Equity Financial Holdings Inc.

Management Discussion & Analysis

Third Quarter Ended September 30, 2013

ABOUT US

Equity Financial Holdings Inc. ("EQI" or the "Corporation") is a Canadian financial services company, traded on the Toronto Stock Exchange and under the stock symbol "EQI". Through its federally regulated and wholly-owned subsidiary, Equity Financial Trust Company ("EFT" or the "Company"), the Corporation offers alternative residential mortgage loans funded through the issuance of retail deposits.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

We have prepared this Management Discussion & Analysis ("MD&A") with reference to National Instrument 51-102 "*Continuous Disclosure Obligations*" of the Canadian Securities Administrators ("NI 51-102"), and it should be read in conjunction with our unaudited interim financial statements and notes thereto for the period ended September 30, 2013. This MD&A should also be read in conjunction with our audited consolidated financial statements and notes thereto for the year ended December 31, 2012 (the "2012 Audited Financial Statements"). Except as otherwise indicated, all financial information in this MD&A is determined in accordance with International Financial Reporting Standards ("IFRS") and all dollar amounts are in Canadian dollars. Except as otherwise indicated, the information in this MD&A is current to November 12, 2013.

Forward-Looking Statements

Certain portions of this MD&A as well as other public statements by the Corporation contain "forward-looking information" within the meaning of applicable Canadian securities legislation, which is also referred to as "forward-looking statements", which may not be based on historical fact. Wherever possible, words such as "will", "plans", "expects", "targets", continue", "estimates", "scheduled", "anticipates", "believes", "intends", "may", "could", "would", "might" or "will" have been used to identify forward-looking information. Such forward-looking statements include, without limitation, the Corporation's expectations in respect of earnings, fee income, expense levels, general economic, political and market factors in North America and internationally, interest and foreign exchange rates, global equity and capital markets activities, the Corporation's expected need for equity or debt financing, business competition, technological change, changes in government regulations and regulatory guidelines, unexpected judicial or regulatory proceedings, catastrophic events, and the Corporation's ability to complete strategic transactions and integrate acquisitions and other factors.

All material assumptions used in making forward-looking statements are based on management's knowledge of current business conditions and expectations of future business conditions and trends, including their knowledge of the current credit, interest rate and liquidity conditions affecting the Corporation and the Canadian economy. Certain material factors or assumptions are applied by the Corporation in making forward-looking statements, including without limitation, factors and assumptions regarding interest rates, availability of key personnel, the effect of competition on the Corporation's business, government regulation of its business, computer failure or security breaches, future capital requirements, its ability to fund its mortgage business, the value of mortgage originations, the competitive nature of the alternative mortgage market, the expected margin between the interest earned on its mortgage portfolio and the interest to be paid on its deposits, the relative continued health of real estate markets, acceptance of its products in the marketplace, as well as its operating cost structure and the current tax regime.

Forward-looking statements reflect the Corporation's current views with respect to future events and are subject to a number of risks and uncertainties. Actual results may differ materially from results contemplated by the forward-looking statements. The actual future outcomes that relate to forward-looking statements may be influenced by many factors, including but not limited to a significant downturn in Capital markets on the economy as a whole, errors or omissions by the Corporation in providing services to its customers, significant increases in the cost of complying with applicable regulatory requirements, civil unrest, economic recession, pandemics, war and acts of terrorism which may adversely impact the North American and global economic and financial markets, inability to raise funds through public or private financing, significant changes in interest rates, failure by the Corporation or its subsidiaries to meet ongoing regulatory obligations, the failure of borrowers or counterparties to honour their financial or contractual obligations to EFT, failure by EFT to adequately monitor and/or adjust its mortgage portfolio management practices for changing circumstances, failure by the Corporation to attract and to retain the necessary employees to meet its needs, failure by EFT to

adequately monitor the services provided by third party service providers or to establish alternative arrangements if required, failure by EFT to secure sufficient deposits from securities dealers or a sufficient level of mortgage origination from its mortgage broker network, a failure of the computer systems of the Corporation or one or more of its service providers or the risks detailed from time-to-time in the Corporation's quarterly filings, annual information forms, annual reports and annual filings with securities regulators. The preceding list is not exhaustive of possible factors. The Corporation disclaims any intent or obligation to update or revise publicly any forward-looking statements whether as a result of new information, estimates, future events or results, or otherwise, unless required to do so by applicable laws.

The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. The forward-looking statements included in this interim report are made as of the date of this report or such other date specified in such statement. Except as otherwise indicated or as the context otherwise requires, the terms "we", "us" and "our" refer to the Corporation and its consolidated subsidiaries. Words importing the singular, where the context requires, include the plural and vice versa and words importing any gender include all genders.

THE BUSINESS

Equity Financial Holdings Inc. is a financial services company that operates through its wholly-owned subsidiary Equity Financial Trust. EFT offers alternative residential mortgage loans funded through the issuance of retail deposits. EFT is a deposit-taking institution regulated by the Office of the Superintendent of Financial Institutions of Canada ("OSFI") and is a member of the Canada Deposit Insurance Corporation ("CDIC"). We believe that potential new entrants to our market segment face steep regulatory barriers to entry if they wish to gain access to the retail deposit market.

Mortgage Lending

EFT specifically focuses on financing alternative residential mortgages, a segment we estimate to comprise between 5% and 10% of the total $1.2 trillion Canadian mortgage market. We believe this market segment is underserved by existing lenders relative to the size of the demand for alternative mortgages in Canada. Alternative residential mortgages are loans to borrowers who do not meet major banks' standards of creditworthiness. Such mortgages are often granted to self-employed business people, new-comers to Canada and borrowers with an imperfect credit history. EFT's mortgage loan portfolio is currently based in the greater Toronto and surrounding and greater Ottawa areas.

EFT sources its loans through mortgage brokers, who collectively originate approximately 30% of Canada's residential mortgages

We provide residential first mortgages for purchases, refinances, equity take-outs and debt consolidation for the following types of properties:

- Single-family residential, up to four units, owner-occupied
- High-rise or low-rise condominiums
- Detached or semi-detached homes

Both open (six-months and one-year) and closed (one-, two-, three- and five-year) term mortgages are available.

Deposits

EFT sources its deposit funding through investment dealers across Canada, offering competitive rates on its Guaranteed Investment Certificates ("GIC") for amounts of $5,000 and more for terms from 30 days to five years.

All qualifying EFT deposits are insured by the CDIC, which means depositors benefit from competitive rates and have the certainty of knowing their money is protected.

We estimate the potential supply of retail deposits accessible through the investment dealer distribution channel is equal to the size of the alternative mortgage market; thus as a member of CDIC we believe ample liquidity is available to EFT.

SALE OF THE TRUST AND TRANSFER AGENCY BUSINESS (the "TRANSACTION")

On April 5, 2013, EQI completed the previously announced sale of the assets of its transfer agent and corporate trust services business, including corporate trust foreign exchange services, to an affiliate of the TMX Group Inc. for cash consideration of $64 million, received at closing (see the section titled "Discontinued Operations"). The net proceeds from the Transaction have significantly increased the regulatory capital base of EFT.

The Transaction was important for the Corporation as it positioned us to focus exclusively on our growing mortgage and deposit-taking business, thereby clarifying our strategic direction and value proposition to our investors. Management believed the most attractive opportunities were available to us under our mortgage and deposit-taking business and realizing on the inherent value of our transfer agent and corporate trust business allowed us to allocate our resources accordingly.

OVERALL PERFORMANCE

OVERALL PERFORMANCE FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 2013

Table 1: Financial Highlights

(dollar amounts, except per-share, are in $000s, unless otherwise stated)

($000s, except share, per share and percentage amounts)	For the three months ended			For the nine months ended	
	September 30, 2013	June 30, 2013	September 30, 2012	**September 30, 2013**	September 30, 2012
OPERATIONS					
Net earnings (loss)					
Continuing	**$ (175)**	$ 1	$ (423)	**$ (562)**	$ (1,605)
Discontinued	**-**	42,747	513	**42,109**	2,015
	(175)	42,748	90	**41,547**	410
Net interest income and other income, net of provision	**2,839**	2,342	1,250	**7,035**	3,088
Earnings (loss) per share - basic/diluted					
Continuing	**$ (0.02)/(0.02)**	$ -/-	$ (0.05)/(0.05)	**$ (0.06)/(0.06)**	$ (0.18)/(0.17)
Discontinued	**-/-**	4.66/4.60	0.06/0.06	**4.57/4.53**	0.22/0.22
	(0.02)/(0.02)	4.66/4.60	0.01/0.01	**4.51/4.47**	0.04/0.05
Net interest margin	**3.08%**	3.16%	3.07%	**3.16%**	3.12%
ROE from continuing operations (annualized) [1]	**(0.7%)**	0.0%	(3.3%)	**(1.0%)**	(4.2%)

As at	**September 30, 2013**	June 30, 2013	December 31, 2012	September 30, 2012
BALANCE SHEET				
Total assets	**$ 409,130**	$ 337,923	$ 251,442	$ 229,418
Mortgages	**356,565**	276,550	198,147	165,971
Deposits	**301,306**	230,840	192,757	169,942
Shareholders' Equity	**95,565**	95,193	52,267	52,033
FINANCIAL STRENGTH				
Capital Measures [2]				
Regulatory Capital (transitional basis)	**$ 86,201**	$ 86,132	$ 35,001	$ 29,347
Assets-to-Capital Multiple	**4.63**	3.81	6.64	6.92
Common Equity Tier 1 Ratio	**58.6%**	57.0%	28.7%	26.9%
Share Information				
Book value per common share	**$ 10.27**	$ 10.28	$ 5.71	$ 5.68
Common share price - close	**$ 12.85**	$ 10.45	$ 8.00	$ 8.11
Common shares outstanding	**9,305,840**	9,264,340	9,155,007	9,153,007
Market Capitalization	**$ 119,580**	$ 96,812	$ 73,240	$ 74,231

[1] See definition of return on equity under Non-IFRS Financial Measures section

[2] These figures relate to the Corporation's operating subsidiary, Equity Financial Trust and are calculated under Basel III for 2013 and Basel II for 2012 (see section on Capital Management)

A robust Canadian residential real estate market in the third quarter, which is traditionally a higher volume quarter for mortgage lenders, contributed to record mortgage originations of $103,757, an increase of 148% over the third quarter of 2012. This origination volume was also an increase of 43% over the second quarter of 2013. Our ending mortgage portfolio balance as at September 30, 2013 was $356,565, an increase of 115% compared to September 30, 2012 and up 80% compared to December 31, 2012. As a result of the increase in our mortgage portfolio balance, net interest income for the third quarter increased by 130% compared to the third quarter of 2012 and increased by 121% for the nine months year to date. Other income for the third quarter increased by 155%, compared to the third quarter of 2012 and increased by 190% for the nine months year to date.

We have reported a net loss of $175 from our continuing operations for the third quarter, compared to a net loss of $423 for the same period in 2012 and break-even net earnings for the second quarter of 2013. The net loss for the third quarter of 2013 primarily reflects mark-to-market adjustments on Deferred Share Units ("DSUs"). For the nine months year to date we have reported a net loss of $561 from our continuing operations, compared to a net loss of $1,602 for the same period in 2012.

OVERALL PERFORMANCE OUTLOOK

We are pleased with the pace of our mortgage originations over the first three quarters of 2013 and the size of our mortgage portfolio as at September 30, 2013. While we set a record for mortgage originations in the third quarter, given the seasonal nature of the residential real estate market, we anticipate a more modest fourth quarter. By the end of 2013 we expect our mortgage loan portfolio will have grown at least 90% compared to the balance at the end of 2012.

Subsequent to the end of the third quarter we announced a change in the leadership of our mortgage business (please refer to our press release of October 3, 2013). Since this change, we've been pleased with our mortgage originations and net interest margin for the fourth quarter so far, and we remain confident in the credit quality of our portfolio. We continue to focus on building our mortgage and deposit-taking business using the new capital provided by the Transaction. EFT's regulatory capital was $86,201 as at September 30, 2013, which we expect will support the expansion of our mortgage loan portfolio (see Capital Management below).

We have invested in our corporate infrastructure to meet what we believe to be the regulatory and business requirements necessary for sustainable growth. Profitability remains muted due to corporate overhead costs previously allocated to our discontinued transfer agent and corporate trust and foreign exchange operations which are now fully absorbed by our mortgage operations. These overhead costs include executive management, administration and risk and control functions which remain critical to support our strategy of growing our mortgage operation.

As our mortgage portfolio expands we expect net interest income and other income to continue growing as has been the trend to date. In recent quarters we've been approaching break-even net earnings from our continuing mortgage operations and we anticipate we will earn modest profits in the fourth quarter of 2013. Thereafter we expect to see improvement in our profitability and increasing returns on equity.

INCOME STATEMENT REVIEW

Table 2: Income Statement Highlights

($000s, except per share and percentage amounts)	For the three months ended					For the nine months ended		
	September 30, 2013	June 30, 2013	% Change	September 30, 2012	% Change	**September 30, 2013**	September 30, 2012	% Change
Operating Results								
Net interest income	**$ 2,828**	$ 2,306	23%	$ 1,230	130%	**$ 6,942**	$ 3,147	121%
Provision for credit losses	**(281)**	(176)	60%	(94)	199%	**(558)**	(284)	96%
Net interest income, net of provision	**2,547**	2,130	20%	1,136	124%	**6,384**	2,863	123%
Other income	**292**	212	38%	114	156%	**651**	225	189%
Net interest income and other income, net of provision	**2,839**	2,342	21%	1,250	127%	**7,035**	3,088	128%
Non interest expenses	**3,036**	2,315	31%	1,844	65%	**7,672**	5,241	46%
Gain on sale of wholly-owned subsidiary	**-**	-	0%	43	(100%)	**-**	43	(100%)
Earnings (loss) before income taxes	**(197)**	27	830%	(551)	64%	**(637)**	(2,110)	70%
Income tax expense (recovery)	**(22)**	26	(185%)	(128)	83%	**(75)**	(505)	85%
Net earnings (loss) and comprehensive income:								
Continuing operations	**(175)**	1	(17600%)	(423)	59%	**(562)**	(1,605)	65%
Discontinued operations	**-**	42,747	*	513	*	**42,109**	2,015	*
Total net earnings (loss) and comprehensive income	**$ (175)**	$ 42,748	*	$ 90	*	**$ 41,547**	$ 410	*
Earnings (loss) per share, basic:								
Continuing operations	**$ (0.02)**	**$** -	N/A	$ (0.05)	60%	**$ (0.06)**	$ (0.18)	67%
Discontinued operations	**-**	4.66	*	0.06	*	**4.57**	0.22	*
Total earnings (loss) per share, basic	**(0.02)**	4.66	*	0.01	*	**4.51**	0.04	*
Earnings (loss) per share, diluted:								
Continuing operations	**$ (0.02)**	$ -	N/A	$ (0.05)	60%	**$ (0.06)**	$ (0.17)	65%
Discontinued operations	**-**	4.60	*	0.06	*	**4.53**	0.22	*
Total earnings (loss) per share, diluted	**(0.02)**	4.60	*	0.01	*	**4.47**	0.05	*
Return on equity from continuing operations (annualized)	**(0.7%)**	0.0%		(3.3%)		**(1.0%)**	(4.2%)	

*Percentage results are not meaningful as a result of the sale of discontinued operations

Net interest income

Table 3: Net Interest Income and Net Interest Margin[1]

($000s, except percentage amounts)	For the three months ended								
	September 30, 2013			June 30, 2013			September 30, 2012		
	Average Balance	**Revenue/ Expense**	**Average rate**	Average Balance	Revenue/ Expense	Average rate	Average Balance	Revenue/ Expense	Average rate
Assets									
Cash and cash equivalents	**$ 64,394**	**$ 211**	**1.30%**	$ 82,523	$ 269	1.30%	$ 51,997	$ 139	1.18%
Mortgage receivable	**319,144**	**4,138**	**5.14%**	248,266	3,260	5.27%	149,501	2,022	5.41%
Total interest earning assets	**$ 383,538**	**$ 4,349**	**4.50%**	$ 330,789	$ 3,529	4.28%	$ 201,498	$ 2,161	4.32%
Liabilities									
Deposits	**$ 277,611**	**$ 1,521**	**2.17%**	$ 224,268	$ 1,223	2.19%	$ 159,145	931	2.34%
Total interest bearing liabilities	**277,611**	**1,521**	**2.17%**	224,268	1,223	2.19%	159,145	931	2.34%
Net interest income per financial statements		**2,828**			2,306			1,230	
Net interest margin for mortgage portfolio			**3.08%**			3.16%			3.07%

($000s, except percentage amounts)	For the nine months ended					
	September 30, 2013			September 30, 2012		
	Average Balance	**Revenue/ Expense**	**Average rate**	Average Balance	Revenue/ Expense	Average rate
Assets						
Cash and cash equivalents	**$ 58,828**	**$ 572**	**1.30%**	35,221	$ 262	1.17%
Mortgage receivable	**259,034**	**10,203**	**5.27%**	122,611	4,883	5.31%
Total interest earning assets	**$ 317,862**	**$ 10,775**	**4.53%**	157,832	$ 5,145	4.39%
Liabilities						
Deposits	**$ 233,454**	**$ 3,833**	**2.20%**	118,843	1,998	2.19%
Total interest bearing liabilities	**233,454**	**3,833**	**2.20%**	118,843	1,998	2.19%
Net interest income per financial statements		**6,942**			3,147	
Net interest margin for mortgage portfolio			**3.16%**			3.12%

Q3 2013 v Q3 2012 - net interest income increased $1,598 or 130% to $2,828, reflecting the growth in our mortgage loan portfolio. The average net interest margin earned during the third quarter on our mortgage portfolio increased year over year from 3.07% to 3.08%.

Q3 2013 v Q2 2013 - net interest income for the quarter was $2,828, an increase of $522 or 23%, reflecting a corresponding level of growth in our mortgage loan portfolio. The average net interest margin on our mortgage portfolio decreased quarter over quarter from 3.16% to 3.08%. The decrease in average net interest margin compared to the second quarter reflects a decision to focus on loans with higher credit quality.

YTD 2013 v YTD 2012 - net interest income increased $3,795 or 121% to $6,942, reflecting the growth in our mortgage loan portfolio. The average net interest margin earned for the nine months year to date increased year over year from 3.12% to 3.16%, which reflects our increased use of cash resources to fund mortgages following completion of the Transaction in the second quarter of 2013.

[1] See definition of net interest margin under Non-IFRS Financial measures below

Over time we expect our average net interest margin to normalize toward 3.0%, however, during 2013 we expect to continue earning a net interest margin higher than 3.0% because of the lower average cost of funds achieved through funding a portion of our mortgage originations using cash resources.

Provision and allowance for credit losses

Table 4: Provision for Credit Losses

($000s)	For the three months ended **September 30, 2013**	June 30, 2013	September 30, 2012	For the nine months ended **September 30, 2013**	September 30, 2012
Collective provision	**$ 281**	$ 176	$ 94	**$ 558**	$ 284
Individual provision	**-**	-	-	**-**	-
Total provision	**$ 281**	$ 176	$ 94	**$ 558**	$ 284

Our provision for credit losses increased to $281 for the quarter ended September 30, 2013 due to the increase in our mortgage portfolio balance. Since the inception of operations in our mortgage business, our provision for credit losses has been entirely based on establishing our collective allowance, the sufficiency of which management assesses based on available data, including the composition and credit performance of the loan portfolio, external economic factors and industry benchmarks. We classify a mortgage receivable as impaired when there is reasonable doubt as to the collectability of principal or interest. To date we have not required any specific allowances for individually impaired loans and have not experienced any write-offs on our mortgage loan portfolio.

Table 5: Allowances and Past-due Loans

($000s except % amounts)	**September 30, 2013**	June 30, 2013	December 31, 2012
Allowance for credit losses			
Collective Allowance	**$ 1,252**	$ 971	$ 694
Individual Allowance	**-**	-	-
Total	**$ 1,252**	$ 971	$ 694
Total Allowance as a percentage of gross loans	**0.35%**	0.35%	0.35%
Past-due loans			
31-60 days	**$ 1,929**	$ 1,817	$ 815
61-90 days	**816**	1,147	107
> 90 days	**-**	-	580
Total	**$ 2,745**	$ 2,964	$ 1,502

We have established what we believe to be a prudent allowance for credit losses of $1,252 as at September 30, 2013. We have estimated a collective allowance based on the characteristics of the portfolio and industry standards but have not identified any loans for which an individual allowance is required and as at September 30, 2013, there were no impaired mortgages.

A loan is considered past due when a borrower has not made a payment by the contractual due date. However, loans past due 30 days or less are not administratively past due and are not presented in the analysis in Table 5. The table above presents the carrying value of mortgages that are past due but not classified as impaired either because they are less than 90 days past due, collection efforts are reasonably expected to result in repayment, or they have been restored to current status in accordance with our collection policy since the balance sheet date.

Other income

Other income includes fees charged for administration and servicing of our mortgage portfolio. As the number of outstanding mortgages in our portfolio grows, so does the amount of fee income we earn for administration and servicing activities. For the third quarter we earned other income of $292, an increase of $178 or 156% compared to the third quarter of 2012 and an increase of $80 or 38% compared to the second quarter of 2013. For the nine months year to date, other income increased $426 or 189% to $651.

Non-interest expenses

Non-interest expenses includes staffing costs and other operating expenses which are comprised of rent, selling general and administration costs, as well as amortization and depreciation expenses.

Q3 2013 v Q3 2012 - non-interest expenses increased $1,192 or 65% to $3,036. Approximately sixty percent of this increase relates to staffing costs as we increased our staff count from thirty-two to forty-five year over year, largely to build up our mortgage originations and servicing teams as required for the growth in our mortgage portfolio. Other operating expenses also increased, as overhead costs previously shared amongst three business units are now being absorbed entirely by our continuing mortgage operation as a result of the Transaction. We also experienced an increase in expenses related to DSUs as a result of mark-to-market adjustments.

Q3 2013 v Q2 2013 - non-interest expenses increased $721 or 31% to $3,036. This increase was primarily due to increased staffing costs and we also recognized mark-to-market adjustments on outstanding DSUs.

YTD 2013 v YTD 2012 – non-interest expenses increased $2,431 or 46% to $7,672. Over half of this increase relates to staffing costs as we increased our staff count from thirty-two to forty-five year over year, mainly to build up our mortgage originations and servicing teams as required for the growth in our mortgage portfolio. Other operating expenses also increased, as overhead costs previously shared amongst three business units are now being absorbed entirely by our continuing mortgage operation as a result of the Transaction. Other significant items include cumulative mark-to-market adjustments on outstanding Deferred Share Units of $305 and increased amortization and depreciation of $210.

Discontinued Operations

Table 6: Results of Discontinued Operations

	For the three months ended			For the nine months ended	
($000s)	**September 30, 2013**	June 30, 2013	September 30, 2012	**September 30, 2013**	September 30, 2012
Net earnings (loss) before gain on sale	**$ -**	$ (1,103)	$ 513	**$ (1,741)**	$ 2,015
Gain on sale, net of tax	**-**	43,850	-	**43,850**	-
Earnings (loss) from discontinued operations	**$ -**	$ 42,747	$ 513	**$ 42,109**	$ 2,015

As a result of the Transaction and related wind down of our foreign exchange operations, we have reclassified the results of our previously reportable transfer agent and corporate trust business and foreign exchange business segments to discontinued operations. We had no operating results for these discontinued segments in the third quarter of 2013. The year to date net earnings from discontinued operations is comprised of a net loss before the gain on sale of $1,103 and an after-tax gain on sale from the Transaction of $43,850. The Transaction purchase price of $64,000 remains subject to a post-closing adjustment based on capital requirements of the transfer agent and corporate trust service business, which could result in a purchase price reduction of up to $1,000 or in further proceeds receivable. Management's best estimate of the fair value of this contingency at closing was $nil and this estimate remains unchanged as at September 30, 2013. As a result, no contingent purchase price adjustment is recorded in the interim consolidated financial statements.

For further information on our discontinued operations and the gain on sale see note 10 of our interim consolidated financial statements.

Net earnings and earnings per share

Table 7: Earnings Per Share

($000s,except per share amounts)	For the three months ended					For the nine months ended		
	September 30, 2013	June 30, 2013	$ Change	September 30, 2012	$ Change	**September 30, 2013**	September 30, 2012	$ Change
Net earnings (loss)								
Continuing operations	**$ (175)**	$ 1	$ (176)	$ (423)	$ 248	**$ (562)**	$ (1,605)	$ 1,043
Discontinued operations	**-**	42,747	(42,747)	513	(513)	**42,109**	2,015	40,094
Net earnings (loss) and comprehensive income	**(175)**	42,748	(42,923)	90	(265)	**41,547**	410	41,137
Basic earnings (loss) per share from								
Continuing operations	**$ (0.02)**	$ -	$ (0.02)	$ (0.05)	0.03	**$ (0.06)**	$ (0.18)	$ 0.12
Discontinued operations	**-**	4.66	(4.66)	0.06	(0.06)	**4.57**	0.22	4.35
Basic earnings (loss) per share	**(0.02)**	4.66	(4.68)	0.01	(0.03)	**4.51**	0.04	4.47
Diluted earnings (loss) per share from								
Continuing operations	**$ (0.02)**	$ -	$ (0.02)	$ (0.05)	0.03	**$ (0.06)**	$ (0.17)	$ 0.11
Discontinued operations	**-**	4.60	(4.60)	0.06	(0.06)	**4.53**	0.22	4.31
Diluted earnings (loss) per share	**(0.02)**	4.60	(4.62)	0.01	(0.03)	**4.47**	0.05	4.42

We generated a net loss from continuing operations of $175 for the third quarter of 2013, compared to a net loss of $423 in the third quarter last year, which is an improvement of 59%. The main factor leading to the net loss for the third quarter of 2013 was mark-to-market adjustments on DSUs. As a result we had a basic and diluted loss per share from continuing operations of $0.02, compared a basic and diluted loss per share of $0.01 in the comparable period last year.

For the nine months ended September 30, 2013 we generated a net loss from continuing operations of $562 compared to a net loss of $1,605 in the comparable period of 2012, which is an improvement of 65%. The improved performance is primarily due to the growth of our mortgage loan portfolio and improved net interest margin over the same period last year. On a consolidated basis, which includes results of discontinued operations, we generated net earnings of $41,547 for the nine months ended September 30, 2013, compared to net earnings of $410 in the comparable period last year. The current year result is primarily due to the gain on sale from the Transaction.

FINANCIAL POSITION REVIEW

Table 8: Balance Sheet Highlights

	As at			Change over			
($000s, except percentage amounts)	**September 30, 2013**	June 30, 2013	December 31, 2012	Sep 2013-Jun 2013 $	Sep 2013-Jun 2013 %	Sep 2013-Dec 2012 $	Sep 2013-Dec 2012 %
Assets							
Cash and cash equivalents	**$ 47,826**	$ 55,507	$ 34,429	$ (7,681)	(14%)	$ 13,397	39%
Mortgages receivable	**356,565**	276,550	198,147	80,015	29%	158,418	80%
Assets held for sale	**-**	-	13,305	-	-	(13,305)	(100%)
Other assets	**4,739**	5,866	5,561	(1,127)	(19%)	(822)	(15%)
Total Assets	**$ 409,130**	$ 337,923	$ 251,442	$ 71,207	21%	157,688	63%
Liabilities							
Customer deposits	**$ 301,306**	$ 230,840	$ 192,757	$ 70,466	31%	$ 108,549	56%
Liabilities held for sale	**-**	-	1,965	-	-	(1,965)	(100%)
Other liabilities	**12,259**	11,890	4,453	369	3%	7,806	175%
Total liabilities	**313,565**	242,730	199,175	70,835	29%	114,390	57%
Shareholders' equity	**95,565**	95,193	52,267	372	-	43,298	83%
Total liabilities and shareholders' equity	**$ 409,130**	$ 337,923	$ 251,442	$ 71,207	21%	$ 157,688	63%

Total assets as at September 30, 2013 were $409,130, an increase of $71,207 or 21% compared to the balance as at June 30, 2013 and an increase of $157,688 or 63% compared to the balance as at December 31, 2012. The main element of the change during the third quarter was an increase in mortgages receivable of $80,015, partially offset by a decrease in cash and cash equivalents of $7,681. For the year to date, mortgages receivable and cash and cash equivalents increased by $158,418 and $13,397 respectively. Total liabilities as at September 30, 2013 were $313,565, an increase of $70,835 or 29% compared to the balance as at June 30, 2013 and an increase of $114,390 or 57% compared to the balance as at December 31, 2012. The increase in total liabilities for the third quarter primarily reflects the increases in customer deposits of $70,466. For the nine months year to date, total liabilities have increased mainly due to an increase in customer deposits of $108,549 plus an increase in accrued taxes related to the Transaction of $7,955.

Cash Resources

Table 9: Cash and cash equivalents

	As at			Change over			
($000s, except percentage amounts)	**September 30, 2013**	June 30, 2013	December 31, 2012	Sep 2013 - Jun 2013 $	Sep 2013 - Jun 2013 %	Sep 2013 - Dec 2012 $	Sep 2013 - Dec 2012 %
Cash and cash equivalents	**$ 47,826**	$ 55,507	$ 34,429	$ (7,681)	(14%)	$ 13,397	39%

Cash and cash equivalents as at September 30, 2013 decreased by $7,681 and $13,397 compared to June 30, 2013 and December 31, 2012 respectively, as a result of the inflows and outflows described below.

For the nine months year to date, we have funded new residential mortgage loans through cash proceeds from the sale of discontinued operations and through our deposit-taking activities, specifically by GICs.

Table 10: Sources and Uses of Cash

($000s, except percentage amounts)	For the nine months ended September 30, 2013	September 30, 2012	Change $	%
Cash flow from (used in) operating activities	**(51,630)**	18,804	(70,434)	(375%)
Cash flow from financing activities	**1,227**	1,242	(15)	(1%)
Cash flow from (used in) investing activities	**63,800**	(1,232)	65,032	(5279%)

Cash used in operating activities

Cash used in operating activities increased by $70,434, or 375%, to $51,630 for the nine months ended September 30, 2013. GIC deposits and mortgage originations constitute the primary sources of operating inflows and outflows. The main elements of operating cash flows for the nine month period ended September 30, 2013 were net inflows of $108,549 from GIC deposits against net outflows of $158,977 to fund mortgages receivable. The main elements of operating cash flows for the nine months ended September 30, 2012 were net outflows of $81,475 and $3,364 to fund mortgages receivable and corporate income taxes, respectively, against net inflows from GIC deposits of $103,079.

Cash flow from financing activities

Cash flow from financing activities for the nine months ended September 30, 2013 decreased by $15 or 1%, to $1,227. Cash flows from financing activities in the nine-month period of both the current and prior year represent proceeds from the exercise of employee stock options.

Cash flow from investing activities

Cash flow from investing activities for the nine months ended September 30, 2013 increased by $65,032 to $63,800. Cash flow from investing activities in the nine months ended September 30, 2013 is mainly comprised of proceeds received from the sale of discontinued operations of $64,000. Cash used in investing activities in same period in 2012 primarily relate to enhancing our information technology systems.

Mortgages receivable

Table 11: Mortgage Production & Portfolio Highlights

	For the three months ended				For the nine months ended	
($000s, except percentage and year figures)	**September 30, 2013**	June 30, 2013	December 31, 2012	September 30, 2012	**September 30, 2013**	September 30, 2012
Mortgage originations	**$ 103,757**	$ 72,662	$ 41,651	$ 41,915	**$ 216,181**	$ 105,167
Average loan-to-value ratio	**73.2%**	73.4%	73.0%	72.1%	**73.1%**	72.6%
As at						
Mortgage receivable	**356,565**	276,550	198,147	165,971		
Mortgage receivable due in one year	**252,854**	201,124	145,774	121,014		
Average term to maturity in years	**1.0**	0.9	0.9	1.0		
Average effective interest rate	**5.32%**	5.31%	5.34%	5.39%		
Average amortization period in years	**32.9**	33.1	33.1	33.5		

Mortgages receivable consist of uninsured loans for terms of one to five years for the purchase or refinancing of single-family homes in Ontario, located in the Greater Toronto area, the Greater Ottawa area and immediately adjacent urban and suburban communities.

During the third quarter of 2013 we originated mortgages of $103,757, an increase of $31,095 or 43% compared to originations for the second quarter and $61,842 or 148% compared to originations for the third quarter last year. Our mortgage receivable balance increased $80,015 or 29% compared to June 30, 2013. The difference between originations for the third quarter and the growth in our mortgage receivable balance represents portfolio run-off.

For the year to date 2013 we have originated mortgages of $216,181, an increase of $111,014 or 106% compared to the prior year. Our mortgage receivable balance increased $158,418 or 80% compared to December 31, 2012 and increased $190,594 or 115% compared to September 30, 2012. The Corporation has outstanding commitments to make future advances on mortgage loans of $21,700 at September 30, 2013. Commitments for the loans remain open for various dates through February 2014. Our expectation is that by the end of 2013 our mortgage loan portfolio will have grown at least 90% compared to the balance at the end of 2012.

Customer Deposits

Table 12: Customer Deposits

	As at			
($000s)	**September 30, 2013**	June 30, 2013	December 31, 2012	September 30, 2012
Customer deposits	**301,306**	230,840	192,757	169,942

Customer deposits consist of GICs, which are sold through investment dealers, with fixed maturity dates and an average term to maturity of 1.1 years. As at September 30, 2013, the portion of customer deposits due within one year is $241,435 and the average effective interest rate is 2.19%.

For the third quarter of 2013, our customer deposits balance has increased $70,466 or 31% compared to June 30, 2013 and increased $108,549 or 56% compared to December 31, 2012. The increase in our customer deposits balance corresponds to the increase in our mortgages receivable balance as well as reflecting our decision to use cash proceeds from the Transaction to fund new mortgage originations.

Financial instruments

The use of financial instruments exposes us to credit risk, liquidity risk, and interest rate risk (see "Risks" below). A fuller discussion on our risk exposures and how we manage them can be found on pages 25-31 of our 2012 Annual Management Discussion & Analysis.

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

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

We determine the fair value of customer deposits by discounting the contractual cash flows using the 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.

Table 13: Financial Assets and Liabilities (000's)

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

Contingent Liability

EFT is named as a defendant in a legal proceeding related to its former transfer agent and corporate trust business operations.

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

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

QUARTERLY FINANCIAL HIGHLIGHTS

Table 14: Summary of Quarterly Results

($000s, except per share amounts)	2013			2012				2011
Operating results	**Q3**	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Net interest income	**$ 2,828**	$ 2,306	$ 1,808	$ 1,549	$ 1,230	$ 1,061	$ 857	$ 641
Provisions for credit losses	**(281)**	(176)	(101)	(113)	(94)	(117)	(72)	(111)
Other income	**292**	212	147	133	114	67	43	7
Net interest income and other income, net of provision	**2,839**	2,342	1,854	1,569	1,250	1,011	828	537
Non-interest expenses	**3,036**	2,315	2,321	2,045	1,801	1,720	1,675	1,644
Net earnings (loss) from continuing operations	**(175)**	1	(388)	(356)	(423)	(515)	(664)	(934)
Net earnings (loss) from discontinued operations	**-**	42,747	(638)	480	513	789	710	1,524
Total net earnings (loss) and comprehensive income	**(175)**	42,748	(1,026)	124	90	274	46	590
Basic earnings (loss) per share from continuing operations	**$ (0.02)**	$ -	$ (0.04)	$ (0.04)	$ (0.05)	$ (0.06)	$ (0.07)	$ (0.10)
Basic earnings (loss) per share discontinued operations	**-**	4.66	(0.07)	0.05	0.06	0.09	0.08	0.17
Basic earnings (loss) per share	**(0.02)**	4.66	(0.11)	0.01	0.01	0.03	0.01	0.07
Diluted earnings (loss) per share from continuing operations	**(0.02)**	-	(0.04)	(0.04)	(0.05)	(0.06)	(0.07)	(0.10)
Diluted earnings (loss) per share from discontinued operations	**-**	4.60	(0.07)	0.05	0.06	0.09	0.08	0.17
Diluted earnings (loss) per share	**(0.02)**	4.60	(0.11)	0.01	0.01	0.03	0.01	0.06
Dividends	**-**	-	-	-	-	-	-	-
Balance sheet highlights								
Cash and cash equivalents	**$ 47,826**	$ 55,507	$ 37,463	$ 34,429	$ 44,382	$ 55,139	$ 17,332	$ 25,568
Mortgage receivables	**356,565**	276,550	226,876	198,147	165,971	138,679	105,285	84,780
Total assets	**409,130**	337,923	282,179	251,442	229,418	212,543	140,707	129,736
Customer deposits	**301,306**	230,840	224,913	192,757	169,942	152,218	82,780	66,863
Total liabilities	**313,565**	242,730	230,840	199,175	177,385	160,713	89,290	79,738
Shareholders' equity	**95,565**	95,193	51,339	52,267	52,033	51,830	51,417	49,998

Net interest income has been increasing each quarter in line with the expansion of our mortgage portfolio. As our residential mortgage-lending business continues to grow, we also expect more seasonality to develop with higher origination volumes in the spring compared to lower volumes in the winter.

The results of our discontinued operations for the first quarter of 2013 reflect the costs incurred prior to closing the Transaction and results for the second quarter reflect the related gain on sale. Due to the completion of the Transaction, the quarterly fluctuations in prior periods that have resulted from large volume corporate trust and foreign exchange transactions and the inherent seasonality of the transfer agent business ceases to be a factor for us going forward.

CAPITAL MANAGEMENT

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

EFT calculates regulatory capital and capital ratios based on the Capital Adequacy Requirements (CAR) Guidelines issued by OSFI in December 2012. The CAR Guidelines are based on "Basel III: A global regulatory framework for more resilient banks and banking systems – A Revised Framework" ("Basel III") issued by the Basel Committee on Banking Supervision ("BCBS") in December 2010. EFT adopted Basel III capital requirements effective January 1, 2013. EFT's total regulatory capital is comprised entirely of shareholder's equity (the total of share capital, contributed surplus and retained earnings less adjustments for intangible assets) which qualifies as common equity tier-1 capital ("CET1"). EFT derives its risk based CET1 ratio by dividing CET 1 capital by the sum of credit and operational risk-weighted assets. EFT calculates risk-weighted assets using the standardized approach for credit risk and the basic indicator approach for operational risk. EFT derives its ACM by dividing total net assets (total assets less adjustments for intangible assets) by CET1 capital.

In July 2013, OSFI issued the final version of its advisory on the implementation of required Pillar 3 disclosure requirements under Basel III. The advisory clarifies the disclosure requirements of the BCBS. OSFI requires all institutions to fully implement the disclosures starting in the third quarter 2013. EFT has adopted the new disclosure since the period ended June 30, 2013.

Under Basel III, capital is calculated two ways during a transitional period ending January 1, 2018. To measure compliance with minimum risk based capital ratio requirements, capital is calculated on the all-in basis, which includes all applicable deductions immediately. As at September 30, 2013, EFT held CET 1 on an "all-in" basis of $83,720 compared with $83,575 as at June 30, 2013 and $35,001 as at December 31, 2012. The increase since December, 31, 2012 reflects the gain from the Transaction. ACM is evaluated using capital calculated on the transitional basis, which introduces certain capital deductions on a graduated basis during the transitional period. For the purpose of calculating the ACM, CET 1 capital on the transitional basis as at September 30, 2013 was $86,201. Capital measures for 2012 are reported under Basel II and have not been restated to reflect Basel III measures.

Table 15: Regulatory Capital (Based on Equity Financial Trust)

(000s except percentage amounts)

		As at				
		September 30, 2013		June 30, 2013		December 31, 2012
	Common Equity Tier 1 capital: instruments and reserves	**All-in**	**Transitional**	All-in	Transitional	Basel II
1	Directly issued qualifying common share capital plus related stock surplus	**31,606**	**31,606**	31,606	31,606	31,606
2	Retained earnings	**54,595**	**54,595**	54,526	54,526	7,651
6	**Common Equity Tier 1 capital before regulatory adjustments**	**86,201**	**86,201**	86,132	86,132	39,257
	Common Equity Tier 1 capital: regulatory adjustments					
28	Total regulatory adjustments to Common Equity Tier 1	**(2,481)**	**-**	(2,557)	-	(4,256)
29	**Common Equity Tier 1 capital (CET1)**	**83,720**	**86,201**	83,575	86,132	35,001
45	**Tier 1 capital**	**83,720**	**86,201**	83,575	86,132	35,001
59	**Total capital**	**83,720**	**86,201**	83,575	86,132	35,001
60	**Total risk-weighted assets**	**142,772**	**145,253**	146,649	149,206	121,799
	Capital ratios					
61	Common Equity Tier 1 (as percentage of risk-weighted assets)	**58.6%**	**59.3%**	57.0%	57.7%	28.7%
62	Tier 1 (as percentage of risk-weighted assets)	**58.6%**	**59.3%**	57.0%	57.7%	28.7%
63	Total capital (as percentage of risk-weighted assets)	**58.6%**	**59.3%**	57.0%	57.7%	28.7%
	Assets-to-Capital Multiple		**4.63**		3.81	6.64
	OSFI all-in target					
69	Common Equity Tier 1 capital all-in target ratio	**7.0%**	**N/A**	7.0%	N/A	7.0%
70	Tier 1 capital all-in target ratio	**8.5%**	**N/A**	8.5%	N/A	8.5%
71	Total capital all-in target ratio	**10.5%**	**N/A**	10.5%	N/A	10.5%

Note: line item numbers reference the Pillar III Modified Capital Disclosure Template issued by OSFI in July 2013

We expect that over time these ratios will gradually converge to levels consistent with those reported by other deposit-taking institutions in our peer group, but will at all times remain in excess of minimum regulatory standards, as generally expected of well-capitalized institutions.

Capital resources

As noted above, EFT's CET1 regulatory capital has increased significantly as a result of the Transaction. By retaining these funds in the business, EFT will have a strong capital base to support its growth objectives in alternative mortgage lending. We may, however, require further capital from time to time to pursue strategic initiatives or to develop future lines of business.

RISK MANAGEMENT

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

The use of financial instruments exposes the Corporation to credit risk, liquidity risk and interest rate risk, as described further below. Due to the wind-down of our foreign exchange business unit, the Corporation is no longer exposed to any significant risks related to those operations or to changes in foreign exchange rates. In respect of the Transaction, the Corporation's reputational risk factors have an added element as described below.

Credit Risk

Credit risk is the risk of loss resulting from the failure of a borrower or counterparty to honour its financial or contractual obligations. The nature of the business of lending creates an exposure to the possibility that loans will not be repaid. Our mortgage operations are subject to credit risk resulting from possible defaults in payment by its borrowers. There can be no assurances that our monitoring of credit risk and our efforts to mitigate credit risk through risk-based pricing, appropriate underwriting policies, and loss mitigation strategies will be sufficient to prevent an adverse effect on our profitability and financial condition. As part of the underwriting process, we rely heavily upon information supplied by third parties. If any of this information is intentionally or negligently misrepresented and the misrepresentation is not detected before completing the transaction, the credit risk associated with the transaction may be increased.

Our mortgage portfolio consists of uninsured mortgages. As a result our primary credit risk relates to the potential for financial loss resulting from the failure of a borrower to fully honour its financial or contractual obligations, such as the failure to repay principal and/or interest on the mortgage**.** Our mortgages consist of alternative residential mortgages originated under lending programs designed to serve customers who have limited access to traditional financing. There is a higher risk of default associated with alternative mortgage borrowers than with traditional borrowers. The typical alternative borrower may have had previous financial difficulties or may not yet have established a sufficient credit history. Because we serve customers who are unable to meet the credit standards imposed by most traditional financing services, we charge interest at higher rates than those charged by those lenders. The factors to be used in determining borrowers' creditworthiness will be subject to change over time. An increase in loan losses beyond those expected and provided for could have a material adverse effect on our operating results. We mitigate this risk primarily by conducting thorough income verification and other due diligence on each borrower and by dealing only with known and reputable mortgage brokers. We are selective in the types of property we take as collateral, the reliability of the appraisal of the property, and its location.

Other financial instruments potentially exposed to credit risk include cash and cash equivalents. We consider our exposure to credit risk over cash and cash equivalents to be remote as we hold cash deposits at Canadian Schedule I banks.

Liquidity Risk

Liquidity risk is defined as the possibility we will be unable to generate or maintain sufficient cash or cash equivalents, in a timely manner, to meet our commitments as they come due.

Managing liquidity risk requires management to keep sufficient liquid assets on hand at all times to pay our cash obligations, in a timely manner, such as maturing deposits and deposit interest, new mortgage commitments, accounts payables, accrued liabilities and other business activities.

EFT has established a liquidity management framework which includes the following:

- A Board-approved policy that quantifies EFT's liquidity risk tolerance and minimum liquidity requirement;
- A monitoring and risk control framework that forecasts cash inflows and outflows and contractual liquidity commitments for a specified time horizon;
- Requirements for the diversification of funding sources;
- The maintenance of a liquidity reserve consisting of cash or highly-liquid assets;

- Daily reporting that measures compliance with Board-approved limits;
- Periodic stress testing of liquidity assumptions and forecasts which may include company-specific liquidity shocks, exogenous systemic disruptions, or combinations of both; and
- A liquidity contingency plan that anticipates a number of scenarios according to which EFT's liquidity operations could be disrupted and explains what actions will be followed under each.

EFT's Asset-Liability Committee (ALCO) is comprised of members of senior management and is charged with the monitoring of EFT's liquidity exposures. ALCO periodically reviews EFT's liquidity policies and procedures as appropriate to evolving business requirements and will make recommendations for policy amendments to the Board as required. ALCO also reviews the results of periodic stress tests and may direct management to temporarily alter its liquidity tactics accordingly.

EFT's Board has established liquidity minimum requirement limits using as a basis two measures which are currently being contemplated as part of the adoption of Basel III:

- Liquidity Coverage Ratio (LCR): the ratio of the EFT's cash reserve to net cash inflows and outflows for a specified time horizon; and
- Net Stable Funding Ratio (NSFR): the ratio of the EFT's assets to liabilities adjusted by factors that represent their inherent stability or permanence.

These measures may be subject to modification pending the outcome of consultations between regulators and financial institutions on the implementation of the Basel III liquidity framework.

The appropriateness of these limits is reviewed from time to time by ALCO in light of prevailing and anticipated business conditions.

Interest Rate Risk

Interest rate risk is defined as the possibility that changes in market interest rates will adversely affect our financial condition. Interest rate risk may be affected if an unduly large proportion of our assets or liabilities have unmatched terms, interest rates or other attributes. The primary method of managing interest rate risk involves matching asset and liability maturity profiles, closely monitoring interest rates and acting upon any mismatch in a timely manner to ensure that any sudden or prolonged change in interest rates does not significantly affect our net interest income. Any failure to appropriately match our asset and liability maturity profiles could negatively impact our operating results.

We use simulated interest rate change sensitivity models to estimate the effect of various interest rate change scenarios on economic value of shareholders' equity ("EVE") and on net interest income for the twelve months following the measurement date. Certain assumptions that are based on actual experience are built into the simulations, including assumptions related to the prepayment and renewal rates of mortgages, the volumes and maturity distributions of future mortgages and deposits, future interest margins earned on mortgages and paid on deposits, and the growth of other interest sensitive items such as cash. EFT's ALCO is responsible for the oversight of interest rate risk, including the establishment of modeling assumptions, parameters and scenarios.

The following table illustrates the results of management's sensitivity modeling to an immediate and sustained interest rate increase and decrease scenarios. The estimate of sensitivity to interest rate changes is dependent on a number of assumptions that could result in a difference in actual outcomes in the event of an actual interest rate change, limited by the condition that interest rates cannot fall below zero.

Table 16: Impact of Interest Rate Shifts

(000s, except percentage amounts)	Increase	Decrease
	100 bps	
Impact on net interest income	$ 351	$ (390)
Impact on EVE	(665)	723
EVE impact as a % of common shareholders' equity	(0.70%)	0.76%
	200 bps	
Impact on net interest income	$ 676	$ (553)
Impact on EVE	(1,321)	1,455
EVE impact as a % of common shareholders' equity	(1.38%)	1.52%

Reputational Risk Related to the Transaction

Reputational risk is the potential that negative publicity, whether true or not, regarding an institution's business practices, actions or inaction will or may cause a decline in its value, liquidity or customer base. As a result of the Transaction, EFT's client relationships related to the discontinued operations are managed by a third-party, including the administration of segregated funds on behalf of EFT's clients. The impact of client dissatisfaction or mismanagement by the third-party may be damaging to EFT's continuing operations. Furthermore, if the third-party fails to meet its contractual or regulatory obligations, EFT could be subject to legal liability.

ACCOUNTING STANDARDS AND POLICIES

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

Amendments to IFRS 7 – Financial Instruments: Disclosures

IFRS 10 – Consolidated Financial Statements

IFRS 12 – Disclosure of Interest in Other Entities

IFRS 13 – Fair Value Measurement

IAS 19 Revised – Employee Benefits

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

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

CONTROL REPORTING

Disclosure Controls and Procedures

Our disclosure controls and procedures ("DCP") are designed to provide reasonable assurance that all relevant information is identified and communicated to our Disclosure Committee so as to ensure that appropriate and timely decisions are made regarding public disclosure. Management has evaluated the effectiveness of our DCP and concluded they were effective. There were no material changes in our DCP during the nine months ended September 30, 2013.

Internal Controls over Financial Reporting

Internal control over financial reporting ("ICFR") has been designed, based on the framework established in Internal Control over Financial Reporting – Guidance for Smaller Public Companies issued by the Committee of Sponsoring Organizations of the Treadway Commission, to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

Because of its inherent limitations, ICFR can provide only reasonable assurance and may not prevent or detect misstatements. Furthermore, projecting an evaluation of effectiveness to future periods is subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

There were no changes in our ICFR that occurred during the nine months ended September 30, 2013 that materially affected or are reasonably likely to materially affect, the reliability of our financial reporting or the preparation of our financial statements for external purposes.

NON-IFRS FINANCIAL MEASURES

The Corporation employs certain financial measures to assess its performance that do not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other issuers. However, we believe financial analysts and investors view these as key measures of certain aspects of our performance. These measures should not be considered as an alternative to cash flows from operating activities nor to any other measures of performance presented in accordance with IFRS.

Net interest margin

Net interest margin is calculated by taking net interest income divided by average total assets generating the interest income.

Return on equity (“ROE”)

ROE is calculated as net earnings divided by the simple average of reported shareholders’ equity at the beginning and end of the period, multiplied by the appropriate factor to arrive at an annualized figure. ROE is used as an indicator of whether we use our capital resources efficiently.

DISCLOSURE OF OUTSTANDING SHARE DATA

Our common shares trade on the TSX under the symbol “**EQI**”. Our authorized share capital consists of an unlimited number of common shares without par value. As at November 13, 2013, we had 9,310,840 common shares outstanding and 466,167 stock options to purchase up to an aggregate of 466,167 common shares, with a weighted average exercise price of $8.82, expiring from November 13, 2013 to May 17, 2018.