CANACCORD Genuity

FIRST QUARTER

Fiscal 2016 Report to Shareholders

To us there are no foreign markets.™

Canaccord Genuity Group Inc. Reports First Quarter Fiscal 2016 Results

Excluding significant items, first quarter earnings per common share of $0.10[1]

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

TORONTO, August 4, 2015 – During the first quarter of fiscal 2016, the quarter ended June 30, 2015, Canaccord Genuity Group Inc. (Canaccord, the Company, TSX: CF, LSE: CF.) generated $214.5 million in revenue. Excluding significant items[1], the Company recorded net income of $13.3 million or net income of $9.5 million attributable to common shareholders[2] (earnings per common share of $0.10). Including all expense items, on an IFRS basis, the Company recorded net income of $11.0 million or net income attributable to common shareholders[2] of $7.4 million (earnings per common share of $0.08).

''The steps we have taken to reduce costs across our business were evident in our first quarter results, as we returned to profitability,'' said David Kassie, Chairman and CEO of Canaccord Genuity Group Inc. "We continue to focus on improving operating efficiencies and growing our recurring revenue streams across our global business, to deliver long-term value for clients and our shareholders."

First Quarter of Fiscal 2016 vs. First Quarter of Fiscal 2015

- Revenue of $214.5 million, a decrease of 13% or $31.1 million from $245.6 million
- Excluding significant items, expenses of $199.1 million, a decrease of 8% or $16.8 million from $215.9 million[1]
- Expenses of $202.0 million, a decrease of 9% or $20.3 million from $222.3 million
- Excluding significant items, diluted earnings per common share (EPS) of $0.10 compared to diluted EPS of $0.20[1]
- Excluding significant items, net income of $13.3 million compared to net income of $24.0 million[1]
- Net income of $11.0 million compared to net income of $18.9 million
- Diluted EPS of $0.08 compared to diluted EPS of $0.15

First Quarter of Fiscal 2016 vs Fourth Quarter of Fiscal 2015

- Revenue of $214.5 million, a decrease of 8% or $18.0 million from $232.5 million
- Excluding significant items, expenses of $199.1 million, a decrease of 10% or $20.9 million from $220.0 million[1]
- Expenses of $202.0 million, a decrease of 23% or $58.8 million from $260.8 million
- Excluding significant items, diluted EPS of $0.10 compared to diluted EPS of $0.05[1]
- Excluding significant items, net income of $13.3 million compared to net income of $8.8 million[1]
- Net income of $11.0 million compared to a net loss of $26.3 million
- Diluted EPS of $0.08 compared to a diluted loss per common share of $0.33

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Financial Condition at End of First Quarter Fiscal 2016 vs. Fourth Quarter Fiscal 2015

- Cash and cash equivalents balance of $424.6 million, up $102.2 million from $322.3 million
- Working capital of $432.6 million, an increase of $5.4 million from $427.2 million
- Total shareholders' equity of $1.128 billion, up $10.4 million from $1.118 billion
- Book value per diluted common share of $8.34, down $0.36 from $8.71(3)
- On August 4, 2015, the Board of Directors approved a quarterly dividend of $0.05 per common share payable on September 10, 2015 with a record date of August 28, 2015.
- On August 4, 2015, the Board of Directors also approved a cash dividend of $0.34375 per Series A Preferred Share payable on September 30, 2015 with a record date of September 18, 2015, and a cash dividend of $0.359375 per Series C Preferred Share payable on September 30, 2015 to Series C Preferred shareholders of record as at September 18, 2015.

Summary of Operations

CORPORATE

- On August 4, 2015, the Board of Directors approved the filing of an application to renew the normal course issuer bid ("NCIB") to provide for the ability to purchase, at the Company's discretion, up to a maximum of 5,163,737 common shares through the facilities of the TSX during the period from August 13, 2015 to August 12, 2016. The purpose of any purchases under this program is to enable the Company to acquire shares for cancellation. The maximum number of shares that may be purchased represents 5.0% of the Company's outstanding common shares.

CAPITAL MARKETS

- Canaccord Genuity participated in 79 transactions globally, raising total proceeds of C$11.5 billion(4) during fiscal Q1/16
- Canaccord Genuity led or co-led in 27 transactions globally, raising total proceeds of C$1.7 billion(4) during fiscal Q1/16
- Significant investment banking transactions for Canaccord Genuity during fiscal Q1/16 include:
  - £451.0 million underwritten rights issue for Optimal Payments PLC on AIM in relation to its proposed €1.1 billion acquisition of Skrill Group
  - £227.0 million for Playtech PLC on the LSE
  - US$102.0 million for DP Aircraft I Limited on the LSE
  - US$95.0 million for EMED Mining Public Limited on AIM
  - C$66.1 million for American Hotel Income Properties REIT LP on the TSX
  - C$57.5 million for ProMetic Life Sciences Inc. on the TSX
  - C$49.1 million for Innova Gaming Group Inc. on the TSX
  - AUD$45.0 million for AMA Group Limited on the ASX
  - US$41.4 million for SCYNEXIS, Inc. on NASDAQ
  - £40.0 million for Silence Therapeutics PLC on AIM
  - AUD$36.5 million for AirXpanders Inc. on the ASX
  - US$35.2 million for Pure Multi-Family REIT LP on the TSXV
  - US$35.1 million for BioAmber on the NYSE
  - US$34.8 million for Liopcine Inc. on NASDAQ
  - C$32.9 million for Gaming Nation Inc. on the TSXV
  - AUD$32.3 million for Orocobre Limited on the ASX
  - AUD$24.1 million for Affinity Education Group Limited on the ASX
  - US$21.2 million for Aldeyra Therapeutics Inc. on NASDAQ
  - £20.0 million for Nanoco Group PLC on their admission to the Main Market of the LSE
  - £17.5 million for Tungsten Corporation PLC on AIM
  - £15.8 million for Charles Stanley Group PLC on AIM
- In Canada, Canaccord Genuity participated in raising $174.1 million for government and corporate bond issuances during fiscal Q1/16
- Canaccord Genuity generated advisory revenues of $21.7 million during fiscal Q1/16, a decrease of $11.0 million or 33.7% compared to the same quarter last year

- During fiscal Q1/16, significant M&A and advisory transactions included:
  - Postmedia Network Canada Corporation on their acquisition of Sun Media Corporation
  - GLENTEL Inc. on its sale to BCE Inc.
  - NorthWest Healthcare Properties REIT on the acquisition of NorthWest International Healthcare Properties REIT
  - Barclays, Candlewick Asset Management, Crédit Agriole, and RBS on the disposal of LA Fitness to Pure Gym
  - Playtech PLC on the €458.0 million acquisition of 91.1% of TradeFX Limited
  - Active Private Equity on the sale of Evans Holdings Limited to ECI Partners
  - Hipcricket, Inc. on its Chapter 11 case and Plan of Reorganization
  - Fosun International Limited on its strategic partnership with Ingenico Group
  - PhotoMedex, Inc. on the sale of its XTRAC® and VTRAC® businesses to MELA Sciences, Inc.
  - Payzone Ventures Limited on the disposal of Payzone Ireland
  - Candlewick Asset Management on the disposal of Barbon Holdings

CANACCORD GENUITY WEALTH MANAGEMENT (GLOBAL)

- Globally, Canaccord Genuity Wealth Management generated $66.9 million in revenue in Q1/16
- Assets under administration in Canada and assets under management in the UK & Europe and Australia were $34.3 billion at the end of Q1/16(3)

CANACCORD GENUITY WEALTH MANAGEMENT (NORTH AMERICA)

- Canaccord Genuity Wealth Management (North America) generated $30.9 million in revenue and, after intersegment allocations and before taxes, recorded a net loss of $0.4 million before taxes in Q1/16
- Assets under administration in Canada were $10.6 billion as at June 30, 2015, down 1% from $10.7 billion at the end of the previous quarter and down 3% from $11.0 billion at the end of fiscal Q1/15(3)
- Assets under management in Canada (discretionary) were $1.4 billion as at June 30, 2015, down 9% from $1.6 billion at the end of the previous quarter and up 12% from $1.3 billion at the end of fiscal Q1/15(3)
- Canaccord Genuity Wealth Management had 147 Advisory Teams(5), a decrease of five Advisory Teams from March 31, 2015 and a decrease of 16 from June 30, 2014

CANACCORD GENUITY WEALTH MANAGEMENT (UK & EUROPE)

- Wealth management operations in the UK & Europe generated $34.4 million in revenue and, after intersegment allocations, and excluding significant items, recorded net income of $6.4 million before taxes in Q1/16(1)
- Assets under management (discretionary and non-discretionary) were $22.8 billion (£11.6 billion)(3) as at June 30, 2015

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS measures on pages 4 and 8.
(2) Net income attributable to common shareholders is calculated as the net income adjusted for non-controlling interests and preferred share dividends.
(3) See Non-IFRS measures on pages 4 and 8.
(4) Source: Transactions over $1.5 million. Internally sourced information.
(5) 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, impairment of goodwill and acquisition-related expense items, which include costs recognized in relation to both prospective and completed acquisitions. Book value per diluted common share is calculated as total common shareholders' equity divided by the number of diluted common shares outstanding and, commencing in Q1/14, adjusted for shares purchased under 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]

	Three months ended June 30		Quarter-over-
(C$ thousands, except per share and % amounts)	**2015**	2014	quarter change
Total revenue per IFRS	**$ 214,454**	$ 245,556	(12.7)%
Total expenses per IFRS	**202,007**	222,268	(9.1)%
Significant items recorded in Canaccord Genuity			
Amortization of intangible assets	**1,410**	1,741	(19.0)%
Significant items recorded in Canaccord Genuity Wealth Management			
Amortization of intangible assets	**1,467**	2,240	(34.5)%
Restructuring costs	**—**	783	(100.0)%
Significant items recorded in Corporate and Other			
Restructuring costs	**—**	1,600	(100.0)%
Total significant items	**2,877**	6,364	(54.8)%
Total expenses excluding significant items	**199,130**	215,904	(7.8)%
Net income before income taxes – adjusted	**$ 15,324**	$ 29,652	(48.3)%
Income taxes – adjusted	**2,005**	5,635	(64.4)%
Net income – adjusted	**$ 13,319**	$ 24,017	(44.5)%
Earnings per common share – basic, adjusted	**$ 0.10**	$ 0.22	(54.5)%
Earnings per common share – diluted, adjusted	**$ 0.10**	$ 0.20	(50.0)%

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

Fellow Shareholders:

During the first fiscal quarter of 2016, our business returned to profitability, a result of our recent restructuring initiatives and our commitment to scaling our business to perform under changing market conditions. Excluding significant items, Canaccord Genuity Group earned $13.3 million in net income, an improvement of 51% over the previous three-month period, and our earnings per share doubled to $0.10 per share from $0.05 per share last quarter. Earnings per share, including significant items, for the first fiscal quarter improved to $0.08 from $(0.33) in the previous three- month period.

Continued focus on creating stronger operating efficiencies

Excluding significant items, firm wide expenses as a percentage of revenue for the first fiscal quarter were 93% and non-compensation related expenses as a percentage of revenue were 33%, in-line with our expectations in a weaker revenue environment and a direct result of our initiatives to reduce fixed costs across our business. Our overall compensation ratio during the quarter decreased to 60%, marking a return to more normalized compensation levels across our global operations.

Improving fundamentals in UK & Europe capital markets

During the quarter, our global capital markets business generated revenues of $145 million. Canaccord Genuity participated in 79 transactions, to raise total proceeds of $11.5 billion for global growth companies.

Our global banking and advisory teams successfully completed a number of transactions for long-standing clients of our firm, demonstrating our ability to harness opportunities when broad market fundamentals are supportive. Our ability to consistently deliver value for clients at every stage of the business cycle has made Canaccord Genuity the partner of choice for companies focused on growth.

In the UK, we experienced notable sequential improvement in capital markets activity following the recent national election, a reflection of our strong market position under improving market conditions. For the first fiscal quarter, our capital markets operations in the region recorded a year-over-year increase of 30% in advisory revenues. When compared to the previous three-month period, our investment banking operations in the region increased revenues by 123%, due in part to our role in the £451.0 million underwritten rights issue for Optimal Payments PLC on AIM, in relation to its proposed €1.1 billion acquisition of Skrill Group. As earnings expectations for European equities begin to trend higher, I am confident that our capital markets business in the UK & Europe will continue to drive stronger returns over time.

Volatile market conditions helped our trading operations in the US deliver strong results. This division contributed first quarter revenues of $17.7 million, a year-over-year increase of 32%, with the majority of activity driven by our International Equities Group.

In our Asia-Pacific operations, we were able to increase revenues from commissions and fees by 12% during the quarter, as we further establish our capability in research, sales and trading. While we are hopeful that Chinese markets will begin to stabilize, we have lowered our near-term expectations for advisory activity in the region.

As global growth visibility improves, I am confident that our capital markets business is well positioned to benefit from increasingly positive market sentiment throughout the balance of our fiscal year.

Consistent growth of fee-based assets across our global wealth management business

Our global wealth management operations generated revenues of $65.3 million during our first fiscal quarter. Assets under management at the end of the three-month period amounted to $34.3 billion, an improvement of 7% compared to the same period last year. Notably, pre-tax profit margin in our UK wealth management operations increased by 8 percentage points year-over-year, a testament to the strength of our operations in the region. With our investments in back-office infrastructure complete, we expect continued margin improvement as we pursue aggressive growth for this business.

As a result of our ongoing cost reduction initiatives, we have also reduced expenses in our Canadian wealth management operations by 12% compared to the first quarter of last year. The steps we have taken to improve our advisor and product mix have allowed us to decrease our expenses as a percentage of revenue by 7 percentage points over the past twelve months, and we have reduced losses in this business by 83% compared to the first quarter of last year.

In November, we launched our proprietary asset management product, *GPS Optimized Portfolios*, across our Canadian wealth management business, an initiative that added to our development costs in the last fiscal year. In the absence of this investment, I am pleased to report our Canadian wealth management operations would have achieved a modest level of profitability at the end of our first fiscal quarter, a reflection of this team's unwavering commitment to the strategic repositioning of this business.

While the GPS platform is still in its first year, by the end of our first fiscal quarter we had successfully doubled assets under management to $51.4 million. As increasing numbers of investors recognize the value of incorporating a risk-focused product into their investment strategy, we are confident this unique range of portfolios will continue to be a strong contributor to long-term recurring revenue growth in our Canadian operations.

Looking ahead

In recent months, we have communicated our plan to appoint a new Chief Executive Officer. I am pleased to report that the board of directors is actively progressing with the comprehensive candidate review and diligence process and we expect to announce a successor to lead our firm in the fall. In the interim, we continue to work together as partners and fellow shareholders, to advance our strategic initiatives with a focus on delivering stronger long-term returns for our employees, our clients, and our investors.

Kind Regards,

DAVID KASSIE
Chairman & CEO
Canaccord Genuity Group Inc.

Management's Discussion and Analysis

First quarter fiscal 2016 for the three months ended June 30, 2015 — this document is dated August 4, 2015.

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-month period ended June 30, 2015 compared to the corresponding period in the preceding fiscal year. The three-month period ended June 30, 2015 is also referred to as first quarter 2016 and Q1/16. 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-month period ended June 30, 2015, beginning on page 27 of this report; our Annual Information Form (AIF) dated June 26, 2015; and the 2015 annual Management's Discussion and Analysis (MD&A) including the audited consolidated financial statements for the fiscal year ended March 31, 2015 (Audited Annual Consolidated Financial Statements) in the Company's annual report dated June 2, 2015 (the 2015 Annual Report). There has been no material change to the information contained in the annual MD&A for fiscal 2015 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 and 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 2015 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 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 2016 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 2015 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-month period ended June 30, 2015 (First Quarter 2016 Financial Statements) prepared in accordance with International Financial Reporting Standards (IFRS). The First Quarter 2016 Financial Statements have been prepared in accordance with International Accounting Standard 34, "*Interim Financial Reporting*" (IAS 34), using accounting policies consistent with those applied in preparing the Company's Audited Annual Consolidated Financial Statements for the year ended March 31, 2015.

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 divided by the number of diluted common shares outstanding 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, impairment of goodwill and acquisition-related expense items, which include costs recognized in relation to both prospective and completed acquisitions. See the Selected Financial Information Excluding Significant Items table on page 12.

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, Australia, the UK, Guernsey, Jersey, and the Isle of Man. Canaccord Genuity, the Company's international capital markets division, has operations in Canada, the US, the UK, France, Ireland, Hong Kong, China, Singapore, Australia and Barbados.

Canaccord Genuity Group Inc. is publicly traded under the symbol CF on the TSX and the symbol CF. on the London Stock Exchange. 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

During the first quarter of fiscal 2016, fears of Greece's potential withdrawal from the Eurozone and stock market volatility in China kept investors alert. The Greek debt drama climaxed when Prime Minister Alexis Tsipras called for a referendum on the creditors' bailout proposal. Subsequent to the end of our first fiscal quarter, the Greek parliament and EU countries voted in favour of the creditors' bailout proposal early in July, creating the potential for a positive resolution over the course of the summer. In China, the stock market peaked in mid-June, however it quickly reversed course and entered bear-market territory. Through unconventional measures such as curbing short-selling activities and imposing trading halts, Chinese authorities managed to stabilize their markets. Elsewhere, global economic conditions remained tepid through the quarter with progress in developed markets (DM) economies offsetting weakness in emerging markets (EM) economies. Fortunately, global monetary conditions remained supportive, as EM central banks accelerated the pace of monetary reflation, the European Central Bank (ECB) pursued its Quantative Easing (QE) program and the US Federal Reserve Board target rate remained anchored at zero. Owing to heightened global geopolitical risk, the Federal Reserve has not yet hiked rates and the strong US dollar in addition to weak manufacturing activity muted wage inflation. Expectations for a lift-off date have been pushed back to the fall/winter of 2015. The European economy is gradually recovering, with bank lending to households and non-financial corporations growing anew. Unlike 2010–12, when the first Greek scare erupted, Europe enjoys very easy policy rates, lower oil prices and a weaker Euro. In Canada, the economy has decelerated markedly as of late, with four consecutive months of negative GDP. Lower capital spending from commodity producers and persistent trade balance deficits (even excluding energy products) suggest the Canadian economy could register its first technical recession since the 2008–09 financial crisis. The Bank of Canada acknowledged the economic weakness in calendar H1/15, and cut its target rate by 25bps early in July.

Regarding financial markets, the MSCI World equity index dropped by 1.3%, the S&P 500 fell by 0.2%, and the S&P/TSX lost 2.3% during the first quarter of fiscal 2016. Meanwhile, bond yields leaped higher, notably German Bunds (+59bps to 0.8%) and US 10-year Treasuries (+40bps to 2.3%). The US trade-weighted dollar (DXY) consolidated its gains from the past year, ending the quarter down 2.9%. Following a rapid phase of appreciation, the Canadian dollar gave back most quarterly gains and closed the quarter at US$0.80 (+1.6% QoQ). Crude oil ended the quarter near US$60/barrel (+25% QoQ) as producers cut drilling activities and cheap gasoline prices supported demand. However, the election of the New Democratic Party government in Alberta in combination with the announcement of a doubling in carbon taxes by 2017 and much uncertainty regarding the new Alberta royalty regime proved a toxic mix for Canadian equities and energy stocks in particular. Despite a weaker US dollar, higher oil prices and tensions in Greece and China, gold and gold stocks were unable to provide protection to investors. In all, resource-sensitive sectors such as energy (–5.2%), golds (–2.8%) and base metals (–4.2%) performed poorly during the first quarter of fiscal 2016. Bond proxies such as REITs (–5.3%) and utilities (–8.7%) also underperformed, owing to the increase in interest rates over the quarter.

Looking ahead, though the Greek crisis has the potential to negatively impact consumer and business sentiment if not contained, it should not derail our projected global recovery for the second half of the calendar year. Greece accounts for just 1.8% of European economic growth and 0.3% globally. Additionally, we expect real rates in both DMs and EMs to turn negative later this year or in early calendar 2016. When accounting for the lagged impact of lower oil prices and weaker EM currencies, we expect this backdrop will allow for DM growth synchronization in the second half of calendar 2015 and EM/world growth synchronization in calendar 2016. On the other hand, we expect that weak oil prices will continue to negatively impact the Canadian economy and the Canadian dollar. In the US, the Federal Reserve remains data dependant, and recent economic statistics and geopolitical conditions suggest the Federal Reserve could stay on the sidelines longer than expected. We expect that liquidity provided by world central banks should act as a backstop for equities and risky assets. While weak commodity prices are dampening the mood towards Canadian capital markets and cyclical stocks in general, we expect sentiment to turn more positive later in our fiscal year, as global growth visibility improves.

MARKET DATA

Financing values on the TSX and the TSX Venture Exchange experienced a notable increase compared to the previous quarter and the year-over-year period. Financing values on the NASDAQ experienced an increase compared to the previous quarter and the same period last year, while financing values on the AIM experienced a significant increase compared to the previous quarter and remained consistent when compared to the same period last year.

TOTAL FINANCING VALUE BY EXCHANGE

	April 2015	May 2015	June 2015	Fiscal Q1/16	Change from fiscal Q1/15	Change from fiscal Q4/15
TSX and TSX Venture (C$ billions)	7.5	5.7	8.0	21.2	24.7%	22.5%
AIM (£ billions)	1.0	0.4	0.5	1.9	—	111.1%
NASDAQ (US$ billions)	5.3	12.9	14.2	32.4	15.7%	27.1%

Source: TSX Statistics, LSE AIM Statistics, Equidesk

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 extensive operations in Canada, the UK, Europe, the US, China, Hong Kong, Singapore, Australia and Barbados.

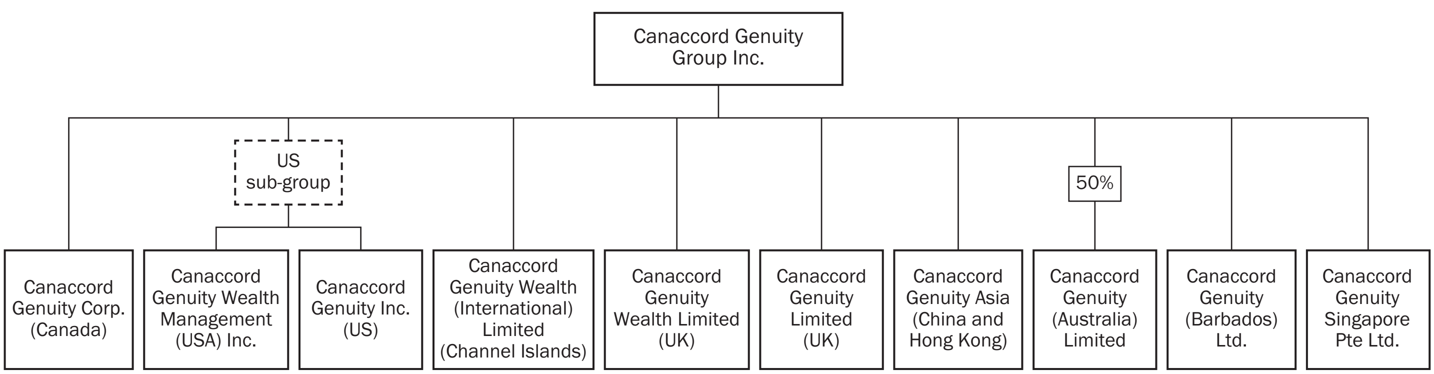
Canaccord Genuity Wealth Management

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 functions of Canaccord Genuity Group Inc.

Corporate structure



The chart shows principal operating companies of the Canaccord Genuity group.

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 June 30, 2015 the Company is considered to have a 60% interest because of the shares held in a trust controlled by Canaccord Financial Group (Australia) Pty Ltd [March 31, 2015 — 60%].

Consolidated Operating Results

FIRST QUARTER FISCAL 2016 SUMMARY DATA[1][2]

(C$ thousands, except per share and % amounts, and number of employees)	Three months ended June 30 2015	2014	2013	QTD Q1/16 vs. Q1/15
Canaccord Genuity Group Inc. (CGGI)				
Revenue				
Commissions and fees	$ **94,706**	$ 94,826	$ 90,035	(0.1)%
Investment banking	**65,413**	87,372	31,833	(25.1)%
Advisory fees	**21,665**	32,694	35,905	(33.7)%
Principal trading	**22,566**	20,276	19,540	11.3%
Interest	**5,074**	6,304	6,805	(19.5)%
Other	**5,030**	4,084	3,113	23.2%
Total revenue	**214,454**	245,556	187,231	(12.7)%
Expenses				
Incentive compensation	**106,500**	122,337	86,325	(12.9)%
Salaries and benefits	**22,564**	22,533	23,110	0.1%
Other overhead expenses[3]	**72,943**	75,015	68,683	(2.8)%
Restructuring costs[4]	**—**	2,383	—	(100.0)%
Total expenses	**202,007**	222,268	178,118	(9.1)%
Income before income taxes	**12,447**	23,288	9,113	(46.6)%
Net income	$ **10,961**	$ 18,869	$ 7,883	(41.9)%
Net income attributable to:				
CGGI shareholders	$ **10,414**	$ 18,081	$ 8,741	(42.4)%
Non-controlling interests	$ **547**	$ 788	$ (858)	(30.6)%
Earnings per common share – diluted	$ **0.08**	$ 0.15	$ 0.06	(46.7)%
Return on common equity (ROE)	**3.2%**	6.4%	2.7%	(3.2) p.p.
Dividends per common share	$ **0.05**	$ 0.05	$ 0.05	—
Book value per diluted common share[5]	$ **8.34**	$ 8.70	$ 7.87	(4.2)%
Total assets	$ **4,428,413**	$ 4,371,138	$ 5,327,433	1.3%
Total liabilities	$ **3,288,860**	$ 3,232,024	$ 4,246,564	1.8%
Non-controlling interests	$ **11,584**	$ 15,821	$ 12,244	(26.8)%
Total shareholders' equity	$ **1,127,969**	$ 1,123,293	$ 1,068,625	0.4%
Number of employees	**1,902**	2,011	2,031	(5.4)%
Excluding significant items[6]				
Total expenses	$ **199,130**	$ 215,904	$ 174,527	(7.8)%
Income before income taxes	**15,324**	29,652	12,704	(48.3)%
Net income	**13,319**	24,017	11,810	(44.5)%
Net income attributable to:				
CGGI shareholders	**12,529**	22,962	12,414	(45.4)%
Non-controlling interests	**790**	1,055	(604)	(25.1)%
Earnings per common share – diluted	**0.10**	0.20	0.09	(50.0)%

(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 40% non-controlling interest has been recognized for the three months ended June 30, 2015 [three months ended June 30, 2014 and June 30, 2013 — 50%.].
(3) Consists of trading costs, premises and equipment, communication and technology, interest, general and administrative, amortization of tangible and intangible assets, and development costs.
(4) Restructuring costs for the three months ended June 30, 2014 were incurred in connection with certain executive changes in our Corporate and Other segment and the closure of the Geneva office in our UK & European wealth management operations.
(5) Book value per diluted common share is calculated as total common shareholders' equity divided by the number of diluted common shares outstanding 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.
(6) Net income and earnings 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.
p.p.: percentage points

SELECTED FINANCIAL INFORMATION EXCLUDING SIGNIFICANT ITEMS[1]

(C$ thousands, except per share and % amounts)	Three months ended June 30 2015	2014	Quarter-over-quarter change
Total revenue per IFRS	$ 214,454	$ 245,556	(12.7)%
Total expenses per IFRS	202,007	222,268	(9.1)%
Significant items recorded in Canaccord Genuity			
Amortization of intangible assets	1,410	1,741	(19.0)%
Significant items recorded in Canaccord Genuity Wealth Management			
Amortization of intangible assets	1,467	2,240	(34.5)%
Restructuring costs	—	783	(100.0)%
Significant items recorded in Corporate and Other			
Restructuring costs	—	1,600	(100.0)%
Total significant items	2,877	6,364	(54.8)%
Total expenses excluding significant items	199,130	215,904	(7.8)%
Net income before taxes – adjusted	$ 15,324	$ 29,652	(48.3)%
Income taxes – adjusted	2,005	5,635	(64.4)%
Net income – adjusted	$ 13,319	$ 24,017	(44.5)%
Earnings per common share – basic, adjusted	$ 0.10	$ 0.22	(54.5)%
Earnings per common share – diluted, adjusted	$ 0.10	$ 0.20	(50.0)%

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

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 and the US dollar appreciated against the Canadian dollar by approximately 4.1% and 13.9% respectively in Q1/16 when compared to Q1/15. This appreciation contributed to certain increases in revenue and expense items 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.

Goodwill

During the quarter the Company performed an interim impairment test of goodwill and indefinite-lived intangible 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-lived intangible assets associated with any its business units. Notwithstanding this determination as of June 30, 2015, the continuing uncertainty in the economic environment may cause this determination to change. If the business climate remains uncertain 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. As further described in note 7 of the unaudited interim condensed consolidated financial statements reasonably possible adverse changes in the key assumptions utilized for purposes of the interim impairment testing for Canaccord Genuity — Canada, UK & Europe, and the US and for Other Foreign Locations — Australia and Singapore may result in the estimated recoverable amount of some or all of these business units declining below the carrying value with the result that impairment charges may be required. The extent of any such impairment charges could affect some or all of the amounts recorded for goodwill and indefinite-lived intangible assets and 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.

Revenue

First quarter 2016 vs. first quarter 2015

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 June 30, 2015 was $214.5 million, a decrease of 12.7% or $31.1 million compared to the same period a year ago. The Canaccord Genuity segment experienced a decrease of $34.2 million in Q1/16 compared to the same quarter in the prior year, mainly due to reduced investment banking and advisory activity. The Canaccord Genuity Wealth Management segment generated revenue of $65.3 million during the three months ended June 30, 2015, an increase of $2.8 million over Q1/15, mostly due to higher fee-based revenue earned by our UK and Europe wealth management group.

Commissions and fees revenue is primarily generated from private client trading activity and institutional sales and trading. Revenue generated from commissions and fees decreased by $0.1 million, to $94.7 million, compared to the same period a year ago. Commissions and fees revenue earned in connection with the Canaccord Genuity Wealth Management segment was $56.3 million, an increase of $3.0 million over Q1/15. The increase was offset by a $3.1 million decline in commissions and fees revenue generated by our Canaccord Genuity segment compared to the same period last year.

Investment banking revenue decreased by $22.0 million or 25.1% compared to the same period a year ago, to $65.4 million in Q1/16. The Company experienced a decline in investment banking revenue in all geographic regions as a result of lower activity.

Advisory fees revenue was $21.7 million, a decrease of $11.0 million or 33.7% from the same quarter a year ago. This decline in advisory fees was driven by a decrease of $13.6 million in our Canadian capital markets operations compared to the same period last year. Completion of the Yamana Gold and Osisko Mining transaction in Q1/15 was a significant contributor to advisory fees during that quarter and caused that quarter to be significantly higher relative to Q1/16. The decline in advisory fees earned in Canada was offset by a $3.2 million increase in our UK and Europe capital market operations.

Principal trading revenue was $22.6 million in Q1/16, representing an increase of $2.3 million compared to Q1/15. The increase was predominantly in our US capital markets operations, which experienced an increase of $4.2 million in principal trading revenue, mostly due to higher revenue earned from our international trading activities.

Interest revenue was $5.1 million for the three months ended June 30, 2015, representing a decrease of $1.2 million from Q1/15. Other revenue was $5.0 million for Q1/16, an increase of $0.9 million from the same period a year ago, mostly as a result of an increase in foreign exchange gains recognized in Q1/16.

Expenses

Expenses for the three months ended June 30, 2015 were $202.0 million, a decrease of 9.1% or $20.3 million from the same period a year ago. With the decrease in revenue during the quarter and the non-variable nature of certain infrastructure and overhead costs, total expenses as a percentage of revenue increased by 3.7 percentage points compared to Q1/15.

EXPENSES AS A PERCENTAGE OF REVENUE

	Three months ended June 30		
	2015	2014	Quarter-over-quarter change
Incentive compensation	**49.7%**	49.8%	(0.1) p.p.
Salaries and benefits	**10.5%**	9.2%	1.3 p.p.
Other overhead expenses(1)	**34.0%**	30.5%	3.5 p.p.
Restructuring costs	**0.0%**	1.0%	(1.0) p.p.
Total	**94.2%**	90.5%	3.7 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

First quarter 2016 vs. first quarter 2015

Incentive compensation expense was $106.5 million, a decrease of 12.9% compared to Q1/15 reflecting the 12.7% decrease in revenue. Incentive compensation as a percentage of revenue was 49.7%, a slight decrease of 0.1 percentage point from the same period last year. Salaries and benefits expense remained unchanged from Q1/15 at $22.5 million. As a result of the decrease in revenue, the total compensation expense ratio (incentive compensation plus salaries and benefits) increased from 59.0% in Q1/15 to 60.2% in Q1/16.

OTHER OVERHEAD EXPENSES

(C$ thousands, except % amounts)	Three months ended June 30 2015	2014	Quarter-over-quarter change
Trading costs	$ 13,810	$ 12,634	9.3%
Premises and equipment	9,886	10,033	(1.5)%
Communication and technology	13,603	11,517	18.1%
Interest	3,291	4,255	(22.7)%
General and administrative	22,168	24,069	(7.9)%
Amortization[1]	6,133	7,372	(16.8)%
Development costs	4,052	5,135	(21.1)%
Total other overhead expenses	$ 72,943	$ 75,015	(2.8)%

(1) Includes amortization of intangible assets. See the Selected Financial Information Excluding Significant Items table on page 12.

First quarter 2016 vs. first quarter 2015

Other overhead expenses were $2.1 million or 2.8% lower in Q1/16 compared to Q1/15 because of the non-variable nature of certain overhead expense items. As a percentage of revenue, other overhead expenses increased by 3.5 percentage points compared to Q1/15. The overall decrease in other overhead expenses was mainly driven by a decline in general and administrative expense, amortization, interest, and development costs. These decreases were partially offset by an increase in trading costs and communication and technology expense.

General and administrative expense, which includes reserves, promotion and travel expense, office expense, professional fees and donations, was down $1.9 million mainly due to a decrease in promotion and travel and office expense across all geographic regions a result of lower activity during Q1/16.

Amortization expense decreased by $1.2 million or 16.8% from Q1/15 mainly due to a decrease in amortization of intangible assets in our Canaccord Genuity Wealth Management UK and Europe segment. Interest expense decreased by $1.0 million, mostly as a result of reduced fixed income activity in our US and Canada capital markets operations.

Development costs decreased by $1.1 million or 21.1% from the same quarter in the prior year, mostly as a result of lower hiring incentive costs in our US capital market operations.

Communication and technology expense increased $2.1 million or 18.1% from Q1/15 to $13.6 million, largely due to an increase in our UK and Europe operations.

Higher trading costs of $0.9 million in our US capital markets operations was the primary reason for the $1.2 million increase in trading costs compared to Q1/15 largely due to higher costs in respect of the international equities group operations.

Net income

First quarter 2016 vs. first quarter 2015

Net income for Q1/16 was $11.0 million compared to net income of $18.9 million in the same period a year ago. EPS was $0.08 in Q1/16 compared to EPS of $0.15 in Q1/15. The decline in net income was attributable to lower revenue generated across all geographies except for our UK and Europe wealth management operations largely as a result of reduced activity by corporate issuers leading to a reduction in investment banking and advisory fees.

Excluding significant items[1], net income for Q1/16 was $13.3 million compared to net income of $24.0 million in Q1/15. Diluted EPS, excluding significant items[1], was $0.10 in Q1/16 compared to diluted EPS, excluding significant items[1], of $0.20 in Q1/15.

The effective tax rate for Q1/16 was 11.9% compared to an effective tax rate of 19.0% in the same quarter last year. The decrease in the effective tax rate was mainly due to utilization of tax losses and other temporary differences not recognized in prior periods by subsidiaries outside of Canada.

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

Results of Operations by Business Segment

CANACCORD GENUITY[1][2]

(C$ thousands, except number of employees and % amounts)	Three months ended June 30 2015	2014	Quarter-over-quarter change
Revenue	$ 145,035	$ 179,245	(19.1)%
Expenses			
Incentive compensation	76,617	92,571	(17.2)%
Salaries and benefits	6,371	6,930	(8.1)%
Other overhead expenses	48,758	50,275	(3.0)%
Total expenses	131,746	149,776	(12.0)%
Intersegment allocations[3]	3,989	2,699	47.8%
Income before income taxes[3]	$ 9,300	$ 26,770	(65.3)%
Number of employees	901	979	(8.0)%
Excluding significant items[4]			
Total expenses	$ 130,336	$ 148,035	(12.0)%
Intersegment allocations[3]	3,989	2,699	47.8%
Income before income taxes[3]	10,710	28,511	(62.4)%

(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 40% non-controlling interest has been recognized and included in the Canaccord Genuity business segment for the three months ended June 30, 2015 [three months ended June 30, 2014 — 50%].
(3) Income before income taxes includes intersegment allocated costs. See the Intersegment Allocated Costs section on page 21.
(4) Refer to the Selected Financial Information Excluding Significant Items table on page 12.

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 & Europe, and Asia-Pacific region. Canaccord Genuity has offices in 18 cities in 10 countries worldwide.

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

REVENUE BY GEOGRAPHY AS A PERCENTAGE OF CANACCORD GENUITY REVENUE

	Three months ended June 30 2015	2014	Quarter-over-quarter change
Revenue generated in:			
Canada	23.7%	32.5%	(8.8) p.p.
UK & Europe	31.1%	25.0%	6.1 p.p.
US	37.8%	34.7%	3.1 p.p.
Other Foreign Locations	7.4%	7.8%	(0.4) p.p.
	100.0%	100.0%	

p.p.: percentage points

First quarter 2016 vs. first quarter 2015

Revenue

Canaccord Genuity generated revenue of $145.0 million in Q1/16, a decrease of 19.1% or $34.2 million from the same quarter a year ago as a result of lower market activity in all geographic segments except UK and Europe which was relatively unchanged. The largest decrease in revenue was in our Canadian operations, which experienced a decline of $23.9 million, mostly as a result of reduced corporate activity and a substantial transaction completed in Q1/15. Our US and Other Foreign Locations operations were both negatively impacted by weaker market conditions, with revenue decreasing by 12.0% and 23.9%, respectively, compared to the same quarter in the prior year. Our UK and Europe capital market operations increased slightly by $0.5 million compared to same period a year ago.

Expenses
Expenses for Q1/16 were $131.7 million, a decrease of 12.0% or $18.0 million compared to Q1/15. As a result of the non-variable nature of certain overhead costs, total expenses as a percentage of revenue increased by 7.2 percentage points compared to the same quarter in the prior year.

Incentive compensation and salaries and benefits
Incentive compensation expense for Q1/16 decreased by $16.0 million or 17.2% compared to Q1/15 as a result of the decline in incentive-based revenue. Incentive compensation expense as a percentage of revenue was 52.8%, an increase of 1.2 percentage points from Q1/15. Total compensation expense as a percentage of revenue was 57.2%, 1.7 percentage points higher than in Q1/15.

In Canada, total compensation as a percentage of revenue decreased by 4.0 percentage points compared to Q1/15, to 48.3% in Q1/16, partially as a result of a decrease in our salaries and benefits expense. Our US operations experienced an increase of 1.3 percentage points in its total compensation ratio as a result of lower revenue as well as higher share-based incentive compensation expense that resulted from an increase in amortization expense of stock-based compensation from restricted stock awards made during fiscal 2015. Total compensation expense as a percentage of revenue in our Other Foreign Locations segment was 67.4%, unchanged from the same quarter last year. In our UK & Europe operations, total compensation expense as a percentage of revenue increased by 5.7 percentage points to 65.3% as a result of insufficient pool-based revenue relative to staffing charges and certain accruals in respect of severance charges.

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

	Three months ended June 30		
	2015	2014	Quarter-over-quarter change
Canada	**48.3%**	52.3%	(4.0) p.p.
UK & Europe	**65.3%**	59.6%	5.7 p.p.
US	**54.2%**	52.9%	1.3 p.p.
Other Foreign Locations	**67.4%**	67.4%	—
Canaccord Genuity (total)	**57.2%**	55.5%	1.7 p.p.

p.p.: percentage points

Other overhead expenses
Total other overhead expenses excluding significant items[(1)] for Q1/16 were $47.3 million, a decrease of 2.5% compared to Q1/15. The most significant fluctuations in other overhead expenses included a $1.4 million decrease in general and administrative expense, a $0.9 million decrease in interest expense, a $0.6 million decrease in development costs, and a $0.6 million decrease in amortization expense, offset by a $1.6 million increase in communication and technology expense.

General and administrative expense in Q1/16 was $13.3 million, a decrease of $1.4 million or 9.5% over Q1/15. The decline was due to lower professional fees, promotion and travel, and office expense incurred across all geographies as a result of reduced activity.

Interest expense decreased by $0.9 million or 23.4% in Q1/16 to $2.9 million mainly due to a $0.7 million decrease in the US arising from a decrease in our US fixed income operations.

Development costs decreased by $0.6 million or 26.8% compared to the same quarter in the prior year mainly due to a decrease in hiring incentives costs in our US operations. Amortization expense decreased $0.6 million or 14.9% to $3.4 million in Q1/16, mostly as a result of lower amortization expense related to intangible assets in our Canadian operations.

Trading costs in our US operations increased by $0.9 million as a result of higher execution and settlement charges in connection with our international trading activities. Offsetting this increase was a reduction of $1.1 million in trading costs in our Canadian operations, which resulted from a change in the allocation of certain trading, clearing and settlement charges from our Corporate and Other segment.

Communication and technology increased by $1.6 million or 21.1% to $9.3 million in Q1/16, primarily as a result of increased costs in our US and UK and Europe operations.

Income before income taxes
Income before income taxes, including allocated overhead expenses, was $9.3 million in Q1/16 compared to $26.8 million in the same quarter a year ago. Excluding significant items[(1)], income before income taxes decreased from $28.5 million in Q1/15 to $10.7 million in Q1/16. The decrease in income before income taxes in Q1/16 was mainly attributable to lower revenue generated across most of our geographies.

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.

(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 June 30 2015	2014	Quarter-over-quarter change
Revenue	$ 30,916	$ 32,356	(4.5)%
Expenses			
Incentive compensation	15,808	16,757	(5.7)%
Salaries and benefits	2,922	3,263	(10.5)%
Other overhead expenses	8,054	10,331	(22.0)%
Total expenses	26,784	30,351	(11.8)%
Intersegment allocations[2]	4,522	4,277	5.7%
Loss before income taxes[2]	$ (390)	$ (2,272)	82.8%
AUM – Canada (discretionary)[3]	1,419	1,270	11.7%
AUA – Canada[4]	10,648	10,958	(2.8)%
Number of Advisory Teams – Canada	147	163	(9.8)%
Number of employees	377	407	(7.4)%
Excluding significant items[5]			
Total expenses	$ 26,784	$ 30,351	(11.8)%
Intersegment allocations[2]	4,522	4,277	5.7%
Loss before income taxes[2]	(390)	(2,272)	82.8%

(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) Loss before income taxes includes intersegment allocations. See the Intersegment Allocated Costs section on page 21.
(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.
(5) Refer to the Selected Financial Information Excluding Significant Items table on page 12.

First quarter 2016 vs. first quarter 2015

Revenue from Canaccord Genuity Wealth Management North America was $30.9 million, a decrease of $1.4 million or 4.5% compared to the three months ended June 30, 2014 as a result of weaker market conditions.

AUA in Canada decreased by 2.8% to $10.6 billion at June 30, 2015 compared to $11.0 billion at June 30, 2014, reflecting lower market values at the end of Q1/16. AUM in Canada increased by 11.7% compared to Q1/15 due to the continued focus on the transition from traditional commission-based accounts to fee-related and managed accounts. There were 147 Advisory Teams in Canada, a decrease of 16 from a year ago. Fee-related revenue in our North American operations as a percentage of total revenue increased by 7.2 percentage points compared to Q1/15 and accounted for 38.9% of the wealth management revenue in Canada during the first quarter of fiscal 2016.

As a result of our cost reduction initiatives, expenses for Q1/16 decreased by 11.8% or $3.6 million from Q1/15, to $26.8 million excluding intersegment allocations. Total expenses as a percentage of revenue decreased by 7.2 percentage points compared to Q1/15.

Incentive compensation expense decreased by $0.9 million compared to Q1/15. Total compensation expense as a percentage of revenue decreased by 1.3 percentage points compared to the same period last year as a result of lower salaries and benefits expense.

Non-compensation expenses decreased by $2.3 million compared to Q1/15, mainly due to a $0.8 million decrease in general and administrative expense, a $0.6 million decrease in trading costs, and a $0.3 million decrease in development costs. The reduction in general and administrative expense of $0.8 million resulted from the continued focus on cost reductions by the Canadian operations. Trading costs decreased by $0.6 million as a result of a change in the allocation of certain trading, clearing and settlement charges from our Corporate and Other segment. In addition, development costs decreased by $0.3 million compared to Q1/15 as a result of a reduction in hiring incentive costs.

Loss before income taxes was $0.4 million in Q1/16 compared to a loss of $2.3 million in the same period a year ago primarily as a result of reduced costs.

CANACCORD GENUITY WEALTH MANAGEMENT UK & EUROPE[1]

(C$ thousands, except AUM (in C$ millions), number of employees, investment professionals and fund managers, and % amounts)	Three months ended June 30 2015	2014	Quarter-over-quarter change
Revenue	$ 34,367	$ 30,128	14.1%
Expenses			
Incentive compensation	12,366	10,815	14.3%
Salaries and benefits	5,542	4,601	20.5%
Other overhead expenses	10,919	10,747	1.6%
Restructuring costs	—	783	(100.0)%
Total expenses	28,827	26,946	7.0%
Intersegment allocations[2]	597	1,115	(46.5)%
Income before income taxes[2]	$ 4,943	$ 2,067	139.1%
AUM – UK & Europe[3]	22,813	20,486	11.4%
Number of investment professionals and fund managers – UK & Europe	111	116	(4.3)%
Number of employees	305	305	—
Excluding significant items[4]			
Total expenses	$ 27,360	$ 23,923	14.4%
Intersegment allocations[2]	597	1,115	(46.5)%
Income before income taxes[2]	6,410	5,090	25.9%

(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 21.
(3) AUM in the UK & Europe is the market value of client assets managed and administered by the Company, from which the Company 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 12.

First quarter 2016 vs. first quarter 2015

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 Q1/16 was $34.4 million, an increase of 14.1% compared to Q1/15, largely as a result of higher fee-related revenue earned from an increase in the size and market value of managed accounts.

AUM in the UK & Europe as of June 30, 2015 was $22.8 billion, an increase of 11.4% compared to $20.5 billion as of June 30, 2014. The fee-related revenue in our UK & European wealth management operations accounted for 68.7% of total revenue in this geography in Q1/16. 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 $12.4 million, a $1.6 million increase from $10.8 million in Q1/15 as a result of an increase in incentive-based revenue. Salaries and benefits expense increased by $0.9 million compared to Q1/15 to $5.5 million in Q1/16. The increase was mostly related to capitalized employment costs in Q1/15 incurred in connection with systems and software development prior to its implementation now being treated as an operating expense. Total compensation expense (incentive compensation plus salaries and benefits) as a percentage of revenue increased by 0.9 percentage points from 51.2% in Q1/15 to 52.1% in Q1/16.

Other overhead expenses for the three months ended June 30, 2015 remained relatively consistent with Q1/15. The largest fluctuation was in communication and technology expense, which increased by $0.6 million to support the growth in this region.

For the three months ended June 30, 2014, the Company recognized $0.8 million in connection with the closure of the office in Geneva. There were no restructuring costs recognized during Q1/16.

Income before income taxes was $4.9 million compared to $2.1 million in the same period a year ago as a result of higher revenue recognized during the current period. Excluding significant items[1], which include amortization of intangible assets, net income before income taxes was $6.4 million, an increase of $1.3 million compared to net income before income taxes of $5.1 million in Q1/15.

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

CORPORATE AND OTHER[1]

(C$ thousands, except number of employees and % amounts)	Three months ended June 30 2015	2014	Quarter-over-quarter change
Revenue	$ 4,136	$ 3,827	8.1%
Expenses			
Incentive compensation	1,709	2,194	(22.1)%
Salaries and benefits	7,729	7,739	(0.1)%
Other overhead expenses	5,212	3,662	42.3%
Restructuring costs	—	1,600	(100.0)%
Total expenses	14,650	15,195	(3.6)%
Intersegment allocations[2]	(9,108)	(8,091)	(12.6)%
Loss before income taxes[2]	$ (1,406)	$ (3,277)	57.1%
Number of employees	319	320	(0.3)%
Excluding significant items[3]			
Total expenses	$ 14,650	$ 13,595	7.8%
Intersegment allocations[2]	(9,108)	(8,091)	(12.6)%
Loss before income taxes[2]	(1,406)	(1,677)	16.2%

(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 21.
(3) Refer to the Selected Financial Information Excluding Significant Items table on page 12.

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 operations and support services, which are responsible for front- and back-office information technology systems, compliance and risk management, operations, finance, and all administrative functions.

First quarter 2016 vs. first quarter 2015

Revenue in the Corporate and Other segment for the three months ended June 30, 2015 was $4.1 million, an increase of 8.1% or $0.3 million from the same quarter a year ago. The change was mainly related to higher foreign exchange gains recognized in Q1/16.

Expenses for Q1/16 decreased by $0.5 million or 3.6%, to $14.7 million compared to the three months ended June 30, 2014. Incentive compensation expense decreased by $0.5 million compared to Q1/15 as a result of reduced group profitability. Trading costs increased by $1.5 million compared to Q1/15 due to a change in the allocation of certain trading, clearing and settlement charges to the Canaccord Genuity and Canaccord Genuity Wealth Management segments, thus resulting in a lower trading cost recovery in Corporate and Other. Offsetting the higher trading costs was a reduction in communications and technology and restructuring expense compared to the same quarter in the prior year. During the three months ended June 30, 2014, the Company recorded restructuring costs of $1.6 million in connection with certain executive changes in Canada. All other expenses remained relatively consistent with Q1/15.

Overall, loss before income taxes was $1.4 million compared to a loss before income taxes of $3.3 million in the same period a year ago, mainly as a result of the restructuring costs incurred during Q1/15.

Quarterly Results

Our quarterly results are 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's quarterly results.

The following table provides selected quarterly financial information for the eight most recently completed financial quarters ended on or before June 30, 2015. 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 2016	Fiscal 2015				Fiscal 2014		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenue								
Canaccord Genuity	$ 145,035	$ 159,379	$ 103,866	$ 170,615	$ 179,245	$ 186,659	$ 171,234	$ 126,691
Canaccord Genuity Wealth Management:								
North America	30,916	33,079	28,267	31,637	32,356	32,016	27,719	24,413
UK & Europe	34,367	35,672	29,965	29,786	30,128	33,220	27,018	25,830
Corporate and Other	4,136	4,335	4,373	4,233	3,827	1,853	4,988	6,372
Total revenue	$ 214,454	$ 232,465	$ 166,471	$ 236,271	$ 245,556	$ 253,748	$ 230,959	$ 183,306
Net income (loss)	10,961	(26,322)	(21,479)	17,614	18,869	25,920	18,334	(80)
Earnings (loss) per common share – basic	$ 0.08	$ (0.33)	$ (0.27)	$ 0.16	$ 0.16	$ 0.24	$ 0.15	$ (0.03)
Earnings (loss) per common share – diluted	$ 0.08	$ (0.33)	$ (0.27)	$ 0.14	$ 0.15	$ 0.22	$ 0.14	$ (0.03)

During Q1/16, our revenue was negatively impacted by the decline in market conditions throughout the different geographic regions. The Canaccord Genuity (capital markets) division, which has been affected by the decline in market conditions throughout fiscal 2015, experienced a decrease in revenue of 9.0% compared to Q4/15. Revenue in our Canadian capital markets operations recorded higher revenues during fiscal 2015 compared to fiscal 2014. However, as a result of a reduction in market activity, revenue decreased by $14.0 million in Q1/16 compared to Q4/15. Even with the decrease in revenue, our Canadian capital markets operations generated the highest pre-tax income in our capital markets business segment in Q1/16. Our US operations also experienced a decline in revenue during Q1/16 compared to the same period in the prior fiscal year. The operating profits for the US operations in the recent quarters have also been impacted by additional costs resulting from certain growth initiatives including the expansion of the fixed income business. Restructuring efforts in fiscal 2015 substantially reduced this expansion. Our UK operations have experienced significant decreases in revenue in Q3/15 and Q4/15 as a result of the market downturn. However, revenue increased by 17.2% in Q1/16 compared to Q4/15 mainly as a result of the completion of a significant investment banking transaction.

As a result of the continued strong performances by our Australian operations, the Other Foreign Locations operations generated higher revenues throughout fiscal 2015 compared to the same quarters in fiscal 2014. However, as a result of a decline in market activity, revenue in Q1/16 decreased by 33.1% compared to Q4/15.

Our Canaccord Genuity Wealth Management North America operations have generated higher revenue in more recent quarters. Despite the decrease in revenue from Q4/15 to Q1/16, this division's operating loss decreased from $1.3 million in Q4/15 to $0.4 million in Q1/16, as a result of continued cost containment efforts. The Canadian operations also increased their assets under management by 11.7% compared to Q1/15, to $1.4 billion at the end of Q1/16, a solid indication of growth in our managed and fee-related accounts.

The Canaccord Genuity Wealth Management UK & Europe operations continued to experience a steady growth in revenue, and the fee-related revenue in this division has been steadily increasing. It now stands at 68.7% for Q1/16, a 2.1 percentage point increase from Q1/15. Assets under management for this group have also generally increased over the past eight completed financial quarters, reaching $22.8 billion as of the end of Q1/16.

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 a drop in business volume within the correspondent brokerage services operations.

Intersegment Allocated Costs

Included in the Corporate and Other segment are certain support services, research and other expenses that have been incurred to support the activities within the Canaccord Genuity and Canaccord Genuity Wealth Management segments in Canada. 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 $424.6 million on June 30, 2015 compared to $322.3 million on March 31, 2015. Refer to the Liquidity and Capital Resources section on page 22 for more details.

Securities owned were $877.3 million on June 30, 2015 compared to $848.1 million on March 31, 2015 due to an increase in equities owned as of June 30, 2015. The increase in equities owned since March 31, 2015 was mainly attributable to higher value of bought deals held by our Canadian operations, coupled with higher equities balances in our capital markets operations in the US and the UK and Europe.

Accounts receivable were $2.4 billion at June 30, 2015 compared to $2.5 billion at March 31, 2015, mainly due to a decrease in client receivables.

Goodwill was $514.9 million and intangible assets were $136.2 million at June 30, 2015, representing the goodwill and intangible assets acquired through the purchases of Genuity Capital Markets, CSHP, a 50% interest in Canaccord Genuity (Australia) Limited, and the wealth management business of Eden Financial Ltd. At March 31, 2015, goodwill was $505.6 million and intangible assets were $134.9 million. The increase in intangible assets was primarily a result of an increase in capitalized costs relating to systems development, netted against the amortization of intangible assets. In addition, the strengthening of the pound sterling and US dollar against the Canadian dollar also contributed to the increase in goodwill and intangible assets at June 30, 2015.

Other assets, consisting of income taxes receivable, deferred tax assets, equipment and leasehold improvements, and investments, were $72.4 million at June 30, 2015 compared to $67.5 million at March 31, 2015.

LIABILITIES

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 June 30, 2015, the Company had available credit facilities with banks in Canada and the UK in the aggregate amount of $775.1 million [March 31, 2015 — $770.0 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 June 30, 2015, there was no bank indebtedness, compared to $20.3 million on March 31, 2015.

Securities sold short were $633.4 million at June 30, 2015 compared to $654.6 million at March 31, 2015, mostly due to a decrease in short positions in corporate and government debt.

Accounts payable and accrued liabilities, including provisions, were $2.6 billion at June 30, 2015, an increase from $2.5 billion at March 31, 2015, mainly due to an increase in payables to brokers and investment dealers, and clients.

Other liabilities, including subordinated debt, income taxes payable and deferred tax liabilities, were $26.6 million at June 30, 2015 compared to $25.2 million at March 31, 2015, mostly due to an increase in deferred tax liabilities recognized by our Canadian operations.

Non-controlling interests were $11.6 million at June 30, 2015 compared to $10.3 million at March 31, 2015, which represents 40% of the net assets of our operations in Australia.

Off-Balance Sheet Arrangements

As of June 30, 2015, a subsidiary of the Company had an irrevocable secured standby letter of credit from a financial institution totalling $1.1 million (US$0.9 million) [March 31, 2015 — $1.1 million (US$0.9 million)] as a rent guarantee for its leased premises in Boston and New York.

Liquidity and Capital Resources

The Company has a capital structure comprised of preferred shares, common shares, contributed surplus, retained earnings and accumulated other comprehensive income. On June 30, 2015, cash and cash equivalents were $424.6 million, an increase of $102.3 million from $322.3 million as of March 31, 2015. During the three months ended June 30, 2015, financing activities used cash in the amount of $54.1 million, mainly due to dividends paid and purchases of common shares for the long-term incentive plan (LTIP). Investing activities used cash in the amount of $3.4 million mainly for the purchase of equipment and leasehold improvements and intangible assets. Operating activities generated cash in the amount of $156.8 million, which was largely due to changes in non-cash working capital. An increase in cash of $2.9 million was attributable to the effect of foreign exchange translation on cash balances.

Compared to the three months ended June 30, 2014, cash used in financing activities decreased slightly by $0.1 million. Cash used in investing activities decreased by $0.9 million during the three months ended June 30, 2015 compared to the same period last year, mainly due to lower additions of intangible assets during the current fiscal year. Changes in working capital led to an increase in cash generated by operating activities of $189.6 million. Overall, cash and cash equivalents increased by $150.7 million from $273.9 million at June 30, 2014 to $424.6 million at June 30, 2015.

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.

As discussed above, 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 $775.1 million as of June 30, 2015.

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 summarizes the Company's long term contractual obligations on June 30, 2015:

		Contractual obligations payments due by period			
(C$ thousands)	Total	Fiscal 2017	Fiscal 2018–Fiscal 2019	Fiscal 2020–Fiscal 2021	Thereafter
Premises and equipment operating leases	$ 149,590	$ 30,278	$ 48,377	$ 32,553	$ 38,382

Outstanding Share Data

	Outstanding shares as of June 30	
	2015	2014
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)	**92,587,927**	91,392,919
Issued shares outstanding(2)	**103,267,682**	101,982,938
Issued shares outstanding – diluted(3)	**110,644,689**	105,470,725
Average shares outstanding – basic	**92,297,306**	92,763,056
Average shares outstanding – diluted	**96,766,487**	102,202,969

(1) Excludes 1,993,216 outstanding unvested shares related to share purchase loans for recruitment and retention programs and 8,686,539 unvested shares purchased by employee benefit trusts for the LTIP.
(2) Includes 1,993,216 outstanding unvested shares related to share purchase loans for recruitment and retention programs and 8,686,539 unvested shares purchased by employee benefit trusts for the LTIP.
(3) Includes 9,379,769 share issuance commitments adjusted for estimated forfeitures.

On August 5, 2014, 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 5,100,049 of its common shares during the period from August 13, 2014 to August 12, 2015 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 the NCIB between April 1, 2015 and June 30, 2015.

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.

Purchases under the current NCIB commenced on August 13, 2014, and will continue for one year (to August 12, 2015) 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 and the conditions for trading under the EU Buy-back and Stabilisation Regulation, the daily purchases are limited to 77,383 common shares of the Company (which is the lesser of (a) 25% of the average daily trading volume of common shares of the Company on the TSX in the six calendar months from February 2014 to July 2014 and (b) 25% of the average daily trading volume of common shares of the Company on the TSX in the month of July 2014). To fulfill its regulatory reporting requirements in Canada and in the UK, the Company will issue a press release no later than the end of the seventh daily market session following the date of execution of the purchases.

As of July 31, 2015, the Company has 103,274,736 common shares issued and outstanding.

Share-Based Payment Plans

There have been no updates to the share-based payment plans discussed in the 2015 Annual Report.

International Financial Centre

Canaccord Genuity Group is a member of the AdvantageBC International Business Centre Society (formerly known as the International Financial Centre British Columbia Society) and the Montréal International Financial Centre, both of which provide certain tax and financial benefits pursuant to the *International Business Activity Act* of British Columbia and the *Act Respecting International Financial Centres* of Québec. Accordingly, the Company's overall income tax rate is less than the rate that would otherwise be applicable.

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 June 30, 2015, forward contracts outstanding to sell US dollars had a notional amount of US$2.5 million, a decrease of $0.8 million from June 30, 2014. Forward contracts outstanding to buy US dollars had a notional amount of US$2.5 million, a decrease of $1.0 million from June 30, 2014. The fair value of these contracts was nominal. Some of the Company's operations in the US, the UK & Europe, Australia, Singapore, 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.

The Company's Canadian operations also have a net buy position for pounds sterling (GBP) of £2.5 million, unchanged from the prior year. Forward contracts to buy euro (EURO) had a notional amount of €1.4 million. 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 bond futures contracts, which are agreements to buy or sell a standardized amount of an underlying Government of Canada bond, 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 trade in bond futures in an attempt to mitigate interest rate risk, yield curve risk and liquidity risk. At June 30, 2015, the notional amount of the bond futures contracts outstanding was long $8.1 million [March 31, 2015 — long $1.6 million].

The Company's Canadian operations are also involved in trading US Treasury futures in an attempt to mitigate interest rate risk, yield curve risk and liquidity risk. At June 30, 2015, the notional amount of US Treasury futures contracts outstanding held in a short position was $7.5 million (US$6.0 million) [March 31, 2015 — $nil].

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 20 of the March 31, 2015 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, a long-term incentive plan, the CSH Inducement Plan and share options. Directors have also been granted share options and have the right to acquire deferred share units (DSUs).

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

(C$ thousands)	**June 30, 2015**	March 31, 2015
Accounts payable and accrued liabilities	**$ 701**	$ 1,041

Critical Accounting Policies and Estimates

The unaudited interim condensed consolidated financial statements for the quarter ended June 30, 2015 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.

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 June 30, 2015.

In accordance with IAS 36, "*Impairment of Assets*" (IAS 36), the recoverable amounts of the CGUs' net assets is determined using fair value less costs to sell (FVLCS) calculations, which are based on cash flow assumptions approved by senior management. 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, made in connection with future cash flows, terminal growth rates and discount rates. In order to estimate the FVLCS for each cash-generating unit, cash flows are forecast over a five-year period from the end of the current interim 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 discount rate utilized for each of the CGUs ranged from 12.5% to 14.0% [March 31, 2015 — 12.5% to 14.0%]. Cash flow estimates for each CGU are based on management assumptions, and utilize compound five-year annual revenue growth rates which range from 6.0% to 15.0% [March 31, 2015 — 5.0% to 10.0%] as well as estimates in respect of operating margins.

Refer to Note 7 of the unaudited interim condensed consolidated financial statements for the three months ended June 30, 2015 for further information regarding the key assumptions used in connection with the June 30, 2015 interim impairment tests of goodwill and indefinite life intangible assets.

Significant accounting policies used and policies requiring management's judgment and estimates have not changed during the first quarter of fiscal 2016 and are discussed under "Critical Accounting Policies and Estimates" in our 2015 Annual Report.

Changes in Accounting Policies

There were no significant changes in the accounting policies discussed in Note 5 of the 2015 Audited Annual Consolidated Financial Statements, during the three months ended June 30, 2015.

Future Changes in Accounting Policies and Estimates

There have been no updates to the "Future Changes in Accounting Policies and Estimates" disclosed in our 2015 Annual Report, during the three months ended June 30, 2015, except as noted below.

During July 2015, due to significant feedback from stakeholders and to align with the US Financial Accounting Standards Board, the International Accounting Standards Board decided to defer the effective date of IFRS 15 by one year. As a result, IFRS 15 will be effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted

Disclosure Controls and Procedures and Internal Control over Financial Reporting

DISCLOSURE CONTROLS AND PROCEDURES

As of June 30, 2015, an evaluation was carried out, under the supervision of and with the participation of management, including the Chairman & CEO and the Executive Vice President & CFO, of the effectiveness of our disclosure controls and procedures as defined under *National Instrument 52-109*. Based on that evaluation, the Chairman & CEO and the Executive Vice President & CFO concluded that our disclosure controls and procedures were effective as of June 30, 2015.

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 June 30, 2015, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Dividend Policy

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 August 4, 2015, the Board of Directors approved the following cash dividends: a quarterly dividend of $0.05 per common share payable on September 10, 2015 to common shareholders with a record date of August 28, 2015; $0.34375 per Series A Preferred Share payable on September 30, 2015 with a record date of September 18, 2015; and $0.359375 per Series C Preferred Share payable on September 30, 2015 with a record date of September 18, 2015.

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 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. 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, Singapore, 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 22 of the Company's 2015 Audited Annual Consolidated Financial Statements.

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 2015 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	June 30, 2015	March 31, 2015
ASSETS			
Current			
Cash and cash equivalents		$ 424,558	$ 322,324
Securities owned	4	877,277	848,128
Accounts receivable	6	2,403,069	2,491,488
Income taxes receivable		9,943	5,295
Total current assets		3,714,847	3,667,235
Deferred tax assets		10,320	10,148
Investments		9,352	8,693
Equipment and leasehold improvements		42,800	43,373
Intangible assets	7	136,212	134,877
Goodwill	7	514,882	505,579
		$ 4,428,413	$ 4,369,905
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Bank Indebtedness		$ —	$ 20,264
Securities sold short	4	633,403	654,639
Accounts payable and accrued liabilities	6, 13	2,618,096	2,527,636
Provisions	15	10,804	14,320
Income taxes payable		4,935	8,172
Subordinated debt		15,000	15,000
Total current liabilities		3,282,238	3,240,031
Deferred tax liabilities		6,622	2,057
		3,288,860	3,242,088
Shareholders' equity			
Preferred shares	9	205,641	205,641
Common shares	10	632,923	620,858
Contributed surplus		58,871	85,597
Retained earnings		94,680	92,815
Accumulated other comprehensive income		135,854	112,631
Total shareholders' equity		1,127,969	1,117,542
Non-controlling interests		11,584	10,275
Total equity		1,139,553	1,127,817
		$ 4,428,413	$ 4,369,905

See accompanying notes

On behalf of the Board:

Director

Director

Unaudited Interim Condensed Consolidated Statements of Operations

(in thousands of Canadian dollars, except per share amounts)	Notes	For the three months ended June 30, 2015	June 30, 2014
REVENUE			
Commissions and fees		$ 94,706	$ 94,826
Investment banking		65,413	87,372
Advisory fees		21,665	32,694
Principal trading		22,566	20,276
Interest		5,074	6,304
Other		5,030	4,084
		214,454	245,556
EXPENSES			
Incentive compensation		106,500	122,337
Salaries and benefits		22,564	22,533
Trading costs		13,810	12,634
Premises and equipment		9,886	10,033
Communication and technology		13,603	11,517
Interest		3,291	4,255
General and administrative		22,168	24,069
Amortization		6,133	7,372
Development costs		4,052	5,135
Restructuring costs		—	2,383
		202,007	222,268
Income before income taxes		12,447	23,288
Income taxes (recovery)			
Current		(3,202)	2,400
Deferred		4,688	2,019
	8	1,486	4,419
Net income for the period		$ 10,961	$ 18,869
Net income attributable to:			
CGGI shareholders		$ 10,414	$ 18,081
Non-controlling interests		$ 547	$ 788
Weighted average number of common shares outstanding (thousands)			
Basic		92,297	92,763
Diluted		96,766	102,203
Net income per common share			
Basic	10iii	$ 0.08	$ 0.16
Diluted	10iii	$ 0.08	$ 0.15
Dividend per common share	11	$ 0.05	$ 0.05
Dividend per Series A Preferred Share	11	$ 0.34	$ 0.34
Dividend per Series C Preferred Share	11	$ 0.36	$ 0.36

See accompanying notes

Unaudited Interim Condensed Consolidated Statements of Comprehensive Income

(in thousands of Canadian dollars)	For the three months ended June 30, 2015	June 30, 2014
Net income for the period	$ 10,961	$ 18,869
Other comprehensive income		
Net change in unrealized gains (losses) on translation of foreign operations	24,061	(13,480)
Comprehensive income for the period	$ 35,022	$ 5,389
Comprehensive income attributable to:		
CGGI shareholders	$ 33,637	$ 3,227
Non-controlling interests	$ 1,385	$ 2,162

See accompanying notes

Unaudited Interim Condensed Consolidated Statements of Changes in Equity

For the three months ended (in thousands of Canadian dollars)	Notes	June 30, 2015	June 30, 2014
Preferred shares, opening and closing	9	$ 205,641	$ 205,641
Common shares, opening		620,858	653,189
Shares issued in connection with share-based payments		4,580	8,295
Acquisition of common shares for long-term incentive plan (LTIP)		(25,275)	(43,957)
Release of vested common shares from employee benefit trust		20,794	13,609
Shares cancelled		(384)	(3,852)
Net unvested share purchase loans		12,350	(6,925)
Common shares, closing	10	632,923	620,359
Contributed surplus, opening		85,597	74,037
Share-based payments		(16,432)	(11,300)
Shares cancelled		384	1,581
Unvested share purchase loans		(10,678)	1,944
Contributed surplus, closing		58,871	66,262
Retained earnings, opening		92,815	144,799
Net income attributable to CGGI shareholders		10,414	18,081
Preferred shares dividends	11	(2,999)	(2,658)
Common shares dividends	11	(5,550)	(5,351)
Retained earnings, closing		94,680	154,871
Accumulated other comprehensive income, opening		112,631	91,014
Other comprehensive (loss) income attributable to CGGI shareholders		23,223	(14,854)
Accumulated other comprehensive income, closing		135,854	76,160
Total shareholders' equity		1,127,969	1,123,293
Non-controlling interests, opening		10,275	14,912
Foreign exchange on non-controlling interests		(76)	470
Comprehensive income attributable to non-controlling interests		1,385	2,162
Dividends paid to non-controlling interests		—	(1,723)
Non-controlling interests, closing		11,584	15,821
Total equity		$ 1,139,553	$ 1,139,114

See accompanying notes

Unaudited Interim Condensed Consolidated Statements of Cash Flows

For the three months ended (in thousands of Canadian dollars)	Notes	June 30, 2015	June 30, 2014
OPERATING ACTIVITIES			
Net income for the period		$ 10,961	$ 18,869
Items not affecting cash			
Amortization		6,133	7,372
Deferred income tax expense		4,688	2,019
Share-based compensation expense	12(ii)	12,783	13,480
Changes in non-cash working capital			
Increase in securities owned		(24,211)	(174,266)
Decrease in accounts receivable		98,351	721,172
Decrease in net income taxes payable		(8,136)	(415)
Decrease in securities sold short		(23,616)	(347,169)
Increase (decrease) in accounts payable, accrued liabilities and provisions		79,841	(273,875)
Cash provided by (used in) operating activities		156,794	(32,813)
FINANCING ACTIVITIES			
Bank indebtedness		(20,264)	—
Acquisition of common shares for long-term incentive plan		(25,275)	(43,957)
Purchase of shares for cancellation		—	(2,271)
Cash dividends paid on common shares		(5,550)	(5,351)
Cash dividends paid on preferred shares		(2,999)	(2,658)
Cash used in financing activities		(54,088)	(54,237)
INVESTING ACTIVITIES			
Purchase of equipment and leasehold improvements		(1,234)	(1,101)
Purchase of intangible assets (software under development)		(2,136)	(3,209)
Cash used in investing activities		(3,370)	(4,310)
Effect of foreign exchange on cash balances		2,898	944
Increase (decrease) in cash position		102,234	(90,416)
Cash position, beginning of period		322,324	364,296
Cash position, end of period		$ 424,558	$ 273,880
Supplemental cash flow information			
Interest received		$ 8,469	$ 5,753
Interest paid		$ 2,934	$ 3,920
Income taxes paid		$ 4,403	$ 5,795

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) is a leading independent, full-service investment dealer in Canada with capital markets operations in Canada, the United Kingdom (UK) & Europe, the United States of America (US), Australia, China, Singapore and Barbados. 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 1000 – 840 Howe Street, Vancouver, British Columbia, V6Z 2M1.

The Company's common shares are publicly traded under the symbol CF on the TSX and the symbol CF. on the main market of the London Stock Exchange. 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, 2015 (March 31, 2015 consolidated financial statements) filed on SEDAR on June 2, 2015. All defined terms used herein are consistent with those terms defined in the March 31, 2015 consolidated financial statements.

The unaudited interim condensed consolidated financial statements have been prepared on a historical 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.

The 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 August 4, 2015.

USE OF JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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, which are more fully described in Note 2 of the March 31, 2015 consolidated financial statements.

FUTURE ACCOUNTING DEVELOPMENTS

There have been no further updates to the future accounting developments disclosed in Note 4 of the March 31, 2015 consolidated financial statements, during the three months ended June 30, 2015, except as noted below.

IFRS 15 — "Revenue from Contracts with Customers"

During July 2015, due to significant feedback from stakeholders and to align with the US Financial Accounting Standards Board, the International Accounting Standards Board decided to defer the effective date of IFRS 15 by one year. As a result, IFRS 15 will be effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

NOTE 03 Summary of Significant Accounting Policies

There were no significant changes in the accounting policies discussed in Note 5 of the March 31, 2015 consolidated financial statements, during the three months ended June 30, 2015.

NOTE 04 Securities Owned and Securities Sold Short

	June 30, 2015		March 31, 2015	
	Securities owned	**Securities sold short**	Securities owned	Securities sold short
Corporate and government debt	**$ 607,260**	**$ 536,448**	$ 638,551	$ 555,792
Equities and convertible debentures	**270,017**	**96,955**	209,577	98,847
	$ 877,277	**$ 633,403**	$ 848,128	$ 654,639

As at June 30, 2015, corporate and government debt maturities range from 2015 to 2097 [March 31, 2015 – 2015 to 2097] and bear interest ranging from 0.0% to 15.0% [March 31, 2015 – 0.0% to 15.0%].

NOTE 05 Financial Instruments

The categories of financial instruments, other than cash and cash equivalents and bank indebtedness, held by the Company at June 30, 2015 are as follows:

	Held for trading		**Available for sale**		**Loans and receivables**		**Loans and borrowings**		**Total**	
	June 30, 2015	March 31, 2015	**June 30, 2015**	March 31, 2015	**June 30, 2015**	March 31, 2015	**June 30, 2015**	March 31, 2015	**June 30, 2015**	March 31, 2015
Financial assets										
Securities owned	**$ 877,277**	$848,128	**$ —**	$ —	**$ —**	$ —	**$ —**	$ —	**$ 877,277**	$ 848,128
Accounts receivable from brokers and investment dealers	**—**	—	**—**	—	**1,561,180**	1,503,666	**—**	—	**1,561,180**	1,503,666
Accounts receivable from clients	**—**	—	**—**	—	**507,115**	601,486	**—**	—	**507,115**	601,486
RRSP cash balances held in trust	**—**	—	**—**	—	**260,097**	276,159	**—**	—	**260,097**	276,159
Other accounts receivable	**—**	—	**—**	—	**74,677**	110,177	**—**	—	**74,677**	110,177
Investments	**—**	—	**9,352**	8,693	**—**	—	**—**	—	**9,352**	8,693
Total financial assets	**$ 877,277**	$848,128	**$ 9,352**	$ 8,693	**$2,403,069**	$2,491,488	**$ —**	$ —	**$3,289,698**	$3,348,309
Financial liabilities										
Securities sold short	**$ 633,403**	$654,639	**$ —**	$ —	**$ —**	$ —	**$ —**	$ —	**$ 633,403**	$ 654,639
Accounts payable to brokers and investment dealers	**—**	—	**—**	—	**—**	—	**1,243,601**	1,172,198	**1,243,601**	1,172,198
Accounts payable to clients	**—**	—	**—**	—	**—**	—	**1,187,448**	1,130,893	**1,187,448**	1,130,893
Other accounts payable and accrued liabilities	**—**	—	**—**	—	**—**	—	**187,047**	224,545	**187,047**	224,545
Subordinated debt	**—**	—	**—**	—	**—**	—	**15,000**	15,000	**15,000**	15,000
Total financial liabilities	**$ 633,403**	$654,639	**$ —**	$ —	**$ —**	$ —	**$2,633,096**	$2,542,636	**$3,266,499**	$3,197,275

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 June 30, 2015, the Company held the following classes of financial instruments measured at fair value:

		Estimated fair value June 30, 2015		
	June 30, 2015	Level 1	Level 2	Level 3
Securities owned				
Corporate debt	$ 50,838	$ —	$ 50,838	$ —
Government debt	556,422	137,730	418,692	—
Corporate and government debt	607,260	137,730	469,530	—
Equities	269,204	239,530	29,456	218
Convertible debentures	813	—	26	787
Equities and convertible debentures	270,017	239,350	29,482	1,005
	877,277	377,260	499,012	1,005
Securities sold short				
Corporate debt	(14,446)	—	(14,446)	—
Government debt	(522,002)	(106,454)	(415,548)	—
Corporate and government debt	(536,448)	(106,454)	(429,994)	—
Equities	(96,955)	(91,972)	(4,983)	—
	(633,403)	(198,426)	(434,977)	—
Available for sale investments	9,352	—	4,122	5,230

As at March 31, 2015, the Company held the following classes of financial instruments measured at fair value:

		Estimated fair value March 31, 2015		
	March 31, 2015	Level 1	Level 2	Level 3
Securities owned				
Corporate debt	$ 18,369	$ —	$ 18,369	$ —
Government debt	620,182	128,049	492,133	—
Corporate and government debt	638,551	128,049	510,502	—
Equities	208,678	186,950	21,505	223
Convertible debentures	899	—	27	872
Equities and convertible debentures	209,577	186,950	21,532	1,095
	848,128	314,999	532,034	1,095
Securities sold short				
Corporate debt	(18,032)	—	(18,032)	—
Government debt	(537,760)	(137,924)	(399,836)	—
Corporate and government debt	(555,792)	(137,924)	(417,868)	—
Equities	(98,847)	(95,715)	(3,132)	—
	(654,639)	(233,639)	(421,000)	—
Available for sale investments	8,693	—	3,963	4,730

Movement in net Level 3 financial assets

Balance, March 31, 2015	$	5,825
Purchase of Level 3 assets		500
Other		(90)
Balance, June 30, 2015	**$**	**6,235**

During the three months ended June 30, 2015, the Company made an additional investment of $0.5 million in debenture notes of Canadian First Financial Holdings Limited.

FAIR VALUE ESTIMATION

i. Level 2 financial instruments

Level 2 financial instruments include the Company's investment in certain corporate and government debt, equities and convertible debt. The fair values of corporate and government debt, equities 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 investment in Euroclear, which has an estimated fair value of $4.1 million as at June 30, 2015 [March 31, 2015 – $4.0 million]. The current fair value is determined using a market-based approach based on recent share buyback transactions.

ii. Level 3 financial instruments

a. Available for sale investments

Available for sale investments also include the Company's investment in Canadian First Financial Holdings Limited (Canadian First), which has an estimated fair value of $5.2 million as at June 30, 2015 [March 31, 2015 – $4.7 million]. During the three months ended June 30, 2015, the Company made an additional investment of $0.5 million in debenture notes. The fair value for Canadian First 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.

An increase or decrease of 10% in the fair value of the Company's investment in Canadian First held as at June 30, 2015 would cause an increase or decrease of approximately $0.4 million in other comprehensive income.

b. Held for trading

The fair value of 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 level 3 investments classified as held for trading as at June 30, 2015 was $1.0 million [March 31, 2015 – $1.1 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 June 30, 2015:

	Notional amount (millions)		Average price	Maturity	Fair value	
To sell US dollars	USD$	2.5	$1.25(CAD/USD)	July 2, 2015	$	(6)
To buy US dollars	USD$	2.5	$1.24(CAD/USD)	July 2, 2015	$	24
To buy pounds sterling (GBP)	GBP£	2.5	$1.95(CAD/GBP)	July 31, 2015	$	(34)
To buy euro (EUR)	EUR€	1.4	$1.36(CAD/EUR)	July 31, 2015	$	(48)

Forward contracts outstanding at March 31, 2015:

	Notional amount (millions)		Average price	Maturity	Fair value	
To sell US dollars	USD$	7.5	$1.27(CAD/USD)	April 6, 2015	$	11
To buy US dollars	USD$	12.0	$1.27(CAD/USD)	April 6, 2015	$	(20)
To buy pounds sterling (GBP)	GBP£	2.5	$1.88(CAD/GBP)	April 30, 2015	$	(6)
To buy euro (EUR)	EUR€	1.1	$1.38(CAD/EUR)	July 31, 2015	$	(24)

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 99 days as at June 30, 2015 [March 31, 2015 – 103 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 June 30, 2015 and March 31, 2015, respectively. The fair value of the forward contract assets and liabilities is included in the accounts receivable and payable balances.

	June 30, 2015						March 31, 2015					
	Assets		Liabilities		Notional amount		Assets		Liabilities		Notional amount	
Foreign exchange forward contracts	$	6,887	$	(6,627)	$	359,171	$	7,858	$	(7,635)	$	326,058

Futures

The Company's Canadian operations are involved in trading bond futures contracts, which are agreements to buy or sell a standardized amount of an underlying Government of Canada bond, 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 trade in bond futures in an attempt to mitigate interest rate risk, yield curve risk and liquidity risk. At June 30, 2015, the notional amount of the bond futures contracts outstanding was long $8.1 million [March 31, 2015 – long $1.6 million].

The Company's Canadian operations are also involved in trading US Treasury futures in an attempt to mitigate interest rate risk, yield curve risk and liquidity risk. At June 30, 2015, the notional amount of US Treasure futures contracts outstanding held in a short position was $7.5 million (US$6.0 million) [March 31, 2015 – $nil].

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	
June 30, 2015	**$**	**138,757**	**$**	**55,066**	**$**	**54,353**	**$**	**160,143**
March 31, 2015		155,031		43,393		42,734		172,615

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

NOTE 06 Accounts Receivable and Accounts Payable and Accrued Liabilities

ACCOUNTS RECEIVABLE

	June 30, 2015	March 31, 2015
Brokers and investment dealers	$ 1,561,180	$ 1,503,666
Clients	507,115	601,486
RRSP cash balances held in trust	260,097	276,159
Other	74,677	110,177
	$ 2,403,069	$ 2,491,488

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2015	March 31, 2015
Brokers and investment dealers	$ 1,243,601	$ 1,172,198
Clients	1,187,448	1,130,893
Other	187,047	224,545
	$ 2,618,096	$ 2,527,636

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 [June 30, 2015 – 5.85% to 6.25% and 0.00% to 0.05%, respectively; March 31, 2015 – 5.85% to 6.25% and 0.00% to 0.05%, respectively].

As at June 30, 2015, the allowance for doubtful accounts was $13.4 million [March 31, 2015 – $12.0 million].

NOTE 07 Impairment Testing of Goodwill and Identifiable Intangible Assets with Indefinite Lives

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	
	June 30, 2015	March 31, 2015	June 30, 2015	March 31, 2015	June 30, 2015	March 31, 2015
Canaccord Genuity						
Canada	$ 44,930	$ 44,930	$ 242,074	$ 242,074	$ 287,004	$ 287,004
UK & Europe	—	—	102,064	97,676	102,064	97,676
US	—	—	8,973	9,103	8,973	9,103
Other Foreign Locations (Australia)	187	188	21,133	21,265	21,320	21,453
Other Foreign Locations (Singapore)	—	—	23,095	22,971	23,095	22,971
Canaccord Genuity Wealth Management						
UK & Europe (Channel Islands)	—	—	105,887	101,335	105,887	101,335
UK & Europe	—	—	11,656	11,155	11,656	11,155
	$ 45,117	$ 45,118	$ 514,882	$ 505,579	$ 559,999	$ 550,697

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 CGU 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 impairment testing was carried out for all applicable CGUs at June 30, 2015.

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 cash flow assumptions approved by senior management. 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, 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 discount rate utilized for each CGU for the purposes of these calculations was 12.5% in respect of Canada and the UK & Europe [March 31, 2015 – 12.5%], and 14.0% in respect of Australia, Singapore and the US [March 31, 2015 – 14.0%]. Cash flow estimates for each CGU are based on management assumptions as described above and utilize five-year compound annual revenue growth rates ranging from 5.0% to 9.8% [March 31, 2015 – 5.0 to 10.0%] as well as estimates in respect of operating margins. The compound annual revenue growth rates utilized were: (a) Canaccord Genuity (i) Canada – 5.0%, (ii) UK & Europe – 7.5%, (iii) US – 9.8%, (iv) Other Foreign Locations – 6.0% to 9.4%; and (b) Canaccord Genuity Wealth Management, UK & Europe – 5.0%. The terminal growth rate used for CGUs located in Canada and the UK & Europe was 2.5% [March 31, 2015, Canada – 2.5%] and for CGUs located in all other locations was 3.0% [March 31, 2015 – 3.0%].

Sensitivity testing was conducted as part of the June 30, 2015 interim impairment test of goodwill and indefinite life intangible assets. The sensitivity testing includes assessing the impact that reasonably possible declines in revenue estimates for the 12 month period ending on June 30, 2016 and 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.

The Company's interim impairment testing has determined that any reasonably possible adverse change in the key assumptions in respect of the CGUs listed below may cause an impairment loss to be recognized. Reasonably possible declines in the growth rates utilized for the five year period beginning on July 1, 2015 decreases in the revenue estimates for the 12 month period ending on June 30, 2016, decreases in the annual improvement in operating margins, or increases in the discount rates would cause the estimated recoverable amount to be equal to the carrying value and consequently an impairment loss to be recognized. The extent of any such impairment loss would be determined after incorporating any consequential effects of that change on estimated operating income and on other factors.

		Change required for carrying value to equal the estimated recoverable amount			
CGU	Excess of the estimated recoverable amount over carrying value	Increase in discount rate (p.p)	Decrease in five-year CAGR (p.p)	Decrease in estimated revenue for the 12 month period ending on June 30, 2016	Decrease in annual improvement in operating margins (p.p)
Canaccord Genuity – Canada	$171,000	4.8	14.8	50,000	2.7
Canaccord Genuity – UK & Europe	$ 21,000	0.8	2.2	6,000	0.3
Canaccord Genuity – US	$ 16,000	1.6	5.9	9,000	0.3
Other Foreign Locations – Australia	$ 8,000	1.5	3.6	3,000	0.8
Other Foreign Locations – Singapore	$ 3,000	1.1	2.6	500	1.1

pp: percentage points

NOTE 08 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	
	June 30, 2015	June 30, 2014
Income taxes at the statutory rate (F2016: 26.0%; F2015: 26.0%)	**$ 3,236**	$ 6,055
Difference in tax rates in foreign jurisdictions	**(61)**	1,008
Non-deductible items affecting the determination of taxable income	**(10)**	140
Change in accounting and tax base estimate	**(724)**	245
Tax rate differential	**31**	(855)
Utilization of tax losses previously not recognized	**(986)**	(2,174)
Income tax expense – current and deferred	**$ 1,486**	$ 4,419

NOTE 09 Preferred Shares

	June 30, 2015		March 31, 2015	
	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 16 of the March 31, 2015 consolidated financial statements.

NOTE 10 Common Shares

	June 30, 2015		March 31, 2015	
	Amount	**Number of shares**	Amount	Number of shares
Issued and fully paid	**$ 726,706**	**103,267,682**	$ 722,509	102,607,705
Unvested share purchase loans	**(13,503)**	**(1,993,216)**	(25,852)	(3,424,549)
Held for long-term incentive plan (LTIP)	**(80,280)**	**(8,686,539)**	(75,799)	(7,388,489)
	$ 632,923	**92,587,927**	$ 620,858	91,794,667

[i] AUTHORIZED

Unlimited common shares without par value

[ii] ISSUED AND FULLY PAID

	Number of shares	Amount
Balance, March 31, 2015	102,607,705	$ 722,509
Shares issued in connection with share-based payment plans	682,177	4,290
Shares issued in connection with replacement plans	32,286	291
Shares cancelled	(54,486)	(384)
Balance, June 30, 2015	**103,267,682**	**$ 726,706**

On August 5, 2014, 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 5,100,049 of its common shares during the period from August 13, 2014 to August 12, 2015 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 the NCIB during the period from April 1, 2015 to June 30, 2015.

[iii] EARNINGS PER COMMON SHARE

	For the three months ended June 30, 2015	June 30, 2014
Basic earnings per common share		
Net income attributable to CGGI shareholders	$ 10,414	$ 18,081
Preferred shares dividends	(2,998)	(2,998)
Net income available to common shareholders	7,416	15,083
Weighted average number of common shares (number)	92,297,306	92,763,056
Basic earnings per share	$ 0.08	$ 0.16
Diluted earnings per common share		
Net income available to common shareholders	7,416	15,083
Weighted average number of common shares (number)	92,297,306	92,763,056
Dilutive effect in connection with LTIP (number)	3,397,342	5,611,930
Dilutive effect in connection with other share-based payment plans (number)	1,071,839	3,827,983
Adjusted weighted average number of common shares (number)	96,766,487	102,202,969
Diluted earnings per common share	$ 0.08	$ 0.15

NOTE 11 Dividends

COMMON SHARES DIVIDENDS

The Company declared the following common shares dividends during the three months ended June 30, 2015:

Record date	Payment date	Cash dividend per common share	Total common dividend amount
June 19, 2015	July 2, 2015	$ 0.05	$ 5,163

On August 4, 2015, the Board of Directors approved a quarterly cash dividend of $0.05 per common share payable on September 10, 2015 to common shareholders of record as at August 28, 2015 [Note 16].

PREFERRED SHARES DIVIDENDS

The Company declared the following preferred shares dividends during the three months ended June 30, 2015:

Record date	Payment date	Cash dividend per Series A Preferred Share	Cash dividend per Series C Preferred Share	Total preferred dividend amount
June 19, 2015	June 30, 2015	$ 0.34375	$ 0.359375	$ 2,999

On August 4, 2015, the Board also approved a cash dividend of $0.34375 per Series A Preferred Share payable on September 30, 2015 to Series A Preferred shareholders of record as at September 18, 2015 [Note 16].

On August 4, 2015, the Board also approved a cash dividend of $0.359375 per Series C Preferred Share payable on September 30, 2015 to Series A Preferred shareholders of record as at September 18, 2015 [Note 16].

NOTE 12 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 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 Company also has the option to issue common shares from treasury to plan participants following vesting of the RSUs.

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 basis over the vesting period of generally three years. The weighted average fair value of RSUs granted during the period ended June 30, 2015 was $7.20 [June 30, 2014 – $11.50].

	Number
Awards outstanding, March 31, 2015	10,746,218
Grants	4,672,721
Vested	(2,861,273)
Forfeited	(128,755)
Awards outstanding, June 30, 2015	**12,428,911**

	Number
Common shares held by the Trusts, March 31, 2015	7,388,489
Acquired	3,482,517
Released on vesting	(2,184,467)
Common shares held by the Trusts, June 30, 2015	**8,686,539**

[ii] SHARE-BASED COMPENSATION EXPENSE

	For the three months ended	
	June 30, 2015	June 30, 2014
Long-term incentive plan	**$ 10,283**	$ 8,676
Forgivable common share purchase loans	**1,521**	2,400
CSH Inducement Plan	**1,186**	1,335
Deferred share units (cash-settled)	**83**	537
Other	**(291)**	532
Total share-based compensation expense	**$ 12,783**	$ 13,480

NOTE 13 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 payable and accrued liabilities include the following balances with key management personnel:

	June 30, 2015	March 31, 2015
Accounts payable and accrued liabilities	**$ 701**	$ 1,041

NOTE 14 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 the US. Operations located in Other Foreign Locations under Canaccord Genuity (Barbados) Ltd., Canaccord Genuity Asia and the 50% interest in Canaccord Genuity Australia 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 & 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 & 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 & Europe (Eden Financial Ltd.). 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							
	June 30, 2015				June 30, 2014			
	Canaccord Genuity	Canaccord Genuity Wealth Management	Corporate and Other	Total	Canaccord Genuity	Canaccord Genuity Wealth Management	Corporate and Other	Total
Revenues, excluding interest revenue	$ 143,796	$ 62,542	$ 3,042	$ 209,380	$ 177,062	$ 59,894	$ 2,296	$ 239,252
Interest revenue	1,239	2,741	1,094	5,074	2,183	2,590	1,531	6,304
Expenses, excluding undernoted	123,771	51,079	13,681	188,531	139,700	50,937	12,486	203,123
Amortization	3,375	2,480	278	6,133	3,966	3,006	400	7,372
Development costs	1,733	1,985	334	4,052	2,369	2,414	352	5,135
Interest expense	2,867	67	357	3,291	3,741	157	357	4,255
Restructuring costs	—	—	—	—	—	783	1,600	2,383
Income (loss) before intersegment allocations and income taxes	13,289	9,672	(10,514)	12,447	29,469	5,187	(11,368)	23,288
Intersegment allocations	3,989	5,119	(9,108)	—	2,699	5,392	(8,091)	—
Income (loss) before income taxes	$ 9,300	$ 4,553	$ (1,406)	$ 12,447	$ 26,770	$ (205)	$ (3,277)	$ 23,288

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

	For the three months ended	
	June 30, 2015	June 30, 2014
Canada	$ 69,007	$ 94,393
UK & Europe	79,600	74,874
United States	55,156	62,239
Other Foreign Locations	10,691	14,050
	$ 214,454	$ 245,556

NOTE 15 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 three months ended June 30, 2015:

	Legal provisions	Restructuring provisions	Total provisions
Balance, March 31, 2015	$ 2,846	$ 11,474	$ 14,320
Additions	417	—	417
Utilized	(52)	(3,881)	(3,933)
Balance, June 30, 2015	**$ 3,211**	**$ 7,593**	**$ 10,804**

Commitments, litigation proceedings and contingent liabilities

During the period ended June 30, 2015, there were no material changes to the Company's commitments or contingencies from those described in Notes 24 and 25 of the March 31, 2015 consolidated financial statements.

The Company is also subject to asserted and unasserted claims arising in the normal course of business which, as of June 30, 2015, 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.

NOTE 16 Subsequent Event

[i] DIVIDENDS

On August 4, 2015, the Board of Directors approved the following cash dividends: a quarterly dividend of $0.05 per common share payable on September 10, 2015 to common shareholders with a record date of August 28, 2015; $0.34375 per Series A Preferred Share payable on September 30, 2015 with a record date of September 18, 2015; and $0.359375 per Series C Preferred Share payable on September 30, 2015 with a record date of September 18, 2015.

[ii] NCIB RENEWAL

On August 4, 2015, the Board of Directors approved the filing of an application to renew the NCIB to provide for the ability to purchase, at the Company's discretion, up to a maximum of 5,163,737 common shares through the facilities of the TSX during the period from August 13, 2015 to August 12, 2016. The purpose of any purchases under this program is to enable the Company to acquire shares for cancellation. The maximum number of shares that may be purchased represents 5.0% of the Company's outstanding common shares.

Shareholder Information

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Stock Exchange Listing

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LSE: CF.

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

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The Canaccord Genuity Group Inc.
2015 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
Q2/16	November 4, 2015	December 18, 2015	December 31, 2015	November 20, 2015	December 10, 2015
Q3/16	February 3, 2016	March 18, 2016	March 31, 2016	February 26, 2016	March 10, 2016
Q4/16	June 1, 2016	June 17, 2016	June 30, 2016	June 17, 2016	June 30, 2016
Q1/17	August 3, 2016	September 16, 2016	September 30, 2016	September 2, 2016	September 15, 2016

(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

Auditor

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Chartered Accountants
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