CANACCORD Genuity

THIRD QUARTER

Fiscal 2018 Report to Shareholders

To us there are no foreign markets.™

Canaccord Genuity Group Inc. Reports Third Quarter Fiscal 2018 Results

Excluding significant items, third quarter diluted earnings per common share of $0.31(1)

(All dollar amounts are stated in Canadian dollars unless otherwise indicated)

TORONTO, February 6, 2018 – During the third quarter of fiscal 2018, the quarter ended December 31, 2017, Canaccord Genuity Group Inc. (Canaccord Genuity, the Company, TSX: CF) generated $309.4 million in revenue. Excluding significant items(1), the Company recorded net income(3) of $39.2 million or net income of $34.7 million attributable to common shareholders(2) (earnings per common share of $0.31). Including all expense items, on an IFRS basis, the Company recorded net income(3) of $36.6 million or net income of $32.1 million attributable to common shareholders(2) (earnings per common share of $0.29).

"Record revenue for our third fiscal quarter was a result of strong investment banking and advisory activity in small- and mid-cap equities, coupled with increased contributions from our expanded wealth management platform," said Dan Daviau, President & CEO of Canaccord Genuity Group Inc. "While we anticipate periodic volatility in our capital markets operation, our business is well positioned to capture additional market share in our key markets, while improving recurring revenue growth from our wealth management businesses to deliver greater earnings diversity and operating leverage for our shareholders."

Third Quarter of Fiscal 2018 vs. Third Quarter of Fiscal 2017

- Revenue of $309.4 million, an increase of 48.7% or $101.3 million from $208.1 million
- Excluding significant items, expenses of $259.2 million, an increase of 29.4% or $58.9 million from $200.3 million(1)
- Expenses of $262.6 million, an increase of 29.7% or $60.2 million from $202.4 million
- Excluding significant items, diluted earnings per common share (EPS) of $0.31 compared to diluted EPS of $0.03(1)
- Excluding significant items, net income(3) of $39.2 million compared to net income(3) of $6.3 million(1)
- Net income(3) of $36.6 million compared to net income(3) of $4.5 million
- Diluted EPS of $0.29 compared to diluted EPS of $0.01

Third Quarter of Fiscal 2018 vs. Second Quarter of Fiscal 2018

- Revenue of $309.4 million, an increase of 61.5% or $117.9 million from $191.5 million
- Excluding significant items, expenses of $259.2 million, an increase of 39.2% or $73.0 million from $186.2 million(1)
- Expenses of $262.6 million, an increase of 32.2% or $64.0 million from $198.6 million
- Excluding significant items, diluted EPS of $0.31 compared to diluted EPS of $0.01(1)
- Excluding significant items, net income(3) of $39.2 million compared to net income(3) of $3.5 million(1)
- Net Income(3) of $36.6 million compared to a net loss(3) of $7.3 million
- Diluted EPS of $0.29 compared to a loss per common share of $0.11

Contents

Year-to-Date Fiscal 2018 vs. Year-to-Date Fiscal 2017 (Nine months ended December 31, 2017 vs. Nine months ended December 31, 2016)

- Excluding significant items, revenue of $700.8 million, an increase of 15.5% or $94.1 million from $606.7 million(1)
- Excluding significant items, expenses of $642.4 million, an increase of 9.8% or $57.4 million from $584.9 million(1)
- Revenue of $700.8 million, an increase of 15.3% or $92.9 million from $607.9 million
- Expenses of $662.8 million, an increase of 12.1% or $71.3 million from $591.4 million
- Excluding significant items, diluted EPS of $0.33 compared to diluted EPS of $0.05(1)
- Excluding significant items, net income(3) of $44.3 million compared to net income(3) of $16.5 million(1)
- Net income(3) of $26.8 million compared to net income(3) of $12.2 million
- Diluted EPS of $0.17 compared to diluted EPS of $0.01

Financial Condition at End of Third Quarter Fiscal 2018 vs. Fourth Quarter Fiscal 2017

- Cash and cash equivalents balance of $592.9 million, a decrease of $84.9 million from $677.8 million
- Working capital of $513.0 million, an increase of $24.5 million from $488.5 million
- Total shareholders' equity of $766.3 million, an increase of $1.5 million from $764.8 million
- Book value per diluted common share of $5.11, an increase of $0.03 from $5.08(4)
- On February 6, 2018, the Board of Directors approved a dividend of $0.01 per common share, payable on March 15, 2018, with a record date of March 2, 2018
- On February 6, 2018, the Board of Directors approved a cash dividend of $0.24281 per Series A Preferred Share payable on April 2, 2018 with a record date of March 16, 2018, and a cash dividend of $0.31206 per Series C Preferred Share payable on April 2, 2018 to Series C Preferred shareholders of record as at March 16, 2018

Summary of Operations

CAPITAL MARKETS

- Canaccord Genuity participated in 141 investment banking transactions globally, raising total proceeds of C$9.1 billion(5) during fiscal Q3/18
- Canaccord Genuity led or co-led 59 transactions globally, raising total proceeds of C$1.8 billion(5) during fiscal Q3/18
- Significant investment banking transactions for Canaccord Genuity during fiscal Q3/18 include:
  - £187.5m for Aberdeen Standard European Logistics Income plc on LSE
  - C$184.0 million in two transactions for Aurora Cannabis Inc. on TSX
  - £95.0 million for IQE plc on AIM
  - C$125.0 million Initial Public Offering for Cannabis Strategies Acquisition Corp. on TSX
  - C$92.4 million for Osisko Mining on TSX
  - Two transactions totalling US$80.6 million for Helios and Matheson Analytics Inc. on Nasdaq
  - £52.2 million for Ediston Property Investment Company PLC on LSE
  - C$75.6 million for SolGold plc on TSX and LSE
  - US$65.3 million in two tranches for Neovasc Inc. on Nasdaq & TSX
  - C$69.0 million for The Hydropothecary Corporation on TSX-V
  - £31.0 million for Atalaya Mining on AIM
  - AUD$60.0 million for CANN Group Limited on ASX
  - C$51.7 million IPO for Titan Mining Corporation on TSX
  - US$47.4 million for Savara Inc. on Nasdaq
  - US$49.1 million for VBI Vaccines on Nasdaq
  - C$43.9 million for Global Blockchain Technologies Corp. on TSX-V
  - C$40.3 million for Supreme Pharmaceuticals Inc. on TSX-V
  - C$40.0 million for Maricann on TSX
  - AUD$35.6 million for Lithium Power International Ltd. in two transactions on ASX
  - C$30.6 million for First Cobalt Corp. on TSX
  - €18.0 million for Kiadis Pharma NV on Euronext AMS
  - C$28.1 million for DMG Blockchain Solutions Inc. on TSX-V
  - C$26.5 million for MPX Bioceutical Corporation on CSE
  - C$26.3 million for Mogo Finance Technology on TSX
  - US$25.0 million private placement for Soluble Systems, LLC
  - C$23.0 million for Delta 9 Cannabis Inc. on TSX-V
  - US$17.4 million for Akari Therapeutics, plc. on Nasdaq
  - AUD$15.0 million for Echo Resources Limited on ASX
  - AUD$15.0 million for HRL Holdings Ltd. on ASX

- In Canada, Canaccord Genuity participated in raising $246.3 million for government and corporate bond issuances during fiscal Q3/18
- Advisory fees recorded during fiscal Q3/18 were $32.1 million, an increase of $15.0 million or 87.4% compared to the same quarter last year
- During fiscal Q3/18, significant M&A and advisory transactions included:
  - Berkeley Energia on its US$120 million strategic investment from the State Reserve General Fund of Oman
  - EMZ Partners on its €150 million acquisition of Ginger CEBTP
  - Galena Biopharma, Inc. on its merger agreement with SELLAS Life Sciences Group
  - Gaming Nation on its C$44 million sale to Orange Capital
  - Health Connect America on its sale to Harren Equity Partners
  - LOGiQ Asset Management Inc. on the sale of its retail investment fund business to Purpose Investments Inc. for C$32 million
  - Naxicap Partners on the €150 million disposal of Organic Alliance to Céréa Partenaire
  - Polaris Materials on its sale to U.S. Concrete for C$309 million
  - Qvidian on its sale to Upland Software, Inc.
  - Versar, Inc. on its sale to Kingswood Capital Management

CANACCORD GENUITY WEALTH MANAGEMENT (GLOBAL)

- Globally, Canaccord Genuity Wealth Management generated $110.9 million in revenue during Q3/18
- Assets under administration in Canada and assets under management in the UK & Europe and Australia were $59.2 billion at the end of Q3/18(4), an increase of 8.6% or $4.7 billion from the end of the previous quarter and an increase of 63.8% or $23.0 billion from the end of fiscal Q3/17

CANACCORD GENUITY WEALTH MANAGEMENT (NORTH AMERICA)

- Canaccord Genuity Wealth Management (North America) generated $48.4 million in revenue and, after intersegment allocations and before taxes, recorded a net income of $7.5 million during Q3/18.
- Assets under administration in North America were $14.5 billion as at December 31, 2017, an increase of 12.9% from $12.8 billion at the end of the previous quarter and an increase of 20.7% from $12.0 billion at the end of fiscal Q3/17(4)
- Assets under management in North America (discretionary) were $2.8 billion as at December 31, 2017, an increase of 5.6% from $2.7 billion at the end of the previous quarter and an increase of 12.3% from $2.5 billion at the end of fiscal Q3/17(4) (included in assets under administration)
- Canaccord Genuity Wealth Management had 134 Advisory Teams(6) at the end of fiscal Q3/18, unchanged from September 30, 2017 and a net decrease of five teams from December 31, 2016

CANACCORD GENUITY WEALTH MANAGEMENT (UK & EUROPE)

- Wealth management operations in the UK & Europe generated $60.9 million in revenue and, after intersegment allocations, and excluding significant items, recorded net income of $11.6 million before taxes during Q3/18(1)
- Assets under management (discretionary and non-discretionary) were $43.8 billion (£25.8 billion) as at December 31, 2017, an increase of 7.3% from $40.8 billion (£24.4 billion) as at the end of the previous quarter and an increase of 87.3% from $23.4 billion (£14.1 billion) as at December 31, 2016(4). In local currency (GBP), assets under management at December 31, 2017 increased by 5.8% compared to September 30, 2017 and by 83.1% compared to Q3/17(4). The acquisition of Hargreave Hale Limited in Q2/18 contributed to the increase in AUM in Q3/18 over the same quarter in the prior year.

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 4.
(2) Net income attributable to common shareholders is calculated as the net income adjusted for non-controlling interests and preferred share dividends.
(3) Before non-controlling interests and preferred share dividends.
(4) See Non-IFRS Measures on page 4.
(5) Transactions over $1.5 million. Internally sourced information.
(6) Advisory Teams are normally comprised of one or more Investment Advisors (IAs) and their assistants and associates, who together manage a shared set of client accounts. Advisory Teams that are led by, or only include, an IA who has been licensed for less than three years are not included in our Advisory Team count, as it typically takes a new IA approximately three years to build an average-sized book of business.

NON-IFRS MEASURES

The non-International Financial Reporting Standards (IFRS) measures presented include assets under administration, assets under management, book value per diluted common share and figures that exclude significant items. Significant items include restructuring costs, amortization of intangible assets acquired in connection with a business combination, impairment of goodwill and other assets, acquisition-related expense items, which include costs recognized in relation to both prospective and completed acquisitions, gains or losses related to business disposals including recognition of realized translation gains on the disposal of foreign operations, as well as certain expense items, typically included in development costs, which are considered by management to reflect a singular charge of a non-operating nature. Book value per diluted common share is calculated as total common shareholders' equity adjusted for assumed proceeds from the exercise of options and warrants and conversion of convertible debentures divided by the number of diluted common shares outstanding including estimated amounts in respect of share issuance commitments including options, warrants, and convertible debentures, as applicable, and adjusted for shares purchased under the NCIB and not yet cancelled and estimated forfeitures in respect of unvested share awards under share-based payment plans.

Management believes that these non-IFRS measures will allow for a better evaluation of the operating performance of the Company's business and facilitate meaningful comparison of results in the current period to those in prior periods and future periods. Figures that exclude significant items provide useful information by excluding certain items that may not be indicative of the Company's core operating results. A limitation of utilizing these figures that exclude significant items is that the IFRS accounting effects of these items do in fact reflect the underlying financial results of the Company's business; thus, these effects should not be ignored in evaluating and analyzing the Company's financial results. Therefore, management believes that the Company's IFRS measures of financial performance and the respective non-IFRS measures should be considered together.

SELECTED FINANCIAL INFORMATION EXCLUDING SIGNIFICANT ITEMS(1)

(C$ thousands, except per share and % amounts)	Three months ended December 31 2017	Three months ended December 31 2016	Quarter-over-quarter change	Nine months ended December 31 2017	Nine months ended December 31 2016	YTD-over-YTD change
Total revenue per IFRS	$ 309,442	$ 208,108	48.7%	$ 700,797	$ 607,890	15.3%
Total expenses per IFRS	$ 262,559	$ 202,397	29.7%	$ 662,752	$ 591,411	12.1%
Revenue						
Significant items included in Canaccord Genuity						
Realized translation gains on disposal of Singapore	—	—	—	—	1,193	(100.0)%
Total revenue excluding significant items	$ 309,442	$ 208,108	48.7%	$ 700,797	$ 606,697	15.5%
Expenses						
Significant items recorded in Canaccord Genuity						
Amortization of intangible assets	579	829	(30.2)%	1,738	2,475	(29.7)%
Restructuring costs(2)	—	—	—	4,704	—	n.m.
Significant items recorded in Canaccord Genuity Wealth Management						
Amortization of intangible assets	2,820	1,274	121.4%	5,406	4,001	35.1%
Restructuring costs(2)	—	—	—	2,000	—	n.m.
Acquisition-related costs	—	—	—	6,548	—	n.m.
Total significant items	3,399	2,103	61.6%	20,396	6,476	214.9%
Total expenses excluding significant items	259,160	200,294	29.4%	642,356	584,935	9.8%
Net income before taxes – adjusted	$ 50,282	$ 7,814	n.m.	$ 58,441	$ 21,762	168.5%
Income taxes – adjusted	11,100	1,505	n.m.	14,096	5,306	165.7%
Net income – adjusted	$ 39,182	$ 6,309	n.m.	$ 44,345	$ 16,456	169.5%
Net income attributable to common shareholders adjusted	$ 34,665	$ 2,907	n.m.	$ 35,008	$ 4,726	n.m.
Earnings per common share – basic, adjusted	$ 0.38	$ 0.03	n.m.	$ 0.38	$ 0.05	n.m.
Earnings per common share – diluted, adjusted	$ 0.31	$ 0.03	n.m.	$ 0.33	$ 0.05	n.m.

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 8.
(2) Restructuring costs for the nine months ended December 31, 2017 related to termination benefits incurred as a result of the closing of certain trading operations in our UK & Europe capital markets operations, staff reductions in our Canadian and US capital markets operations, as well as real estate and other integration costs related to the acquisition of Hargreave Hale.
n.m.: not meaningful

Fellow Shareholders:

I am very pleased to report that for the third quarter of our 2018 fiscal year, Canaccord Genuity Group Inc. earned revenue of $309.4 million — a record for our organization — and net income[(1)] of $39 million, our highest quarterly level in seven fiscal years.

Capital raising and advisory activity in our core focus areas improved markedly during the quarter and the continued strong performance of small- and mid-cap equities has also contributed to growth across our global wealth management businesses.

Against this market backdrop, the outstanding result that we achieved this quarter was driven by execution on various strategic initiatives that we have pursued over the last few years. Record revenue coupled with solid expense management allowed us to deliver a pre-tax profit margin[(1)] of 12.7% for the three-month period, our highest in the past eight quarters. This level of operating leverage is directly attributable to the progress we have made to significantly increase scale in our global wealth management operations and our collective efforts to extract greater value from our global capital markets businesses.

Capturing market share in key growth sectors of the global economy

Our capital markets division was the primary driver of our revenue for the quarter, a testament to our excellent market position as a leading independent investment bank and advisory firm for mid-market growth companies. In this highly accommodative market for growth stocks, Canaccord Genuity participated in 141 transactions during the third quarter, to raise proceeds of $9 billion for global growth companies. Our global capital markets businesses earned revenue of $196 million for the three-month period, an increase of 43% year-over-year.

While revenue grew substantially, expenses as a percentage of revenue in this segment decreased by 12 percentage points year-over-year, a result of our alignment efforts which have helped us to strengthen collaboration across regions, drive incremental revenue growth and harness opportunities to lead the market in emerging high-growth sectors. Fiscal year to date, revenue per employee in this business has improved by 54%.

Our Canadian capital markets operation delivered an exceptional third quarter performance. Quarterly revenues from investment banking and advisory activities in this business increased by 265% and 194% respectively compared to a year ago. Canaccord Genuity was the leading independent investment bank in Canada for calendar 2017 by a wide margin for both number of transactions and total amount raised, and this business continues to be active with numerous transactions in the blockchain and cannabis sectors. Additionally, we have begun to see renewed activity in mining and the battery materials space. A return to strong activity levels for small cap equities in these sectors has also helped our capital markets team in Australia deliver another record quarterly performance. In both regions, the increases in investment banking revenue also reflect gains in our warrant and inventory positions as we have partnered with our clients in current and prior periods and shared in their success.

Lower market volatility has led to a modest decrease in our trading activity, but has also created a healthy environment for advisory activity, which has benefited our businesses in Canada, the US and the UK & Europe. For the third fiscal quarter, our total global advisory fees revenue has increased by 87% year-over-year.

Profitability in our US capital markets has strengthened on the back of our efforts last quarter to realign and strengthen our core capabilities in this region. Third quarter pre-tax profit margin[(1)] for this business was 7.7%, a year-over-year improvement of 6.9 percentage points. While clients in the region are still digesting the implications of the recent modernization of the tax code, this development gives us optimism that we will continue to see improving momentum in our core sectors, including healthcare and technology.

Our teams in the UK, Europe & Dubai have continued to be productive on several notable investment banking and advisory mandates that we expect to close before the end of the fiscal year, and our Paris operation has been an important contributor to the positive momentum in this business. Fiscal year to date, revenue generated by investment banking and advisory activities in this business have increased by 59% and 41% respectively, and the pre-tax profit margin[(1)] in this business has strengthened by 11.8 percentage points for the nine-month period. In January, the official rollout of MiFID II began, and we were able to execute a seamless transition for clients and our business, thanks to the exceptional commitment of our teams in the region who devoted more than a year of planning.

Independent advice and our globally integrated service model are the hallmarks of our ability to lead the market in key growth sectors of the global economy. Although volatility is an inherent feature of our capital markets business, we will continue to partner closely with our clients as we navigate challenging markets together, and deliver for them when markets are supportive.

Wealth management growth anchored by a stronger foundation

Our strategic shift to strengthening contributions from our global wealth management has been an important driver of our performance and a key element of the stability that we expect to deliver for our shareholders over the long term. Year-to-date, our global wealth management operations have contributed 60% of the fiscal 2018 pre-tax net income for our combined operating businesses.

At the end of our third quarter, total assets under management and administration in our global wealth management operations were $59.2 billion, an increase of 64% compared to a year ago. While a significant portion of this growth is attributable to the addition of Hargreave Hale, more than one third of the increase is from net new assets, advisor recruiting and market gains.

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS measures on page 4.

Revenue earned by our wealth management business in the UK & Europe increased 76% year-over-year, to $61 million. When measured in local currency, assets under management in this business increased by 83% year-over-year and 6% sequentially to £25.8 billion. I am also very pleased to report that our wealth management team in the Isle of Man recently awarded Investment Company of the Year at the CityWealth IFC Awards for the fifth consecutive year.

Although we incurred higher operating expenses resulting from the expansion of this business and our increased headcount, our profit margin continues to be strong. Much of our focus during the quarter was dedicated to integrating these businesses in a manner that will allow us to capture the full value from our operating scale and deliver increasingly stronger benefits for our clients. Looking forward, we anticipate continued margin improvement, as we proceed with our integration efforts over the next 12 months.

Total assets in our Canadian wealth management business grew 21% year-over-year, to $14.5 billion. This increase was primarily driven by increased private client participation in new issue activity, strengthening valuations for small-cap equities and the addition of new advisors to our platform. We have also continued to grow discretionary assets under management, which were 12% higher than the same period last year at the end of the fiscal quarter. The increase in revenue in combination with our efforts to reduce fixed costs helped this business deliver a pre-tax profit margin(1) of 15.5%, an improvement of 17 percentage points over the same period last year.

We remain focused on developing and supporting our existing Investment Advisor teams while continuing to invest in bringing new ones to our platform. The investments we have made to improve our clients' experience across the platform has contributed to increasing the average book size per advisory team in this business by 25% year-over-year, to $108 million. Our culture of independence and a platform which encourages advisors to operate in ways that best fit their business and client needs have helped us to further advance our recruiting strategy in this business.

Outlook

We entered the final quarter of our 2018 fiscal year in a constructive environment for our business, characterized by strong equity markets, encouraging economic data globally, and robust client activity which has been supported by higher levels of confidence and the added benefit from US tax reform. While we have just entered a period of abrupt declines from the market highs that we have enjoyed in recent months, we remain encouraged by the solid fundamental landscape and the removal of extreme optimism. The industry at large feels to be on solid footing and our overall pipeline for investment banking and advisory activity remains healthy.

We expect a continuation of financing and advisory activity levels in our core focus sectors and also for emerging growth industries such as cannabis and fintech, where Canaccord Genuity has established dominance in the investment banking and advisory segments. And finally, further positive returns in small- and mid-cap assets are likely to support continued asset growth in our global wealth management operations.

Our business is well capitalized for investment in our key priorities, with working capital of $513.0 million and cash & cash equivalents of $592.9 million at the end of our third quarter.

While we can expect periodic increases in volatility, we are increasingly better equipped to adapt to changes in the climate for equities and deliver greater predictability for our shareholders — even during unpredictable times. We remain committed to evaluating ways to enhance our earnings capabilities across our capital markets and wealth management operations, whether they involve activities aimed at improving our operational efficiencies or growing our market share as we increase our relevance to clients in the global mid-market. All our efforts have been, and will continue to be centered on expanding our client relationships and increasing the value of our business for our shareholders.

Kind regards,

DAN DAVIAU
President & CEO
Canaccord Genuity Group Inc.

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS measures on page 4.

Management's Discussion and Analysis

Third quarter fiscal 2018 for the three months and nine months ended December 31, 2017 — this document is dated February 6, 2018

The following discussion of the financial condition and results of operations for Canaccord Genuity Group Inc. is provided to enable the reader to assess material changes in our financial condition and to assess results for the three and nine-month periods ended December 31, 2017 compared to the corresponding period in the preceding fiscal year. The three-month period ended December 31, 2017 is also referred to as third quarter 2018 and Q3/18. Unless otherwise indicated or the context otherwise requires, the "Company" refers to Canaccord Genuity Group Inc. and "Canaccord Genuity Group" refers to the Company and its direct and indirect subsidiaries. "Canaccord Genuity" refers to the investment banking and capital markets segment of the Company. This discussion should be read in conjunction with: the unaudited interim condensed consolidated financial statements for the three and nine month periods ended December 31, 2017, beginning on page 32 of this report; our Annual Information Form (AIF) dated June 23, 2017; and the 2017 annual Management's Discussion and Analysis (MD&A) including the audited consolidated financial statements for the fiscal year ended March 31, 2017 (Audited Annual Consolidated Financial Statements) in the Company's annual report dated June 1, 2017 (the 2017 Annual Report). There has been no material change to the information contained in the annual MD&A for fiscal 2017 except as disclosed in this MD&A. The Company's financial information is expressed in Canadian dollars unless otherwise specified.

Cautionary Statement Regarding Forward-Looking Information

This document may contain "forward-looking statements" (as defined under applicable securities laws). These statements relate to future events or future performance and reflect management's expectations, beliefs, plans, estimates, intentions and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts, including business and economic conditions and the Company's growth, results of operations, performance, business prospects and opportunities. Such forward-looking statements reflect management's current beliefs and are based on information currently available to management. In some cases, forward-looking statements can be identified by terminology such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential", "continue", "target", "intend", "could" or the negative of these terms or other comparable terminology. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and a number of factors could cause actual events or results to differ materially from the results discussed in the forward-looking statements. In evaluating these statements, readers should specifically consider various factors that may cause actual results to differ materially from any forward-looking statement. These factors include, but are not limited to, market and general economic conditions, the nature of the financial services industry and the risks and uncertainties discussed from time to time in the Company's interim condensed and annual consolidated financial statements and in its 2017 Annual Report and AIF filed on www.sedar.com as well as the factors discussed in the section entitled "Risks" in this MD&A, which include market, liquidity, credit, operational, legal, cyber and regulatory risks. Material factors or assumptions that were used by the Company to develop the forward-looking information contained in this document include, but are not limited to, those set out in the Fiscal 2018 Outlook section in the annual MD&A and those discussed from time to time in the Company's interim condensed and annual consolidated financial statements and in its 2017 Annual Report and AIF filed on www.sedar.com. The preceding list is not exhaustive of all possible risk factors that may influence actual results. Readers are cautioned that the preceding list of material factors or assumptions is also not exhaustive.

Although the forward-looking information contained in this document is based upon what management believes are reasonable assumptions, there can be no assurance that actual results will be consistent with these forward-looking statements. The forward-looking statements contained in this document are made as of the date of this document and should not be relied upon as representing the Company's views as of any date subsequent to the date of this document. Certain statements included in this document may be considered "financial outlook" for purposes of applicable Canadian securities laws, and such financial outlook may not be appropriate for purposes other than this document. Except as may be required by applicable law, the Company does not undertake, and specifically disclaims, any obligation to update or revise any forward-looking information, whether as a result of new information, further developments or otherwise.

Presentation of Financial Information and Non-IFRS Measures

This MD&A is based on the unaudited interim condensed consolidated financial statements for the three- and nine-month periods ended December 31, 2017 (Third Quarter 2018 Financial Statements) prepared in accordance with International Financial Reporting Standards (IFRS). The Third Quarter 2018 Financial Statements have been prepared in accordance with International Accounting Standard 34, "*Interim Financial Reporting*"(IAS 34), and using accounting policies consistent with those applied in preparing the Company's Audited Annual Consolidated Financial Statements for the year ended March 31, 2017.

NON-IFRS MEASURES

Certain non-IFRS measures are utilized by the Company as measures of financial performance. Non-IFRS measures do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Non-IFRS measures presented include assets under administration, assets under management, book value per diluted common share, return on common equity and figures that exclude significant items.

The Company's capital is represented by common and preferred shareholders' equity and, therefore, management uses return on common equity (ROE) as a performance measure. Also used by the Company as a performance measure is book value per diluted common share, which is calculated as total common shareholders' equity adjusted for assumed proceeds from the exercise of options and warrants and conversion of convertible debentures divided by the number of diluted common shares outstanding including estimated amounts in respect of share issuance commitments including options, warrants, and convertible debentures, as applicable, and adjusted for shares purchased under the normal course issuer bid and not yet cancelled, and estimated forfeitures in respect of unvested share awards under share-based payment plans.

Assets under administration (AUA) and assets under management (AUM) are non-IFRS measures of client assets that are common to the wealth management business. AUA — Canada, AUM — Australia and AUM — UK & Europe are the market value of client assets managed and administered by the Company from which the Company earns commissions and fees. This measure includes funds held in client accounts as well as the aggregate market value of long and short security positions. AUM — Canada includes all assets managed on a discretionary basis under programs that are generally described as or known as the *Complete Canaccord Investment Counselling Program* and the *Complete Canaccord Private Investment Management Program.* Services provided include the selection of investments and the provision of investment advice. The Company's method of calculating AUA — Canada, AUM — Canada, AUM — Australia and AUM — UK & Europe may differ from the methods used by other companies and therefore may not be comparable to other companies. Management uses these measures to assess operational performance of the Canaccord Genuity Wealth Management business segment. AUM — Canada is also administered by the Company and is included in AUA — Canada.

Financial statement items that exclude significant items are non-IFRS measures. Significant items for these purposes include restructuring costs, amortization of intangible assets acquired in connection with a business combination, impairment of goodwill and other assets, acquisition-related expense items, which include costs recognized in relation to both prospective and completed acquisitions, gains or losses related to business disposals including recognition of realized translation gains on the disposal of foreign operations, as well as certain expense items, typically included in development costs, which are considered by management to reflect a singular charge of a non-operating nature. See the Selected Financial Information Excluding Significant Items table on page 13.

Management believes that these non-IFRS measures allow for a better evaluation of the operating performance of the Company's business and facilitate meaningful comparison of results in the current period to those in prior periods and future periods. Figures that exclude significant items provide useful information by excluding certain items that may not be indicative of the Company's core operating results. A limitation of utilizing these figures that exclude significant items is that the IFRS accounting effects of these items do in fact reflect the underlying financial results of the Company's business; thus, these effects should not be ignored in evaluating and analyzing the Company's financial results. Therefore, management believes that the Company's IFRS measures of financial performance and the respective non-IFRS measures should be considered together.

Business Overview

Through its principal subsidiaries, Canaccord Genuity Group Inc. is a leading independent, full-service financial services firm, with operations in two principal segments of the securities industry: wealth management and capital markets. Since its establishment in 1950, the Company has been driven by an unwavering commitment to building lasting client relationships. We achieve this by generating value for our individual, institutional and corporate clients through comprehensive investment solutions, brokerage services and investment banking services. Canaccord Genuity Group has offices in 10 countries worldwide, including wealth management offices located in Canada, the UK, Guernsey, Jersey, the Isle of Man and Australia. Canaccord Genuity, the Company's international capital markets division, has operations in Canada, the US, the UK, France, Ireland, Hong Kong, China, Australia and Dubai.

Canaccord Genuity Group Inc. is publicly traded under the symbol CF on the TSX. Canaccord Genuity Series A Preferred Shares are listed on the TSX under the symbol CF.PR.A. Canaccord Genuity Series C Preferred Shares are listed on the TSX under the symbol CF.PR.C.

Our business is affected by the overall condition of the worldwide equity and debt markets.

Business Environment

Economic backdrop

During the third quarter of fiscal 2018, the S&P 500 (+6.6%), emerging market (EM) equities (+5.7%) and Canadian equities (+4.5%) all posted positive returns. Strong breadth in world economic activity is being supported by rising composite leading indicators for G7 and BRIC countries. While central banks among developed markets (DMs) are gradually tightening their monetary policies, central banks in emerging markets (EMs) continue to ease, as inflation in these countries remains benign by historical standards. The monetary reflation in EMs thus far more than offsets higher policy rates in DMs. Against this backdrop, commodity prices rose 9.9% during the third quarter of fiscal 2018. Meanwhile, US Treasury bond yields increased 9 basis points during the period, owing to higher growth and inflation prospects. Despite higher commodity prices, the Canadian dollar depreciated 0.9% vs. the US dollar and 2.4% vs. the Euro. Looking ahead, we expect that global economic momentum and the US tax reform should further boost earnings, capex growth and demand for commodities.

Investment banking and advisory

Capital raising and advisory activity on our core focus areas improved markedly for most of the third fiscal quarter. As indicated in the table below, performance gap between global large cap equities and global small cap equities has closed over the past year. The continued strong performance of small cap equities remains an encouraging sign for capital raising and advisory activities in our business.

Index Value at End	Q3/17		Q4/17		Q1/18		Q2/18		Q3/18		
of Fiscal Quarter	30-Dec-16	(Y/Y)	31-Mar-17	(Y/Y)	30-Jun-17	(Y/Y)	29-Sep-17	(Y/Y)	29-Dec-17	(Y/Y)	(Q/Q)
S&P IFCI Global Small Cap	224.3	4.5%	251.6	14.9%	256.4	16.5%	278.5	18.4%	301.8	34.5%	8.4%
S&P IFCI Global Large Cap	224.3	9.2%	213.8	16.1%	226.1	22.7%	241.3	20.5%	258.6	34.6%	7.2%

Source: Thomson Reuters Datastream, Canaccord Genuity estimates

Our capital raising and advisory activities are primarily focused on small- and mid-capitalization companies in specific growth sectors of the global economy, as outlined on page 2. These sectors may experience growth or downturns independent of broader economic and market conditions, and government regulation can also have a more profound impact on capital formation for smaller companies. Volatility in the business environment for these industries or in the market for securities of companies within these industries in the regions where we operate could adversely affect our financial results and ultimately, the market value of our shares. Advisory revenues are primarily dependent on the successful completion of merger, acquisition or restructuring mandates. Weak economic and global financial market conditions can result in a challenging business environment for small and mid-market M&A activity, but may provide opportunities for our restructuring business.

Trading

Trading volumes for small- and mid-cap equities in many of the markets where we operate improved compared to the previous fiscal quarter, and the rebound in new issue activity in small- and mid-cap equities has translated into somewhat stronger trading activity.

Average Value During	Q3/17		Q4/17		Q1/18		Q2/18		Q3/18		
Fiscal Quarter	30-Dec-16	(Y/Y)	31-Mar-17	(Y/Y)	30-Jun-17	(Y/Y)	29-Sep-17	(Y/Y)	29-Dec-17	(Y/Y)	(Q/Q)
Russell 2000	1286.9	10.9%	1374.8	32.0%	1390.4	22.7%	1416.1	15.8%	1511.5	17.4%	6.7%
S&P 400 Mid Cap	1590.8	11.3%	1706.4	27.6%	1729.7	17.8%	1745.6	12.8%	1853.4	16.5%	6.2%
FTSE 100	6927.2	10.5%	7271.7	21.3%	7388.2	19.1%	7380.7	9.1%	7480.4	8.0%	1.4%
MSCI EU Mid Cap	938.6	0.3%	1003.9	14.1%	1067.4	18.3%	1071.5	15.5%	1107.9	18.0%	3.4%
S&P/TSX	14934.7	11.2%	15543.8	21.3%	15472.3	11.7%	15181.4	4.1%	15982.8	7.0%	5.3%

Source: Thomson Reuters Datastream, Canaccord Genuity estimates

Global wealth management

During the fiscal third quarter, market values of most global equities strengthened markedly. Canadian equity markets benefitted from higher commodity prices and positive economic momentum domestically and globally. As a result, the S&P 500, the S&P/TSX and the MSCI World index ended the quarter with returns of 6.6%, 4.5% and 5.8% respectively.

Total Return (excl. currencies)	Q3/17 Change (Q/Q)	Q4/17 Change (Q/Q)	Q1/18 Change (Q/Q)	Q2/18 Change (Q/Q)	Q3/18 Change (Q/Q)	Fiscal 2017 Change (Y/Y)	Fiscal 2018 Change
S&P 500	3.8%	6.1%	3.1%	4.5%	6.6%	17.2%	14.9%
S&P/TSX	4.5%	2.4%	-1.6%	3.7%	4.5%	18.6%	6.5%
MSCI EMERGING MARKETS	-1.4%	7.8%	6.7%	7.7%	5.7%	15.5%	21.5%
MSCI WORLD	1.3%	7.0%	4.5%	5.3%	5.8%	15.7%	16.4%
S&P GS COMMODITY INDEX	5.8%	-5.1%	-5.5%	7.2%	9.9%	8.4%	11.4%
US 10-YEAR T-BONDS	-6.0%	0.8%	0.9%	0.6%	-0.2%	-3.0%	1.3%
CAD/USD	-2.3%	0.9%	2.7%	4.0%	-0.9%	-2.3%	5.8%
CAD/EUR	4.5%	-0.4%	-4.3%	0.6%	-2.4%	4.4%	-6.0%

Source: Thomson Reuters DataStream, Canaccord Genuity estimates

Outlook

We expect global economic growth prospects to remain positive for the fourth quarter of fiscal 2018 and heading into fiscal 2019. The impact of the US tax reform should boost earnings and growth in capital expenditures, stimulate demand for commodities, close the output gap and support inflation. While central banks in DMs are gradually tightening their monetary policies, banks in EMs continue to remain accommodative and over the past year, policy rate cuts in EMs have more than offset rate hikes in DMs. US and Canadian equity market valuations remain elevated by historical standards. That said, we expect that equity markets will continue to benefit from strong economic and earnings growth within a low — albeit gradually rising — interest rate and inflation environment.

Looking ahead, we expect that an environment of growing earnings, elevated equity market valuations, lower US tax rates and the potential for cash repatriation will support a vibrant market for M&A and new-issue activities in our core focus areas. Higher commodity prices are expected to drive growth in financing activities for resource companies. We also expect continued growth in financing and advisory activities for emerging growth industries such as cannabis and fintech. A shift in market leadership toward the more cyclical areas of the stock market should improve trading volumes over the current fiscal year. Finally, further positive returns in small-and mid-cap assets are likely to boost continued asset growth in our global wealth management operations.

ABOUT CANACCORD GENUITY GROUP INC.'S OPERATIONS

Canaccord Genuity Group Inc.'s operations are divided into two business segments: Canaccord Genuity (investment banking and capital markets operations) and Canaccord Genuity Wealth Management. Together, these operations offer a wide range of complementary investment banking services, investment products and brokerage services to the Company's institutional, corporate and private clients. The Company's administrative segment is referred to as Corporate and Other.

Canaccord Genuity

Canaccord Genuity offers corporations and institutional investors around the world an integrated platform for equity research, sales and trading, and investment banking services that is built on operations in Canada, the UK, Europe, the US, Hong Kong, China, Australia and Dubai.

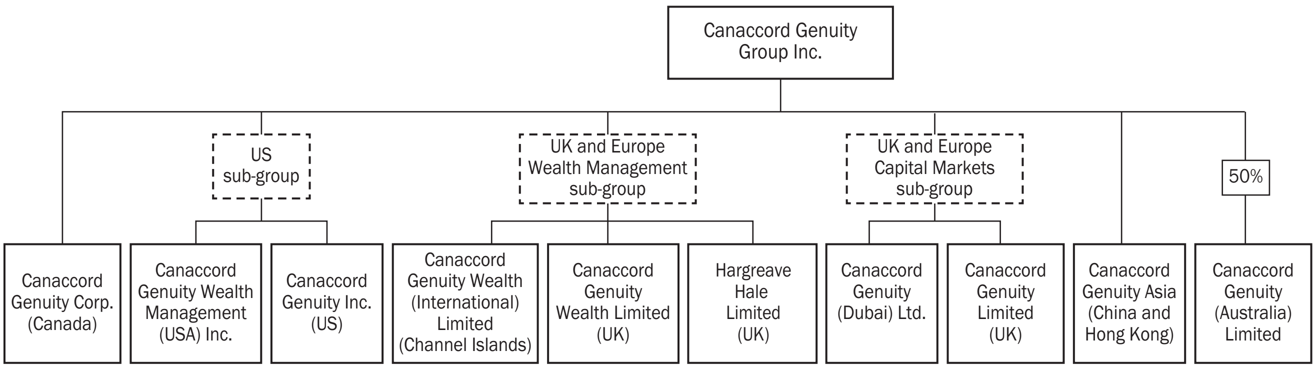
Canaccord Genuity Wealth Management

Canaccord Genuity Wealth Management operations provide comprehensive wealth management solutions and brokerage services to individual investors, private clients, charities and intermediaries through a full suite of services tailored to the needs of clients in each of its markets. The Company's wealth management division now has Investment Advisors (IAs) and professionals in Canada, Australia, the UK, the Channel Islands and the Isle of Man.

Corporate and Other

Canaccord Genuity Group's administrative segment, described as Corporate and Other, includes revenues and expenses associated with providing correspondent brokerage services, bank and other interest, foreign exchange gains and losses, and activities not specifically allocable to either the Canaccord Genuity or Canaccord Genuity Wealth Management divisions. Also included in this segment are the Company's operations and support services, which are responsible for front- and back-office information technology systems, compliance and risk management, operations, legal, finance, and all administrative and executive functions of Canaccord Genuity Group Inc.

Corporate structure



The chart shows principal operating companies of the Canaccord Genuity Group as of December 31, 2017.

The Company owns 50% of the issued shares of Canaccord Financial Group (Australia) Pty Ltd and Canaccord Genuity (Australia) Limited, but for accounting purposes, as of December 31, 2017 the Company is considered to have a 58% interest because of the shares held in a trust controlled by Canaccord Financial Group (Australia) Pty Ltd [March 31, 2017 — 58%].

Consolidated Operating Results

THIRD QUARTER AND YEAR-TO-DATE FISCAL 2018 SUMMARY DATA(1)(2)(3)

(C$ thousands, except per share and % amounts, and number of employees)	Three months ended December 31 2017	2016	2015	QTD Q3/18 vs. Q3/17	Nine months ended December 31 2017	2016	2015	YTD FY 2018 vs. FY 2017
Canaccord Genuity Group Inc. (CGGI)								
Revenue								
Commissions and fees	**$ 125,709**	$ 102,637	$ 95,014	22.5%	**$ 326,789**	$ 290,851	$ 278,902	12.4%
Investment banking	**112,639**	46,508	19,261	142.2%	**186,691**	124,534	115,472	49.9%
Advisory fees	**31,947**	17,127	38,954	86.5%	**81,432**	78,275	105,223	4.0%
Principal trading	**29,138**	33,569	20,202	(13.2)%	**77,874**	87,974	60,360	(11.5)%
Interest	**6,861**	4,017	3,981	70.8%	**17,830**	11,630	13,389	53.3%
Other	**3,148**	4,250	4,425	(25.9)%	**10,181**	14,626	13,547	(30.4)%
Total revenue	**309,442**	208,108	181,837	48.7%	**700,797**	607,890	586,893	15.3%
Expenses								
Incentive compensation	**158,631**	106,941	105,774	48.3%	**366,205**	318,596	304,955	14.9%
Salaries and benefits	**26,537**	21,064	23,509	26.0%	**70,608**	63,606	68,583	11.0%
Other overhead expenses(4)	**77,297**	74,392	77,859	3.9%	**212,385**	209,209	224,714	1.5%
Acquisition-related costs	**—**	—	—	—	**6,548**	—	—	n.m.
Restructuring costs(5)	**—**	—	4,277	—	**6,704**	—	4,277	n.m.
Share of loss from associate	**94**	—	—	n.m.	**302**	—	—	n.m.
Impairment of goodwill and other assets(6)	**—**	—	321,037	—	**—**	—	321,037	—
Total expenses	**262,559**	202,397	532,456	29.7%	**662,752**	591,411	923,566	12.1%
Income (loss) before income taxes	**46,883**	5,711	(350,619)	n.m.	**38,045**	16,479	(336,673)	130.9%
Net income (loss)	**$ 36,598**	$ 4,544	$ (346,388)	n.m.	**$ 26,780**	$ 12,199	$(335,858)	119.5%
Net income (loss) attributable to:								
CGGI shareholders	**$ 34,432**	$ 3,755	$ (346,277)	n.m.	**$ 24,685**	$ 9,217	$(335,968)	167.8%
Non-controlling interests	**$ 2,166**	$ 789	$ (111)	174.5%	**$ 2,095**	$ 2,982	$ 110	(29.7)%
Earnings (loss) per common share – diluted	**$ 0.29**	$ 0.01	$ (3.91)	n.m.	**$ 0.17**	$ 0.01	$ (3.78)	n.m.
Return on common equity (ROE)	**23.7%**	0.9%	(184.0)%	22.8 p.p.	**4.3%**	0.2%	(60.7)%	4.1 p.p.
Dividends per common share	**$ 0.01**	—	—	n.m.	**$ 0.03**	—	$ 0.10	n.m.
Book value per diluted common share(7)	**$ 5.11**	$ 4.85	$ 5.33	5.3%				
Total assets	**$3,317,204**	$2,776,098	$2,763,315	19.5%				
Total liabilities	**$2,538,841**	$2,030,844	$1,962,623	25.0%				
Non-controlling interests	**$ 12,031**	$ 9,651	$ 11,481	24.7%				
Total shareholders' equity	**$ 766,332**	$ 735,603	$ 789,211	4.2%				
Number of employees	**1,939**	1,733	1,858	11.9%				
Excluding significant items(8)								
Total revenue	**$ 309,442**	$ 208,108	$ 181,837	48.7%	**$ 700,797**	$ 606,697	$ 586,893	15.5%
Total expenses	**259,160**	200,294	204,249	29.4%	**642,356**	584,935	589,605	9.8%
Income (loss) before income taxes	**50,282**	7,814	(22,412)	n.m.	**58,441**	21,762	(2,712)	168.5%
Net income (loss)	**39,182**	6,309	(19,144)	n.m.	**44,345**	16,456	(3,882)	169.5%
Net income (loss) attributable to:								
CGGI shareholders	**37,016**	5,447	(19,230)	n.m.	**42,250**	13,264	(4,629)	218.5%
Non-controlling interests	**2,166**	862	86	151.1%	**2,095**	3,192	747	(34.4)%
Net income (loss) attributable to common shareholders, adjusted	**34,665**	2,907	(22,228)	n.m.	**35,008**	4,726	(13,508)	n.m.
Earnings (loss) per common share – diluted	**0.31**	0.03	(0.25)	n.m.	**0.33**	0.05	(0.15)	n.m.

(1) Data is in accordance with IFRS except for ROE, book value per diluted common share, figures excluding significant items and number of employees. See Non-IFRS Measures on page 8.
(2) The operating results of the Australian operations have been fully consolidated, and a 42% non-controlling interest has been recognized for the three and nine months ended December 31, 2017 [three and nine months ended December 31, 2016 — 42% and December 31, 2015 — 40%.].
(3) Data includes the results of Hargreave Hale since the closing date of September 18, 2017.
(4) Consists of trading costs, premises and equipment, communication and technology, interest, general and administrative, amortization of tangible and intangible assets, and development costs.
(5) Restructuring costs for the nine months ended December 31, 2017 related to termination benefits incurred as a result of the closing of certain trading operations in our UK and Europe capital markets operations, staff reductions in our Canadian and US capital markets operations, as well as real estate and other integration costs related to the acquisition of Hargreave Hale. Restructuring costs for the three and nine months ended December 31, 2015 were related to staff reductions in our US capital markets operations and the closure of our Barbados office in Other Foreign Locations, as well as charges related to changes in our Corporate and Other segment.
(6) Impairment of goodwill and other assets for the three and nine months ended December 31, 2015 is in connection with our capital markets operations in the UK, US, Canada, Australia, and Other Foreign Locations-Singapore.
(7) Book value per diluted common share is calculated as total common shareholders' equity adjusted for assumed proceeds from exercise of options and warrants and conversion of convertible debentures divided by the number of diluted common shares outstanding including estimated amounts in respect of share issuance commitments including options, warrants and convertible debentures, as applicable, and adjusted for shares purchased under the normal course issuer bid and not yet cancelled, and estimated forfeitures in respect of unvested share awards under share-based payment plans.
(8) Net income (loss) and earnings (loss) per common share excluding significant items reflect tax-effected adjustments related to such items. See the Selected Financial Information Excluding Significant Items table on the next page.
n.m.: not meaningful
p.p.: percentage points

SELECTED FINANCIAL INFORMATION EXCLUDING SIGNIFICANT ITEMS[1]

(C$ thousands, except per share and % amounts)	Three months ended December 31 2017	Three months ended December 31 2016	Quarter-over-quarter change	Nine months ended December 31 2017	Nine months ended December 31 2016	YTD-over-YTD change
Total revenue per IFRS	$ 309,442	$ 208,108	48.7%	$ 700,797	$ 607,890	15.3%
Total expenses per IFRS	$ 262,559	$ 202,397	29.7%	$ 662,752	$ 591,411	12.1%
Revenue						
Significant items included in Canaccord Genuity						
Realized translation gains on disposal of Singapore	—	—	—	—	1,193	(100.0)%
Total revenue excluding significant items	309,442	208,108	48.7%	700,797	606,697	15.5%
Expenses						
Significant items recorded in Canaccord Genuity						
Amortization of intangible assets	579	829	(30.2)%	1,738	2,475	(29.7)%
Restructuring costs[2]	—	—	—	4,704	—	n.m.
Significant items recorded in Canaccord Genuity Wealth Management						
Amortization of intangible assets	2,820	1,274	121.4%	5,406	4,001	35.1%
Restructuring costs[2]	—	—	—	2,000	—	n.m.
Acquisition-related costs	—	—	—	6,548	—	n.m.
Total significant items	3,399	2,103	61.6%	20,396	6,476	214.9%
Total expenses excluding significant items	259,160	200,294	29.4%	642,356	584,935	9.8%
Net income before taxes – adjusted	$ 50,282	$ 7,814	n.m.	$ 58,441	$ 21,762	168.5%
Income taxes – adjusted	11,100	1,505	n.m.	14,096	5,306	165.7%
Net income – adjusted	$ 39,182	$ 6,309	n.m.	$ 44,345	$ 16,456	169.5%
Net income attributable to common shareholders, adjusted	34,665	2,907	n.m.	35,008	4,726	n.m.
Earnings per common share – basic, adjusted	$ 0.38	$ 0.03	n.m.	$ 0.38	$ 0.05	n.m.
Earnings per common share – diluted, adjusted	$ 0.31	$ 0.03	n.m.	$ 0.33	$ 0.05	n.m.

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 4.
(2) Restructuring costs for the nine months ended December 31, 2017 related to termination benefits incurred as a result of the closing of certain trading operations in our UK & Europe capital markets operations, staff reductions in our Canadian and US capital markets operations, as well as real estate and other integration costs related to the acquisition of Hargreave Hale.
n.m.: not meaningful

Foreign exchange

Revenues and expenses from our foreign operations are initially recorded in their respective functional currencies and translated into Canadian dollars at exchange rates prevailing during the period. The pound sterling appreciated against the Canadian dollar by approximately 2.0% in Q3/18 when compared to Q3/17, whereas the US dollar depreciated against the Canadian dollar by approximately 4.7% during Q3/18 compared to Q3/17. For the nine months ended December 31, 2017, the pound sterling and US dollar depreciated against the Canadian dollar by approximately 2.9% and 1.4%, respectively, compared to the same period a year ago. This change in foreign exchange contributed to certain changes in revenue and expense items measured in Canadian dollars when compared to the applicable prior periods and should be considered when reviewing the following discussion in respect of our consolidated results as well as the discussion in respect of Canaccord Genuity and Canaccord Genuity Wealth Management UK & Europe.

Geographies

Commencing in Q3/17, the operating results of our Australian operations are disclosed as a separate geography. Prior to Q3/17 Australia was included as part of Other Foreign Locations. Also, commencing in Q3/17, our Dubai operation, which was previously included in Other Foreign Locations, is now included as part of Canaccord Genuity UK & Europe. The Other Foreign Locations geographic segment is now comprised of our Asian based operations, including China and Hong Kong and prior to their sale or closure also included Singapore and Barbados. These reclassifications reflect the growing contributions from Australia and the working associations between the UK and Dubai. For purposes of the discussion provided herein the Canaccord Genuity operations in the UK, Europe and Dubai are referred to as the "UK".

Operating results of Hargreave Hale are included since the closing date of September 18, 2017 as part of Canaccord Genuity Wealth Management UK & Europe.

Goodwill

During the quarter, the Company performed an interim impairment test of goodwill and other assets. In determining whether to perform an impairment test, the Company considers factors such as its market capitalization, market conditions generally and overall economic conditions as well as market conditions in the key sectors in which the Company operates and the impact that such conditions are expected to have on the Company's operations.

Utilizing management's preliminary estimates for revenue and operating performance, growth rates and other assumptions typically required in connection with discounted cash flow models the Company determined that there was no impairment in the goodwill and indefinite life intangible assets associated with any of its wealth management business units in the UK & Europe or its remaining goodwill recorded in Canaccord Genuity Canada. Notwithstanding this determination as of December 31, 2017, changes or uncertainty in the economic environment may cause this determination to change. If the business climate changes and the Company is unable to achieve its internal forecasts the Company may determine that there has been impairment and the Company may be required to record a goodwill impairment charge in future periods in respect of the Canaccord Genuity Wealth Management business units in the UK & Europe or in respect of the remaining goodwill recorded in Canaccord Genuity Canada. Adverse changes in the key assumptions utilized for purposes of impairment testing for goodwill and indefinite life intangible assets may result in the estimated recoverable amount of some or all of the applicable business units declining below the carrying value with the result that impairment charges may be required. The amount of any impairment charge would affect some or all of the amounts recorded for goodwill and indefinite life intangible assets. Any such impairment charges would be determined after incorporating the effect of any changes in key assumptions including any consequential effects of such changes on estimated operating income and on other factors. In addition, notwithstanding that there may be no change in the performance estimates used by the Company for purposes of determining whether there has been any impairment in its indefinite life intangible asset related to the Genuity brand name, in the event that the Company changes the way in which it uses that asset the Company may be required to record an impairment charge.

Revenue

Third quarter 2018 vs. third quarter 2017

On a consolidated basis, revenue is generated through six activities: commissions and fees associated with agency trading and private client wealth management activity, investment banking, advisory fees, principal trading, interest and other.

Revenue for the three months ended December 31, 2017 was $309.4 million, an increase of 48.7% or $101.3 million compared to the same period a year ago. The Canaccord Genuity segment experienced an increase of $59.0 million or 42.9% in Q3/18 compared to the same quarter in the prior year, mainly due to higher investment banking and advisory fees revenue, partially offset by reduced commissions and fees and principal trading revenue. The Canaccord Genuity Wealth Management segment generated revenue of $109.4 million during the three months ended December 31, 2017, an increase of $42.0 million over Q3/17, due to higher commissions and fees revenue as well as increased private client participation in new issue activity in our Canadian operations.

Commissions and fees revenue is primarily generated from private client trading activity and institutional sales and trading. Revenue generated from commissions and fees increased by $23.1 million, to $125.7 million in Q3/18, compared to the same period a year ago. Commissions and fees revenue earned in connection with the Canaccord Genuity Wealth Management segment was $89.2 million, an increase of $32.1 million over Q3/17, reflecting the growth in both our Canadian and UK & Europe operations. The Canaccord Genuity segment reported a decrease of $9.0 million in commissions and fees revenue compared to the same quarter in the prior year, mainly due to lower revenue earned from our institutional customers in our Canadian and US operations.

Investment banking revenue increased by $66.1 million or 142.2% compared to the same period a year ago across all our significant geographic regions, to $112.6 million in Q3/18. The Canadian operations saw the greatest increase with $40.2 million, or 265.0% compared to Q3/17, as a result of the completion of several large transactions including the Aurora Cannabis Inc. transactions, other cannabis-related financing activity and increased corporate finance activity in the mining sector.

Advisory fees revenue was $31.9 million, an increase of $14.8 million or 86.5% from the same quarter a year ago, mainly resulting from an increase in completed mandates in our Canadian and US operations.

Partially offsetting the increases in investment banking and advisory fees revenue was a decrease of $4.4 million in principal trading revenue compared to Q3/17. Our UK capital markets operations experienced a decrease of $3.8 million in principal trading revenue compared to the same quarter in the prior year primarily due to lower market volatility when compared to Q3/17.

Interest revenue was $6.9 million for the three months ended December 31, 2017, an increase of 70.8%, or $2.8 million, from Q3/17 due to higher revenue earned in our Canadian operations arising from increased margin loan and stock loan activity. Other revenue was $3.1 million for Q3/18, a decrease of $1.1 million from the same period a year ago primarily due to lower foreign exchange gains.

Year-to-date fiscal 2018 vs. year-to-date fiscal 2017

Revenue for the nine months ended December 31, 2017 was $700.8 million, an increase of 15.3% or $92.9 million compared to the same period a year ago, mainly due to significant increases in our commissions and fees and investment banking revenue, partially offset by lower principal trading revenue.

Commissions and fees revenue was $326.8 million, representing an increase of 12.4% or $35.9 million compared to the nine months ended December 31, 2016, largely due to revenue generated from our newly acquired Hargreave Hale operations in the UK & Europe as well as higher revenue earned from our Canadian wealth management operations.

Revenue generated from investment banking activities increased by $62.2 million to $186.7 million for the nine months ended December 31, 2017, compared to $124.5 million in the same period a year ago. The increase was primarily attributable to increased investment banking activity in our Canadian operations, which generated an increase of $43.3 million or 105.1% compared to the same period last year. Contributing to this increase were profits and gains recorded in certain inventory and warrant positions earned in respect of investment banking activity in the current and prior periods.

Advisory fees revenue of $81.4 million represented an increase of 4.0% or $3.2 million compared to the same period in the prior year. Our US and UK capital markets operations reported increases of $10.0 million and $10.4 million, respectively, compared to the nine months ended December 31, 2016. Offsetting these increases were declines in our Canadian and Australian advisory fees revenue of $12.0 million and $4.1 million, respectively.

Revenue derived from principal trading was $77.9 million, a decrease of $10.1 million compared to the same period last year, mainly due to lower revenue earned by our US and UK capital markets operations as a result of lower market volatility in Q3/18 compared to Q3/17.

Interest revenue increased by $6.2 million compared to the nine months ended December 31, 2016 to $17.8 million, primarily due to higher interest earned by our Canadian operations. Other revenue decreased by $4.4 million to $10.2 million for the nine months ended December 31, 2017 partially as a result of the realized translation gains on disposal of our Singapore operations recognized in Q1/17, as well as a reduction in revenue earned from our correspondent brokerage services business in the current period.

Expenses

Expenses for the three months ended December 31, 2017 were $262.6 million, an increase of 29.7% or $60.2 million from Q3/17. For the nine months ended December 31, 2017 expenses were $662.8 million, an increase of 12.1% or $71.3 million compared to the same period of the prior year.

Excluding significant items(1), total expenses as a percentage of revenue decreased by 12.5 percentage points in Q3/18 compared to Q3/17 as a result of the increase in revenue and the fixed nature of certain overhead expenses. On a year-to-date basis, total expenses excluding significant items(1) as a percentage of revenue decreased by 4.8 percentage points compared to the nine months ended December 31, 2016.

EXPENSES AS A PERCENTAGE OF REVENUE

	Three months ended December 31		Quarter-over-quarter change	Nine months ended December 31		YTD-over-YTD change
	2017	2016		**2017**	2016	
Incentive compensation	**51.3%**	51.4%	(0.1) p.p.	**52.3%**	52.4%	(0.1) p.p.
Salaries and benefits	**8.5%**	10.1%	(1.6) p.p.	**10.1%**	10.5%	(0.4) p.p.
Other overhead expenses(1)	**25.0%**	35.8%	(10.8) p.p.	**30.2%**	34.4%	(4.2) p.p.
Restructuring costs	—	—	—	**1.0%**	—	1.0 p.p.
Acquisition-related costs	—	—	—	**1.0%**	—	1.0 p.p.
Total	**84.8%**	97.3%	(12.5) p.p.	**94.6%**	97.3%	(2.7) p.p.

(1) Consists of trading costs, premises and equipment, communication and technology, interest, general and administrative, amortization and development costs.
p.p.: percentage points

Compensation expense

Third quarter 2018 vs. third quarter 2017

Incentive compensation expense was $158.6 million, an increase of 48.3% or $51.7 million compared to Q3/17. Incentive compensation expense as a percentage of revenue was 51.3%, a slight decrease of 0.1 percentage points from the same period last year. Salaries and benefits expense increased by $5.5 million compared to Q3/17, to $26.5 million in Q3/18, as a result of the expanded UK & Europe wealth management operations following the completion of the Hargreave Hale acquisition last quarter. Total compensation expense (incentive compensation plus salaries and benefits) as a percentage of consolidated revenue decreased from 61.5% in Q3/17 to 59.8% in Q3/18.

Year-to-date fiscal 2018 vs. year-to-date fiscal 2017

Incentive compensation expense was $366.2 million for the nine months ended December 31, 2017, an increase of 14.9% or $47.6 million from the same period in the prior year. Incentive compensation expense as a percentage of total revenue was 52.3%, a slight decrease of 0.1 percentage point from the same period in the prior year.

Salaries and benefits expense of $70.6 million for the nine months ended December 31, 2017 was $7.0 million or 11.0% higher than the same period a year ago, for the same reasons mentioned above. Total compensation expense (incentive compensation plus salaries and benefits) as a percentage of consolidated revenue was 62.3%, a decrease of 0.6 percentage points from 62.9% in the same period a year ago.

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 8.

OTHER OVERHEAD EXPENSES

(C$ thousands, except % amounts)	Three months ended December 31 2017	2016	Quarter-over-quarter change	Nine months ended December 31 2017	2016	YTD-over-YTD change
Trading costs	$ **16,521**	$ 16,660	(0.8)%	$ **47,781**	$ 46,648	2.4%
Premises and equipment	**10,511**	12,723	(17.4)%	**29,467**	31,985	(7.9)%
Communication and technology	**14,558**	12,359	17.8%	**41,379**	39,102	5.8%
Interest	**4,171**	2,834	47.2%	**12,347**	8,860	39.4%
General and administrative	**23,108**	21,478	7.6%	**59,876**	59,761	0.2%
Amortization(1)	**6,916**	5,454	26.8%	**17,058**	16,019	6.5%
Development costs	**1,512**	2,884	(47.6)%	**4,477**	6,834	(34.5)%
Total other overhead expenses	$ **77,297**	$ 74,392	3.9%	$ **212,385**	$ 209,209	1.5%

(1) Includes amortization of intangible assets. See the Selected Financial Information Excluding Significant Items table on page 13.

Third quarter 2018 vs. third quarter 2017

Other overhead expenses were $77.3 million, or 3.9% higher in Q3/18 compared to Q3/17. As a percentage of revenue, other overhead expenses decreased by 10.7 percentage points compared to Q3/17 as a result of the increase in revenue and the fixed nature of certain overhead expenses.

Premises and equipment expense decreased by $2.2 million compared to Q3/17 because of costs associated with the rationalization of our office space in Toronto recorded in our Corporate and Other segment in the same period last year.

Communication and technology expense increased by $2.2 million or 17.8% from Q3/17 primarily due to the increased headcount in our UK wealth management operations resulting from the completion of our acquisition of Hargreave Hale in Q2/18.

Interest expense for Q3/18 was $4.2 million, an increase of $1.3 million compared to Q3/17, largely due to interest recorded on the bank loan entered into by the Company in connection with the acquisition of Hargreave Hale.

General and administrative expense, which includes reserves, promotion and travel expense, office expense, professional fees and donations, was up by $1.6 million, largely due to the additional costs to support the expanded UK & Europe wealth management operations following the completion of the Hargreave Hale acquisition.

Amortization expense was $6.9 million for the three months ended December 31, 2017, an increase of $1.5 million from Q3/17, mainly as a result of the amortization of intangible assets in connection with our acquisition of Hargreave Hale recorded in our UK & Europe wealth management operations.

Development costs decreased by $1.4 million compared to the three months ended December 31, 2016 mainly due to decreases in hiring incentives in our US and UK operations.

Year-to-date fiscal 2018 vs. year-to-date fiscal 2017

Other overhead expenses for the nine months ended December 31, 2017 increased by $3.2 million, to $212.4 million, from the same period a year ago.

Development costs decreased by $2.4 million during the period compared to the nine months ended December 31, 2016 because of lower recruitment costs in our US and UK capital markets operations offset by increased new-hire incentive payments in our Canadian wealth management operations.

Trading costs increased by $1.1 million or 2.4% in the nine months ended December 31, 2017 compared to the same period in the prior year primarily due to higher costs in our UK & Europe wealth management operations as a result of increased trading activity.

Amortization expense increased by $1.0 million or 6.5% compared to the same period in the prior year, primarily due to the intangible assets amortization in connection with the acquisition of Hargreave Hale.

Communication and technology expense increased by $2.3 million for the nine months ended December 31, 2017, to $41.4 million, largely as a result of the increased headcount in our UK wealth management operations resulting from the acquisition of Hargreave Hale.

As a result of the costs associated with the rationalization of our Toronto office space recorded in the nine months ended December 31, 2016, premises and equipment expense decreased by $2.5 million in the current period.

Interest expense increased by $3.5 million compared to the same period last year as a result of the interest expense related to the convertible debentures issued in Q3/17 as well as the bank loan obtained in Q2/18 in connection with the acquisition of Hargreave Hale.

There were $6.7 million of restructuring costs recorded during the nine months ended December 31, 2017 related to staff reductions in our US and Canadian capital markets operations, costs related to the closure of certain trading operations in Dublin, as well as costs associated with the rationalization of office space and other integration costs related to the acquisition of Hargreave Hale. No restructuring costs were recorded during the same period last year.

The Company also recorded $6.5 million of acquisition-related costs in relation to the acquisition of Hargreave Hale during the nine months ended December 31, 2017. The acquisition-related costs included professional and consulting fees incurred during the period.

Net income

Third quarter 2018 vs. third quarter 2017

Net income for Q3/18 was $36.6 million compared to net income of $4.5 million in the same period a year ago. Diluted EPS was $0.29 in Q3/18 compared to diluted EPS of $0.01 in Q3/17. The increase in net income was largely due to the significant increase in revenue in both our capital markets and wealth management operations.

Excluding significant items(1), net income for Q3/18 was $39.2 million or net income of $34.7 million attributable to common shareholders compared to a net income of $6.3 million or net income attributable to common shareholders of $2.9 million in Q3/17. Diluted EPS excluding significant items(1) was $0.31 in Q3/18 compared to diluted EPS excluding significant items(1) of $0.03 in Q3/17.

The effective tax rate for Q3/18 was 21.9% compared to 20.4% in the same quarter in the prior year.

Year-to-date fiscal 2018 vs. year-to-date fiscal 2017

Net income for the nine months ended December 31, 2017 was $26.8 million compared to net income of $12.2 million for the same period a year ago. Diluted EPS was $0.17 compared to a diluted EPS of $0.01 a year ago.

Excluding significant items(1) net income was $44.3 million or net income attributable to common shareholders of $35.0 million for the nine months ended December 31, 2017, compared to a net income of $16.5 million or net income attributable to common shareholders of $4.7 million for the same period last year. Diluted EPS excluding significant items(1) was $0.33 compared to diluted EPS of $0.05 in the same period a year ago.

Income tax expense was $11.3 million for the nine months ended December 31, 2017, reflecting a year-to-date effective tax rate of 29.6%, compared to an income tax expense of $4.3 million and an effective tax rate of 26.0% for the same period last year. Non-recognition of deferred tax assets in certain of our foreign operations in Q1/18 and Q2/18 contributed to a higher effective tax rate for the nine months ended December 31, 2017 compared to Q3/18.

Results of Operations by Business Segment

CANACCORD GENUITY(1)(2)

(C$ thousands, except number of employees and % amounts)	Three months ended December 31 2017	Three months ended December 31 2016	Quarter-over-quarter change	Nine months ended December 31 2017	Nine months ended December 31 2016	YTD-over-YTD change
Revenue	$ 196,203	$ 137,268	42.9%	$ 436,869	$ 404,871	7.9%
Expenses						
Incentive compensation	105,802	74,940	41.2%	247,893	228,467	8.5%
Salaries and benefits	6,417	6,514	(1.5)%	19,112	19,469	(1.8)%
Other overhead expenses	45,883	45,860	0.1%	133,039	135,648	(1.9)%
Restructuring costs(3)	—	—	—	4,704	—	n.m.
Total expenses	158,102	127,314	24.2%	404,748	383,584	5.5%
Intersegment allocations(4)	3,835	5,016	(23.5)%	12,018	13,046	(7.9)%
Income before income taxes(4)	$ 34,266	$ 4,938	n.m.	$ 20,103	$ 8,241	143.9%
Number of employees	731	789	(7.4)%			
Excluding significant items(5)						
Total expenses	$ 157,523	$ 126,485	24.5%	$ 398,306	$ 381,110	4.5%
Intersegment allocations(4)	3,835	5,016	(23.5)%	12,018	13,046	(7.9)%
Income before income taxes(4)	34,845	5,767	n.m.	26,545	9,522	178.8%

(1) Data is in accordance with IFRS except for figures excluding significant items and number of employees.
(2) The operating results of Canaccord Genuity (Australia) Limited have been consolidated and a 42% non-controlling interest has been recognized and included in the Canaccord Genuity business segment for the three and nine months ended December 31, 2017 [three and nine months ended December 31, 2016 — 42%].
(3) Restructuring costs for the nine months ended December 31, 2017 related to termination benefits incurred as a result of the closing of certain trading operations in our UK & Europe capital markets operations, as well as staff reductions in our Canadian and US capital markets operations
(4) Income before income taxes includes intersegment allocated costs. See the Intersegment Allocated Costs section on page 25.
(5) Refer to the Selected Financial Information Excluding Significant Items table on page 13.
n.m.: not meaningful

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 8.

Canaccord Genuity provides investment banking, research, and sales and trading services to corporate, institutional and government clients and it conducts principal trading activities in Canada, the US, the UK, and the Asia-Pacific region. Canaccord Genuity has offices in 19 cities in 8 countries worldwide.

Revenue from Canaccord Genuity is generated from commissions and fees earned in connection with investment banking and advisory transactions and institutional sales and trading activity, as well as trading gains and losses from Canaccord Genuity's principal trading operations.

REVENUE BY GEOGRAPHY AS A PERCENTAGE OF CANACCORD GENUITY REVENUE

	Three months ended December 31		Quarter-over-quarter change	Nine months ended December 31		YTD-over-YTD change
	2017	2016		**2017**	2016	
Revenue generated in:						
Canada	**38.4%**	23.3%	15.1 p.p	**31.7%**	27.0%	4.7 p.p
UK	**16.4%**	23.3%	(6.9) p.p	**21.4%**	20.9%	0.5 p.p
US	**33.9%**	44.3%	(10.4) p.p	**38.4%**	41.9%	(3.5) p.p
Australia	**11.3%**	9.1%	2.2 p.p	**8.5%**	9.7%	(1.2) p.p
Other Foreign Locations	**n.m.**	n.m.	n.m.	**n.m.**	0.5%	n.m.
	100%	100%		**100%**	100%	

p.p.: percentage points
n.m.: not meaningful

Third quarter 2018 vs. third quarter 2017

Revenue

Canaccord Genuity generated revenue of $196.2 million in Q3/18, an increase of 42.9% or $59.0 million from the same quarter a year ago. The increase in revenue was driven by increased global new issue activity leading to higher investment banking and advisory fees revenue in all our operating regions, offset by a reduction in commissions and fees and principal trading revenue. The largest increases in revenue were in our Canadian and Australian operations, which recorded increases of $43.3 million or 135.3% and $9.7 million or 78.2%, respectively. Our US operations also recorded an increase of $5.8 million or 9.5% compared to Q3/17. Our UK capital markets operation generated $32.2 million of revenue in Q3/18, a slight increase of $0.2 million over the same period in the prior year. In our Other Foreign Locations, now comprised of only our Asian-based operations, no significant changes were reported compared to the same quarter last year. Contributing to the increase in revenue were profits and gains recorded in certain inventory and warrant positions earned in respect of Canadian and Australian investment banking activity in the current and prior periods.

Expenses

Expenses for Q3/18 were $158.1 million, an increase of $30.8 million or 24.2% compared to Q3/17. Excluding significant items[(1)], total expenses as a percentage of revenue decreased by 11.9 percentage points.

Incentive compensation and salaries and benefits

Incentive compensation expense for Q3/18 increased by $30.9 million or 41.2% compared to Q3/17. Incentive compensation expense as a percentage of revenue was 53.9%, a decrease of 0.7 percentage points from Q3/17. Total compensation expense as a percentage of revenue was 57.2%, 2.1 percentage points lower than in Q3/17.

In Canada, total compensation as a percentage of revenue decreased by 0.9 percentage points compared to Q3/17, partially as a result of a decrease in share-based incentive compensation expense. Our US operations experienced a slight increase of 0.3 percentage points in its total compensation ratio due to an increase in share based incentive compensation expense offset by lower fixed staff costs. In our UK operations, total compensation expense as a percentage of revenue increased by 0.6 percentage points compared to Q3/17 as a result of higher share-based incentive compensation expense that resulted from an increase in amortization expense of stock-based compensation from restricted stock awards made in prior periods. Total compensation expense as a percentage of revenue in our Australian operations was 52.3% in Q3/18, a decrease of 6.1 percentage points due to the increase in revenue and the non-variable nature of certain staff costs.

CANACCORD GENUITY TOTAL COMPENSATION EXPENSE AS A PERCENTAGE OF REVENUE BY GEOGRAPHY

	Three months ended December 31		Quarter-over-quarter change	Nine months ended December 31		YTD-over-YTD change
	2017	2016		**2017**	2016	
Canada	**53.5%**	54.4%	(0.9) p.p	**56.1%**	55.2%	0.9 p.p
UK	**63.9%**	63.3%	0.6 p.p	**67.9%**	73.9%	(6.0) p.p
US	**59.5%**	59.2%	0.3 p.p	**61.4%**	59.6%	1.8 p.p
Australia	**52.3%**	58.4%	(6.1) p.p	**59.7%**	56.6%	3.1 p.p
Other Foreign Locations	**n.m.**	n.m.	n.m.	**n.m.**	83.0%	n.m.
Canaccord Genuity (total)	**57.2%**	59.3%	(2.1) p.p	**61.1%**	61.2%	(0.1) p.p

p.p.: percentage points
n.m.: not meaningful

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 8

Other overhead expenses
Total other overhead expenses excluding significant items[(1)] for Q3/18 were $45.3 million, a slight increase of 0.6% compared to Q3/17. The most significant decreases in other overhead expenses included trading costs and development costs, offset by higher general and administrative expense and communication and technology expense.

Trading costs decreased by $0.7 million compared to Q3/17, primarily as a result of lower trading activity in our US operations. Development costs decreased by $0.6 million as a result of reduced recruitment costs and hiring incentives in our US and UK operations.

General and administrative expense in Q3/18 was $13.1 million, an increase of $1.0 million or 7.8% over Q3/17, primarily to support the increased activity in our Canadian operations.

Communication and technology expense increased by $0.9 million or 9.9% to $9.4 million in Q3/18 primarily due to higher costs in our US operations.

Income before income taxes
Income before income taxes, including allocated overhead expenses, was $34.3 million in Q3/18 compared to net income of $4.9 million in the same quarter a year ago. Excluding significant items[(1)], income before income taxes, including allocated overhead expenses, increased from $5.8 million in Q3/17 to income before income taxes of $34.8 million in Q3/18. The increase in operating income in Q3/18 was attributable to higher revenue recorded across all significant geographic regions.

Year-to-date fiscal 2018 vs. year-to-date fiscal 2017

Revenue
Revenue for Canaccord Genuity in the nine months ended December 31, 2017 was $436.9 million, an increase of $32.0 million or 7.9% compared to the same period last year. Revenue increased most notably in Canada and the UK, where revenue increased by 26.9% or $29.3 million and 10.7% or $9.0 million, respectively, compared to the same period last year. Revenue in our Australian operations decreased by 6.2% or $2.4 million compared to the nine months ended December 31, 2016 due to weakened market conditions in that region in the first half of the current fiscal year. Our US operations generated revenue of $167.8 million for the nine months ended December 31, 2017, which represents a slight decrease of 1.0% from the same period in fiscal 2017.

Expenses
Expenses for the nine months ended December 31, 2017 were $404.8 million, an increase of 5.6% or $21.2 million from the same period last year. Total expenses excluding significant items[(1)] as a percentage of revenue decreased by 3.2 percentage points compared to the first nine months of fiscal 2017 as a result of the increase in revenue and the fixed nature of certain expenses.

Incentive compensation and salaries and benefits
Incentive compensation expense as a percentage of revenue increased by 0.3 percentage points to 56.7% for the nine months ended December 31, 2017. Total compensation as a percentage of revenue decreased slightly by 0.1 percentage points to 61.1% for the nine months ended December 31, 2017.

Other overhead expenses
Other overhead expenses decreased by $2.6 million compared to the nine months ended December 31, 2016. Development costs decreased by $1.7 million from the same period in the prior year mainly due to lower new hiring incentives and recruitment costs for both these regions.

General and administrative expense decreased by $0.7 million compared to the nine months ended December 31, 2016 as a result of reduced expenditures in our US and UK operations. Amortization expense decreased by $0.9 million to $7.2 million in Q3/18 compared to the same period in the prior year mainly as a result of lower amortization of intangible assets in our Australian operations.

For the nine months ended December 31, 2017, there were restructuring costs of $4.7 million related to termination benefits incurred as a result of the closing of certain trading operations in our UK capital markets operations, as well as staff reductions in our Canadian and US capital markets operations.

Income before income taxes
Income before income taxes for the nine months ended December 31, 2017 was $20.1 million, an increase of $11.9 million from an income of $8.2 million in the same period a year ago. Excluding significant items[(1)], income before income taxes for the nine months ended December 31, 2017 was $26.5 million, an increase of $17.0 million from the same period a year ago. The increase in income before income taxes was attributable to higher revenue generated across most of our significant geographic regions.

CANACCORD GENUITY WEALTH MANAGEMENT

Revenue from Canaccord Genuity Wealth Management is generated through traditional commission-based brokerage services, the sale of fee-related products and services, margin interest, and commissions and fees earned from investment banking and venture capital transactions by private clients.

Operating results of Hargreave Hale are included under Canaccord Genuity Wealth Management (UK & Europe) since the closing date of September 18, 2017.

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 8

CANACCORD GENUITY WEALTH MANAGEMENT NORTH AMERICA(1)

(C$ thousands, except AUM and AUA (in C$ millions), number of employees, Advisory Teams and % amounts)	Three months ended December 31 2017	Three months ended December 31 2016	Quarter-over-quarter change	Nine months ended December 31 2017	Nine months ended December 31 2016	YTD-over-YTD change
Revenue	$ **48,428**	$ 32,819	47.6%	$ **117,427**	$ 92,024	27.6%
Expenses						
Incentive compensation	**25,068**	15,633	60.4%	**59,705**	44,960	32.8%
Salaries and benefits	**2,586**	2,767	(6.5)%	**7,892**	8,301	(4.9)%
Other overhead expenses	**9,931**	10,552	(5.9)%	**26,748**	26,730	0.1%
Total expenses	**37,585**	28,952	29.8%	**94,345**	79,991	17.9%
Intersegment allocations(2)	**3,345**	4,348	(23.1)%	**11,346**	11,527	(1.6)%
Income (loss) before income taxes(2)	$ **7,498**	$ (481)	n.m.	$ **11,736**	$ 506	n.m.
AUM – Canada (discretionary)(3)	**2,838**	2,527	12.3%			
AUA – Canada(4)	**14,451**	11,969	20.7%			
Number of Advisory Teams – Canada	**134**	139	(3.6)%			
Number of employees	**352**	354	(0.6)%			
Excluding significant items(5)						
Total expenses	$ **37,585**	$ 28,952	29.8%	$ **94,345**	$ 79,991	17.9%
Intersegment allocations(2)	**3,345**	4,348	(23.1)%	**11,346**	11,527	(1.6)%
Income (loss) before income taxes(2)	**7,498**	(481)	n.m.	**11,736**	506	n.m.

(1) Data is in accordance with IFRS except for AUM, AUA, number of Advisory Teams and number of employees. See Non-IFRS Measures on page 8.
(2) Income (loss) before income taxes includes intersegment allocations. See the Intersegment Allocated Costs section on page 25.
(3) AUM in Canada are assets managed on a discretionary basis under our programs generally described as or known as the *Complete Canaccord Investment Counselling Program* and the *Complete Canaccord Private Investment Management Program*.
(4) AUA in Canada is the market value of client assets administered by the Company, from which the Company earns commissions and fees and includes AUM.
(5) Refer to the Selected Financial Information Excluding Significant Items table on page 13.
n.m.: not meaningful

Third quarter 2018 vs. third quarter 2017

Revenue from Canaccord Genuity Wealth Management North America was $48.4 million, an increase of $15.6 million or 47.6% compared to the three months ended December 31, 2016, as a result of stronger market conditions and increased private client participation in corporate finance transactions.

AUA in Canada increased by 20.7% to $14.5 billion at December 31, 2017, compared to $12.0 billion at December 31, 2016. AUM in Canada also increased by 12.3% compared to Q3/17 as a result of our development initiatives in this sector. There were 134 Advisory Teams in Canada, a net decrease of five from a year ago. Fee-related revenue in our North American operations decreased as a percentage of total revenue by 4.7 percentage points compared to Q3/17 and accounted for 29.0% of the wealth management revenue in Canada during the third quarter of fiscal 2018. The decrease in fee-based revenue as a percentage of revenue was primarily a result of strong transaction-based revenue during the quarter which was led by a $9.3 million increase in investment banking revenue attributable to private client activity.

As a result of the revenue increase in Q3/18 compared to Q3/17 and the relatively fixed nature of expenses other than incentive compensation, total expenses as a percentage of revenue decreased by 10.6 percentage points compared to Q3/17.

Incentive compensation expense increased by $9.4 million compared to Q3/17, consistent with the increase in incentive-based revenue. Total compensation expense as a percentage of revenue increased by 1.0 percentage point compared to Q3/17.

Other overhead expenses decreased by $0.6 million compared to Q3/17, mainly due to a decrease in general and administrative expense, reflecting the continued efforts in cost reductions in this operating region.

Income before income taxes was $7.5 million in Q3/18 compared to a loss of $0.5 million in the same period a year ago primarily due to the increase in revenue.

Year-to-date fiscal 2018 vs. year-to-date fiscal 2017

Revenue from Canaccord Genuity Wealth Management North America was $117.4 million during the nine months ended December 31, 2017, an increase of $25.4 million or 27.6% from the same period in the prior year.

Expenses for the nine months ended December 31, 2017 were $94.3 million, an increase of $14.4 million or 17.9% from the same period in the prior year. Total expenses as a percentage of revenue decreased by 6.6 percentage points compared to the same period last year due to the increase in revenue and the fixed nature of certain overhead expenses.

Incentive compensation expense increased by $14.7 million compared to the first nine months of fiscal 2017 as a result of higher incentive-based revenue. Total compensation as a percentage of revenue decreased slightly by 0.3 percentage points compared to the same period last year.

Non-compensation expense remained consistent compared to the same period in the prior year. General and administrative expense decreased by $1.2 million as a result of cost reduction efforts, partially offset by higher development costs as a result of increased new-hire incentive payments.

Income before income taxes for the nine months ended December 31, 2017 was $11.7 million, compared to income before income taxes of $0.5 million for the same period a year ago as a result of the net increase in revenue after variable costs.

CANACCORD GENUITY WEALTH MANAGEMENT UK & EUROPE(1)(5)

(C$ thousands, except AUM (in C$ millions), number of employees, investment professionals and fund managers, and % amounts)	Three months ended December 31 2017	Three months ended December 31 2016	Quarter-over-quarter change	Nine months ended December 31 2017	Nine months ended December 31 2016	YTD-over-YTD change
Revenue	$ 60,945	$ 34,549	76.4%	$ 136,460	$ 101,754	34.1%
Expenses						
Incentive compensation	23,912	11,439	109.0%	50,398	35,812	40.7%
Salaries and benefits	11,055	5,335	107.2%	24,300	16,123	50.7%
Other overhead expenses	16,832	10,602	58.8%	38,640	30,791	25.5%
Restructuring costs	—	—	—	2,000	—	n.m.
Acquisition-related costs	—	—	—	6,548	—	n.m.
Total expenses	51,799	27,376	89.2%	121,886	82,726	47.3%
Intersegment allocations(2)	322	346	(6.9)%	953	990	(3.7)%
Income before income taxes(2)	$ 8,824	$ 6,827	29.3%	$ 13,621	$ 18,038	(24.5)%
AUM – UK and Europe(3)	43,791	23,383	87.3%			
Number of investment professionals and fund managers – UK and Europe	197	115	71.3%			
Number of employees	574	309	85.8%			
Excluding significant items(4)						
Total expenses	$ 48,979	$ 26,102	87.6%	$ 107,932	$ 78,724	37.1%
Intersegment allocations(2)	322	346	(6.9)%	953	990	(3.7)%
Income before income taxes(2)	11,644	8,101	43.7%	27,575	22,040	25.1%

(1) Data is in accordance with IFRS except for AUM, number of investment professionals and fund managers and number of employees. See Non-IFRS Measures on page 8.
(2) Income before income taxes includes intersegment allocations. See the Intersegment Allocated Costs section on page 25.
(3) AUM in the UK & Europe is the market value of client assets managed and administered by Canaccord Genuity Wealth Management UK & Europe, from which it earns commissions and fees. This measure includes both discretionary and non-discretionary accounts.
(4) Refer to the Selected Financial Information Excluding Significant Items table on page 13.
(5) Includes the operating results of Hargreave Hale since the closing date of September 18, 2017.
n.m.: not meaningful

Third quarter 2018 vs. third quarter 2017

Revenue generated by our Canaccord Genuity Wealth Management UK & Europe operations is largely produced through fee-related accounts and portfolio management activities and, as such, is less sensitive to changes in market conditions. Revenue for Q3/18 was $60.9 million, an increase of 76.4% compared to Q3/17. Measured in local currency (GBP), revenue was £36.1 million during the third quarter of fiscal 2018, an increase of £15.2 million or 73.1% compared to the same quarter of the previous fiscal year. The contribution from Hargreave Hale to the increase was £13.7 million, or 90% of the total increase.

AUM in the UK & Europe as of December 31, 2017 was $43.8 billion, an increase of 87.3% compared to $23.4 billion as of December 31, 2016. Measured in local currency (GBP), AUM increased by 83.1% when compared to December 31, 2016, with Hargreave Hale contributing 85.3 percentage points of this increase. The fee-related revenue in our UK & European wealth management operations accounted for 68.8% of total revenue in this geography in Q3/18, an increase of 0.7 percentage points compared to Q3/17. As discussed above, this business has a higher proportion of fee-related revenue and managed accounts compared to our Canadian wealth management business.

Incentive compensation expense was $23.9 million, a $12.5 million increase from $11.4 million in Q3/17. Salaries and benefits expense increased by $5.7 million compared to Q3/17 to $11.1 million in Q3/18 as a result of the additional staff included with the Hargreave Hale acquisition. Total compensation expense (incentive compensation plus salaries and benefits) as a percentage of revenue increased by 8.8 percentage points from 48.6% in Q3/17 to 57.4% in Q3/18 mainly due to the increase in fixed staff costs arising from the Hargreave Hale acquisition.

Other overhead expenses for the three months ended December 31, 2017 increased by $6.2 million compared to Q3/17. The increased headcount and expanded operations resulting from the acquisition of Hargreave Hale in Q2/18 led to in an increase in most of our overhead expenses, particularly in communication and technology as well as general and administrative expense. The amortization expense for Q3/18 also increased by $1.8 million mainly as a result of the intangible assets amortization in connection with the acquisition of Hargreave Hale. Partially offsetting the increases was a $0.4 million decrease in development costs as a result of lower hiring incentives in Q3/18.

Income before income taxes was $8.8 million compared to $6.8 million in the same period a year ago as a result of increased revenue. Excluding significant items[1], which include amortization of intangible assets, income before income taxes was $11.6 million, an increase of $3.5 million compared to income before income taxes of $8.1 million in Q3/17.

Year-to-date fiscal 2018 vs. year-to-date fiscal 2017

Revenue from Canaccord Genuity Wealth Management UK and Europe was $136.5 million for the nine months ended December 31, 2017, an increase of $34.7 million or 34.1% from the same period in the prior year. Measured in local currency (GBP), revenue was £81.1 million during the three months ended December 31, 2017, an increase of £22.2 million or 38.0% compared to the same period of the previous fiscal year.

Expenses for the nine months ended December 31, 2017 were $121.9 million, an increase of $39.2 million or 47.3% from the same period in the prior year, largely due to the additional expenses arising from our expanded operations following the acquisition of Hargreave Hale.

Total compensation expense (incentive compensation plus salaries and benefits) as a percentage of revenue increased by 3.7 percentage points to 54.7% for the nine months ended December 31, 2017 mainly due to an increase in support and infrastructure teams to support the growth in this segment.

Except for development costs, all other expense categories reported increases compared to the same period last year. Most notably, general and administrative expense increased by $2.5 million and communication and technology expense increased by $1.7 million compared to the same period a year ago due to increased headcount and growth in this operating segment. Amortization expense also increased by $1.6 million as a result of the amortization of intangible assets in connection with the Hargreave Hale acquisition.

Income before income taxes was $13.6 million compared to $18.0 million in the same period a year ago mainly as a result of the restructuring and acquisition-related costs incurred in connection with the acquisition of Hargreave Hale. Excluding significant items[1], which includes amortization of intangible assets, acquisition-related and restructuring costs, income before income taxes was $27.6 million, an increase of $5.5 million compared to the same period of the prior year, reflecting the net contribution from our expanded operations.

CORPORATE AND OTHER[1]

(C$ thousands, except number of employees and % amounts)	Three months ended December 31 2017	Three months ended December 31 2016	Quarter-over-quarter change	Nine months ended December 31 2017	Nine months ended December 31 2016	YTD-over-YTD change
Revenue	**$ 3,866**	$ 3,472	11.3%	**$ 10,041**	$ 9,241	8.7%
Expenses						
Incentive compensation	**3,849**	4,929	(21.9)%	**8,209**	9,357	(12.3)%
Salaries and benefits	**6,479**	6,448	0.5%	**19,304**	19,713	(2.1)%
Other overhead expenses	**4,651**	7,378	(37.0)%	**13,958**	16,040	(13.0)%
Share in loss of an associate	**94**	—	n.m.	**302**	—	n.m.
Total expenses	**15,073**	18,755	(19.6)%	**41,773**	45,110	(7.4)%
Intersegment allocations[2]	**(7,502)**	(9,710)	22.7%	**(24,317)**	(25,563)	4.9%
Loss before income taxes[2]	**$ (3,705)**	$ (5,573)	33.5%	**$ (7,415)**	$ (10,306)	28.1%
Number of employees	**282**	281	0.4%			
Excluding significant items[3]						
Total expenses	**$ 15,073**	$ 18,755	(19.6)%	**$ 41,773**	$ 45,110	(7.4)%
Intersegment allocations[2]	**(7,502)**	(9,710)	22.7%	**(24,317)**	(25,563)	4.9%
Loss before income taxes[2]	**(3,705)**	(5,573)	33.5%	**(7,415)**	(10,306)	28.1%

(1) Data is in accordance with IFRS except for figures excluding significant items and number of employees. See Non-IFRS Measures on page 8.
(2) Loss before income taxes includes intersegment allocations. See the Intersegment Allocated Costs section on page 25.
(3) Refer to the Selected Financial Information Excluding Significant Items table on page 13.
n.m.: not meaningful

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 8.

This segment, described as Corporate and Other, includes revenues and expenses associated with providing correspondent brokerage services, bank and other interest, foreign exchange gains and losses, and expenses not specifically allocable to either the Canaccord Genuity or Canaccord Genuity Wealth Management divisions. Also included in this segment are the Company's Canadian operations and support services, which are responsible for front- and back-office information technology systems, compliance and risk management, operations, legal, finance, and all administrative and executive functions.

Costs in respect of support services including information technology, compliance, risk management, operations, finance and other administrative and executive functions are recharged to the Canaccord Genuity and Canaccord Genuity Wealth Management segments and are reflected in allocated costs.

Third quarter 2018 vs. third quarter 2017

Revenue in the Corporate and Other segment for the three months ended December 31, 2017 was $3.9 million, an increase of $0.4 million from the same quarter a year ago.

Expenses for Q3/18 decreased by $3.7 million or 19.6%, to $15.1 million compared to the three months ended December 31, 2016. Incentive compensation expense decreased by $1.1 million compared to Q3/17, partially as a result of charges recorded in Q3/17 in connection with the acceleration of certain stock-based awards and contractual compensation payments.

Premises and equipment expense decreased by $3.0 million compared to Q3/17 as a result of costs associated with the rationalization of our office space in Toronto incurred last year.

Overall, loss before income taxes was $3.7 million compared to a loss before income taxes of $5.6 million in the same period a year ago.

Year-to-date fiscal 2018 vs. year-to-date fiscal 2017

Revenue was $10.0 million for the nine months ended December 31, 2017, an increase of $0.8 million from the same period in the prior year.

Expenses for the nine months ended December 31, 2017 were $41.8 million, a decrease of $3.3 million or 7.4% from the same period last year. Incentive compensation expense decreased by $1.1 million compared to the nine months ended December 31, 2016 due to the acceleration of certain stock-based awards and contractual compensation payments recorded last year. Premises and equipment decreased by $3.5 million due to the costs associated with the Toronto office rationalization as discussed above. Interest expense increased by $2.6 million as a result of the interest on the convertible debt issued in Q3/17.

Overall, loss before income taxes, after intersegment allocations, was $7.4 million for the nine months ended December 31, 2017, a decrease of $2.9 million from the same period a year ago.

Quarterly Results

Our quarterly results are generally not significantly affected by seasonal factors. However, the Company's revenue and income can experience considerable variations from quarter to quarter and year to year due to factors beyond the Company's control. The business is affected by the overall condition of the global capital markets. The Company's revenue from an underwriting transaction is recorded only when the transaction has been substantially completed. Consequently, the timing of revenue recognition can materially affect Canaccord Genuity Group Inc.'s quarterly results.

The following table provides selected quarterly financial information for the eight most recently completed financial quarters ended on or before December 31, 2017. This information is unaudited but reflects all adjustments of a recurring nature, which are, in the opinion of management, necessary to present a fair statement of the results of operations for the periods presented. Quarter-to-quarter comparisons of financial results are not necessarily meaningful and should not be relied upon as indications of future performance.

(C$ thousands, except per share amounts)	Fiscal 2018			Fiscal 2017				Fiscal 2016
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenue								
Canaccord Genuity	**$ 196,203**	$ 118,880	$ 121,786	$ 193,520	$ 137,268	$ 127,005	$ 140,598	$ 138,579
Canaccord Genuity Wealth Management:								
North America	**48,428**	32,081	36,918	40,268	32,819	29,732	29,473	25,521
UK & Europe	**60,945**	37,482	38,033	33,065	34,549	33,958	33,247	34,913
Corporate and Other	**3,866**	3,104	3,071	4,803	3,472	2,907	2,862	1,899
Total revenue	**309,442**	191,547	199,808	271,656	208,108	193,602	206,180	200,912
Net income (loss)	**$ 36,598**	$ (7,258)	$ (2,560)	$ 30,987	$ 4,544	$ 200	$ 7,455	$ (22,709)
Earnings (loss) per common share – basic	**$ 0.35**	$ (0.11)	$ (0.05)	$ 0.29	$ 0.01	$ (0.05)	$ 0.04	$ (0.29)
Earnings (loss) per common share – diluted	**$ 0.29**	$ (0.11)	$ (0.05)	$ 0.26	$ 0.01	$ (0.05)	$ 0.04	$ (0.29)

On a consolidated basis, revenue in Q3/18 was $309.4 million, which was our record revenue on a quarterly basis, and represented a 61.5% increase compared to Q2/18 and a 48.7% increase compared to the same period last year. Excluding significant items(1), total expenses on a consolidated basis as a percentage of revenue was 83.8%, which combined with the increase in revenue led to a net profit margin of 11.8% for Q3/18, the highest recorded in the past eight quarters.

The Canaccord Genuity division, which had been positively impacted by the increased market activity during the current quarter, experienced an increase in revenue of 65.1% in Q3/18 compared to Q2/18 and a 43.0% increase compared to Q3/17. Our Canadian capital markets operations experienced a revenue increase of 161.1% in Q3/18 compared to the previous quarter and 135.3% compared to the same period last year, driven mainly by an increase in our investment banking revenue. Revenue in our US capital markets operations increased by 44.4% compared to Q2/18, the highest revenue for this operating segment in the past eight quarters.

Stabilizing market activity in the UK improved our capital markets operations in that region as revenue remained consistent with Q3/17 but decreased by 7.1% compared to the previous quarter. Our UK operations were restructured in fiscal 2016 to adapt to the changing market environment and following fiscal 2017, changes to the compensation structure were implemented and efforts to reduce overhead costs continued.

Slower market activity resulted in a decrease in revenue in our Australian operations in the first half of fiscal 2018. However, with the improved activity level this quarter, revenue increased by 138.6% compared to Q2/18 to $22.1 million in Q3/18, representing a record quarter for our Australian operations.

The decline in revenue and the fixed nature of certain components of the incentive compensation expense have negatively impacted our compensation ratio in our capital markets operations during the first two quarters of fiscal 2018. However, with the significant increase in revenue, the compensation ratio for Q3/18 decreased to 57.2% from 63.4% in the prior quarter. Other overhead expenses have also generally been declining as a result of our cost reduction efforts. Excluding significant items(1), pre-tax income was $34.8 million, a significant increase compared to the pre-tax losses generated in the first two quarters of fiscal 2018.

Revenue in our Canadian wealth management operations has grown as we continue to invest in that division, with an increase of 51.0% in Q3/18 compared to the previous quarter and 47.6% compared to the same period in the prior year. This segment has continued to improve with revenue growth and cost containment efforts over recent quarters. Assets under management increased by 5.6% compared to Q2/18 and 12.3% compared to Q3/17, to $2.8 billion as a result of the addition of certain investment advisory teams.

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 8.

The Canaccord Genuity Wealth Management UK & Europe operations continued to experience steady revenue growth. Q3/18 includes the full quarterly results of Hargreave Hale, with revenue increasing by 62.6% compared to Q2/18 and 76.4% compared to Q3/17. At the end of Q3/18, fee-related revenue was at 68.8% of total revenue, a slight increase over the same period last year. Assets under management for this group have also increased over the past eight completed financial quarters, largely due to the acquisition of Hargreave Hale in Q2/18, reaching $43.8 billion as of the end of Q3/18.

Excluding significant items(1), our consolidated wealth management operations generated income before income taxes of $19.1 million in Q3/18, a 124% increase over the previous quarter. This reflects the positive impact of our strategic shift to strengthen contributions from our global wealth management operations to our overall results.

The movement in revenue in the Corporate and Other division was mainly due to foreign exchange gains or losses resulting from fluctuations in the Canadian dollar, as well as changes in business volume within the correspondent brokerage services operations.

Intersegment Allocated Costs

Included in the Corporate and Other segment are certain support, administrative and executive services, and other expenses that have been incurred to support the activities within the Canaccord Genuity and Canaccord Genuity Wealth Management segments in Canada as well as certain functions in our foreign operations. Certain trading, clearing and settlement charges are included as a trading cost in the applicable business units and as a trading cost recovery in Corporate and Other. In addition, certain overhead costs are charged by Canaccord Genuity UK & Europe to Canaccord Genuity Wealth Management UK & Europe and included in intersegment allocated costs for these business units.

Financial Condition

Below are specific changes in selected items on the unaudited interim condensed consolidated statement of financial position as compared to the Audited Annual Consolidated Financial Statements.

ASSETS

Cash and cash equivalents were $592.9 million on December 31, 2017 compared to $677.8 million on March 31, 2017. Refer to the Liquidity and Capital Resources section on page 26 for more details.

Securities owned were $514.2 million on December 31, 2017 compared to $784.2 million on March 31, 2017 due to a decrease in corporate and government debt owned as of December 31, 2017.

Accounts receivable were $1.8 billion at December 31, 2017 compared to $3.4 billion at March 31, 2017, mainly due to decreases in receivables with brokers, investment dealers and clients.

Goodwill was $247.3 million and intangible assets were $157.6 million at December 31, 2017. At March 31, 2017, goodwill was $192.3 million and intangible assets were $102.8 million. These amounts represent the goodwill and intangible assets acquired through the purchases of Genuity Capital Markets, Collins Stewart Hawkpoint plc, Eden Financial Ltd., and as of September 18, 2017, Hargreave Hale.

Other assets, consisting of income taxes receivable, deferred tax assets, equipment and leasehold improvements, and investment, were $46.7 million at December 31, 2017 compared to $50.7 million at March 31, 2017, consistent with the prior year. The Company, through a wholly-owned subsidiary, invested $2.5 million in Canaccord Genuity Acquisition Corp. ("CGAC"), a special purpose acquisition corporation formed for the purpose of effecting an acquisition of one or more businesses. The investment is accounted for using the equity method. The Company's equity portion of the net loss of CGAC for the nine months ended December 31, 2017 was $0.3 million.

LIABILITIES

Securities sold short were $342.8 million at December 31, 2017 compared to $645.7 million at March 31, 2017, mostly due to a decrease in short positions in corporate and government debt.

Accounts payable and accrued liabilities, including provisions, were $2.0 billion at December 31, 2017, a decrease from $3.7 billion at March 31, 2017, mainly due to a decrease in payables to brokers, investment dealers, and clients.

Other liabilities, including subordinated debt, income taxes payable and deferred tax liabilities, were $30.7 million at December 31, 2017, an increase from $17.7 million at March 31, 2017, mostly due to an increase in deferred tax liabilities recognized on intangible assets related to the acquisition of Hargreave Hale.

In connection with our acquisition of Hargreave Hale through a subsidiary of the Company, that subsidiary obtained a £40.0 million (C$67.8 million as of December 31, 2017) bank loan to finance a portion of the cash consideration. The loan is repayable in instalments of principal and interest over a period of 4 years. The interest rate on this loan is LIBOR plus 3.375% per annum. In connection with the acquisition, there was also deferred and contingent consideration of $10.0 million and $46.6 million, respectively, recorded as of December 31,

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 8.

2017. Refer to Note 8 of the unaudited interim condensed consolidated financial statements for the nine months ended December 31, 2017 for further information on the purchase consideration for Hargreave Hale.

Bank overdrafts and call loan facilities utilized by the Company may vary significantly on a day-to-day basis and depend on securities trading activity. At December 31, 2017, excluding the bank loan discussed above related to the Hargreave Hale acquisition, the Company had available other credit facilities with banks in Canada and the UK in the aggregate amount of $660.6 million [March 31, 2017 — $602.6 million]. These credit facilities, consisting of call loans, subordinated debt, letters of credit and daylight overdraft facilities, are collateralized by either unpaid client securities and/or securities owned by the Company. On December 31, 2017, there was $2.8 million in bank indebtedness, compared to $25.3 million on March 31, 2017. The bank indebtedness related to our UK & Europe operations.

Non-controlling interests were $12.0 million at December 31, 2017 compared to $11.9 million at March 31, 2017, which represents 42% of the net assets of our operations in Australia.

Off-Balance Sheet Arrangements

As of December 31, 2017, a subsidiary of the Company had an irrevocable secured standby letter of credit from a financial institution totalling $2.5 million (US$2.0 million) [March 31, 2017 — $2.7 million (US$2.0 million)] as a rent guarantee for its leased premises in Boston and New York.

Bank Indebtedness and Other Credit Facilities

The Company enters into call loans or overdraft positions primarily to facilitate the securities settlement process for both client and Company securities transactions. The bank indebtedness is collateralized by unpaid client securities and/or securities owned by the Company. As of December 31, 2017, the Company had $2.8 million [March 31, 2017 — $25.3 million] of bank indebtedness outstanding.

In connection with the acquisition of Hargreave Hale, a subsidiary of the Company obtained a £40.0 million (C$67.8 million as of December 31, 2017) bank loan to finance a portion of the cash consideration. The loan is repayable in instalments of principal and interest over a period of 4 years. The interest rate on this loan is LIBOR plus 3.375% per annum.

As discussed above, excluding the bank loan related to the acquisition, subsidiaries of the Company also have other credit facilities, such as call loans, letters of credit and overdraft facilities, with banks in Canada and the UK. The aggregate amount of other credit facilities available to the Company was $660.6 million as of December 31, 2017 [March 31, 2017 — $602.6 million]. As of December 31, 2017, there were no balances outstanding under these other credit facilities.

In the normal course of business, the Company enters into contracts that give rise to commitments of future minimum payments that affect its liquidity.

The following table summaries the Company's long term contractual obligations on December 31, 2017:

		Contractual obligations payments due by period			
(C$ thousands)	Total	Fiscal 2019	Fiscal 2020 – Fiscal 2021	Fiscal 2022 – Fiscal 2023	Thereafter
Premises and equipment operating leases	$ 172,589	$ 31,522	$ 57,679	$ 46,542	$ 36,846
Bank loan[1]	67,844	9,057	22,626	36,161	—
Convertible debentures[2]	75,600	3,900	7,800	63,900	—
Total contractual obligations	316,033	44,479	88,105	146,603	36,846

(1) Bank loan consists of £40,000,000 credit facility obtained to finance a portion of the cash consideration for the acquisition of Hargreave Hale. The bank loan bears interest at LIBOR plus 3.375% per annum and is repayable in instalments of principal and interest over 4 years and matures in September of 2021.
(2) Convertible debentures consist of the unsecured senior subordinated convertible debentures (the "Debentures") issued in Q3/17. The Debentures bear interest at a rate of 6.50% per annum and mature on December 31, 2021. The Company, under certain circumstances, may redeem the Debentures on or after December 31, 2019.

Liquidity and Capital Resources

The Company has a capital structure comprised of preferred shares, common shares, warrants, equity portion of convertible debentures, contributed surplus, retained earnings (deficit) and accumulated other comprehensive income. On December 31, 2017, cash and cash equivalents were $592.9 million, a decrease of $84.9 million from $677.8 million as of March 31, 2017. During the nine months ended December 31, 2017, financing activities used cash in the amount of $3.0 million, mainly due to a decrease in bank indebtedness, cash dividends paid, and purchases of common shares for the long-term incentive plan (LTIP), partially offset by proceeds from the bank loan obtained in connection with the acquisition of Hargreave Hale. Investing activities used cash in the amount of $61.6 million, mainly for the acquisition of Hargreave Hale, investment in CGAC, as well as purchase of equipment and leasehold improvements. Operating activities used cash in the amount of $21.6 million, which was largely due to changes in non-cash working capital. An increase in cash of $1.3 million was attributable to the effect of foreign exchange translation on cash balances.

Compared to the nine months ended December 31, 2016, cash used by financing activities increased by $24.4 million, primarily due to a decrease in bank indebtedness, an increase in cash dividends paid on common shares, proceeds from a private placement received in prior year, partially offset by proceeds from the bank loan obtained in connection with the Hargreave Hale acquisition. Cash used in investing activities increased by $59.2 million during the nine months ended December 31, 2017 compared to the same period last year, mainly due to the acquisition of Hargreave Hale, investment in CGAC, and an increase in the purchases of equipment and leasehold improvements during the current period. Changes in working capital led to an increase in cash used by operating activities of $54.0 million. An increase in cash of $10.8 million was attributable to the effect of foreign exchange translation on cash balances. Overall, cash and cash equivalents increased by $122.6 million from $470.2 million at December 31, 2016 to $592.9 million at December 31, 2017.

The Company's business requires capital for operating and regulatory purposes. The majority of current assets reflected on the Company's unaudited interim condensed consolidated statements of financial position are highly liquid. The majority of the positions held as securities owned are readily marketable, and all are recorded at their fair value. Securities sold short are highly liquid securities. The fair value of these securities fluctuates daily as factors such as changes in market conditions, economic conditions and investor outlook affect market prices. Client receivables are secured by readily marketable securities and are reviewed daily for impairment in value and collectability. Receivables and payables from brokers and dealers represent the following: current open transactions that generally settle within the normal three-day settlement cycle; collateralized securities borrowed and/or loaned in transactions that can be closed within a few days on demand; and balances on behalf of introducing brokers representing net balances in connection with their client accounts.

Convertible Debentures

The Company issued convertible unsecured senior subordinated debentures ("Debentures") in the aggregate principal amount of $60.0 million. The Debentures bear interest at a rate of 6.50% per annum. The Debentures are convertible at the holder's option into common shares of the Company at a conversion price of $6.50 per share. The Debentures will mature on December 31, 2021 and may be redeemed by the Company, in certain circumstances, on or after December 31, 2019.

Outstanding Share Data

	Outstanding shares as of December 31	
	2017	2016
Preferred shares		
Series A – issued shares outstanding	**4,540,000**	4,540,000
Series C – issued shares outstanding	**4,000,000**	4,000,000
Common shares		
Issued shares excluding unvested shares(1)	**92,281,321**	91,780,305
Issued shares outstanding(2)	**113,511,468**	112,776,918
Issued shares outstanding – diluted(3)	**124,208,736**	124,346,263
Average shares outstanding – basic	**92,540,647**	90,165,216
Average shares outstanding – diluted	**105,382,900**	96,550,897

(1) Excludes 1,347,035 outstanding unvested shares related to share purchase loans for recruitment and retention programs and 19,883,112 unvested shares purchased by employee benefit trusts for the LTIP.
(2) Includes 1,347,035 outstanding unvested shares related to share purchase loans for recruitment and retention programs and 19,883,112 unvested shares purchased by employee benefit trusts for the LTIP.
(3) Includes 10,697,268 share issuance commitments including options, warrants, and convertible debentures, as applicable, and adjusted for shares purchased under the normal course issuer bid and not yet cancelled, and estimated forfeitures in respect of unvested share awards under share-based payment plans.

On August 11, 2017, the Company filed a notice to renew the normal course issuer bid (NCIB) to provide the Company with the choice to purchase up to a maximum of 5,675,573 of its common shares during the period from August 15, 2017 to August 14, 2018 through the facilities of the TSX and on alternative trading systems in accordance with the requirements of the TSX. Shareholders may obtain a copy of the notice, without charge, by contacting the Company. The purpose of the purchase of common shares under the NCIB is to enable the Company to acquire shares for cancellation. The maximum number of shares that may be purchased under this and the previous NCIB represents 5.0% of the Company's outstanding common shares at the time of the notice. There were no shares purchased through the NCIB between April 1, 2017 and December 31, 2017.

The Company has entered into a predefined plan with a designated broker to allow for the repurchase of its common shares under this NCIB. The Company's broker may repurchase the common shares under the plan on any trading day during the NCIB, including at any time during the Company's internal trading blackout periods. The plan has been reviewed by the TSX and will terminate on the earlier of the termination of the plan by the Company in accordance with its terms and the expiry of the NCIB.

The ability to make purchases under the current NCIB commenced on August 15, 2017, and will continue for one year (to August 14, 2018) at the discretion of the Company. The maximum consideration will be the market price of the securities at the time of acquisition. In order to comply with the trading rules of the TSX, the daily purchases are limited to 54,968 common shares of the Company (which is 25% of the average daily trading volume of common shares of the Company on the TSX in the six calendar months from February 2017 to July 2017).

As of January 31, 2018, the Company has 113,514,094 common shares issued and outstanding.

Share-Based Payment Plans

There have been no updates to the share-based payment plans discussed in the 2017 Annual Report.

Financial Instruments

FOREIGN EXCHANGE

The Company manages its foreign exchange risk by periodically hedging pending settlements in foreign currencies. Realized and unrealized gains and losses related to these transactions are recognized in income during the period. On December 31, 2017, forward contracts outstanding to sell US dollars had a notional amount of US$7.0 million, an increase of US$6.0 million from December 31, 2016. Forward contracts outstanding to buy US dollars had a notional amount of US$2.1 million, an increase of US$1.2 million from December 31, 2016. The fair value of these contracts was nominal. Some of the Company's operations in the US, the UK & Europe, Australia, Hong Kong and China are conducted in the local currency; however, any foreign exchange risk in respect of these transactions is generally limited as pending settlements on both sides of the transaction are typically in the local currency.

These contracts were entered into in an attempt to mitigate foreign exchange risk on pending security settlements in foreign currencies. The fair value of these contracts is nominal due to their short term to maturity.

The Company's Canaccord Genuity Wealth Management segment in the UK & Europe trades foreign exchange forward contracts on behalf of its clients, and establishes matching contracts with the counterparties. The Company has no significant net exposure, assuming no counterparty default.

FUTURES

The Company's Canadian operations are involved in trading various futures contracts, in an attempt to mitigate market risk, interest rate risk, yield curve risk and liquidity risk. Futures contracts are agreements to buy or sell a standardized amount of an underlying asset, at a predetermined future date and price, in accordance with terms specified by a regulated futures exchange, and are subject to daily cash margining. The Company's Canadian operations have traditionally engaged in the trading of Canadian & US Government bond futures contracts to mitigate its risk. The Company's Canadian operations also began trading other types of futures contracts, including but not limited to, index futures and commodity futures.

At December 31, 2017, the notional amount of the Canadian bond futures contracts outstanding was long $1.5 million [March 31, 2017 — long $0.5 million]. There were no other types of future contracts outstanding as of December 31, 2017.

The fair value of all of the above futures contracts is nominal due to their short term to maturity. Realized and unrealized gains and losses related to these contracts are recognized in net income (loss) during the reporting period.

Related Party Transactions

The Company's related parties include the following persons and/or entities: (a) entities that are controlled or significantly influenced by the Company, and (b) key management personnel, who are comprised of the directors of the Company, as well as executives involved in strategic decision-making for the Company. A list of the Company's principal trading subsidiaries and principal intermediate holding companies is disclosed in Note 21 of the March 31, 2017 Audited Annual Consolidated Financial Statements.

Security trades executed for employees, officers and directors of the Company are transacted in accordance with terms and conditions applicable to all clients. Commission income on such transactions in the aggregate is not material in relation to the overall operations of the Company.

The Company offers various share-based payment plans to its key management personnel, including common share purchase loans and a long-term incentive plan. Directors have also been granted the right to acquire deferred share units (DSUs).

Accounts receivable and accounts payable and accrued liabilities include the following balances with key management personnel:

(C$ thousands)	**December 31, 2017**	March 31, 2017
Accounts receivable	$ 644	$ 211
Accounts payable and accrued liabilities	644	219

Critical Accounting Policies and Estimates

The unaudited interim condensed consolidated financial statements for the quarter ended December 31, 2017 have been prepared in accordance with International Accounting Standard 34, "*Interim Financial Reporting*" (IAS 34), as issued by the International Accounting Standards Board (IASB).

The preparation of the unaudited interim condensed consolidated financial statements in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, accompanying note disclosures, and the disclosure of contingent liabilities at the reporting date. Therefore, actual results may differ from those estimates and assumptions. The significant judgments, estimates and assumptions include consolidation, revenue recognition, share-based payments, income taxes, valuation of deferred tax assets, impairment of goodwill, intangible assets and other long-lived assets, allowance for credit losses, fair value of financial instruments, capitalization of intangible assets related to software costs and provisions. Amendments may be made to estimates relating to net assets acquired in an acquisition as well as the allocation of identifiable intangible assets between indefinite life and finite lives. Judgments, estimates and assumptions were also utilized in connection with the valuation of goodwill and intangible assets acquired in connection with the acquisition of Hargreave Hale.

In particular, the assessment for impairment of goodwill and identifiable indefinite life intangible assets requires management's best estimates in order to determine fair values using discounted cash flow projections that employ the following key assumptions: future cash flows, growth projections and discount rates. Due to continuing economic uncertainties, interim impairment tests were performed for goodwill and indefinite life intangible assets for all applicable cash-generating units (CGUs) as of December 31, 2017.

In accordance with IAS 36, "*Impairment of Assets*" (IAS 36), the recoverable amounts of the CGUs' net assets have been determined using fair value less costs to sell (FVLCS) calculations, which are based on future cash flow assumptions considered to be appropriate for the purposes of such calculations. In accordance with IFRS 13 fair value represents an estimate of the price at which an orderly transaction to sell an asset or transfer a liability would take place between market participants as at the end of the reporting period under market conditions as at that date (an exit price as at the measurement date). There is a material degree of uncertainty with respect to the estimates of the recoverable amounts of the CGUs' net assets given that these estimates involve making key assumptions about the future. In making such assumptions, management has used its best estimate of future economic and market conditions within the context of the Company's capital markets and wealth management activities.

The FVLCS calculations are based on assumptions, as described above, made in connection with future cash flows, relief of royalties with respect to the brand name indefinite life intangible asset, terminal growth rates and discount rates. In order to estimate the FVLCS for each CGU, cash flows are forecast over a five-year period, a terminal growth rate is applied and then such cash flows are discounted to their present value. The discount rate is based on the specific circumstances of each CGU and is derived from the estimated weighted average cost of capital of the Company. The CGUs which record goodwill in their carrying value as of December 31, 2017 were Canaccord Genuity, Canada and Canaccord Genuity Wealth Management UK & Europe (Channel Islands), UK (Eden) and UK (Hargreave Hale). The discount rate utilized for each of these CGUs for the purposes of these calculations was 12.5% [March 31, 2017 — 12.5%]. Cash flow estimates for each of these CGUs were based on management assumptions as described above and utilized a five-year compound annual revenue growth rate of 5.0% [March 31, 2017 — 5.0%] as well as estimates in respect of operating margins. The terminal growth rate used for each of Canaccord Genuity, Canada and Canaccord Genuity Wealth Management UK & Europe (Channel Islands), UK (Eden) UK (Hargreave Hale) was 2.5% [March 31, 2017 — 2.5%].

Refer to Note 9 of the unaudited interim condensed consolidated financial statements for the nine months ended December 31, 2017 for further information regarding the key assumptions used in connection with the December 31, 2017 interim impairment tests of goodwill and other assets.

Significant accounting policies used and policies requiring management's judgment and estimates have not changed during the first nine months of fiscal 2018 and are discussed under "Critical Accounting Policies and Estimates" in our 2017 Annual Report.

Changes in Accounting Policies

There were no significant changes in the accounting policies discussed in Note 5 of the 2017 Audited Annual Consolidated Financial Statements, during the nine months ended December 31, 2017.

Future Changes in Accounting Policies and Estimates

There have been no updates to the "Future Changes in Accounting Policies and Estimates" disclosed in our 2017 Annual Report, during the nine months ended December 31, 2017 except as noted below.

IFRS 15 Revenue from Contracts with Customers ("IFRS 15")

The Company has established an implementation plan and intends to adopt IFRS 15 in its consolidated financial statements for the annual period beginning on April 1, 2018. It is not expected that adoption of this standard will have a significant impact on the consolidated financial statements other than additional required disclosures.

IFRS 9 Financial Instruments ("IFRS 9")

The Company has established an implementation plan and intends to adopt IFRS 9 in its consolidated financial statements for the annual period beginning on April 1, 2018. It is not expected that adoption of this standard will have a significant impact on the consolidated financial statements.

Disclosure Controls and Procedures and Internal Control Over Financial Reporting

DISCLOSURE CONTROLS AND PROCEDURES

As of December 31, 2017, an evaluation was carried out, under the supervision of and with the participation of management, including the President & CEO and the Executive Vice President & Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as defined under *National Instrument 52-109*. Based on that evaluation, the President & CEO and the Executive Vice President & Chief Financial Officer concluded that our disclosure controls and procedures were effective as at December 31, 2017.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There were no changes made in our internal control over financial reporting that occurred during the quarter ended December 31, 2017, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Dividend

Although dividends are expected to be declared and paid quarterly, the Board of Directors, in its sole discretion, will determine the amount and timing of any dividends. All dividend payments will depend on general business conditions, the Company's financial condition, results of operations, capital requirements and such other factors as the Board determines to be relevant.

Dividend Declaration

On February 6, 2018, the Board of Directors approved a dividend of $0.01 per common share, payable on March 15, 2018, with a record date of March 2, 2018.

On February 6, 2018, the Board of Directors approved the following cash dividends: $0.24281 per Series A Preferred Share payable on April 2, 2018 with a record date of March 16, 2018; and $0.31206 per Series C Preferred Share payable on April 2, 2018 with a record date of March 16, 2018.

Risks

The Company's ability to maintain and successfully execute its business strategy depends upon the personal reputation, judgment, business generation capabilities and project execution skills of its senior professionals. Any management disruption could result in a loss of clients and customers, or revenues from clients and customers, and could significantly affect the Company's business and results of operations.

The securities industry and the Company's activities are by their very nature subject to a number of inherent risks. Economic conditions, competition and market factors such as volatility in the Canadian and international markets, interest rates, commodity prices, market prices, trading volumes and liquidity will have a significant impact on the Company's profitability. An investment in the common or preferred shares of the Company involves a number of risks, including market, liquidity, credit, operational, legal, cyber and regulatory risks, which could be substantial and are inherent in the Company's business. The Company is also directly exposed to market price risk, liquidity risk and volatility risk as a result of its principal trading activities in equity securities and to interest rate risk and credit spread risk as a result of its principal trading in fixed income securities. In addition, the Company's operations in the UK are exposed to market risk and volatility risk associated with the UK's decision to depart from the EU, referred to as "Brexit". Canaccord Genuity Wealth Management revenue is dependent on both trading volumes and asset values and, as such, is dependent on the level of market activity, investor confidence and the level of market prices. Canaccord Genuity's revenue is dependent on financing activity by corporate issuers, participation in advisory engagements, the success of its market making and principal trading, as well as the willingness of institutional clients to actively trade and participate in capital markets transactions. There may also be a lag between market fluctuations, changes in business conditions and the level of the Company's market activity and the impact that these factors have on the Company's operating results and financial position.

The financial services business is subject to extensive regulation in Canada, the US, the UK & Europe, Hong Kong, Australia and elsewhere. Compliance with many of the regulations applicable to the Company involves a number of risks, particularly in areas where applicable regulations may be subject to interpretation and change. Changing regulations and interpretations could have a significant impact on the Company's business and profitability. The Company has a capital management framework to maintain the level of capital that will meet the Company's regulated subsidiaries' target ratios as set out by the respective regulators, to fund current and future operations, to ensure that the firm is able to meet its financial obligations as they come due, and to support the creation of shareholder value. The regulatory bodies that govern the Company's subsidiaries' use of regulatory capital are listed in Note 23 of the Company's 2017 Audited Annual Consolidated Financial Statements.

The Company's Canadian operating company, Canaccord Genuity Corp., has provided financial advisory, underwriting and other services in Canada to third parties who are directly involved in the U.S. cannabis industry on the basis that, among other business criteria for providing such services, the third party is in compliance with all applicable licensing requirements and the regulatory framework enacted by the applicable U.S. state. It may continue to provide such services on the same basis. The U.S. federal government has not enacted similar legislation and the cultivation, sale and use of cannabis remains illegal under federal law pursuant to the U.S. Controlled Substance Act of 1970. As a result, the position that the U.S. federal government may take in connection with certain activities related to the cannabis industry in such states including activities by those who have provided financial advisory, underwriting and other services to third parties is unclear. The Company believes that the risk of federal action is currently unlikely. However, if any proceedings were commenced against the Company or its subsidiary, such proceedings could have a material adverse effect on the Company's business, revenues, operating results and financial condition as well as the Company's reputation, even if such proceedings were concluded successfully in favour of the Company.

Further discussion regarding risks can be found in our Annual Information Form.

Additional Information

A comprehensive discussion of the Company's business, strategies, objectives and risks is available in our Annual Information Form and in the Management's Discussion and Analysis and Audited Annual Consolidated Financial Statements included in our 2017 Annual Report, which are available on our website at *www.canaccordgenuitygroup.com/EN/IR/FinReports/Pages/default.aspx* and on SEDAR at *www.sedar.com*.

Unaudited Interim Condensed Consolidated Statements of Financial Position

As at (in thousands of Canadian dollars)	Notes	December 31, 2017	March 31, 2017
ASSETS			
Current			
Cash and cash equivalents		$ 592,873	$ 677,769
Securities owned	4	514,220	784,230
Accounts receivable	6, 18	1,758,532	3,395,736
Income taxes receivable		242	1,085
Total current assets		2,865,867	4,858,820
Deferred tax assets		12,412	15,323
Investment	7	2,030	2,829
Equipment and leasehold improvements		31,966	31,479
Intangible assets	8, 9	157,609	102,799
Goodwill	8, 9	247,320	192,266
		$ 3,317,204	$ 5,203,516
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Bank indebtedness	5	$ 2,767	$ 25,280
Securities sold short	4	342,754	645,742
Accounts payable and accrued liabilities	6, 18	1,971,689	3,669,883
Provisions	20	10,647	11,793
Income taxes payable		12,988	10,093
Subordinated debt	11	7,500	7,500
Current portion of bank loan	5, 12	4,529	—
Total current liabilities		2,352,874	4,370,291
Deferred tax liabilities		10,220	140
Convertible debentures	5, 13	56,916	56,442
Deferred consideration	8	9,958	—
Contingent consideration	8	46,643	—
Bank loan	5, 12	62,230	—
		2,538,841	4,426,873
Shareholders' equity			
Preferred shares	14	205,641	205,641
Common shares	15	642,271	641,449
Equity portion of convertible debentures	13	2,604	2,604
Warrants	15	1,975	1,975
Contributed surplus		92,113	85,405
Retained deficit		(262,597)	(267,559)
Accumulated other comprehensive income		84,325	95,270
Total shareholders' equity		766,332	764,785
Non-controlling interests		12,031	11,858
Total equity		778,363	776,643
		$ 3,317,204	$ 5,203,516

See accompanying notes

On behalf of the Board:

"*Daniel Daviau*"

DANIEL DAVIAU
Director

"*Terrence A. Lyons*"

TERRENCE A. LYONS
Director

Unaudited Interim Condensed Consolidated Statements of Operations

		For the three months ended		For the nine months ended	
(in thousands of Canadian dollars, except per share amounts)	Notes	**December 31, 2017**	December 31, 2016	**December 31, 2017**	December 31, 2016
REVENUE					
Commissions and fees		**$ 125,709**	$ 102,637	**$ 326,789**	$ 290,851
Investment banking		**112,639**	46,508	**186,691**	124,534
Advisory fees		**31,947**	17,127	**81,432**	78,275
Principal trading		**29,138**	33,569	**77,874**	87,974
Interest		**6,861**	4,017	**17,830**	11,630
Other		**3,148**	4,250	**10,181**	14,626
		309,442	208,108	**700,797**	607,890
EXPENSES					
Incentive compensation		**158,631**	106,941	**366,205**	318,596
Salaries and benefits		**26,537**	21,064	**70,608**	63,606
Trading costs		**16,521**	16,660	**47,781**	46,648
Premises and equipment		**10,511**	12,723	**29,467**	31,985
Communication and technology		**14,558**	12,359	**41,379**	39,102
Interest		**4,171**	2,834	**12,347**	8,860
General and administrative		**23,108**	21,478	**59,876**	59,761
Amortization		**6,916**	5,454	**17,058**	16,019
Development costs		**1,512**	2,884	**4,477**	6,834
Restructuring costs		**—**	—	**6,704**	—
Acquisition-related costs	8	**—**	—	**6,548**	—
Share of loss of an associate	7	**94**	—	**302**	—
		$ 262,559	$ 202,397	**$ 662,752**	$ 591,411
Income before income taxes		**46,883**	5,711	**38,045**	16,479
Income taxes (recovery)					
Current		**7,738**	3,736	**9,338**	6,853
Deferred		**2,547**	(2,569)	**1,927**	(2,573)
	10	**10,285**	1,167	**11,265**	4,280
Net income for the period		**$ 36,598**	$ 4,544	**$ 26,780**	$ 12,199
Net income attributable to:					
CGGI shareholders		**$ 34,432**	$ 3,755	**$ 24,685**	$ 9,217
Non-controlling interests		**$ 2,166**	$ 789	**$ 2,095**	$ 2,982
Weighted average number of common shares outstanding (thousands)					
Basic		**92,030**	91,229	**92,541**	90,165
Diluted		**113,613**	98,647	**105,383**	96,551
Net earnings per common share					
Basic	15iii	**$ 0.35**	$ 0.01	**$ 0.19**	$ 0.01
Diluted	15iii	**$ 0.29**	$ 0.01	**$ 0.17**	$ 0.01
Dividend per common share	16	**$ 0.01**	$ —	**$ 0.03**	$ —
Dividend per Series A Preferred Share	16	**$ 0.24**	$ 0.25	**$ 0.72**	$ 0.94
Dividend per Series C Preferred Share	16	**$ 0.31**	$ 0.36	**$ 0.93**	$ 1.08

See accompanying notes

Unaudited Interim Condensed Consolidated Statements of Comprehensive Income (Loss)

	For the three months ended		For the nine months ended	
(in thousands of Canadian dollars)	**December 31, 2017**	December 31, 2016	**December 31, 2017**	December 31, 2016
Net income for the period	**$ 36,598**	$ 4,544	**$ 26,780**	$ 12,199
Other comprehensive income (loss)				
Realized translation gains related to foreign operations disposed of during the period	**—**	—	**—**	(1,560)
Net change in unrealized losses on translation of foreign operations	**6,571**	(3,960)	**(10,114)**	(28,622)
Comprehensive income (loss) for the period	**$ 43,169**	$ 584	**$ 16,666**	$ (17,983)
Comprehensive income (loss) attributable to:				
CGGI shareholders	**$ 41,014**	$ (737)	**$ 13,740**	$ (21,900)
Non-controlling interests	**$ 2,155**	$ 1,321	**$ 2,926**	$ 3,917

See accompanying notes

Unaudited Interim Condensed Consolidated Statements of Changes in Equity

For the nine months ended (in thousands of Canadian dollars)	Notes	December 31, 2017	December 31, 2016
Preferred shares, opening and closing	14	$ 205,641	$ 205,641
Common shares, opening		641,449	617,756
Shares issued in connection with share-based payments		—	13,108
Acquisition of common shares for long-term incentive plan (LTIP)		(27,606)	(47,170)
Release of vested common shares from employee benefit trust		26,581	20,041
Shares issued in connection with private placement		—	26,601
Shares cancelled		—	(683)
Net unvested share purchase loans		1,847	5,138
Common shares, closing	15	642,271	634,791
Warrants, opening and closing	15	1,975	1,975
Convertible debentures – equity, opening and closing	13	2,604	2,604
Contributed surplus, opening		85,405	86,235
Share-based payments		7,679	(1,807)
Shares cancelled		—	323
Unvested share purchase loans		(971)	(4,017)
Contributed surplus, closing		92,113	80,734
Retained deficit, opening		(267,559)	(294,586)
Net income attributable to CGGI shareholders		24,685	9,217
Preferred shares dividends	16	(7,241)	(8,539)
Common shares dividends	16	(12,482)	—
Retained deficit, closing		(262,597)	(293,908)
Accumulated other comprehensive income, opening		95,270	134,883
Other comprehensive loss attributable to CGGI shareholders		(10,945)	(31,117)
Accumulated other comprehensive income, closing		84,325	103,766
Total shareholders' equity		766,332	735,603
Non-controlling interests, opening		11,858	8,722
Foreign exchange on non-controlling interests		692	(468)
Comprehensive income attributable to non-controlling interests		2,926	3,917
Dividends paid to non-controlling interests		(3,445)	(2,520)
Non-controlling interests, closing		12,031	9,651
Total equity		$ 778,363	$ 745,254

See accompanying notes

Unaudited Interim Condensed Consolidated Statements of Cash Flows

For the nine months ended (in thousands of Canadian dollars)	Notes	December 31, 2017	December 31, 2016
OPERATING ACTIVITIES			
Net income for the period		$ 26,780	$ 12,199
Items not affecting cash			
Amortization		17,058	16,019
Deferred income tax expense (recovery)		1,927	(2,573)
Share-based compensation expense	17(ii)	36,058	31,112
Share of loss of associate	7	302	—
Changes in non-cash working capital			
Decrease in securities owned		269,868	143,412
Decrease in accounts receivable		1,637,201	502,421
Increase in net income taxes payable		14,803	12,145
Decrease in securities sold short		(302,988)	(127,927)
Decrease in accounts payable, accrued liabilities and provisions		(1,722,589)	(554,351)
Cash (used in) provided by operating activities		(21,580)	32,457
FINANCING ACTIVITIES			
Bank indebtedness		(22,513)	(3,332)
Proceeds from private placement		—	28,321
Acquisition of common shares for long-term incentive plan		(27,606)	(47,170)
Repayment of subordinated debt		—	(7,500)
Purchase of shares for cancellation		—	(360)
Proceeds from bank loan		66,864	—
Proceeds from convertible debentures		—	60,000
Cash dividends paid on common shares		(12,482)	—
Cash dividends paid on preferred shares		(7,241)	(8,539)
Cash (used in) provided by financing activities		(2,978)	21,420
INVESTING ACTIVITIES			
Purchase of equipment and leasehold improvements		(4,647)	(2,440)
Acquisition of Hargreave Hale Limited, net of cash acquired	8	(54,475)	—
Investment in associate		(2,500)	—
Cash used in investing activities		(61,622)	(2,440)
Effect of foreign exchange on cash balances		1,284	(9,523)
(Decrease) increase in cash position		(84,896)	41,914
Cash position, beginning of period		677,769	428,329
Cash position, end of period		$ 592,873	$ 470,243
Supplemental cash flow information			
Interest received		$ 17,708	$ 11,635
Interest paid		$ 11,669	$ 7,450
Income taxes paid		$ 5,715	$ 5,146

See accompanying notes

Notes to Unaudited Interim Condensed Consolidated Financial Statements

(in thousands of Canadian dollars, except per share amounts)

NOTE 01 Corporate Information

Through its principal subsidiaries, Canaccord Genuity Group Inc. (the Company or CGGI) is a leading independent, full-service investment dealer with capital markets operations in Canada, the United Kingdom (UK) & Europe, the United States of America (US), Australia, China and Dubai. The Company also has wealth management operations in Canada, the UK & Europe, and Australia. The Company has operations in each of the two principal segments of the securities industry: capital markets and wealth management. Together, these operations offer a wide range of complementary investment products, brokerage services and investment banking services to the Company's private, institutional and corporate clients.

Canaccord Genuity Group Inc. was incorporated on February 14, 1997 by the filing of a memorandum and articles with the Registrar of Companies for British Columbia under the *Company Act* (British Columbia) and continues in existence under the *Business Corporations Act* (British Columbia). The Company's head office is located at Suite 2200 – 609 Granville Street, Vancouver, British Columbia, V7Y 1H2. The Company's registered office is located at Suite 400 – 725 Granville Street, Vancouver, British Columbia, V7Y 1G5.

The Company's common shares are publicly traded under the symbol CF on the Toronto Stock Exchange (TSX). The Company's Series A Preferred Shares are listed on the TSX under the symbol CF.PR.A. The Company's Series C Preferred Shares are listed on the TSX under the symbol CF.PR.C.

The Company's business experiences considerable variations in revenue and income from quarter to quarter and year to year due to factors beyond the Company's control. The Company's business is affected by the overall condition of the worldwide equity and debt markets.

NOTE 02 Basis of Preparation

STATEMENT OF COMPLIANCE

These unaudited interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34, "*Interim Financial Reporting*" (IAS 34), as issued by the International Accounting Standards Board (IASB).

These unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in annual financial statements, and should be read in conjunction with the Company's audited annual consolidated financial statements as at and for the year ended March 31, 2017 (March 31, 2017 consolidated financial statements) filed on SEDAR on June 1, 2017. All defined terms used herein are consistent with those terms defined in the March 31, 2017 consolidated financial statements.

These unaudited interim condensed consolidated financial statements have been prepared on a historical cost basis except for investments, securities owned and securities sold short, which have been measured at fair value as set out in the relevant accounting policies.

These unaudited interim condensed consolidated financial statements are presented in thousands of Canadian dollars, except when otherwise indicated.

These unaudited interim condensed consolidated financial statements were authorized for issuance by the Company's Board of Directors on February 6, 2018.

USE OF JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these unaudited interim condensed consolidated financial statements in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, accompanying note disclosures, and the disclosure of contingent liabilities at the reporting date. Therefore, actual results may differ from those estimates and assumptions. The significant judgments, estimates and assumptions include consolidation, revenue recognition, share-based payments, income taxes, valuation of deferred tax assets, impairment and valuation of goodwill, intangible assets and other long-lived assets, allowance for credit losses, fair value of financial instruments, capitalization of intangible assets related to software costs and provisions, which are more fully described in Note 2 of the March 31, 2017 consolidated financial statements. Judgments, estimates and assumptions were also utilized in connection with the valuation of goodwill and intangible assets acquired in connection with the acquisition of Hargreave Hale (Note 8).

FUTURE ACCOUNTING DEVELOPMENTS

There have been no further updates to the future accounting developments disclosed in Note 5 of the March 31, 2017 consolidated financial statements, during the nine months ended December 31, 2017 except as noted below.

IFRS 15 Revenue from Contracts with Customers ("IFRS 15")

The Company has established an implementation plan and intends to adopt IFRS 15 in its consolidated financial statements for the annual period beginning on April 1, 2018. It is not expected that adoption of this standard will have a significant impact on the consolidated financial statements other than additional required disclosures.

IFRS 9 Financial Instruments ("IFRS 9")

The Company has established an implementation plan and intends to adopt IFRS 9 in its consolidated financial statements for the annual period beginning on April 1, 2018. It is not expected that adoption of this standard will have a significant impact on the consolidated financial statements.

NOTE 03 Summary of Significant Accounting Policies

There were no significant changes in the accounting policies discussed in Note 5 of the March 31, 2017 consolidated financial statements, during the nine months ended December 31, 2017.

NOTE 04 Securities Owned and Securities Sold Short

	December 31, 2017		March 31, 2017	
	Securities owned	**Securities sold short**	Securities owned	Securities sold short
Corporate and government debt	**$ 272,065**	**$ 242,752**	$ 571,066	$ 541,827
Equities and convertible debentures	**242,155**	**100,002**	213,164	103,915
	$ 514,220	**$ 342,754**	$ 784,230	$ 645,742

As at December 31, 2017, corporate and government debt maturities range from 2018 to 2098 [March 31, 2017 – 2017 to 2098] and bear interest ranging from 0.0% to 14.0% [March 31, 2017 – 0.0% to 14.0%].

NOTE 05 Financial Instruments

The categories of financial instruments, other than cash and cash equivalents and bank indebtedness, held by the Company at December 31, 2017 and March 31, 2017 are as follows:

	Held for trading		Available for sale		Loans and receivables		Loans and borrowings		Total	
	December 31, 2017	March 31, 2017	December 31, 2017	March 31, 2017	December 31, 2017	March 31, 2017	December 31, 2017	March 31, 2017	December 31, 2017	March 31, 2017
Financial assets										
Securities owned	$ 514,220	$ 784,230	$ —	$ —	$ —	$ —	$ —	$ —	$ 514,220	$ 784,230
Accounts receivable from brokers and investment dealers	—	—	—	—	1,075,550	2,625,939	—	—	1,075,550	2,625,939
Accounts receivable from clients	—	—	—	—	283,375	373,300	—	—	283,375	373,300
RRSP cash balances held in trust	—	—	—	—	285,893	302,532	—	—	285,893	302,532
Other accounts receivable	—	—	—	—	113,714	93,965	—	—	113,714	93,965
Investments	—	—	—	2,829	—	—	—	—	—	2,829
Total financial assets	$ 514,220	$ 784,230	$ —	$ 2,829	$ 1,758,532	$ 3,395,736	$ —	$ —	$ 2,272,752	$4,182,795
Financial liabilities										
Securities sold short	$ 342,754	$ 645,742	$ —	$ —	$ —	$ —	$ —	$ —	$ 342,754	$ 645,742
Accounts payable to brokers and investment dealers	—	—	—	—	—	—	632,057	1,913,177	632,057	1,913,177
Accounts payable to clients	—	—	—	—	—	—	1,041,274	1,468,410	1,041,274	1,468,410
Other accounts payable and accrued liabilities	—	—	—	—	—	—	298,358	288,296	298,358	288,296
Subordinated debt	—	—	—	—	—	—	7,500	7,500	7,500	7,500
Convertible debentures	—	—	—	—	—	—	56,916	56,442	56,916	56,442
Deferred consideration	—	—	—	—	—	—	9,958	—	9,958	—
Contingent consideration	—	—	—	—	—	—	46,643	—	46,643	—
Bank Loan	—	—	—	—	—	—	66,759	—	66,759	—
Total financial liabilities	$ 342,754	$ 645,742	$ —	$ —	$ —	$ —	$ 2,159,465	$ 3,733,825	$ 2,502,219	$4,379,567

The Company has not designated any financial instruments as fair value through profit or loss upon initial recognition.

FAIR VALUE HIERARCHY

All financial instruments for which fair value is recognized or disclosed are categorized within a fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities

Level 2 – Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable)

Level 3 – Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable)

For financial instruments that are recognized at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

As at December 31, 2017, the Company held the following classes of financial instruments measured at fair value:

		Estimated fair value December 31, 2017		
	December 31, 2017	Level 1	Level 2	Level 3
Securities owned				
Corporate debt	$ 10,120	$ —	$ 10,120	$ —
Government debt	261,945	67,478	194,467	—
Corporate and government debt	272,065	67,478	204,587	—
Equities	241,883	193,153	48,594	136
Convertible debentures	272	—	272	
Equities and convertible debentures	242,155	193,153	48,866	136
	514,220	260,631	253,453	136
Securities sold short				
Corporate debt	(1,089)	—	(1,089)	—
Government debt	(241,663)	(62,088)	(179,575)	—
Corporate and government debt	(242,752)	(62,088)	(180,664)	—
Equities	(100,002)	(89,786)	(10,216)	—
	(342,754)	(151,874)	(190,880)	—
Deferred consideration(1)	(9,958)	—	—	(9,958)
Contingent consideration(1)	(46,643)	—	—	(46,643)
	(399,355)	(151,874)	(190,880)	(56,601)

(1) Contingent and deferred considerations are settled in cash and are therefore classified as financial liabilities measured at fair value, with any subsequent gains or losses recognized in earnings

As at March 31, 2017, the Company held the following classes of financial instruments measured at fair value:

		Estimated fair value March 31, 2017		
	March 31, 2017	Level 1	Level 2	Level 3
Securities owned				
Corporate debt	$ 15,071	$ —	$ 15,071	$ —
Government debt	555,995	277,121	278,874	—
Corporate and government debt	571,066	277,121	293,945	—
Equities	207,050	165,292	41,616	142
Convertible debentures	6,114	—	6,114	—
Equities and convertible debentures	213,164	165,292	47,730	142
Available for sale investments	2,829	—	2,829	—
	787,059	442,413	344,504	142
Securities sold short				
Corporate debt	(11,524)	—	(11,524)	—
Government debt	(530,303)	(313,077)	(217,226)	—
Corporate and government debt	(541,827)	(313,077)	(228,750)	—
Equities	(103,915)	(77,562)	(26,353)	—
	(645,742)	(390,639)	(255,103)	—

Movement in net Level 3 financial liabilities

Balance, March 31, 2017	$ 142
Other	(6)
Addition of deferred consideration	(9,958)
Addition of contingent consideration	(46,643)
Balance, December 31, 2017	**$ (56,465)**

There were $56.6 million of contingent and deferred consideration included as part of the total purchase consideration for the acquisition of Hargreave Hale Limited [Note 8]. The deferred and contingent considerations are settled in cash and are therefore classified as a financial liability measured at fair value, with any subsequent gains or losses recognized in earnings.

FAIR VALUE ESTIMATION

i. Level 2 financial instruments

Level 2 financial instruments include the Company's investment in certain corporate and government debt, convertible debt, and over-the-counter equities. The fair values of corporate and government debt, and convertible debt classified as Level 2, are determined using the quoted market prices of identical assets or liabilities in markets that do not have transactions which take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The Company regularly reviews the transaction frequency and volume of trading in these instruments to determine the accuracy of pricing information.

Level 2 financial instruments also include the Company's equity investment in Euroclear, which has an estimated fair value of $2.8 million [March 31, 2017 – $2.8 million]. The current fair value is determined using a market-based approach based on recent share buyback transactions.

ii. Level 3 financial instruments

Held for trading

The fair value for level 3 investments classified as held for trading is determined by the Company using a market-based approach with information that the Company has determined to be reliable, and represents the best estimate of fair value readily available. Prices for held for trading investments are determined based on the last trade price or offer price, or, if these prices are considered stale, the Company obtains information based on certain inquiries, recent trades or pending new issues. The fair value of the held for trading investments as at December 31, 2017 was $0.1 million [March 31, 2017 – $0.1 million].

The fair value measurements determined as described above may not be indicative of net realizable value or reflective of future values. Furthermore, the Company believes its valuation methods are appropriate and consistent with those which would be utilized by a market participant.

Foreign exchange forward contracts

The Company uses derivative financial instruments in an attempt to mitigate foreign exchange risk on pending security settlements in foreign currencies. The fair value of these contracts is nominal due to their short term to maturity. Realized and unrealized gains and losses related to these contracts are recognized in net income during the reporting period.

Forward contracts outstanding at December 31, 2017:

		Notional amount (millions)	Average price	Maturity		Fair value
To sell US dollars	USD$	7.0	$1.25 (CAD/USD)	January 2, 2018	$	(0.4)
To buy US dollars	USD$	2.1	$1.25 (CAD/USD)	January 2, 2018	$	0.1

Forward contracts outstanding at March 31, 2017:

		Notional amount (millions)	Average price	Maturity		Fair value
To sell US dollars	USD$	22.1	$1.33 (CAD/USD)	April 3, 2017	$	71.0
To buy US dollars	USD$	2.9	$1.33 (CAD/USD)	April 3, 2017	$	(2.0)

The Company's Canaccord Genuity Wealth Management segment in the UK & Europe trades foreign exchange forward contracts on behalf of its clients, and establishes matching contracts with the counterparties. The Company has no significant net exposure, assuming no counterparty default. The principal currencies of the forward contracts are: the UK pound sterling, the US dollar, or the Euro. The weighted average term to maturity is 73 days as at December 31, 2017 [March 31, 2017 – 61 days]. The table below shows the fair value of the forward contract assets and liabilities, and the notional value of these forward contracts as at December 31, 2017 and March 31, 2017, respectively. The fair value of the forward contract assets and liabilities is included in the accounts receivable and payable balances.

	December 31, 2017						March 31, 2017					
		Assets		Liabilities		Notional amount		Assets		Liabilities		Notional amount
Foreign exchange forward contracts	$	1,363	$	1,277	$	127,616	$	1,806	$	1,640	$	177,384

Futures

The Company's Canadian operations are involved in trading various futures contracts, in an attempt to mitigate market risk, interest rate risk, yield curve risk and liquidity risk. Futures contracts are agreements to buy or sell a standardized amount of an underlying asset, at a predetermined future date and price, in accordance with terms specified by a regulated futures exchange, and are subject to daily cash margining. The Company's Canadian operations have traditionally engaged in the trading of Canadian & US Government bond futures contracts to mitigate its risk. The Company's Canadian operations also began trading other types of futures contracts, including but not limited to, index futures and commodity futures.

At December 31, 2017, the notional amount of the Canadian bond futures contracts outstanding was long $1.5 million [March 31, 2017 – long $0.5 million]. There were no other types of future contracts outstanding as of December 31, 2017.

The fair value of all of the above futures contracts is nominal due to their short term to maturity. Realized and unrealized gains and losses related to these contracts are recognized in net income during the reporting period.

SECURITIES LENDING AND BORROWING

	Cash		Securities	
	Loaned or delivered as collateral	Borrowed or received as collateral	Loaned or delivered as collateral	Borrowed or received as collateral
December 31, 2017	**$ 197,702**	**$ 36,493**	**$ 58,630**	**$ 266,197**
March 31, 2017	$ 182,474	$ 41,098	$ 43,252	$ 233,811

Securities lending and borrowing are included in the accounts receivable and accounts payable and accrued liabilities balances on the statements of financial position.

BANK INDEBTEDNESS

The Company enters into call loans or overdraft positions primarily to facilitate the securities settlement process for both client and Company securities transactions. The bank indebtedness is collateralized by either unpaid client securities and/or securities owned by the Company. As at December 31, 2017 the Company had a balance of $2.8 million outstanding [March 31, 2017 – $25.3 million].

BANK LOAN

A subsidiary of the Company entered into a £40.0 million (C$67.8 million as of December 31, 2017) senior credit facility to finance a portion of the cash consideration for its acquisition of Hargreave Hale Limited [Notes 8 and 12]. The balance outstanding as of December 31, 2017 net of unamortized financing fees was $66.8 million. The loan is repayable in instalments of principal and interest over a period of 4 years. The interest rate on this loan is LIBOR plus 3.375% per annum.

OTHER CREDIT FACILITIES

Subsidiaries of the Company also have other credit facilities with banks in Canada and the UK for an aggregate amount of $660.6 million. These credit facilities, consisting of call loans, letters of credit and daylight overdraft facilities, are collateralized by unpaid client securities and/or securities owned by the Company. As of December 31, 2017, there were no outstanding balances under these other credit facilities [March 31, 2017 – $nil].

A subsidiary of the Company has also entered into secured irrevocable standby letters of credit from a financial institution totaling $2.5 million (US$2.0 million) as rent guarantees for its leased premises in Boston and New York.

NOTE 06 Accounts Receivable and Accounts Payable and Accrued Liabilities

ACCOUNTS RECEIVABLE

	December 31, 2017	March 31, 2017
Brokers and investment dealers	**$ 1,075,550**	$ 2,625,939
Clients	**283,375**	373,300
RRSP cash balances held in trust	**285,893**	302,532
Other	**113,714**	93,965
	$ 1,758,532	$ 3,395,736

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2017	March 31, 2017
Brokers and investment dealers	$ 632,057	$ 1,913,177
Clients	1,041,274	1,468,410
Other	298,358	288,296
	$ 1,971,689	$ 3,669,883

Amounts due from and to brokers and investment dealers include balances from resale and repurchase agreements, securities loaned and borrowed, as well as brokers' and dealers' counterparty balances.

Client security purchases are entered into on either a cash or a margin basis. In the case of a margin account, the Company extends a loan to a client for the purchase of securities, using securities purchased and/or other securities in the client's account as collateral. Amounts loaned to any client are limited by the margin regulations of the regulatory authorities and are subject to the Company's credit review and daily monitoring procedures.

Amounts due from and to clients are due by the settlement date of the trade transaction. Margin loans are due on demand and are collateralized by the assets in the client's account. Interest on margin loans and on amounts due to clients is based on a floating rate [December 31, 2017 – 6.20% to 7.25% and 0.00% to 0.20%, respectively; March 31, 2017 – 5.70% to 6.75% and 0.00% to 0.05%, respectively].

As at December 31, 2017, the allowance for doubtful accounts was $5.6 million [March 31, 2017 – $4.9 million].

NOTE 07 Investment

During the nine months ended December 31, 2017, the Company, through a wholly-owned subsidiary, invested $2.5 million for 833,333 Class B Units, at $3.00 per unit, in Canaccord Genuity Acquisition Corp. ("CGAC"). CGAC is a special purpose acquisition corporation formed to effect an acquisition of one or more businesses. Each Class B Unit consists of one Class B Share and one warrant.

The Company holds a 26.2% interest in CGAC and is considered to exert significant influence over the operations of CGAC. Accordingly, the investment in CGAC is accounted for using the equity method.

The Company's equity portion of the net loss of CGAC for the nine months ended December 31, 2017 was $0.3 million.

NOTE 08 Business Combination

On July 5, 2017, the Company announced that it has agreed to acquire 100% of the outstanding shares of Hargreave Hale Limited ("Hargreave Hale"), a leading independent UK-based investment and wealth management business. This transaction closed on September 18, 2017. This acquisition is part of the Company's strategy of growing its global wealth management business and increasing its wealth management contribution to overall consolidated results. Total purchase consideration was $131.8 million (£79.9 million), of which $76.5 million (£46.4 million) was paid on closing. There is deferred consideration of $9.9 million (£6.0 million) which has been withheld by the Company for a maximum period of six years from completion pending the outcome of a regulatory matter. In addition, there is contingent consideration of up to $45.4 million (£27.5 million) which will be payable over a period of up to three years, subject to achievement of certain performance targets related to the retention and growth of client assets and revenues and an amount determined with reference to the fund management business.

Further payments of up to $4.1 million (£2.5 million) will be paid to certain continuing Hargreave Hale employees subject to achievement of certain performance targets related to the retention and growth of client assets and revenues. This amount has been recognized as an expense during the nine months ended December 31, 2017 in connection with the acquisition.

The purchase price, determined by the fair value of the consideration given at the date of the acquisition and the fair value of the net assets acquired on the date of the acquisition, was as follows:

CONSIDERATION PAID

Cash	$	76,527
Deferred consideration		9,902
Contingent consideration		45,386
	$	131,815

NET ASSETS ACQUIRED

Cash	$	22,052
Accounts receivable		21,710
Other tangible assets		2,012
Liabilities		(16,973)
Identifiable intangible assets		61,560
Deferred tax liability related to identifiable intangible assets		(10,800)
Goodwill		52,254
	$	131,815

Identifiable intangible assets of $61.6 million were recognized and include customer relationships and a fund management contract. The goodwill of $52.3 million represents the value of expected synergies arising from the acquisition. Goodwill is not deductible for tax purposes.

Management has estimated the fair value of the contingent consideration related to this acquisition to be up to $45.4 million (£27.5 million) as of the acquisition date and will be payable over a period of three years. The contingent consideration must be settled in cash and meets the definition of a financial liability, and subsequent changes to the fair value of the contingent consideration will be recognized in the statement of operations. The determination of the fair value is based upon discounted cash flows, and the key assumption affecting the fair value is the probability that the performance targets will be met.

The above amounts are estimates, which were made by management at the time of the preparation of these consolidated financial statements based on available information. Amendments may be made to these amounts as well as the allocation of identifiable intangible assets between indefinite life and finite lives. Values based on estimates are subject to changes during the period ending 12 months after the acquisition date.

The aggregate acquisition-related expenses incurred by the Company in connection with the acquisition of Hargreave Hale are $6.5 million. These expenses are mainly comprised of professional and consulting fees. In addition, the Company also incurred restructuring expenses of $2.0 million related to an onerous lease provision and other integration costs related to the acquisition.

Contributions to revenue and net loss by Hargreave Hale, including restructuring and acquisition-related costs, were $26.7 million and $3.8 million retrospectively since the acquisition date.

Had Hargreave Hale been consolidated from April 1, 2017, as part of the consolidated statement of operations, the consolidated revenue and net income would have been approximately $768.8 million and $28.4 million, respectively, for the nine months ended December 31, 2017. These figures represent historical results and are not necessarily indicative of future performance.

NOTE 09 Goodwill and Other Intangible Assets

		Identifiable intangible assets							
	Goodwill	Brand names	Customer relationships	Technology	Software under development	Non-competition	Trading licenses	Fund management contract	Total
Gross amount									
Balance, March 31, 2017	$ 514,898	$ 44,930	$ 91,123	$ 29,202	$ 3,045	$ 14,153	$ 196	$ —	$ 182,649
Additions	52,254	—	24,921	349	—	—	—	36,639	62,700
Transfer between categories	—	—	—	3,045	(3,045)	—	—	—	—
Foreign exchange	2,800	—	1,444	384	—	—	—	1,014	2,051
Balance, December 31, 2017	569,952	44,930	117,488	32,980	—	14,153	196	37,653	247,400
Accumulated amortization and impairment									
Balance, March 31, 2017	(322,632)	—	(50,532)	(12,619)	(2,350)	(14,153)	(196)	—	(79,850)
Transfer between categories	—	—	—	(2,350)	2,350	—	—	—	—
Amortization	—	—	(6,183)	(2,371)	—	—	—	(853)	(9,407)
Foreign exchange	—	—	(383)	(144)	—	—	—	(7)	(534)
Balance, December 31, 2017	(322,632)	—	(57,098)	(17,484)	—	(14,153)	(196)	(860)	(89,791)
Net book value									
March 31, 2017	192,266	44,930	40,591	16,583	695	—	—	—	102,799
December 31, 2017	$ 247,320	$ 44,930	$ 60,390	$ 15,496	$ —	$ —	$ —	$ 36,793	$ 157,609

Identifiable intangible assets purchased through the acquisitions of Genuity Capital Markets (Genuity), the 50% interest in Canaccord Genuity (Australia) Limited (Canaccord Genuity Australia), Collins Stewart Hawkpoint plc (CSHP), Eden Financial and Hargreave Hale are customer relationships, non-competition agreements, trading licenses, fund management contract and technology, which have finite lives and are amortized on a straight-line basis over their estimated useful lives. Branding acquired through the acquisition of Genuity is considered to have an indefinite life, as it will provide benefit to the Company over a continuous period. Software under development or acquired is amortized over its useful life once the asset is available for use. As a result of the acquisition of Hargreave Hale, the Company recognized goodwill of $52.3 million and identifiable intangible assets of $61.6 million as of the acquisition date [Note 8]. The estimated amortization periods of the amortizable intangible assets are as follows:

	Acquired in business combinations					Internally developed or acquired
	Genuity	Canaccord Genuity Australia	CSHP	Eden Financial	Hargreave Hale	Software
Brand names	indefinite	n/a	n/a	n/a	n/a	n/a
Customer relationships	11 years	5 years	8 to 24 years	8 years	11.5 to 12.5 years	n/a
Non-competition agreements	5 years	4.5 years	n/a	n/a	n/a	n/a
Technology	n/a	n/a	3 years	n/a	n/a	10 years
Fund management contract	n/a	n/a	n/a	n/a	10.5 years	n/a

IMPAIRMENT TESTING OF GOODWILL AND INDEFINITE LIFE INTANGIBLE ASSETS

The carrying amounts of goodwill and indefinite life intangible assets acquired through business combinations have been allocated to the cash-generating units (CGUs) as follows:

	Intangible assets with indefinite lives		Goodwill		Total	
	December 31, 2017	March 31, 2017	**December 31, 2017**	March 31, 2017	**December 31, 2017**	March 31, 2017
Canaccord Genuity						
Canada	$ 44,930	$ 44,930	$ 92,074	$ 92,074	$ 137,004	$ 137,004
Canaccord Genuity Wealth Management						
UK and Europe (Channel Islands)	—	—	91,476	90,257	91,476	90,257
UK and Europe (Eden Financial Ltd (“Eden”))	—	—	10,070	9,935	10,070	9,935
UK and Europe (Hargreave Hale)	—	—	53,700	—	53,700	—
	$ 44,930	$ 44,930	$ 247,320	$ 192,266	$ 292,250	$ 237,196

The Genuity brand name is considered to have an indefinite life as the Company has no plans to cease its use in the future.

Goodwill and intangible assets with indefinite lives are tested for impairment annually at March 31, and when circumstances indicate the carrying value may potentially be impaired. If any indication of impairment exists, the Company estimates the recoverable amount of the CGU to which goodwill and indefinite life intangible assets are allocated. Where the carrying amount of a CGU exceeds its recoverable amount, an impairment loss is recognized. Any impairment loss first reduces the carrying amount of any goodwill allocated to the CGUs and then if any impairment loss remains, the other assets of the unit are reduced on a pro rata basis. Impairment losses relating to goodwill cannot be reversed in future periods. The Company considers the relationship between its market capitalization and the book value of its equity, among other factors, when reviewing for indicators of impairment. Consequently, interim goodwill and other assets impairment testing was carried out for all applicable CGUs at December 31, 2017.

In accordance with IAS 36, "Impairment of Assets" (IAS 36), the recoverable amounts of the CGUs' net assets have been determined using fair value less costs to sell (FVLCS) calculations, which are based on future cash flow assumptions considered to be appropriate for the purposes of such calculations. In accordance with IFRS 13 fair value represents an estimate of the price at which an orderly transaction to sell an asset or transfer a liability would take place between market participants as at the end of the reporting period under market conditions as at that date (an exit price as at the measurement date). There is a material degree of uncertainty with respect to the estimates of the recoverable amounts of the CGUs' net assets given that these estimates involve making key assumptions about the future. In making such assumptions, management has used its best estimate of future economic and market conditions within the context of the Company's capital markets and wealth management activities. These valuations are categorized as Level 3 in the fair value hierarchy.

The FVLCS calculations are based on assumptions, as described above, made in connection with future cash flows, relief of royalties with respect to the brand name indefinite life intangible asset, terminal growth rates and discount rates. In order to estimate the FVLCS for each CGU, cash flows are forecast over a five-year period, a terminal growth rate is applied and then such cash flows are discounted to their present value. The discount rate is based on the specific circumstances of each CGU and is derived from the estimated weighted average cost of capital of the Company. The CGUs which record goodwill in their carrying value as of December 31, 2017 were Canaccord Genuity, Canada and Canaccord Genuity Wealth Management UK & Europe (Channel Islands), UK (Eden) and UK (Hargreave Hale). The discount rate utilized for each of these CGUs for the purposes of these calculations was 12.5% [March 31, 2017 – 12.5%]. Cash flow estimates for each of these CGUs were based on management assumptions as described above and utilized a five-year compound annual revenue growth rate of 5.0% [March 31, 2017 – 5.0%] as well as estimates in respect of operating margins. The terminal growth rate used for each of Canaccord Genuity, Canada and Canaccord Genuity Wealth Management UK & Europe (Channel Islands), UK (Eden) UK (Hargreave Hale) was 2.5% [March 31, 2017 – 2.5%].

Sensitivity testing was conducted as part of the impairment test of goodwill and indefinite life intangible assets for the Canaccord Genuity – Canada CGU. The sensitivity testing includes assessing the impact that reasonably possible declines in revenue estimates for the 12-month period ending on December 31, 2018, declines in growth rates after that period and increases in the discount rates would have on the recoverable amounts of the CGUs, with other assumptions being held constant. An increase of the discount rate of 2.2 percentage points, a decrease in the estimated revenue for the 12-month period ending December 31, 2018 of $12.0 million or a decrease in the five-year compound annual growth of 6.1 percentage points may result in the estimate of the recoverable amount declining below the carrying value with the result that an impairment charge may be required. Any such impairment charge would be determined after incorporating the effect of any changes in key assumptions including any consequential effects of such changes on estimated operating income and on other factors.

NOTE 10 Income Taxes

The Company's income tax expense differs from the amount that would be computed by applying the combined federal and provincial/state income tax rates as a result of the following:

	For the three months ended		For the nine months ended	
	December 31, 2017	December 31, 2016	**December 31, 2017**	December 31, 2016
Income taxes at the statutory rate (F2018: 26.0%; F2017: 26.0%)	**$ 12,188**	$ 1,491	**$ 9,890**	$ 4,274
Difference in tax rates in foreign jurisdictions	**531**	(795)	**(1,892)**	(1,455)
Non-deductible items affecting the determination of taxable income	**170**	1,008	**1,247**	2,037
Share based payments	**(3,418)**	(51)	**(593)**	51
Change in accounting and tax base estimate	**(107)**	(24)	**65**	26
Other	**232**	(516)	**(246)**	(1,764)
Impact of change in tax rates on temporary differences	**6,201**	—	**6,201**	—
Tax losses and other temporary differences not recognized (utilization of tax losses previously not recognized)	**(5,512)**	54	**(3,407)**	1,111
Income tax expense – current and deferred	**$ 10,285**	$ 1,167	**$ 11,265**	$ 4,280

NOTE 11 Subordinated Debt

	December 31, 2017	March 31, 2017
Loan payable, interest payable monthly at prime + 4% per annum, due on demand	$ 7,500	$ 7,500

The loan payable is subject to a subordination agreement and may only be repaid with the prior approval of IIROC. As at December 31, 2017 and March 31, 2017, the interest rates for the subordinated debt were 7.2% and 6.7%, respectively. The carrying value of subordinated debt approximates its fair value due to the short-term nature of this liability.

NOTE 12 Bank Loan

	December 31, 2017	March 31, 2017
Loan	$ 67,844	$ —
Less: Unamortized financing fees	(1,085)	—
	66,759	—
Current portion	4,529	—
Long term portion	62,230	—

In connection with the acquisition of Hargreave Hale [Note 8], a subsidiary of the Company entered a senior credit facility in the amount of £40.0 million (C$67.8 million as of December 31, 2017) to finance a portion of the cash consideration. The balance outstanding as of December 31, 2017 net of unamortized financing fees was $66.8 million. The loan is repayable in instalments of principal and interest over a period of 4 years. The interest rate on this loan is LIBOR plus 3.375% per annum.

NOTE 13 Convertible Debentures

	December 31, 2017		March 31, 2017	
	Liability	Equity	Liability	Equity
Convertible debentures	$ 56,916	$ 2,604	$ 56,442	$ 2,604

Terms of the convertible debentures are disclosed in Note 16 of the March 31, 2017 consolidated financial statements.

NOTE 14 Preferred Shares

	December 31, 2017		March 31, 2017	
	Amount	Number of shares	Amount	Number of shares
Series A Preferred Shares issued and outstanding	$ 110,818	4,540,000	$ 110,818	4,540,000
Series C Preferred Shares issued and outstanding	97,450	4,000,000	97,450	4,000,000
Series C Preferred Shares held in treasury	(2,627)	(106,794)	(2,627)	(106,794)
	94,823	3,893,206	94,823	3,893,206
	$ 205,641	8,433,206	$ 205,641	8,433,206

Terms of the Series A and C Preferred Shares are disclosed in Note 17 of the March 31, 2017 consolidated financial statements.

NOTE 15 Common Shares and Warrants

	December 31, 2017		March 31, 2017	
Common shares	Amount	Number of shares	Amount	Number of shares
Issued and fully paid	$ 772,645	113,511,468	$ 772,645	113,511,468
Unvested share purchase loans	(7,519)	(1,347,035)	(9,366)	(1,590,146)
Held for long-term incentive plan (LTIP)	(122,855)	(19,883,112)	(121,830)	(19,141,505)
	$ 642,271	92,281,321	$ 641,449	92,779,817

	December 31, 2017		March 31, 2017	
Warrants	Amount	Number of warrants	Amount	Number of warrants
Warrants issued in connection with private placement	$ 1,975	3,438,412	$ 1,975	3,438,412

The terms of the warrants are disclosed in the March 31, 2017 consolidated financial statements.

[i] AUTHORIZED

Unlimited common shares without par value

[ii] ISSUED AND FULLY PAID

	Number of shares	Amount
Balance, March 31, 2017 and December 31, 2017	113,511,468	$ 722,645

On August 11, 2017, the Company filed a notice to renew the normal course issuer bid (NCIB) to provide the Company with the choice to purchase up to a maximum of 5,675,573 of its common shares during the period from August 15, 2017 to August 14, 2018 through the facilities of the TSX and on alternative trading systems in accordance with the requirements of the TSX. The purpose of the purchase of common shares under the NCIB is to enable the Company to acquire shares for cancellation. The maximum number of shares that may be purchased under the current NCIB represents 5.0% of the Company's outstanding common shares at the time of the notice. There were no shares purchased through this and the previous NCIB between April 1, 2017 and December 31, 2017.

[iii] EARNINGS PER COMMON SHARE

	For the three months ended		For the nine months ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Basic earnings per common share				
Net income attributable to CGGI shareholders	$ 34,432	$ 3,755	$ 24,685	$ 9,217
Preferred shares dividends	(2,351)	(2,540)	(7,242)	(8,539)
Net income available to common shareholders	32,081	1,215	17,443	678
Weighted average number of common shares (number)	92,030,048	91,228,807	92,540,647	90,165,216
Basic earnings per share	$ 0.35	$ 0.01	$ 0.19	$ 0.01
Diluted earnings per common share				
Net earnings available to common shareholders	32,081	1,215	17,443	678
Interest on convertible debentures, net of tax	841	—	—	—
Adjusted net earnings available to common shareholders	32,922	1,215	17,443	678
Weighted average number of common shares (number)	92,030,048	91,228,807	92,540,647	90,165,216
Dilutive effect in connection with LTIP (number)	11,088,472	6,122,601	11,556,062	5,082,858
Dilutive effect in connection with other share-based payment plans (number)	1,263,698	1,295,410	1,286,191	1,302,823
Dilutive effect in connection with convertible debentures (number)	9,230,769	—	—	—
Adjusted weighted average number of common shares (number)	113,612,987	98,646,818	105,382,900	96,550,897
Diluted earnings per common share	$ 0.29	$ 0.01	$ 0.17	$ 0.01

The shares issuable upon conversion of the convertible debentures were included in the diluted earnings per share calculation for the three months ended December 31, 2017. Accordingly, the net earnings available to common shareholders were adjusted by the after tax interest expense related to the convertible debentures recorded during the period. The adjusted weighted average number of common shares also included the dilutive effect in connection with the conversion of the convertible debentures.

The shares issuable upon conversion of the convertible debentures were excluded from the diluted earnings per share calculation for the nine months ended December 31, 2017 as they were anti-dilutive. Given the difference in the accounting treatment of the convertible debentures for the quarterly and year to date diluted earnings per share calculation, the sum of the quarterly diluted earnings per share figures for the first three quarters of fiscal 2018 do not equal to the year to date figure.

NOTE 16 Dividends

COMMON SHARES DIVIDENDS

The Company declared the following common share dividend during the nine months ended December 31, 2017:

Record date	Payment date	Cash dividend per common share	Total common dividend amount
December 1, 2017	December 15, 2017	$ 0.01	$ 1,135
September 1, 2017	September 15, 2017	$ 0.01	$ 1,135
June 16, 2017	July 3, 2017	$ 0.10	$ 11,351

On February 6, 2018, the Board of Directors approved a dividend of $0.01 per common share, payable on March 15, 2018, with a record date of March 2, 2018 [Note 21].

PREFERRED SHARES DIVIDENDS

The Company declared the following preferred shares dividends during the nine months ended December 31, 2017:

Record date	Payment date	Cash dividend per Series A Preferred Share	Cash dividend per Series C Preferred Share	Total preferred dividend amount
December 22, 2017	January 2, 2018	$ 0.24281	$ 0.312060	$ 2,351
September 15, 2017	October 2, 2017	$ 0.24281	$ 0.312060	$ 2,351
June 16, 2017	June 30, 2017	$ 0.24281	$ 0.359375	$ 2,540

On February 6, 2018, the Board approved a cash dividend of $0.24281 per Series A Preferred Share payable on April 2, 2018 to Series A Preferred shareholders of record as at March 16, 2018. [Note 21]

On February 6, 2018, the Board approved a cash dividend of $0.31206 per Series C Preferred Share payable on April 2, 2018 to Series C Preferred shareholders of record as at March 16, 2018. [Note 21]

NOTE 17 Share-based Payment Plans

i. LONG-TERM INCENTIVE PLAN

Under the long-term incentive plan (LTIP), eligible participants are awarded restricted share units (RSUs), which generally vest over three years. Employee benefit trusts (the Trusts) have also been established in Canada, the United States, Channel Islands, Australia and the United Kingdom. The Company or certain of its subsidiaries, as the case may be, fund the Trusts with cash which is used by the trustees to purchase common shares on the open market that will be held in the Trusts until the RSUs vest.

The fair value of the RSUs at the measurement date is based on the purchase price of the shares by the Trusts on the open market and is amortized on a graded or straight-line basis over the vesting period of generally three years.

Total number of RSUs granted during the period were 7,100,298. The weighted average fair value of RSUs granted during the nine-month period ended December 31, 2017 was $4.98 [December 31, 2016 – $4.76].

	Number
Unvested awards outstanding, March 31, 2017	18,179,745
Grants	7,100,298
Vested	(4,415,900)
Forfeitures	(287,494)
Unvested awards outstanding, December 31, 2017	**20,576,649**

	Number
Common shares held by the Trusts, March 31, 2017	19,141,505
Acquired	5,255,670
Released on vesting	(4,514,063)
Common shares held by the Trusts, December 31, 2017	**19,883,112**

ii. SHARE-BASED COMPENSATION EXPENSE

	For the three months ended		For the nine months ended	
	December 31, 2017	December 31, 2016	**December 31, 2017**	December 31, 2016
Long-term incentive plan	**$ 11,712**	$ 9,655	**$ 34,822**	$ 28,969
Forgivable common share purchase loans	**300**	916	**894**	1,325
CSH Inducement Plan	**—**	631	**—**	1,431
Deferred share units (cash-settled)	**595**	45	**342**	(851)
Other	**—**	—	**—**	238
Total share-based compensation expense	**$ 12,607**	$ 11,247	**$ 36,058**	$ 31,112

NOTE 18 Related Party Transactions

Security trades executed by the Company for officers and directors are transacted in accordance with the terms and conditions applicable to all clients. Commission income on such transactions in the aggregate is not material in relation to the overall operations of the Company.

Accounts receivable and accounts payable and accrued liabilities include the following balances with key management personnel:

	December 31, 2017	March 31, 2017
Accounts receivable	**$ 644**	$ 211
Accounts payable and accrued liabilities	**$ 644**	$ 219

NOTE 19 Segmented Information

The Company operates in two industry segments as follows:

Canaccord Genuity – includes investment banking, research and trading activities on behalf of corporate, institutional and government clients as well as principal trading activities in Canada, the UK, Europe and Dubai, Australia and the US. Operations located in Other Foreign Locations under Canaccord Genuity Asia are also included in Canaccord Genuity.

Canaccord Genuity Wealth Management – provides brokerage services and investment advice to retail or institutional clients in Canada, the US, and the UK and Europe.

Corporate and Other includes correspondent brokerage services, interest and foreign exchange revenue and expenses not specifically allocable to Canaccord Genuity or Canaccord Genuity Wealth Management.

The Company's industry segments are managed separately because each business offers different services and requires different personnel and marketing strategies. The Company evaluates the performance of each business based on operating results, without regard to non-controlling interests.

The Company does not allocate total assets, liabilities or equipment and leasehold improvements to the segments. Amortization of tangible assets is allocated to the segments based on the square footage occupied. Amortization of identifiable intangible assets is allocated to the Canaccord Genuity segment, as it relates to the acquisitions of Genuity and the 50% interest in Canaccord Genuity Australia. Amortization of the identifiable intangible assets acquired through the purchase of Collins Stewart Hawkpoint plc (CSHP) is allocated to Canaccord Genuity and Canaccord Genuity Wealth Management segments in the UK and Europe (Channel Islands). Amortization of identifiable intangible assets acquired through the acquisition of Eden Financial Ltd. is allocated to Canaccord Genuity Wealth Management segments in the UK and Europe (Eden Financial Ltd.). Amortization of identifiable intangible assets acquired through the acquisition of Hargreave Hale is allocated to Canaccord Genuity Wealth Management segments in the UK and Europe (Hargreave Hale). There are no significant intersegment revenues. Income taxes are managed on a Company basis and are not allocated to operating segments. All revenue and operating profit is derived from external customers. The Company also does not allocate cash flows by reportable segments.

	For the three months ended							
	December 31, 2017				December 31, 2016			
	Canaccord Genuity	**Canaccord Genuity Wealth Management**	**Corporate and Other**	**Total**	Canaccord Genuity	Canaccord Genuity Wealth Management	Corporate and Other	Total
Revenues, excluding interest revenue	**$ 194,259**	**$ 106,211**	**$ 2,111**	**$ 302,581**	$ 136,385	$ 65,156	$ 2,550	$ 204,091
Interest revenue	**1,944**	**3,162**	**1,755**	**6,861**	883	2,212	922	4,017
Expenses, excluding undernoted	**153,807**	**82,689**	**13,370**	**249,866**	122,064	52,153	17,008	191,225
Amortization	**2,312**	**4,217**	**387**	**6,916**	2,632	2,240	582	5,454
Development costs	**88**	**1,385**	**39**	**1,512**	729	1,972	183	2,884
Interest expense	**1,895**	**1,093**	**1,183**	**4,171**	1,889	(37)	982	2,834
Restructuring costs	**—**	**—**	**—**	**—**	—	—	—	—
Acquisition-related costs	**—**	**—**	**—**	**—**	—	—	—	—
Equity pick up	**—**	**—**	**94**	**94**	—	—	—	—
Income (loss) income before intersegment allocations and income taxes	**38,101**	**19,989**	**(11,207)**	**46,883**	9,954	11,040	(15,283)	5,711
Intersegment allocations	**3,835**	**3,667**	**(7,502)**	**—**	5,016	4,694	(9,710)	—
Income (loss) before income taxes	**$ 34,266**	**$ 16,322**	**$ (3,705)**	**$ 46,883**	$ 4,938	$ 6,346	$ (5,573)	$ 5,711

	For the nine months ended							
	December 31, 2017				December 31, 2016			
	Canaccord Genuity	**Canaccord Genuity Wealth Management**	Corporate and Other	Total	Canaccord Genuity	Canaccord Genuity Wealth Management	Corporate and Other	Total
Revenues, excluding interest revenue	**$ 431,101**	**$ 245,662**	**$ 6,204**	**$ 682,967**	$ 401,964	$ 187,234	$ 7,062	$ 596,260
Interest revenue	**5,768**	**8,225**	**3,837**	**17,830**	2,907	6,544	2,179	11,630
Expenses, excluding undernoted	**385,550**	**193,565**	**36,201**	**615,316**	366,154	151,662	41,882	559,698
Amortization	**7,168**	**8,890**	**1,000**	**17,058**	8,037	6,898	1,084	16,019
Development costs	**473**	**3,855**	**149**	**4,477**	2,180	4,081	573	6,834
Interest expense	**6,853**	**1,373**	**4,121**	**12,347**	7,213	76	1,571	8,860
Restructuring costs	**4,704**	**2,000**	**—**	**6,704**	—	—	—	—
Acquisition-related costs	**—**	**6,548**	**—**	**6,548**	—	—	—	—
Equity pick up	**—**	**—**	**302**	**302**	—	—	—	—
Income (loss) before intersegment allocations and income taxes	**32,121**	**37,656**	**(31,732)**	**38,045**	21,287	31,061	(35,869)	16,479
Intersegment allocations	**12,018**	**12,299**	**(24,317)**	**—**	13,046	12,517	(25,563)	—
Income (loss) before income taxes	**$ 20,103**	**$ 25,357**	**$ (7,415)**	**$ 38,045**	$ 8,241	$ 18,544	$ (10,306)	$ 16,479

For geographic reporting purposes, the Company's business operations are grouped into Canada, the US, the UK, Europe and Dubai, Australia and Other Foreign Locations which is comprised of our Asian operations. The following table presents the revenue of the Company by geographic location (revenue is attributed to geographic areas on the basis of location of the underlying corporate operating results):

	For the three months ended		For the nine months ended	
	December 31, 2017	December 31, 2016	**December 31, 2017**	December 31, 2016
Canada	**$ 126,791**	$ 67,666	**$ 263,889**	$ 208,341
UK, Europe and Dubai	**93,167**	66,560	**230,122**	186,376
United States	**67,384**	61,458	**169,855**	171,577
Australia	**22,117**	12,410	**36,920**	39,352
Other Foreign Locations	**(17)**	14	**11**	2,244
	$ 309,442	$ 208,108	**$ 700,797**	$ 607,890

NOTE 20 Provisions and Contingencies

PROVISIONS

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. At each reporting date, the Company assesses the adequacy of its pre-existing provisions and adjusts the amounts as necessary. The following is a summary of the changes during the nine months ended December 31, 2017:

	Legal provisions	Restructuring provisions	Total provisions
Balance, March 31, 2017	**$ 6,940**	**$ 4,853**	**$ 11,793**
Additions	**1,939**	**6,704**	**8,643**
Utilized	**(4,046)**	**(5,343)**	**(9,389)**
Recoveries	**(400)**	**—**	**(400)**
Balance, December 31, 2017	**$ 4,433**	**$ 6,214**	**$ 10,647**

The restructuring provision recorded during the period ended December 31, 2017 related to termination benefits incurred as a result of the closing of certain trading operations in our UK and Europe capital markets operations, staff reductions in our Canadian and US capital markets operations, as well as an onerous lease provision and other integration costs related to the acquisition of Hargreave Hale.

Commitments, litigation proceedings and contingent liabilities

In the normal course of business, the Company is involved in litigation, and as of December 31, 2017, it was a defendant in various legal actions. The Company has established provisions for matters where payments are probable and can be reasonably estimated. While the outcome of these actions is subject to future resolution, management's evaluation and analysis of these actions indicate that, individually and in the aggregate, the probable ultimate resolution of these actions will not have a material effect on the financial position of the Company.

The Company is also subject to asserted and unasserted claims arising in the normal course of business which, as of December 31, 2017, have not resulted in the commencement of legal actions. The Company cannot determine the effect of all asserted and unasserted claims on its financial position; however, where losses arising from asserted and unasserted claims are considered probable and where such losses can be reasonably estimated, the Company has recorded a provision.

There were no additional changes to the Company's commitments or contingencies from those described in Notes 25 and 26 of the March 31, 2017 consolidated financial statements and Note 21 of the interim condensed consolidated financial statements as at and for the period ended September 30, 2017.

NOTE 21 Subsequent Events

i. DIVIDENDS

On February 6, 2018, the Board of Directors approved a dividend of $0.01 per common share, payable on March 15, 2018, with a record date of March 2, 2018 [Note 16].

On February 6, 2018, the Board of Directors approved the following cash dividends: $0.24281 per Series A Preferred Share payable on April 2, 2018 with a record date of March 16, 2018; and $0.31206 per Series C Preferred Share payable on April 2, 2018 with a record date of March 16, 2018. [Note 16].

Shareholder Information

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Stock Exchange Listing

Common shares:
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Preferred shares:
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Series C (TSX): CF.PR.C.

Corporate Website

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The Canaccord Genuity Group Inc. 2017 Annual Report is available on our website at www.canaccordgenuitygroup.com. For a printed copy, please contact the Investor Relations department.

Expected Dividend(1) and Earnings Release Dates for the Next Four Quarters

	Expected earnings release date	Preferred dividend record date	Preferred dividend payment date	Common dividend record date	Common dividend payment date
Q4/18	June 6, 2018	June 22, 2018	July 3, 2018	June 22, 2018	July 3, 2018
Q1/19	August 1, 2018	September 14, 2018	October 1, 2018	August 31, 2018	September 10, 2018
Q2/19	November 6, 2018	December 14, 2018	December 31, 2018	November 30, 2018	December 10, 2018
Q3/19	February 7, 2019	March 15, 2019	April 1, 2019	March 1, 2019	March 15, 2019

(1) Dividends are subject to Board of Directors approval. All dividend payments will depend on general business conditions and the Company's financial conditions, results of operations, capital requirements and such other factors as the Board determines to be relevant.

Shareholder Administration

For information about stock transfers, address changes, dividends, lost stock certificates, tax forms and estate transfers, contact:

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Offers enrolment for self-service account management for registered shareholders through the Investor Centre.

Financial Information

For present and archived financial information, please visit www.canaccordgenuitygroup.com

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