



# Canaccord Genuity Group Inc.

## Supplementary Financial Information

Fourth Quarter Fiscal 2014

**For the period ended March 31, 2014**

(Unaudited and in Canadian dollars)

### Investor Relations Department

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**Advisory note:**

This document is not audited and should be read in conjunction with the Annual Report dated June 3, 2014. Canaccord's fiscal year end is defined as March 31st of each year. Canaccord's fourth quarter 2014 ended March 31, 2014 is also referred to as Q4/14 in the following disclosure.

**International Financial Reporting Standards:**

As required by the Canadian Accounting Standards Board (AcSB), the Company adopted International Financial Reporting Standards (IFRS) effective April 1, 2011. Beginning the quarter ended June 30, 2011, all financial information provided are in accordance with International Financial Reporting Standards except for non-IFRS measures. Comparative financial information for the four quarters of fiscal 2011 has been restated and presented in accordance with IFRS. All financial information provided prior to Q1/11 is in accordance with Canadian Generally Accepted Accounting Principles (CGAAP).

**Non-IFRS and Non-GAAP measures:**

Certain non-IFRS and non-GAAP measures are utilized by the Company as measures of financial performance. Non-IFRS and non-GAAP 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 and non-GAAP measures included are: income (loss) before intersegment allocations and income taxes, supplementary information excluding significant items, return on average common equity (ROE), book value per diluted common share, assets under administration (AUA), assets under management (AUM), compensation expenses as % of revenue, non-compensation expenses as % of revenue, common dividend yield, common dividend payout ratio, total shareholder return, price to earnings multiple (P/E), price to book ratio (P/B), and WM fee-related revenue.

**Currency:**

Unless otherwise specified, all currencies are in thousands of Canadian dollars.





















**Corporate and Other segment  
Condensed Statement of Operations**

(Unaudited, for the period ended)  
(in thousands of dollars) <sup>(1)</sup>

	Q4/14 vs. Q4/13		Q4/14					Q4/13					FY14 vs FY13		FY14					
	Increase (decrease)		IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	CGAAP
<b>Revenue</b>																				
Canada	(3,192)	(63.3)%	1,853	4,988	6,372	2,205	5,045	4,535	10,003	4,894	10,101	(9,059)	(37.0)%	15,418	24,477	30,097	31,938	26,933	26,933	
	(3,192)	(63.3)%	1,853	4,988	6,372	2,205	5,045	4,535	10,003	4,894	10,101	(9,059)	(37.0)%	15,418	24,477	30,097	31,938	26,933	26,933	
<b>Expenses</b>																				
Non-share based incentive compensation	2,075	97.1%	4,212	3,195	866	776	2,137	2,260	97	219	2,591	4,336	92.0%	9,049	4,713	7,348	23,083	12,870	12,870	
Share based incentive compensation	21	6.7%	334	140	269	141	313	433	(51)	(377)	91	566	178.0%	884	318	1,791	(1,621)	2,420	2,420	
Incentive compensation <sup>(14)</sup>	2,096	85.6%	4,546	3,335	1,135	917	2,450	2,693	46	(158)	2,682	4,902	97.4%	9,933	5,031	9,139	21,462	15,290	15,290	
Salaries and benefits	(82)	(1.1)%	7,436	6,892	6,709	7,393	7,518	6,990	7,062	8,131	7,918	(1,271)	(4.3)%	28,430	29,701	30,671	30,173	25,912	25,912	
Trading costs	(3,889)	n.m.	(3,477)	(3,342)	(3,416)	(2,996)	412	379	288	367	378	(14,677)	n.m.	(13,231)	1,446	1,485	1,997	2,089	2,089	
Premises and equipment	(237)	(16.9)%	1,169	1,294	1,217	1,306	1,406	1,377	1,064	1,086	1,368	53	1.1%	4,986	4,933	5,375	6,731	4,564	4,564	
Communication and technology	106	9.5%	1,223	1,215	1,261	850	1,117	1,175	1,173	1,289	1,194	(205)	(4.3)%	4,549	4,754	4,773	4,315	4,583	4,583	
Interest	(135)	(26.0)%	385	559	379	368	520	381	364	541	378	(115)	(6.4)%	1,691	1,806	1,536	1,535	1,391	1,391	
General and administrative	(1,060)	(32.8)%	2,169	3,309	2,778	3,085	3,229	2,825	1,268	1,787	5,300	2,232	24.5%	11,341	9,109	16,000	15,650	14,446	14,446	
Amortization	(281)	(39.9)%	424	478	414	466	705	498	385	382	365	(188)	(9.5)%	1,782	1,970	1,623	1,582	1,470	1,470	
Development costs	(78)	(15.5)%	426	373	382	426	504	488	509	487	495	(381)	(19.2)%	1,607	1,988	1,984	2,319	4,292	4,292	
Restructuring costs	-	-	-	-	-	-	-	-	900	-	275	(900)	(100.0)%	-	900	5,275	-	-	-	
Acquisition-related costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,513	-	-	-	
	(3,560)	(19.9)%	14,301	14,113	10,859	11,815	17,861	16,806	13,059	13,912	20,353	(10,550)	(17.1)%	51,088	61,638	79,374	85,764	74,037	74,037	
<b>Loss before intersegment allocations and income taxes</b>	368	2.9%	(12,448)	(9,125)	(4,487)	(9,610)	(12,816)	(12,271)	(3,056)	(9,018)	(10,252)	1,491	4.0%	(35,670)	(37,161)	(49,277)	(53,826)	(47,104)	(47,104)	
Intersegment allocations	1,742	16.4%	(8,879)	(8,738)	(6,895)	(8,744)	(10,621)	(11,097)	(11,740)	(12,339)	(13,694)	12,541	27.4%	(33,256)	(45,797)	(47,604)	(47,507)	(45,355)	(45,355)	
<b>Income (loss) before income taxes</b>	(1,374)	(62.6)%	(3,569)	(387)	2,408	(866)	(2,195)	(1,174)	8,684	3,321	3,442	(11,050)	(128.0)%	(2,414)	8,636	(1,673)	(6,319)	(1,749)	(1,749)	
Number of employees	(16)	(4.8)%	316	319	320	323	332	332	343	376	378	(16)	(4.8)%	316	332	378	373	364	364	

**Supplementary Information Excluding Significant Items (Non-IFRS and Non-GAAP) <sup>(16)</sup>**

(in thousands of dollars)

	Q4/14 vs. Q4/13		Q4/14					Q4/13					FY14 vs FY13		FY14				
	Increase (decrease)		IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
Revenue	(3,192)	(63.3)%	1,853	4,988	6,372	2,205	5,045	4,535	10,003	4,894	10,101	(9,059)	(37.0)%	15,418	24,477	30,097	31,938	26,933	26,933
Total expenses	(3,560)	(19.9)%	14,301	14,113	10,859	11,815	17,861	16,806	12,159	13,912	20,078	(9,650)	(15.9)%	51,088	60,738	72,586	85,764	74,037	74,037
Loss before intersegment allocations and income taxes	368	2.9%	(12,448)	(9,125)	(4,487)	(9,610)	(12,816)	(12,271)	(2,156)	(9,018)	(9,977)	591	1.6%	(35,670)	(36,261)	(42,489)	(53,826)	(47,104)	(47,104)
Income (Loss) before income taxes	(1,374)	(62.6)%	(3,569)	(387)	2,408	(866)	(2,195)	(1,174)	9,584	3,321	3,717	(11,950)	(125.3)%	(2,414)	9,536	5,115	(6,319)	(1,749)	(1,749)

Note: Please find notes on Page 13.

Canaccord Group of Companies

Condensed Consolidated Statement of Financial Position <sup>(26)</sup>

(Unaudited, for the period ended)  
(in thousands of dollars)

	Q4/14 vs. Q4/13		Q4/14				Q4/13				Q4/12	FY14	FY13	FY12	FY11	FY10	
	Increase (decrease)		IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	CGAAP
<b>Assets</b>																	
Cash and cash equivalents	(126,716)	(25.8)%	364,296	357,713	360,172	380,869	491,012	555,960	575,367	644,027	814,238	364,296	491,012	814,238	954,068	731,852	
Securities owned	218,864	23.7%	1,143,201	1,143,898	929,247	1,426,328	924,337	1,453,470	1,087,334	1,214,424	1,171,988	1,143,201	924,337	1,171,988	947,185	362,755	
Accounts receivable	271,940	10.8%	2,785,898	1,912,423	2,268,642	2,843,247	2,513,958	2,280,064	2,750,879	2,548,117	3,081,640	2,785,898	2,513,958	3,081,640	2,828,812	1,972,924	
Income taxes recoverable	3,983	n.m.	3,983	1,755	3,405	3,276	-	-	15,120	15,866	8,301	3,983	-	8,301	-	-	
Deferred tax assets	(2,817)	(22.4)%	9,735	9,322	10,877	9,938	12,552	8,550	6,077	6,735	3,959	9,735	12,552	3,959	1,503	13,190	
Investments	6,282	170.0%	9,977	9,491	9,267	4,113	3,695	3,276	3,247	9,488	9,493	9,977	3,695	9,493	5,934	5,000	
Investment in asset backed commercial paper	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Equipment and leasehold improvements	7,996	18.6%	50,975	50,390	41,306	42,293	42,979	46,613	48,013	49,678	51,084	50,975	42,979	51,084	40,818	38,127	
Goodwill and other intangibles	31,588	5.1%	646,557	637,928	622,766	617,369	614,969	629,268	616,444	617,503	622,020	646,557	614,969	622,020	319,180	-	
<b>Total assets</b>	<b>411,120</b>	<b>8.9%</b>	<b>5,014,622</b>	<b>4,122,920</b>	<b>4,245,682</b>	<b>5,327,433</b>	<b>4,603,502</b>	<b>4,977,201</b>	<b>5,102,481</b>	<b>5,105,838</b>	<b>5,762,723</b>	<b>5,014,622</b>	<b>4,603,502</b>	<b>5,762,723</b>	<b>5,097,500</b>	<b>3,123,848</b>	
<b>Liabilities and equity</b>																	
Bank indebtedness	(66,138)	(100.0)%	-	85,080	83,430	84,185	66,138	-	29,475	84,536	75,141	-	66,138	75,141	13,580	29,435	
Short term credit facility	-	-	-	-	-	-	-	-	-	-	150,000	-	-	150,000	-	-	
Securities sold short	224,893	32.6%	913,913	816,037	718,815	1,215,685	689,020	1,193,043	847,665	1,036,535	914,649	913,913	689,020	914,649	722,613	364,137	
Accounts payable, accrued liabilities and other	141,477	5.2%	2,888,267	2,064,779	2,317,668	2,915,765	2,746,790	2,681,775	3,150,580	2,887,434	3,590,266	2,888,267	2,746,790	3,590,266	3,557,275	2,308,146	
Income taxes payable	6,394	144.4%	10,822	-	-	-	4,428	2,494	-	-	-	10,822	4,428	-	23,977	5,385	
Contingent consideration	(14,218)	(100.0)%	-	5,988	14,288	14,218	14,218	14,218	6,000	-	-	-	14,218	-	-	-	
Deferred tax liabilities	452	17.5%	3,028	4,530	1,493	1,711	2,576	3,575	3,872	7,482	8,088	3,028	2,576	8,088	8,163	-	
Subordinated debt	-	-	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	
Non-controlling interests <sup>(28)</sup>	(1,257)	(7.8)%	14,912	12,110	12,375	12,244	16,169	15,913	16,047	16,882	17,454	14,912	16,169	17,454	-	-	
Shareholders' equity	119,517	11.4%	1,168,680	1,119,396	1,082,613	1,068,625	1,049,163	1,051,183	1,033,842	1,057,969	992,125	1,168,680	1,049,163	992,125	756,892	401,745	
<b>Total liabilities and equity</b>	<b>411,120</b>	<b>8.9%</b>	<b>5,014,622</b>	<b>4,122,920</b>	<b>4,245,682</b>	<b>5,327,433</b>	<b>4,603,502</b>	<b>4,977,201</b>	<b>5,102,481</b>	<b>5,105,838</b>	<b>5,762,723</b>	<b>5,014,622</b>	<b>4,603,502</b>	<b>5,762,723</b>	<b>5,097,500</b>	<b>3,123,848</b>	

Note: Please find notes on Page 13.

**Miscellaneous operational statistics**

(Unaudited, for the period ended)

	Q4/14 vs. Q4/13		Q4/14								FY14					
	Increase (decrease)		Q4/14	Q3/14	Q2/14	Q1/14	Q4/13	Q3/13	Q2/13	Q1/13	Q4/12	FY14	FY13	FY12	FY11	FY10
<b>Number of employees in Canada</b>																
Number in Canaccord Genuity	(7)	(3.2)%	215	214	215	221	222	224	225	239	247	215	222	247	268	203
Number in Canaccord Genuity Wealth Management	(41)	(8.9)%	420	425	430	448	461	493	617	662	684	420	461	684	684	680
Number in Corporate and Other	(16)	(4.8)%	316	319	320	323	332	332	343	376	378	316	332	378	373	364
Total Canada	(64)	(6.3)%	951	958	965	992	1,015	1,049	1,185	1,277	1,309	951	1,015	1,309	1,325	1,247
<b>Number of employees in UK and Europe</b>																
Number in Canaccord Genuity	(28)	(7.0)%	372	361	385	388	400	424	420	427	461	372	400	461	143	138
Number in Canaccord Genuity Wealth Management	-	-	294	294	287	289	294	298	262	267	276	294	294	276	-	-
<b>Number of employees in US</b>																
Number in Canaccord Genuity	33	13.0%	286	279	275	264	253	259	252	304	302	286	253	302	175	163
<b>Number of employees in Other Foreign Locations</b>																
Number in Canaccord Genuity	5	6.0%	89	90	90	88	84	85	81	82	80	89	84	80	41	1
Number in Canaccord Genuity Wealth Management	(2)	(14.3)%	12	12	10	10	14	14	15	11	-	12	14	-	-	-
<b>Number of employees firm wide <sup>(23)</sup></b>	(56)	(2.7)%	2,004	1,994	2,012	2,031	2,060	2,129	2,215	2,368	2,428	2,004	2,060	2,428	1,684	1,549
<b>Number of Advisory Teams in Canada <sup>(19)</sup></b>	(18)	(10.1)%	160	163	163	173	178	184	231	269	280	160	178	280	271	303
<b>Number of licenced professionals in Canada</b>	(58)	(11.7)%	436	441	446	472	494	483	553	604	604	436	494	604	645	718
<b>Number of investment professionals and fund managers in UK and Europe <sup>(31)</sup></b>	(4)	(3.3)%	118	119	115	119	122	119	96	98	106	118	122	106	-	-
<b>Number of Advisors - Australia</b>	(3)	(25.0)%	9	9	8	7	12	11	11	10	-	9	12	-	-	-
<b>Assets under mgmt. (discretionary) (\$millions) - Canada <sup>(2)</sup></b>	369	44.2%	1,204	1,070	935	880	835	791	784	709	677	1,204	835	677	546	445
<b>Assets under admin. (\$millions) - Canada <sup>(2)</sup></b>	(269)	(2.6)%	10,160	9,536	9,427	9,325	10,429	11,403	13,344	13,137	14,828	10,160	10,429	14,828	16,985	12,922
<b>Assets under mgmt. (\$millions) - UK and Europe <sup>(3)</sup></b>	4,220	26.5%	20,156	18,984	17,655	16,125	15,936	15,228	13,122	12,583	13,087	20,156	15,936	13,087	-	-
<b>Assets under mgmt. (\$millions) - Australia <sup>(2)</sup></b>	104	23.1%	555	463	411	360	451	408	354	305	-	555	451	-	-	-
<b>Total</b>	4,055	15.1%	30,871	28,983	27,493	25,810	26,816	27,039	26,820	26,025	27,915	30,871	26,816	27,915	16,985	12,922
<b>Number of companies with Canaccord Genuity Limited as Broker</b>																
London Stock Exchange (LSE)	(3)	(5.5)%	52	53	55	57	55	61	71	75	52	52	55	52	26	23
Alternative Investment Market (AIM)	(13)	(23.2)%	43	46	50	51	56	62	65	68	77	43	56	77	39	43
Total Broker	(16)	(14.4)%	95	99	105	108	111	123	136	143	129	95	111	129	65	66
<b>Number of companies with Canaccord Genuity Limited as Nomad <sup>(22)</sup></b>																
LSE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	1
AIM	(12)	(26.7)%	33	36	40	43	45	50	52	53	62	33	45	62	30	35
Total Nomad	(12)	(26.7)%	33	36	40	43	45	50	52	53	62	33	45	62	31	36

n.m. not meaningful

Note: Please find notes on Page 13.

**Canaccord Group of Companies  
Notes**

- (1) Financial results are expressed in C\$ thousands, except for assets under administration, assets under management, preferred share information, common share information, financial measures, number of employees, number of Advisory Teams, number of Advisors, number of investment professionals and fund managers, and number of licensed professionals.
- (2) Assets under management in Canada are assets managed on discretionary basis under our programs generally described as or known as the *Complete Canaccord Investment Counseling Program* and the *Complete Canaccord Private Investment Management Program* offered by Canaccord. Assets under administration in Canada is the market value of client assets administered by Canaccord, from which Canaccord earns commissions or fees. Assets under management in Australia is the market value of client assets managed and administered by Canaccord, from which Canaccord earns commissions or fees.
- (3) Assets under administration in the UK and Europe is the market value of client assets managed and administered by Canaccord, from which Canaccord earns commissions or fees. This measure includes both discretionary and non-discretionary accounts.
- (4) Book value per diluted share is calculated as total common shareholders' equity divided by the number of diluted shares outstanding and commencing in Q1/14 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.
- (5) Excludes shares relating to share purchase loans for recruitment and retention programs and unvested shares purchased by employee benefit trust for LTIP, and excludes shares held in treasury purchased through the NCIB to be cancelled.
- (6) Includes shares relating to share purchase loans for recruitment and retention programs and unvested shares purchased by employee benefit trust for LTIP, and includes shares held in treasury purchased through the NCIB to be cancelled.
- (7) This is the diluted common share number used to calculate book value per diluted share; includes amounts in respect of unvested share awards pursuant to share-based payment plans and, commencing in Q1/14, 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) This is the diluted common share number used to calculate diluted EPS. For periods with net losses, all instruments involving potential common shares were excluded from the calculation of diluted earnings per share as they were anti-dilutive.
- (9) Special distributions per share and dividends per preferred share are not included in the dividend yield and dividend payout calculations.
- (10) Total shareholder return is calculated as the change in share price plus dividends paid to common shares and special distributions paid in the current period as a percentage of the prior period's closing share price, assuming reinvestment of all dividends.
- (11) ROE is presented on an annualized basis. Quarterly annualized ROE is calculated by dividing the annualized net income for the three month period over the average common shareholders' equity.
- (12) The price to earnings multiple is calculated based on the end of period share price and 12-month trailing diluted EPS.
- (13) The price to book ratio is calculated based on the end of period share price and common shareholder's equity per diluted common share.
- (14) Compensation in the form of restricted share units to be amortized over the vesting period has been reclassified from share-based compensation expense to non-share based compensation expense commencing Q1/14.
- (15) Total compensation expense includes incentive compensation and salaries and benefits, but excludes hiring incentives and development group salary and benefits, which are included in development costs. Development group salary and benefits have been reclassified to salaries and benefits expense line starting in Q1/11.
- (16) Significant items include ABCP fair value adjustment, Canaccord relief program, restructuring costs, and acquisition-related expense items. Acquisition-related expense items include acquisition-related costs and amortization of intangible assets.
- (17) Canaccord's UK and Europe operations include activities related to capital markets and wealth management activities in the United Kingdom and Europe. Operating results from former CSHP entities have been included since March 22, 2012.
- (18) Fee-based revenue includes fees earned in separately managed, advisor managed and fee-based accounts. We are also including mutual fund and segregated fund trailer revenue in this calculation. This method of calculating fee-based revenue may differ from approaches used by other companies and therefore may not be comparable.
- (19) 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 licenced 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.
- (20) Canaccord's Canadian operations include activities related to Canadian Wealth Management, capital markets activities in Canada delivered through Canaccord Genuity (a division of Canaccord Genuity Corp., our principal Canadian operating subsidiary), and Canadian Corporate and Other operations.
- (21) Canaccord's US operations include activities related to US Wealth Management, delivered through Canaccord Genuity Wealth Management (USA), Inc., and US capital markets operations, delivered through Canaccord Genuity Inc. and Canaccord Securities LLC. US Other operations, also delivered through Canaccord Genuity Wealth Management (USA), Inc., include revenue and expenses not specifically allocable to US Canaccord Genuity Wealth Management and US Canaccord Genuity.
- (22) A company listed on AIM is required to retain a Nominated Adviser (commonly referred to as Nomad) during the company's life on the market. Nominated Advisers are responsible, amongst other duties, for warranting that a company is appropriate for joining AIM.
- (23) The employee count excludes temporary employees and those on long term disability but includes employees on leave of absence.
- (24) Canaccord Genuity's facilitation losses, which are included as part of commission revenue, are disclosed separately beginning Q1/11 as part of our transition to IFRS.
- (25) Revenue derived from capital markets activity outside of Canada, the US and UK and Europe is reported as Other Foreign Locations, which includes revenue from Canaccord Genuity (Barbados) Ltd. (formerly Canaccord International Ltd.), Canaccord Genuity Asia, our 50% interest in Canaccord Genuity (Australia) Limited (formerly Canaccord BGF), and Canaccord Singapore Pte. Ltd. Operating results of Canaccord Singapore Pte. Ltd have been included since March 22, 2012.
- (26) In accordance with IFRS 10 "Consolidated financial statements", the financial position, operating results and cash flows of Canaccord Genuity and Wealth Management's operations in Australia are fully consolidated, and a 50% non-controlling interest has been recognized, which represents the portion of the net identifiable assets in Australia since November 1, 2011 attributable to non-controlling shareholders. Canaccord BGF was rebranded to Canaccord Genuity and Canaccord Genuity Wealth Management starting on July 16, 2012.
- (27) Includes wealth management operations in Australia. Results for wealth management operations in Australia have been included starting April 1, 2012.
- (28) Investment professionals include all staff with direct sales responsibilities, which include brokers and assistants with direct client contacts. Fund managers include all staff who manage client assets.
- (29) Result of former CSHP Wealth Management group since March 22, 2012 and the wealth management business of Eden Financial Ltd. since October 1, 2012 are included.
- (30) Canaccord Genuity generates commission revenue only.