EQUITY FINANCIAL HOLDINGS INC.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Third Quarter Ended September 30, 2017

Responsibility for Consolidated Financial Statements

The accompanying interim consolidated financial statements for Equity Financial Holdings Inc. (the "Corporation") have been prepared by management in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. 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.

September 30, 2017

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EQUITY FINANCIAL HOLDINGS INC.

INTERIM CONSOLIDATED BALANCE SHEETS

(unaudited)

	As at	
($000s Canadian dollars)	**September 30, 2017**	December 31, 2016
Assets		
Cash and cash equivalents (Note 6)	**$ 58,346**	$ 53,013
Restricted assets (Note 7)	**1,349**	964
Available-for-sale securities (Note 8)	**36,695**	11,441
Mortgages receivable, net (Note 9)	**1,010,461**	760,201
Deferred tax assets (Note 13)	**1,082**	1,108
Other assets (Note 11)	**1,417**	1,115
Property, plant and equipment	**1,980**	2,074
Intangible assets	**4,074**	3,828
	1,115,404	833,744
Liabilities and Shareholders' Equity		
Liabilities		
Deposits (Note 10 and Note 17)	**1,004,156**	726,762
Current income taxes payable	**1,057**	913
Deferred tax liabilities (Note 13)	**53**	283
Deferred share unit liability (Note 15)	**1,404**	1,624
Derivative liabilities (Note 16)	**1,196**	78
Other liabilities (Note 12)	**7,189**	8,357
	1,015,055	738,017
Shareholders' Equity		
Share capital (Note 14)	**33,545**	33,545
Contributed surplus	**3,440**	3,048
Retained earnings	**63,816**	59,211
Accumulated other comprehensive loss	**(452)**	(77)
	100,349	95,727
	$ 1,115,404	$ 833,744

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 interim consolidated financial statements.

EQUITY FINANCIAL HOLDINGS INC.

INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS

(unaudited)

($000s Canadian dollars, except share and per share amounts)	For the three months ended		For the nine months ended	
	September 30, 2017	September 30, 2016	**September 30, 2017**	September 30, 2016
Interest income	**$ 12,390**	$ 7,472	**$ 33,303**	$ 18,450
Interest expense	**(4,991)**	(2,909)	**(13,103)**	(7,058)
Net interest income	**7,399**	4,563	**20,200**	11,392
Provision for credit losses (Note 9)	**(294)**	(350)	**(562)**	(876)
Net interest income, less provision for credit losses	**7,105**	4,213	**19,638**	10,516
Non-interest income				
Mortgage servicing fees	**898**	486	**2,187**	1,197
Other fee income (Note 18)	**-**	225	**-**	600
Net realized and unrealized loss on derivatives	**-**	-	**(4)**	-
Total non-interest income	**898**	711	**2,183**	1,797
Net interest income and non-interest income, including provision for credit losses	**8,003**	4,924	**21,821**	12,313
Non-interest expenses				
Staffing costs	**3,142**	2,838	**8,947**	6,823
Other operating expenses	**2,445**	1,448	**6,415**	4,470
Total non-interest expenses	**5,587**	4,286	**15,362**	11,293
Income before income taxes	**2,416**	638	**6,459**	1,020
Income tax expense (recovery) (Note 13)				
Current	**757**	257	**2,058**	536
Deferred	**(74)**	(42)	**(204)**	(134)
Total income tax expense	**683**	215	**1,854**	402
Net income	**$ 1,733**	$ 423	**$ 4,605**	$ 618
Net earnings per common share				
Basic earnings per share	**$ 0.18**	$ 0.04	**$ 0.48**	$ 0.06
Diluted earnings per share	**$ 0.18**	$ 0.04	**$ 0.48**	$ 0.06
Weighted average number of common shares outstanding				
Basic	**9,543,508**	9,539,812	**9,543,508**	9,539,610
Diluted	**9,543,508**	9,598,067	**9,552,367**	9,560,047

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

EQUITY FINANCIAL HOLDINGS INC.

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(unaudited)

	For the three months ended		For the nine months ended	
($000s Canadian dollars)	**September 30, 2017**	September 30, 2016	**September 30, 2017**	September 30, 2016
Net income	**$ 1,733**	$ 423	**$ 4,605**	$ 618
Other comprehensive (loss) income				
Available-for-sale securities				
Net unrealized (losses) gains	**(354)**	28	**(511)**	74
Income tax (recovery) expense	**(94)**	8	**(136)**	20
Total other comprehensive (loss) income	**(260)**	20	**(375)**	54
Comprehensive income	**$ 1,473**	$ 443	**$ 4,230**	$ 672

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

EQUITY FINANCIAL HOLDINGS INC.

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(unaudited)

	For the nine months ended September 30, 2017 and 2016										
	Share Capital										
($000s Canadian dollars, except share amounts)	**Number**		**Amount**		**Contributed Surplus**		**Retained Earnings**		**Accumulated Other Comprehensive (Loss) Income**		**Total Shareholders' Equity**
Balance as at December 31, 2016	**9,543,508**	**$**	**33,545**	**$**	**3,048**	**$**	**59,211**	**$**	**(77)**	**$**	**95,727**
Net income	**-**		**-**		**-**		**4,605**		**-**		**4,605**
Other comprehensive loss	**-**		**-**		**-**		**-**		**(375)**		**(375)**
Share-based payment expense (Note 15)	**-**		**-**		**392**		**-**		**-**		**392**
Balance as at September 30, 2017	**9,543,508**	**$**	**33,545**	**$**	**3,440**	**$**	**63,816**	**$**	**(452)**	**$**	**100,349**
Balance as at December 31, 2015	9,539,508		33,515		2,419		57,521		-		93,455
Net income	-		-		-		618		-		618
Exercise of stock options (Note 14)	4,000		30		(9)		-		-		21
Other comprehensive income	-		-		-		-		54		54
Share-based payment expense (Note 15)	-		-		383		-		-		383
Balance as at September 30, 2016	9,543,508	$	33,545	$	2,793	$	58,139	$	54	$	94,531

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

EQUITY FINANCIAL HOLDINGS INC.

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited)

	For the nine months ended	
($000s Canadian dollars)	**September 30, 2017**	September 30, 2016
Operating Activities		
Net income for the period	**$ 4,605**	$ 618
Adjustments to determine cash flows relating to operating assets and liabilities		
Amortization of premium/discount	**(91)**	27
Depreciation of property, plant and equipment	**232**	196
Amortization of intangible assets	**522**	171
Recovery from (realized loss on) impaired mortgages	**26**	(95)
Share-based payments	**392**	383
Provision for credit losses	**562**	876
Income tax expense	**1,854**	402
Income tax paid	**(1,778)**	(237)
Changes in operating assets and liabilities		
Increase in restricted assets	**(385)**	(982)
Increase in mortgage receivable	**(250,848)**	(280,656)
Increase in deposits	**277,394**	304,029
(Decrease) increase in deferred share unit liability	**(220)**	695
Decrease in contingent consideration payable	**-**	(1,000)
Increase in other assets	**(302)**	(209)
(Decrease) increase in other liabilities	**(1,168)**	758
Increase (decrease) in derivative liabilities	**1,118**	(8)
Cash flows provided by operating activities	**31,913**	24,968
Financing activities		
Shares issued pursuant to stock options exercised	**-**	21
Cash flows provided by financing activities	**-**	21
Investing activities		
Additions to property, plant and equipment	**(138)**	(101)
Additions to intangible assets	**(768)**	(1,121)
Purchase of securities	**(25,674)**	(11,545)
Cash flows used in investing activities	**(26,580)**	(12,767)
Net increase in cash and cash equivalents during the period	**5,333**	12,222
Cash and cash equivalents at the beginning of the period	**53,013**	44,326
Cash and cash equivalents at the end of the period	**$ 58,346**	$ 56,548
Supplementary disclosure of cash flow information		
Cash interest received	**$ 31,603**	$ 17,386
Cash interest paid	**(7,975)**	(3,932)

The accompanying notes and shaded sections of the MD&A form 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 mortgage market by offering residential first mortgage loans to customers who are seeking an alternative solution because they 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 100 King Street West, Suite 4610, Toronto, Ontario.

2. 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", 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, 2016.

These interim consolidated financial statements should be read in conjunction with the Corporation's December 31, 2016 annual audited consolidated financial statements.

These consolidated financial statements were authorized for issuance by the Board of Directors of the Corporation on November 07, 2017.

3. Future changes in accounting policies

The 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 have potential implication on the accounting policies of the Corporation. In addition to the new or revised pronouncements disclosed in the 2016 annual consolidated financial statements, updated and new pronouncements which are considered to be relevant to the Corporation's operations are as follow:

IFRS 9 - Financial Instruments

In July 2014, the IASB issued IFRS 9 "Financial Instruments" ("IFRS 9") replaces IAS 39 "Financial Instruments: Recognition and Measurement" and is effective for annual periods beginning on or after January 1, 2018. The Corporation will be required to adopt IFRS 9 on January 1, 2018 and, as permitted, will not restate comparative period financial information. An adjustment to opening retained earnings will be made upon adoption of IFRS 9 on January 1, 2018.

Classification and measurement

From a classification and measurement perspective, the new standard will require all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics. The IAS 39 measurement categories will be replaced by: fair value through profit or loss ("FVTPL"), fair value through other comprehensive income ("FVOCI"), and amortized cost. IFRS 9 will also allow entities to continue to irrevocably designate instruments that qualify for amortized cost or FVOCI instruments as FVTPL, if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

The classification and measurement of financial liabilities remain essentially unchanged from the current IAS 39 requirements, except for the treatment of gains or losses arising from an entity's own credit risk relating to liabilities designated at FVTPL. Such movements will be presented in OCI with no subsequent reclassification to the consolidated statements of operations, unless an accounting mismatch in profit or loss would arise.

3. Future changes in accounting policies continued

Impairment

IFRS 9 will also fundamentally change the loan loss impairment methodology. The new standard will replace IAS 39's incurred loss approach with a forward-looking expected credit loss ("ECL") approach. The objective of the new impairment standard is to record lifetime losses on all financial instruments which have experienced a significant increase in credit risk ("SICR") since their initial recognition. As a result, ECL allowances will be measured at amounts equal to either (i) 12-month ECL or (ii) lifetime ECL for those financial instruments which have experienced a SICR since initial recognition. This compares to the present incurred loss model which recognizes lifetime credit losses when there is objective evidence of impairment.

In comparison to IAS 39, the Corporation expects the impairment charge under IFRS 9 to be more volatile than under IAS 39.

Stage Migration and Significant Increase in Credit Risk

For non-impaired financial instruments:

• Stage 1 is comprised of all non-impaired financial instruments which have not experienced a SICR since initial recognition. Entities are required to recognize 12 months of ECL for stage 1 financial instruments. In assessing whether credit risk has increased significantly, entities are required to compare the risk of a default occurring on the financial instrument as at the reporting date, with the risk of a default occurring on the financial instrument as at the date of initial recognition.

• Stage 2 is comprised of all non-impaired financial instruments which have experienced a SICR since initial recognition. Entities are required to recognize lifetime ECL for stage 2 financial instruments. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a SICR since initial recognition, then entities shall reclassify to stage 1 and revert to recognizing 12 months of ECL.

For impaired financial instruments:

• Financial instruments are classified as stage 3 when there is objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with a negative impact on the estimated future cash flows of a loan or a portfolio of loans. The ECL model requires that lifetime ECL be recognized for impaired financial instruments, which is similar to the current requirements under IAS 39 for impaired financial instruments.

For our mortgage business, the individually assessed allowances for impaired loans recognized under IAS 39 will generally be replaced by stage 3 allowances under IFRS 9, while the collective allowances for non-impaired financial instruments will generally be replaced by either stage 1 or stage 2 allowances under IFRS 9.

Key Drivers of Expected Credit Loss

The Corporation is currently refining and testing the application of the ECL methodology for the loan portfolio, which includes building the data, processes and systems to incorporate the following concepts which are subject to a high level of judgment. These will have an impact on the level of ECL allowances and may lead to increased volatility of allowances:

• Determining when a SICR of a financial asset has occurred,

• Measuring both 12-month and lifetime credit losses,

• Incorporating forward-looking information through the use of multiple probability-weighted scenarios, and

• Applying expert credit judgement.

SICR for the loan portfolio is based on relative changes in internal risk ratings since initial recognition. In respect to the lifetime of a financial instrument, the maximum period to consider when measuring ECL shall be the maximum contractual period over which an entity is exposed to credit risk.

The Corporation is currently testing the process to determine the forward-looking macroeconomic factors that will be used in the models. The process leverages existing forecasting processes and determines the forward-looking macroeconomic factors for multiple scenarios so that the Corporation can appropriately probability weight the expected losses recognized on the consolidated balance sheet. The process being tested is overseen by an implementation team consisting of key internal stakeholders from Risk Management and Finance. The Corporation will incorporate forward-looking information in both the

3. Future changes in accounting policies continued

assessment of SICR and the measurement of ECLs.

Hedge accounting

IFRS 9 allows entities to continue applying hedge accounting under IAS 39 even when other elements of IFRS 9 become mandatory on 1 January 2018. As permitted, the Corporation has decided to continue to apply hedge accounting under IAS 39. New hedge accounting disclosure requirements were introduced under IFRS 7 and will be effective January 1, 2018 regardless of whether the Corporation adopts the new general hedge accounting model.

IFRS 15 - Revenue from Contracts with Customers

The Corporation will be required to adopt IFRS 15 - Revenue from Contracts with Customers ("IFRS 15") on January 1, 2018. IFRS 15 provides a principles-based five-step framework that applies to contracts with customers, except for revenue arising from financial instruments, insurance contracts and leases. In April 2016, amendments were made to clarify how to identify a performance obligation, determine whether a company is a principal or an agent and determine whether the revenue from granting a license should be recognised at a point in time or over time. The adoption of IFRS 15 is not expected to have a material impact on the Corporation's financial statements.

IFRIC 23 - Uncertainty over Income Tax Treatments

On June 7, 2017, the IASB issued IFRIC 23 - Uncertainty over Income Tax Treatments, which clarifies the application of recognition and measurement requirements in IAS 12 Income Taxes by specifying when there is uncertainty in accounting for income taxes. The interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately;
- The assumption an entity makes about the examination of tax treatments by taxation authorities;
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates and;
- How an entity considers changes in facts and circumstances

The interpretation is effective on January 1, 2019. The Corporation has not yet determined the impact of IFRIC 23 on its consolidated financial statements.

4. Capital management

The Corporation's managed capital comprises of shareholders' equity, which totaled $100,349 as at September 30, 2017 (December 31, 2016 – $95,727). 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 provide shareholders' return on equity. To achieve these objectives, the Corporation manages capital to meet 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 strategic objectives. 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 of potential scenarios on income and capital. Regulatory capital requirements addressed by the policy include the Leverage Ratio 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 Guideline 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"). 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 2018 in the current period.

$000s Canadian dollars, except per share and share amounts

4. Capital management continued

As at September 30, 2017, EFT held CET 1 on an "all-in" basis of $89,473, compared to $85,045 as at December 31, 2016.

Basel III leverage ratio

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 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 on pages 19 to 20 of the Corporation's Management Discussion & Analysis ("MD&A") for the third quarter ended September 30, 2017.

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

Capital Disclosures

As at	September 30, 2017	December 31, 2016
Common Equity Tier 1 capital: instruments and reserves	**All-in**	All-in
Directly issued qualifying common share capital plus related stock surplus	**$ 35,886**	$ 35,123
Retained earnings	**57,568**	53,408
Accumulated other comprehensive loss	**(452)**	(77)
Common Equity Tier 1 capital before regulatory adjustments	**93,002**	88,454
Common Equity Tier 1 capital: regulatory adjustments		
Total regulatory adjustments to Common Equity Tier 1	**(3,529)**	(3,409)
Common Equity Tier 1 capital	**89,473**	85,045
Tier 1 capital	**89,473**	85,045
Total capital	**89,473**	85,045
Total risk-weighted assets	**421,944**	311,373
Capital ratios		
Common Equity Tier 1 (as a percentage of risk-weighted assets)	**21.2 %**	27.3 %
Tier 1 (as a percentage of risk-weighted assets)	**21.2 %**	27.3 %
Total capital (as a percentage of risk-weighted assets)	**21.2 %**	27.3 %
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 %

$000s Canadian dollars, except per share and share amounts

4. Capital management continued

Leverage Ratio Disclosures

As at	September 30, 2017	December 31, 2016
Leverage ratio exposure	**$ 1,144,500**	$ 846,465
Leverage ratio (Tier 1 capital / leverage ratio exposure)	**7.8 %**	10.0 %

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, interest rate risk and market risk. A discussion of the Corporation's risk exposures and how it manages those risks can be found in the shaded sections of pages 21 to 24 of the Corporation's MD&A for the third quarter ended September 30, 2017.

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 September 30, 2017 and December 31, 2016 based on contractual maturities. Figures in brackets represent an excess of liabilities over assets or a negative gap position.

$000s Canadian dollars, except per share and share amounts

5. Financial instruments continued

As at September 30, 2017	Floating Rate	Less than 1 Year	1 to 2 Years	Greater than 2 Years	Non-interest Sensitive	Total
Assets						
Cash and cash equivalents	$ 58,346	$ -	$ -	$ -	$ -	$ 58,346
Effective interest rate	1.12 %	-	-	-	-	1.12 %
Restricted assets	413	-	-	936	-	1,349
Effective interest rate	0.79 %	-	-	1.31 %	-	1.15 %
Available-for-sale securities	-	-	-	36,695	-	36,695
Effective interest rate	-	-	-	1.76 %	-	1.76 %
Mortgages receivable, net	-	609,326	261,807	139,328	-	1,010,461
Effective interest rate	-	5.14 %	4.96 %	4.86 %	-	5.06 %
Other assets	-	-	-	-	8,553	8,553
Total assets	$ 58,759	$ 609,326	$ 261,807	$ 176,959	$ 8,553	$ 1,115,404
Liabilities						
Customer deposits	$ -	$ 546,701	$ 248,589	$ 208,866	$ -	$ 1,004,156
Effective interest rate	-	2.03 %	2.32 %	2.41 %	-	2.17 %
Other liabilities	-	-	-	-	10,899	10,899
Shareholders' equity	-	-	-	-	100,349	100,349
Total liabilities and shareholders' equity	-	546,701	248,589	208,866	111,248	1,115,404
Off-balance sheet items	-	(52,500)	20,500	32,000	-	-
Interest rate sensitivity gap	58,759	10,125	33,718	93	(102,695)	-
Cumulative gap	$ 58,759	$ 68,884	$ 102,602	$ 102,695	$ -	$ -
Cumulative gap as a percentage of total assets	5.3 %	6.2 %	9.2 %	9.2 %	-	-

$000s Canadian dollars, except per share and share amounts

5. Financial instruments continued

As at December 31, 2016	Floating Rate	Less than 1 Year	1 to 2 Years	Greater than 2 Years	Non-interest Sensitive	Total
Assets:						
Cash and cash equivalents	$ 53,013	$ -	$ -	$ -	$ -	$ 53,013
Effective interest rate	0.95 %	-	-	-	-	0.95%
Restricted assets	-	-	-	964	-	964
Effective interest rate	-	-	-	1.31%	-	1.31%
Available-for-sale securities	-	-	-	11,441	-	11,441
Effective interest rate	-	-	-	1.44 %	-	1.44%
Mortgages receivable, net	-	526,825	153,096	80,280	-	760,201
Effective interest rate	-	4.92 %	4.90 %	4.86 %	-	4.90 %
Other assets	-	-	-	-	8,125	8,125
Total assets	$ 53,013	$ 526,825	$ 153,096	$ 92,685	$ 8,125	$ 833,744
Liabilities:						
Deposits	$ -	$ 429,708	$ 181,153	$ 115,901	$ -	$ 726,762
Effective interest rate	-	1.98 %	2.17 %	2.27 %	-	2.06 %
Other liabilities	-	-	-	-	11,255	11,255
Shareholders' equity	-	-	-	-	95,727	95,727
Total liabilities and shareholders' equity	-	429,708	181,153	115,901	106,982	833,744
Off-balance sheet items	-	(24,500)	14,000	10,500	-	-
Interest rate sensitivity gap	53,013	72,617	(14,057)	(12,716)	(98,857)	-
Cumulative gap	$ 53,013	$ 125,630	$ 111,573	$ 98,857	$ -	$ -
Cumulative gap as a percentage of total assets	6.4 %	15.1 %	13.4 %	11.9 %	-	-

Based on the current interest rate gap position as at September 30, 2017, the Corporation estimates that a 100 basis point decrease in interest rates would decrease net interest income over the next 12 months by $209 (December 31, 2016 – $412 decrease). A 100 basis point increase in interest rates would increase net interest income over the next 12 months by $152 (December 31, 2016 – $389 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. Cash and cash equivalents

Cash and cash equivalents and restricted cash (included in restricted assets) are carried at amortized cost on the consolidated balance sheets, and approximates fair value due to their short term nature.

$000s Canadian dollars, except per share and share amounts

5. Financial instruments continued

ii. Available-for-sale securities

Available-for-sale securities and restricted securities (included in restricted assets) are carried at fair value on the consolidated balance sheets. The disclosed fair value of available-for-sale securities is determined by using published bid prices.

iii. 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.

iv. Deposits

Deposits are carried at amortized cost on the consolidated balance sheets. The disclosed fair value of deposits is determined by discounting the contractual cash flows using current market interest rates for deposits with similar terms and risks.

v. Derivative financial instruments

Derivative financial instruments are carried at fair value on the consolidated balance sheets. The disclosed fair value of derivative financial instruments is determined based on commonly used pricing methodologies (primarily discounted cash flow models) that incorporate observable market data. Frequently applied valuation techniques incorporate various inputs such as stock prices, bond prices and interest rate curves into present value calculations.

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 September 30, 2017
	Held for Trading	**Available-for-Sale**	**Loans and Receivables/ Financial Liabilities**	**Carrying Value**	**Fair Value**	**Fair Value Under Carrying Value**
Financial assets						
Cash and cash equivalents	$ -	$ -	$ 58,346	$ 58,346	58,346	$ -
Available-for-sale securities	-	36,695	-	36,695	36,695	-
Restricted assets	-	936	413	1,349	1,349	-
Mortgages receivable, net	-	-	1,010,461	1,010,461	1,008,135	(2,326)
Total financial assets	-	37,631	1,069,220	1,106,851	1,104,525	(2,326)
Financial liabilities						
Deposits	-	-	1,004,156	1,004,156	999,605	(4,551)
Derivative liabilities	1,196	-	-	1,196	1,196	-
Total financial liabilities	$ 1,196	$ -	$ 1,004,156	$ 1,005,352	$ 1,000,801	$ (4,551)

$000s Canadian dollars, except per share and share amounts

5. Financial instruments continued

						As at December 31, 2016
	Held for Trading	Available-for-Sale	Loans and Receivables/ Financial Liabilities	Carrying Value	Fair Value	Fair Value Over Carrying Value
Financial assets						
Cash and cash equivalents	$ -	$ -	$ 53,013	$ 53,013	$ 53,013	$ -
Available-for-sale securities	-	11,441	-	11,441	11,441	-
Restricted assets	-	964	-	964	964	-
Mortgages receivable, net	-	-	760,201	760,201	762,835	2,634
Total financial assets	-	12,405	813,214	825,619	828,253	2,634
Financial liabilities						
Deposits	-	-	726,762	726,762	728,962	2,200
Derivative liabilities	78	-	-	78	78	-
Total financial liabilities	$ 78	$ -	$ 726,762	$ 726,840	$ 729,040	$ 2,200

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

5. Financial instruments continued

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 September 30, 2017
	Level 1	**Level 2**	**Level 3**	**Fair Value**	**Carrying Value**
Financial assets					
Cash and cash equivalents	**$ 58,346**	**$ -**	**$ -**	**$ 58,346**	**$ 58,346**
Available-for-sale securities	**36,695**	**-**	**-**	**36,695**	**36,695**
Restricted assets	**1,349**	**-**	**-**	**1,349**	**1,349**
Mortgages receivable, net	**-**	**-**	**1,008,135**	**1,008,135**	**1,010,461**
Total financial assets	**96,390**	**-**	**1,008,135**	**1,104,525**	**1,106,851**
Financial liabilities					
Deposits	**-**	**-**	**999,605**	**999,605**	**1,004,156**
Derivative liabilities	**-**	**1,196**	**-**	**1,196**	**1,196**
Total financial liabilities	**$ -**	**$ 1,196**	**$ 999,605**	**$ 1,000,801**	**$ 1,005,352**

					As at December 31, 2016
	Level 1	Level 2	Level 3	Fair Value	Carrying Value
Financial assets					
Cash and cash equivalents	$ 53,013	$ -	$ -	$ 53,013	$ 53,013
Available-for-sale securities	11,441	-	-	11,441	11,441
Restricted assets	964	-	-	964	964
Mortgages receivable, net	-	-	762,835	762,835	760,201
Total financial assets	65,418	-	762,835	828,253	825,619
Financial liabilities					
Deposits	-	-	728,962	728,962	726,762
Derivative liabilities	-	78	-	78	78
Total financial liabilities	$ -	$ 78	$ 728,962	$ 729,040	$ 726,840

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

$000s Canadian dollars, except per share and share amounts

6. Cash and cash equivalents

As at		September 30, 2017		December 31, 2016
Deposits with regulated financial institutions	$	58,346	$	53,013
Total cash and cash equivalents	$	58,346	$	53,013

7. Restricted assets

As at		September 30, 2017		December 31, 2016
Restricted cash	$	413	$	-
Restricted debt securities guaranteed by a province		936		964
Total restricted assets	$	1,349	$	964

Restricted assets are cash and securities held by counterparties as collateral for the Corporation's swap transactions. The terms and conditions for the collateral are governed by International Swaps and Derivative Association agreements.

Restricted cash is classified as loans and receivables while restricted debt securities are classified as available-for-sale financial assets.

8. Available-for-sale securities

								September 30, 2017		December 31, 2016
		Amortized Cost		Gross Unrealized Gains		Gross Unrealized Losses		Total Fair Value		Total Fair Value
Debt securities guaranteed by a province or municipality	$	37,191	$	-	$	(496)	$	36,695	$	11,441
	$	37,191	$	-	$	(496)	$	36,695	$	11,441

Net unrealized gains and losses are included in accumulated other comprehensive income and presented in the table above.

Unrealized gains or losses represent the differences between the amortized cost of a security and its current fair value. The Corporation regularly monitors its investments and market conditions for indications of impairment. As at September 30, 2017, the Corporation assessed its investments for evidence of impairment and has not identified adverse credit events in relation to its securities.

During the nine months ended September 30, 2017, the Corporation did not recognize any impairment losses on available-for-sale securities.

$000s Canadian dollars, except per share and share amounts

9. Mortgages receivable

a. Mortgages receivable

					As at September 30, 2017
	Gross Amount	**Individual Allowance**	**Collective Allowance**	**Total**	**Net Amount**
Mortgages	**$ 1,010,880**	**$ 13**	**$ 2,326**	**$ 2,339**	**$1,008,541**
Accrued interest	**1,920**	**-**	**-**	**-**	**1,920**
Balance	**$ 1,012,800**	**$ 13**	**$ 2,326**	**$ 2,339**	**$1,010,461**

					As at December 31, 2016
	Gross Amount	Individual Allowance	Collective Allowance	Total	Net Amount
Mortgages	$ 760,416	$ -	$ 1,751	$ 1,751	$ 758,665
Accrued interest	1,536	-	-	-	1,536
Balance	$ 761,952	$ -	$ 1,751	$ 1,751	$ 760,201

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

As at September 30, 2017, the portion of mortgages due within one year is $609,326 (December 31, 2016 – $526,825) and the weighted average term to maturity of the portfolio is 1.2 years (December 31, 2016 – 1.0 year). The weighted average effective interest rate of the portfolio as at September 30, 2017 is 5.06% (December 31, 2016 – 4.90%).

The Corporation has outstanding commitments to make future advances on mortgage loans of $63,400 as at September 30, 2017 (December 31, 2016 – $37,700). Commitments for the loans remain open for various dates through to December 2017.

b. Allowance for credit losses

			For the nine months ended September 30, 2017			For the year ended December 31, 2016
	Individual Allowance	**Collective Allowance**	**Total**	Individual Allowance	Collective Allowance	Total
Balance, beginning of period	**$ -**	**$ 1,751**	**$ 1,751**	$ 93	$ 1,074	$ 1,167
(Reversal of) provision for credit losses	**(13)**	**575**	**562**	76	677	753
Recovery (realized losses)	**26**	**-**	**26**	(169)	-	(169)
Balance, end of period	**$ 13**	**$ 2,326**	**$ 2,339**	$ -	$ 1,751	$ 1,751

$000s Canadian dollars, except per share and share amounts

9. Mortgages receivable continued

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		September 30, 2017		December 31, 2016
1 to 30 days	**$**	**35,448**	$	33,391
31 to 60 days		**1,887**		2,500
61 to 90 days		**513**		1,542
Over 90 days		**2,002**		1,683
	$	**39,850**	$	39,116

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 one mortgage identified as impaired as at September 30, 2017 (December 31, 2016 - none).

As at		September 30, 2017		December 31, 2016
Gross amount of impaired loan	**$**	**161**	$	-
Individual allowance		**(13)**		-
Net amount	**$**	**148**	$	-

The total appraised value of the collateral for the impaired mortgage as at September 30, 2017 was $175 (December 31, 2016 - $nil).

$000s Canadian dollars, except per share and share amounts

10. Deposits

As at	September 30, 2017	December 31, 2016
Term deposit principal	**$ 995,875**	$ 720,686
Accrued interest	**11,715**	8,081
Deferred broker commissions	**(3,434)**	(2,005)
	$ 1,004,156	$ 726,762

Deposits are comprised of non-redeemable GICs with fixed maturity dates over a period of 30 days to 5 years. As at September 30, 2017, the portion of deposits due within one year is $546,701 (December 31, 2016 – $429,708) and the average term to maturity is 1.4 years (December 31, 2016 – 1.2 years). The weighted average effective interest rate as at September 30, 2017 is 2.17% (December 31, 2016 – 2.06%).

Term deposit principal include $52,500 of deposits designated in qualifying fair value interest rate hedging relationships and are measured at fair value with respect to the hedged interest rate. Changes in fair value reflect changes in interest rates that have occurred since the deposits were issued and the fair value adjustment as at September 30, 2017 is $1,192 (December 31, 2016 - $78). Refer to Note 16 - "Derivative financial instruments" for further details.

11. Other assets

As at	September 30, 2017	December 31, 2016
Prepaid assets	**$ 851**	$ 823
Other current assets	**567**	292
	$ 1,418	$ 1,115

12. Other liabilities

As at	September 30, 2017	December 31, 2016
Accounts payable and other liabilities	**$ 6,411**	$ 7,882
Deferred revenue	**778**	475
	$ 7,189	$ 8,357

$000s Canadian dollars, except per share and share amounts

13. Income taxes

The operations of the Corporation are subject to income tax rates of approximately 26.5% (2016 – 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:

	For the three months ended		For the nine months ended	
	September 30, 2017	September 30, 2016	**September 30, 2017**	September 30, 2016
Income before income taxes	**$ 2,416**	$ 638	**$ 6,459**	$ 1,020
Income tax expense at statutory rate	**640**	169	**1,712**	270
Adjustments to prior years	**-**	-	**(24)**	-
Share-based payment expense not deductible for tax purposes	**30**	43	**104**	121
Non-deductible expenses for tax purposes	**4**	3	**12**	11
Other	**9**	-	**50**	-
Income tax expense	**$ 683**	$ 215	**$ 1,854**	$ 402

The movements in the 2017 deferred tax assets and liabilities are as follows:

	Opening Balance as at January 1, 2017	Recognized in Net Earnings	**Closing Balance as at September 30, 2017**
Deferred tax assets			
Non-capital losses	$ 658	$ 34	**$ 692**
Deferred acquisitions, financing and share issuance costs	20	(1)	**19**
Mortgage provision for credit losses	46	16	**62**
DSU liability	430	(58)	**372**
Accrued expenses	115	354	**469**
Deferred tax assets	1,269	345	**1,614**
Deferred tax liabilities			
Property, plant and equipment	(106)	(132)	**(238)**
Licence costs	(338)	(9)	**(347)**
Deferred tax liabilities	(444)	(141)	**(585)**
Net deferred tax assets	$ 825	$ 204	**$ 1,029**
Consolidated balance sheets			
Deferred tax assets	$ 1,108	$ (26)	**$ 1,082**
Deferred tax liabilities	(283)	230	**(53)**
Net deferred tax assets	$ 825	$ 204	**$ 1,029**

$000s Canadian dollars, except per share and share amounts

13. Income taxes continued

The movements in the 2016 deferred tax assets and liabilities are as follows:

	Opening Balance as at January 1, 2016	Recognized in Net Earnings	Closing Balance as at September 30, 2016
Deferred tax assets			
Non-capital losses	$ 651	$ 8	$ 659
Deferred acquisitions, financing and share issuance costs	21	(1)	20
Mortgage provision for credit losses	31	21	52
DSU liability	222	184	406
Charge for contingent consideration	133	(133)	-
Accrued expenses	37	4	41
Deferred tax assets	$ 1,095	$ 83	$ 1,178
Deferred tax liabilities			
Property, plant and equipment	(114)	51	(63)
Licence costs	(338)	-	(338)
Deferred tax liabilities	(452)	51	(401)
Net deferred tax assets	$ 643	$ 134	$ 777
Consolidated balance sheets			
Deferred tax assets	$ 894	$ 191	$ 1,085
Deferred tax liabilities	(251)	(57)	(308)
Net deferred tax assets	$ 643	$ 134	$ 777

$000s Canadian dollars, except per share and share amounts

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 as at December 31, 2016 and September 30, 2017	**9,543,508**	**$**	**33,545**
Issued and outstanding as at December 31, 2015	9,539,508		33,515
Exercise of stock options a.	4,000		30
Issued and outstanding as at September 30, 2016	9,543,508	$	33,545

a. Transactions completed during the nine months ended September 30, 2016:

An Employee of the Corporation exercised 4,000 stock options at a weighted average exercise price of $5.35 per share for total proceeds of $21. The weighted average share price at the time of exercise was $9.65 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.

15. Share-based payments

a. Stock options

The amended Stock Option Plan (the “Plan”) was approved by the shareholders of the Corporation on May 26, 2016. The purpose of the Plan is to provide additional incentives to key employees, 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 September 30, 2017 was 954,351 (December 31, 2016 – 954,351).

$000s Canadian dollars, except per share and share amounts

15. Share-based payments continued

	For the nine months ended September 30, 2017		For the year ended December 31, 2016	
	Number of Stock Options	**Weighted Average Exercise Price**	Number of Stock Options	Weighted Average Exercise Price
Opening balance	**734,910**	**$ 9.35**	656,860	$ 9.78
Options granted	**118,902**	**9.28**	174,050	7.90
Options exercised	**-**	**-**	(4,000)	5.35
Options expired	**(6,500)**	**10.10**	(21,334)	9.94
Options forfeited	**-**	**-**	(70,666)	9.86
Ending Balance	**847,312**	**9.33**	734,910	9.35
Vested options	**261,928**	**$ 9.47**	149,954	$ 10.00

The weighted average remaining contractual life for all options outstanding as at September 30, 2017 is 2.42 years (December 31, 2016 - 2.81 years). During the nine months ended September 30, 2017, the Corporation recognized $392 (2016 - $383) as share-based payment expense related to stock options within staffing costs.

A summary of the 2017 option grants are presented below:

				For the nine months ended September 30, 2017						
				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
74,000	March 23, 2017	Employees	$ 210,900	3 years	1.02 %	5 years	33 %	$ -	$ 9.20	$ 2.85
44,902	March 23, 2017	Employees	$ 131,250	3 years	1.08 %	5 years	33 %	$ -	$ 9.40	$ 2.92
118,902			$ 342,150							

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, Directors are granted DSUs as part of their annual compensation, which vest at the time of grant. DSUs are granted to employees as deferred incentive compensation, which vest at the end of three years. 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 September 30, 2017, there were 206,481 DSUs outstanding (December 31, 2016 – 174,788) representing a liability of $1,404 (December 31, 2016 – $1,624). DSUs of 46,351, with a grant date fair value of $371 were granted during the period ended September 30, 2017 (September 30, 2016 – 58,735 DSUs with a grant date fair value of $442). On July 12, 2017 14,658 DSUs were redeemed at market value of $7.25 per share for a cash value of $106. For the nine months ended September 30, 2017, a net recovery of $114 was recorded relating to DSUs issued and outstanding during the period (September 30, 2016 – expense of $695). The DSUs are revalued at each reporting date based on the closing price of the Corporation's shares.

$000s Canadian dollars, except per share and share amounts

15. Share-based payments continued

Details of the outstanding deferred share units are as follows:

As at	September 30, 2017	December 31, 2016
Units		
Outstanding, beginning of period	**174,788**	103,840
Granted	**46,351**	70,948
Redeemed	**(14,658)**	-
Outstanding, end of period	**206,481**	174,788
Liability		
Balance, beginning of period	**$ 1,624**	$ 837
(Recovery) expense recognized in the statements of operations	**(114)**	787
Redeemed	**(106)**	-
Balance, end of period	**$ 1,404**	$ 1,624

16. Derivative financial instruments

Fair value represents point-in-time estimates that may change in subsequent reporting periods due to market conditions or other factors. Fair value for derivatives is determined from swap curves adjusted for credit risks. Swap curves are obtained from market sources or calculated from market prices.

Fair value hedging relationships

The Corporation uses interest rate swaps to hedge changes in fair value of fixed-rate liabilities, which are associated with changes in market interest rates. Fair value hedges are hedges of fixed-rate deposit liabilities.

The following table presents gains or losses related to fair value hedges included in the Corporation's financial results:

	For the three months ended		**For the nine months ended**	
	September 30, 2017	September 30, 2016	**September 30, 2017**	September 30, 2016
Fair value changes recorded on interest rate swaps	**$ (588)**	$ -	**$ (1,196)**	$ 8
Fair value changes of hedged fixed-rate liabilities for interest rate risk	**588**	-	**1,192**	(8)
Hedge ineffectiveness recognized in non-interest income	**$ -**	$ -	**$ (4)**	$ -

17. Related party transactions

During the nine months ended September 30, 2017, 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.

In addition, as at September 30, 2017, GICs of $504 (December 31, 2016 - $nil) were purchased by directors, officers and related party entities of the Corporation. These deposits were made in the ordinary course of business at terms comparable to those offered to unrelated parties.

18. 2013 sale transaction

On April 5, 2013, the Corporation completed the sale of the assets of its transfer agent and corporate trust services business. In April 2016, in accordance with the terms of the sale agreement, the Corporation paid $1,000 in previously accrued contingent consideration based on the capital requirements of the transfer agent and corporate trust service business. After the date of the sale, transfer agent and corporate trust business relationships were managed by a third party for its economic benefit, including the administration of segregated funds. During the three and nine months ended September 30, 2016 other fee income related to EFT's transitional status as trustee for these client relationships amounted to $225 and $600. No additional other fee income was earned following the conclusion of the transitional period at the end of the third quarter of 2016 with client relationships and segregated funds fully transferred to another entity.

19. Comparative amounts

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

20. Subsequent events

On October 30, 2017 the Corporation entered into a definitive arrangement agreement (the “Arrangement Agreement”) pursuant to which Smoothwater Capital Corporation (“Smoothwater”) will acquire all of the issued and outstanding common shares of EQI (the “Shares”), other than Shares already owned or controlled by Smoothwater, its officers, and by certain other shareholders who have agreed to remain as continuing shareholders, by way of a plan of arrangement (the “Arrangement”).

Under the terms of the Arrangement Agreement, each Share will be acquired for $9.75 per share. A special meeting of the Corporation's shareholders is anticipated to be held in December 2017 to approve the Arrangement. The Arrangement is expected to be completed by the end of 2017. Estimated costs in the fourth quarter of 2017 related to the proposed transaction are in the range of $1,000 to $1,500, which include legal and advisory fees and share based compensation expenses expected to be incurred upon change of control.