equipment	(315)	201	**(114)**
Licence costs	(338)	-	**(338)**
Deferred tax liabilities	(653)	201	**(452)**
Net deferred tax assets	74	569	**643**
Consolidated Balance Sheets:			
Deferred tax assets	641	253	**894**
Deferred tax liabilities	(567)	316	**(251)**
Net deferred tax assets	$ 74	$ 569	**$ 643**

13. Income taxes continued

The movements in the 2014 deferred tax assets and liabilities are as follows:

	Opening balance as at January 1, 2014	Recognized in Net Earnings	**Closing balance as at December 31, 2014**
Deferred tax assets			
Non-capital losses	$ -	$ 483	**$ 483**
Deferred acquisitions, financing and share issuance costs	151	(66)	**85**
Mortgage provision for credit losses	37	(9)	**28**
DSU liability	-	99	**99**
Other	34	(2)	**32**
Deferred tax assets	222	505	**727**
Deferred tax liabilities			
Property, plant and equipment	(423)	108	**(315)**
Licence costs	(323)	(15)	**(338)**
Deferred tax liabilities	(746)	93	**(653)**
Net deferred tax assets (liabilities)	(524)	598	**74**
Consolidated Balance Sheets:			
Deferred tax assets	104	537	**641**
Deferred tax liabilities	(628)	61	**(567)**
Net deferred tax assets (liabilities)	$ (524)	$ 598	**$ 74**

14. 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 at December 31, 2014	**9,527,508**	**$**	**33,401**
Exercise of stock options (a)	**12,000**		**114**
Issued and outstanding as at December 31, 2015	**9,539,508**		**33,515**
Issued and outstanding at December 31, 2013	9,345,840		31,735
Exercise of stock options (b)	181,668		1,666
Issued and outstanding as at December 31, 2014	9,527,508	$	33,401

(a) Transactions completed during the year ended December 31, 2015:

An employee and a Director of the Corporation exercised 12,000 stock options at a weighted average exercise price of $7.08 per share for total proceeds of $85. The weighted average share price at the time of exercise was $7.76 per share. Share capital also increased by a reclassification from contributed surplus of $29, which is the amount previously recognized as share-based payment expense for these options.

(b) Transactions completed during the year ended December 31, 2014:

Employees and Directors of the Corporation exercised 181,668 stock options at a weighted average exercise price of $6.89 per share for total proceeds of $1,251. The weighted average share price at the time of exercise was $9.48 per share. Share capital also increased by a reclassification from contributed surplus of $415, which is the amount previously recognized as share-based payment expense for these options.

15. 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 December 31, 2015 was 953,951 (December 31, 2014 – 952,751).

15. Share-based payments continued

	For the year ended December 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	**95,360**	**9.38**	517,500	9.83
Options exercised	**(12,000)**	**7.08**	(181,668)	6.89
Options expired	**(1,834)**	**10.80**	(89,005)	10.63
Options forfeited	**(7,666)**	**9.41**	(83,329)	10.28
Ending Balance	**656,860**	**9.78**	583,000	9.79
Vested options	**100,503**	**$ 9.91**	40,336	$ 8.68

The weighted average remaining contractual life for all options outstanding as at December 31, 2015 is 3.41 years (December 31, 2014 – 4.20 years). During the year ended December 31, 2015, the Corporation recognized $676 (2014 - $409) as share-based payment expense related to stock options in staffing costs.

The following table reflects the stock options outstanding as at December 31, 2015:

Number of Exercisable Options	**Number of Options**	**Exercise Price**	**Expiry**
4,000	4,000	$5.35	September 2016
24,666	58,000	$8.70 to $8.99	March 2016 to November 2019
13,334	465,360	$9.35 to $9.75	May 2019 to May 2020
58,503	129,500	$10.10 to $10.90	May 2018 to June 2019
100,503	656,860		

During the year ended December 31, 2015, 95,360 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.

During the year ended December 31, 2014, 517,500 options were granted to employees under the Plan, of which 330,000 were performance based options granted to the Corporation's CEO. These performance-based options will vest over a three year period. Each tranche of the performance-based options will vest if at any time after the first, second, and third years, certain specified share price targets are achieved for a period of at least 20 consecutive days.

A Monte Carlo simulation was used to determine the fair value of the performance-based options at the grant date, while the Black-Scholes model was used to estimate the fair value of the remaining options at the grant date.

A summary of the option grants are presented below:

15. Share-based payments continued

				For the year ended December 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
40,000	May 15, 2015	Employees	$ 114,679	3 years	0.80 %	5 years	34 %	-	$ 9.35	$ 2.87
95,360			$ 276,596							

				For the year ended December 31, 2014						
				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
40,000	May 16, 2014	Employees	$ 126,073	3 years	1.52 %	5 years	34 %	$ -	$ 9.75	$ 3.15
40,000	June 13, 2014	Employees	$ 106,106	3 years	1.58 %	5 years	34 %	-	$ 10.69	$ 2.65
52,500	June 25, 2014	Employees	$ 176,914	3 years	1.57 %	5 years	34 %	-	$ 10.69	$ 3.37
40,000	September 25, 2014	Employees	$ 121,706	3 years	1.35 %	5 years	36 %	-	$ 10.69	$ 3.04
10,000	November 26, 2014	Employees	$ 29,877	3 years	1.43 %	5 years	36 %	-	$ 8.85	$ 2.99
5,000	December 01, 2014	Employees	$ 14,549	3 years	1.32 %	5 years	36 %	-	$ 8.68	$ 2.91
187,500			$ 575,225							

				For the year ended December 31, 2014						
				Monte Carlo assumptions						
Number of Options	Date Granted	Recipient(s)	Fair Value	Vesting Period	Risk-free interest rate	Expected life	Expected volatility	Peformance Condition	Exercise price	Fair value per option
110,000	May 12, 2014	CEO	$ 313,500	1 - 5 years	1.44 %	5 years	36 %	$ 15	$ 9.75	$ 2.85
110,000	May 12, 2014	CEO	$ 253,000	2 - 5 years	1.44 %	5 years	36 %	20	$ 9.75	$ 2.30
110,000	May 12, 2014	CEO	$ 191,400	3 - 5 years	1.44 %	5 years	36 %	25	$ 9.75	$ 1.74
330,000			$ 757,900							
517,500			$ 1,333,125							

15. Share-based payments continued

(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 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 December 31, 2015, there were 103,840 DSUs outstanding (December 31, 2014 – 36,230) representing a liability of $837 (December 31, 2014 – $375). DSUs of 72,912, in lieu of $630 of cash compensation were granted during the year ended December 31, 2015 (December 31, 2014 – 26,291 units in lieu of $238 cash compensation). On May 28, 2015, 5,302 DSUs were redeemed at market value of $9.25 per share for cash value of $49 (2014- 76,341 units were redeemed for cash value of $791). For the years ended December 31, 2015 an expense of $511 was recorded relating to DSUs issued and outstanding during the year (December 31, 2014 - $144). 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		**December 31, 2015**		December 31, 2014
Units				
Outstanding, beginning of period		**36,230**		87,974
Granted		**72,912**		26,291
Redeemed		**(5,302)**		(76,341)
Forfeited		**-**		(1,694)
Outstanding, end of period		**103,840**		36,230
Liability				
Balance, beginning of period	**$**	**375**	$	1,022
Expense recognized in the statements of operations and comprehensive loss		**511**		144
Redeemed		**(49)**		(791)
Balance, end of period	**$**	**837**	$	375

(c) Employee share purchase plan

Under the ESPP plan, eligible employees can contribute between 1% and 45% of their annual gross salary towards the purchase of common shares of the Corporation. For each eligible contribution, the Corporation contributes an amount equal to one third of an eligible employee's contribution, to a maximum of 5% of their annual gross salary for the plan year.

During the year ended December 31, 2015, the Coporation expensed $83 (December 31, 2015 - $57) under this plan.

16. Earnings per share

The following table sets out the computation of basic and diluted loss per share:

	For the years ended December 31,	
	2015	2014
Basic earnings per share		
Net loss	**$ (2,157)**	$ (2,919)
Weighted average number of common shares outstanding - basic	**9,532,647**	9,442,549
Loss per share - basic	**$ (0.23)**	$ (0.30)
Diluted earnings per share		
Net loss	**(2,157)**	(2,919)
Weighted average number of common shares outstanding - basic	**9,532,647**	9,442,549
Effect of dilutive shares	**2,803**	40,943
Weighted average number of common shares outstanding - diluted	**9,535,450**	9,483,492
Loss per share - diluted	**$ (0.23)**	$ (0.30)

17. Related party transactions

Key management personnel are classified as related parties and are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Corporation, including directors and officers. The compensation of key management personnel is as follows:

	For the years ended December 31,	
	2015	**2014**
Compensation		
Salaries and other short-term employee benefits	**$ 2,082**	$ 2,181
Share-based payments	**368**	611
Termination benefits	**-**	1,180
	$ 2,450	$ 3,972

Other related party transactions that transpired during the year ended December 31, 2014 are described in Note 20 below. All outstanding balances are due to be settled in cash after the year-end date and are not secured.

18. Commitments

The Corporation entered into operating lease agreements to lease office space, expiring in 2017 for the Toronto office. The office space lease agreements provide for a five-year renewal at the expiry of the lease at occupancy rates equivalent to fair market value at time of renewal. The Corporation has sublet part of its Toronto lease expiring in 2017 and the remainder of its Vancouver lease, which expired in November of 2015, for space previously occupied by the discontinued transfer agent and corporate trust services business (see Note 19).

The Corporation has entered into various software licence and maintenance agreements for transaction-processing software related to its mortgage lending and deposit-taking operations. The agreements expire between 2014 and 2021. The Corporation has also entered into vendor service agreements expiring in 2019.

Operating lease payments in 2015 were $452 (2014 – $448) and are included in operating expenses.

The future minimum payments for commitments are as follows:

				For the year ended December 31, 2015
	Not later than one year	**Later than one year and not later than five years**	**Less than five years**	**Total**
Office space lease agreements	**$ 1,049**	**$ 89**	**$ -**	**$ 1,138**
Sub-tenant recoveries	**(484)**	**(57)**	**-**	**(541)**
Software licence and maintenance agreements	**309**	**1,130**	**94**	**1,533**
Vendor service agreement	**128**	**383**	**-**	**511**
Total commitments	**$ 1,002**	**$ 1,545**	**$ 94**	**$ 2,641**

				For the year ended December 31, 2014
	Not later than one year	**Later than one year and not later than five years**	**Less than five years**	Total
Office space lease agreements	$ 1,138	$ 1,149	**$** -	$ 2,287
Sub-tenant recoveries	(561)	(541)	-	(1,102)
Software licence and maintenance agreements	207	79	-	286
Vendor service agreement	128	511	-	639
Total commitments	$ 912	$ 1,198	**$** -	$ 2,110

19. 2013 sale transaction

On April 5, 2013, the Corporation closed the sale transaction for its transfer agent and corporate trust services business for a purchase price of $64,000 (the “Transaction”). In accordance with the terms of the sale agreement, the Corporation may be entitled to further proceeds or may have to pay up to $1,000 based on future capital requirements of the transfer agent and corporate trust service business. Management's best estimate of the fair value of this contingent consideration as at December 31, 2015 is the maximum amount of $1,000 (December 31, 2014 - $nil). Management will continue to re-evaluate assumptions used to estimate the fair value on a periodic basis as new information becomes available during the period covered by the sale agreement, which has a remaining term of up to 2.25 years.

Since the date of sale, transfer agent and corporate trust business relationships have been managed by a third party for its economic benefit, including the administration of segregated funds. During the year ended December 31, 2015, the Corporation earned other fee income of $450 (2014 - $nil) related to EFT's transitional status as trustee for these client relationships. As at December 31, 2015, EFT remains the trustee of segregated funds in the amount of $1,428,663 (December 31, 2014 – $196,272), which are reported off-balance sheet.

20. Non-interest expenses in 2014

Included in other expenses for the year ended December 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 ("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 included 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.

21. Comparative amounts

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