

## CANACCORD GENUITY GROUP INC. REPORTS THIRD QUARTER FISCAL 2017 RESULTS

*Excluding significant items, third quarter earnings per common share of \$0.03<sup>(1)</sup>*

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

**TORONTO, February 9, 2017** – During the third quarter of fiscal 2017, the quarter ended December 31, 2016, Canaccord Genuity Group Inc. (Canaccord Genuity, the Company, TSX: CF) generated \$208.1 million in revenue. Excluding significant items<sup>(1)</sup>, the Company recorded net income of \$6.3 million or net income of \$2.9 million attributable to common shareholders<sup>(2)</sup> (earnings per common share of \$0.03). Including all expense items, on an IFRS basis, the Company recorded net income of \$4.5 million or net income of \$1.2 million attributable to common shareholders<sup>(2)</sup> (earnings per common share of \$0.01).

The results for the quarter included certain non-recurring charges in the aggregate amount of \$6.0 million related to costs associated with the rationalization of our office space in Toronto, costs associated with the transition of new investment advisors onto the Company's wealth management platform in Canada and charges in connection with the acceleration of certain stock-based awards and contractual compensation payments. These costs were recorded as general and administrative expenses in Canaccord Genuity Wealth Management (North America) (\$0.7 million) and as premises and equipment and incentive compensation expenses in Corporate and Other (\$5.3 million). These costs have not been excluded for purposes of calculating adjusted net income (referred to as net income excluding significant items<sup>(1)</sup>).

“While the long term impact of recent developments in the U.S. and UK remains to be seen, we are encouraged to see more investors putting capital to work in the growth sectors of the global economy, a development that has given us a positive near-term outlook for our business,” said Dan Daviau, President & CEO of Canaccord Genuity Group Inc. “As activity levels improved, we have maintained a strong focus on driving down overall expenses to enhance profitability across our operations. In addition, we have made meaningful progress to advance our global wealth management strategy which will further contribute to long-term earnings stability.”

### Third Quarter of Fiscal 2017 vs. Third Quarter of Fiscal 2016

- Revenue of \$208.1 million, an increase of 14.4% or \$26.3 million from \$181.8 million
- Excluding significant items, expenses of \$200.3 million, a decrease of 1.9% or \$4.0 million from \$204.2 million<sup>(1)</sup>
- Expenses of \$202.4 million, a decrease of 62.0% or \$330.1 million from \$532.5 million<sup>(3)</sup>
- Excluding significant items, diluted earnings per common share (EPS) of \$0.03 compared to a loss per common share of \$0.25<sup>(1)</sup>
- Excluding significant items, net income of \$6.3 million compared to a net loss of \$19.1 million<sup>(1)</sup>
- Net income of \$4.5 million compared to a net loss of \$346.4 million<sup>(3)</sup>
- Diluted EPS of \$0.01 compared to a loss per common share of \$3.91<sup>(3)</sup>

<sup>1</sup> Figures excluding significant items are non-IFRS measures. See Non-IFRS measures on page 5.

<sup>2</sup> Net income (loss) attributable to common shareholders is calculated as the net income (loss) adjusted for non-controlling interests and preferred share dividends.

<sup>3</sup> Expenses in Q3/16 included an impairment charge of \$321 million related to goodwill and other assets.

### **Third Quarter of Fiscal 2017 vs Second Quarter of Fiscal 2017**

- Revenue of \$208.1 million, an increase of 7.5% or \$14.5 million from \$193.6 million
- Excluding significant items, expenses of \$200.3 million, an increase of 5.0% or \$9.6 million from \$190.7 million <sup>(1)</sup>
- Expenses of \$202.4 million, an increase of 5.0% or \$9.6 million from \$192.8 million
- Excluding significant items, diluted EPS of \$0.03 compared to a loss per common share of \$0.03 <sup>(1)</sup>
- Excluding significant items, net income of \$6.3 million compared to net income of \$2.0 million <sup>(1)</sup>
- Net Income of \$4.5 million compared to net income of \$0.2 million
- Diluted EPS of \$0.01 compared to a loss per common share of \$0.05

### **Year-to-Date Fiscal 2017 vs. Year-to-Date Fiscal 2016**

#### **(Nine months ended December 31, 2016 vs. Nine months ended December 31, 2015)**

- Excluding significant items, revenue of \$606.7 million, an increase of 3.4% or \$19.8 million from \$586.9 million <sup>(1)</sup>
- Excluding significant items, expenses of \$584.9 million, a decrease of 0.8% or \$4.7 million from \$589.6 million <sup>(1)</sup>
- Revenue of \$607.9 million, an increase of 3.6% or \$21.0 million from \$586.9 million
- Expenses of \$591.4 million, a decrease of 36.0% or \$332.2 million from \$923.6 million <sup>(3)</sup>
- Excluding significant items, diluted EPS of \$0.05 compared to a loss per common share \$0.15 <sup>(1)</sup>
- Excluding significant items, net income of \$16.5 million compared to a net loss of \$3.9 million <sup>(1)</sup>
- Net income of \$12.2 million compared to a net loss of \$335.9 million <sup>(3)</sup>
- Diluted EPS of \$0.01 compared to a loss per common share of \$3.78 <sup>(3)</sup>

### **Financial Condition at End of Third Quarter Fiscal 2017 vs. Fourth Quarter Fiscal 2016**

- Cash and cash equivalents balance of \$470.2 million, an increase of \$41.9 million from \$428.3 million
- Working capital of \$455.9 million, an increase of \$74.6 million from \$381.3 million
- Total shareholders' equity of \$735.6 million, a decrease of \$14.3 million from \$749.9 million
- Book value per diluted common share of \$4.85, a decrease of \$0.14 from \$4.99 <sup>(4)</sup>
- On February 9, 2017, the Board of Directors considered the Company's dividend policy in the context of the market environment and business activity and approved a continued suspension of the quarterly common dividend. This suspension will be reviewed quarterly and a determination made on the basis of business conditions and profitability.
- On February 9, 2017, the Board of Directors approved a cash dividend of \$0.24281 per Series A Preferred Share payable on March 31, 2017 with a record date of March 17, 2017, and a cash dividend of \$0.359375 per Series C Preferred Share payable on March 31, 2017 to Series C Preferred shareholders of record as at March 17, 2017.

## **SUMMARY OF OPERATIONS**

### ***Corporate***

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<sup>4</sup> See Non-IFRS Measures on page 5.

- On October 27, 2016, the Company closed a private placement of convertible unsecured senior subordinated debentures in the aggregate principal amount of \$60 million. The Company intends to use the net proceeds to finance growth in its wealth management business in Canada through the recruitment of Investment Advisors and for general corporate purposes. The debentures bear interest at a rate of 6.50% per annum, payable semi-annually on the last day of June and December each year commencing December 31, 2016. The debentures are convertible at the holders' option into the Company's common shares at a conversion price of \$6.50 per share. The debentures will mature on December 31, 2021 and may be redeemed by the Company, in certain circumstances, on or after December 31, 2019.
- On August 11, 2016, Canaccord Genuity Group Inc. announced the filing of a normal course issuer bid (NCIB) to purchase up to a maximum of 5,587,378 of its common shares in accordance with the requirements of the TSX through the facilities of the TSX and on alternative trading systems during the period from August 15, 2016 to August 14, 2017. The purpose of any purchase under this program is to enable the Company to acquire shares for cancellation. The maximum number of shares that may be purchased represented 5.0% of the Company's outstanding common shares at the time of filing the NCIB. A total of 99,800 shares have been purchased and cancelled under the terms of the NCIB during the nine months ended December 31, 2016.

### **Capital Markets** <sup>(5)</sup>

- Canaccord Genuity participated in 84 investment banking transactions globally, raising total proceeds of C\$10.8 billion<sup>(5)</sup> during fiscal Q3/17
- Canaccord Genuity led or co-led 24 transactions globally, raising total proceeds of C\$762 million<sup>(5)</sup> during fiscal Q3/17
- Significant investment banking transactions for Canaccord Genuity during fiscal Q3/17 include:
  - AUD\$24.9 million for Doray Minerals Ltd. on the ASX
  - £329.0 million block trade for Playtech plc on the LSE
  - C\$186.0 million block trade for a holder of Great Canadian Gaming Corporation on the TSX
  - US\$30.0 million for GenMark Diagnostics, Inc. on NASDAQ
  - AUD\$62.6 million for Cooper Energy Ltd. on the ASX
  - £38.0 million for Rathbone Brothers plc on the LSE
  - US\$75.0 million IPO for Obalon Therapeutics, Inc. on NASDAQ
  - C\$66.5 million for InPlayOil Corp on the TSX
  - C\$29.0 million for Pro Real Estate Investment Trust on the TSXV
  - C\$40.3 million for Alterra Power Corp on the TSX
  - US\$322.0 million for Twilio Inc. on the NYSE
  - US\$123.0 million IPO for iRhythm Technologies, Inc. on NASDAQ
  - US\$172.5 million for Advanced Accelerator Applications S.A. on NASDAQ
  - US\$134.6 million IPO for AquaVenture Holdings Limited on the NYSE
  - C\$400.00 million IPO for Aritzia Inc. on the TSX
  - US\$40.0 million IPO for Everspin Technologies, Inc. on NASDAQ
  - AUD\$25.0 million IPO for Dreamscape Networks Limited on the ASX
  - C\$25.0 million for Aurora Cannabis Inc. on the TSXV
  - C\$20.0 million for iAnthus Capital Holdings Inc. on the CSE
  - US\$80.5 million for Kratos Defense & Security Solutions, Inc. on NASDAQ

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<sup>5</sup> Transactions over \$1.5 million. Internally sourced information.

- C\$50.0 million for Supreme Pharmaceuticals Inc on the CSE
- US\$16.5 million for Palatin Technologies on the NYSE MKT
- AUD\$26.5 million for Dacian Gold Limited on the ASX
- C\$60.0 million IPO for CanniMed Therapeutics Inc. on the TSX
- US\$126.5 million IPO for Xencor, Inc. on NASDAQ
- US\$35.7 million IPO for TiGenix on NASDAQ
- In Canada, Canaccord Genuity participated in raising \$233.7 million for government and corporate bond issuances during fiscal Q3/17
- Advisory fees recorded during fiscal Q3/17 were \$17.1 million, a decrease of \$21.8 million or 56.0% compared to the same quarter last year
- During fiscal Q3/17, significant M&A and advisory transactions included:
  - Kier Group plc on the £75 million sale of its infrastructure engineering and environmental consultancy business to WSP Global Inc.
  - Catapult Environmental Inc. on its private equity sponsorship by ARC Financial Corp.
  - TransGlobe Energy Corporation on its C\$80 million Canadian Asset Acquisition
  - Only About Children on the divestment of a majority stake to Bain Capital Private Equity
  - PEMCO World Air Services, Inc. on its sale to Airborne Maintenance and Engineering Services, Inc., a subsidiary of Air Transport Services Group, Inc.
  - InPlay Oil Corp. on the reverse take-over transaction of TSX-listed Anderson Energy Inc., the closing of a C\$47 million asset acquisition and raising C\$70.3 million of gross subscription receipt proceeds.
  - SynCardia Systems, Inc. on its sale to affiliates of Versa Capital Management, LLC pursuant to §363 of the U.S. Bankruptcy Code
  - Abénex Capital on the disposal of Vulcanic to Qualium
  - ECI Partners on the acquisition of Edenhouse
  - Fläkt Woods on its disposal to Triton Partners

#### ***Canaccord Genuity Wealth Management (Global)***

- Globally, Canaccord Genuity Wealth Management generated \$68.5 million in revenue during Q3/17
- Assets under administration in Canada and assets under management in the UK & Europe and Australia were \$36.1 billion at the end of Q3/17<sup>(4)</sup>, an increase of 5.0% or \$1.7 billion at the end of the previous quarter and an increase of 5.1% or \$1.7 billion at the end of fiscal Q3/16

#### ***Canaccord Genuity Wealth Management (North America)***

- Canaccord Genuity Wealth Management (North America) generated \$32.8 million in revenue and, after intersegment allocations and before taxes, recorded a net loss of \$0.5 million during Q3/17. As noted above, incremental costs associated with the transition of new investment advisors onto the Company's wealth management platform in the amount of \$0.7 million were recorded during the quarter and are reflected in this net loss for the quarter.
- Assets under administration in North America were \$12.0 billion as at December 31, 2016, an increase of 15.8% from \$10.3 billion at the end of the previous quarter and an increase of 32.5% from \$9.0 billion at the end of fiscal Q3/16<sup>(4)</sup>
- Assets under management in North America (discretionary) were \$2.5 billion as at December 31 2016, an increase of 107.3% from \$1.2 billion at the end of the previous quarter and an increase of 100.2% from \$1.3 billion at the end of fiscal Q3/16<sup>(4)</sup> (included in assets under administration)

- Canaccord Genuity Wealth Management had 139 Advisory Teams<sup>(6)</sup> at the end of fiscal Q3/17, unchanged from September 30, 2016 and a decrease of one team from December 31, 2015

#### ***Canaccord Genuity Wealth Management (UK & Europe)***

- Wealth management operations in the UK & Europe generated \$34.5 million in revenue and, after intersegment allocations, and excluding significant items, recorded net income of \$8.1 million before taxes during Q3/17<sup>(1)</sup>
- Assets under management (discretionary and non-discretionary) were \$23.4 billion (£14.1 billion) as at December 31, 2016, an increase of 0.8% from \$23.2 billion (£13.6 billion) as at the end of the previous quarter and a decrease of 4.7% from \$24.5 billion (£11.9 billion) as at December 31, 2015<sup>(4)</sup>. In local currency (GBP), assets under management at December 31, 2016 increased by 3.3% compared to September 30, 2016 and by 18.2% compared to Q3/16.

#### ***Non-IFRS Measures***

The non-International Financial Reporting Standards (IFRS) measures presented include assets under administration, assets under management, book value per diluted common share and figures that exclude significant items. Significant items include restructuring costs, amortization of intangible assets acquired in connection with a business combination, impairment of goodwill and other assets and acquisition-related expense items, which include costs recognized in relation to both prospective and completed acquisitions, as well as gains or losses related to business disposals including recognition of realized translation gains on the disposal of foreign operations. Book value per diluted common share is calculated as total common shareholders' equity adjusted for assumed proceeds from the exercise of options and warrants and conversion of convertible debentures divided by the number of diluted common shares outstanding including estimated amounts in respect of share issuance commitments including options, warrants and convertible debentures, and, commencing in Q1/14, adjusted for shares purchased under the NCIB and not yet cancelled and estimated forfeitures in respect of unvested share awards under share-based payment plans.

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

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<sup>6</sup> 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.

## Selected financial information excluding significant items<sup>(1)</sup>

| (C\$ thousands, except per share and % amounts)                              | Three months ended<br>December 31 |                  | Quarter-<br>over-<br>quarter<br>change | Nine months ended<br>December 31 |                | YTD –<br>over –<br>YTD<br>change |
|--|-----------------------------------|------------------|--|----------------------------------|----------------|----------------------------------|
|  | 2016                              | 2015             |  | 2016                             | 2015           |                                  |
| Total revenue per IFRS   | <b>\$208,108</b>                  | \$181,837        | 14.4%                                  | <b>\$607,890</b>                 | \$586,893      | 3.6%                             |
| Total expenses per IFRS  | <b>\$202,397</b>                  | \$532,456        | (62.0)%                                | <b>\$591,411</b>                 | \$923,566      | (36.0)%                          |
| <b>Revenue</b>   |                                   |                  |  |                                  |                |                                  |
| <i>Significant items included in Canaccord Genuity</i>                       |                                   |                  |  |                                  |                |                                  |
| Realized translation gains on disposal of<br>Singapore                       | —                                 | —                | —                                      | <b>1,193</b>                     | —              | n.m.                             |
| Total revenue excluding significant items                                    | <b>\$208,108</b>                  | <b>\$181,837</b> | <b>14.4%</b>                           | <b>606,697</b>                   | <b>586,893</b> | <b>3.4%</b>                      |
| <b>Expenses</b>  |                                   |                  |  |                                  |                |                                  |
| <i>Significant items recorded in Canaccord Genuity</i>                       |                                   |                  |  |                                  |                |                                  |
| Amortization of intangible assets  | <b>829</b>                        | 1,333            | (37.8)%                                | <b>2,475</b>                     | 4,063          | (39.1)%                          |
| Impairment of goodwill and other assets                                      | —                                 | 321,037          | (100.0)%                               | —                                | 321,037        | (100.0)%                         |
| Restructuring costs  | —                                 | 2,977            | (100.0)%                               | —                                | 2,977          | (100.0)%                         |
| <i>Significant items recorded in Canaccord Genuity<br/>Wealth Management</i> |                                   |                  |  |                                  |                |                                  |
| Amortization of intangible assets  | <b>1,274</b>                      | 1,560            | (18.3)%                                | <b>4,001</b>                     | 4,584          | (12.7)%                          |
| <i>Significant items recorded in Corporate and Other</i>                     |                                   |                  |  |                                  |                |                                  |
| Restructuring costs  | —                                 | 1,300            | (100.0)%                               | —                                | 1,300          | (100.0)%                         |
| Total significant items  | <b>2,103</b>                      | 328,207          | (99.4)%                                | <b>6,476</b>                     | 333,961        | (98.1)%                          |
| Total expenses excluding significant items                                   | <b>200,294</b>                    | 204,249          | (1.9)%                                 | <b>584,935</b>                   | 589,605        | (0.8)%                           |
| Net income (loss) before taxes – adjusted                                    | <b>\$7,814</b>                    | \$(22,412)       | 134.9%                                 | <b>\$21,762</b>                  | \$(2,712)      | n.m.                             |
| Income taxes (recovery) – adjusted   | <b>1,505</b>                      | (3,268)          | 146.1%                                 | <b>5,306</b>                     | 1,170          | n.m.                             |
| Net income (loss) – adjusted   | <b>\$6,309</b>                    | \$(19,144)       | 133.0%                                 | <b>\$16,456</b>                  | \$(3,882)      | n.m.                             |
| Net income (loss) attributable to common<br>shareholders, adjusted           | <b>\$2,907</b>                    | (22,228)         | 113.1%                                 | <b>\$4,726</b>                   | (13,508)       | 135.0%                           |
| Earnings (loss) per common share – basic, adjusted                           | <b>\$0.03</b>                     | \$(0.25)         | 112.0%                                 | <b>\$0.05</b>                    | \$(0.15)       | 133.3%                           |
| Earnings (loss) per common share – diluted, adjusted                         | <b>\$0.03</b>                     | \$(0.25)         | 112.0%                                 | <b>\$0.05</b>                    | \$(0.15)       | 133.3%                           |

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 5.

n.m.: not meaningful

## **Fellow Shareholders:**

The results of our third fiscal quarter reflect improving performance across global capital markets in our focus sectors. Although developments in the UK and the US continue to evolve, and the longer term impact on the growth sectors of the global economy remains to be seen, we are encouraged by improving activity levels and our near term outlook is positive.

The outcome of the US federal election in November led to improved sentiment throughout financial markets, on the back of ongoing stabilization in economic data, an anticipated shift towards more expansionary fiscal policy, lower taxes and a new approach to regulation from the new administration. During the quarter, the S&P/TSX Composite finished 4.5% higher, including dividends, ending the 2016 calendar year up 21.1%, as higher oil and gold prices gave the Canadian Index a boost for the better part of 2016.

Throughout the quarter, businesses in the UK became more active as they began taking steps to move forward in light of a widely anticipated 'hard' Brexit, a development that has become increasingly likely subsequent to the end of the quarter.

In addition to improving activity levels across our operations, the benefits of the restructuring and alignment initiatives we announced one year ago are becoming more evident in our results. We have continued to strengthen overall profitability and drive down expenses while activity levels improve across our global operations. Our back office and support teams have maintained a strong focus on improving firm wide efficiencies, optimizing office spaces, and ensuring that we have the necessary support and infrastructure to move forward with our strategy across all businesses and geographies.

For the third quarter of fiscal 2017, Canaccord Genuity Group Inc. generated total revenue of \$208.1 million, an increase of 14.4% compared to the same quarter of last year. Our expenses for the quarter included approximately \$6 million in non-recurring charges, primarily in connection with the costs of growing our Canadian wealth management platform, contractual compensation payments, and the rationalization of our office space in Toronto. These costs have not been excluded for the purpose of calculating adjusted net income.

## **Global wealth management businesses continue to drive stability and growth**

At the end of our third fiscal quarter, Canaccord Genuity Wealth Management had total assets under management and administration of \$36.1 billion, a year-over year increase of 5.1%. Total revenue generated by our wealth management operations in the UK & Europe, Canada and Australia grew to \$68.5 million, an increase of 10.8% compared to the same quarter of last year.

Our wealth management operation in the UK & Europe produced a record third quarter result. When measured in local currency, net income for the three month period was £4.9 million, an improvement of £1.7 million, or 53% compared to the same quarter of last year. The exceptional quality of our product offering in this region has helped this business to steadily improve net inflows and increase assets under management, which grew to £14.1 billion at the end of the quarter, up from £11.9 billion a year ago. I am also pleased to report that Canaccord Genuity Wealth Management was recently awarded the Citywealth IFC award for Investment Manager of the Year – Isle of Man.

Assets in our Canadian wealth management business continued to improve, primarily due to the success of our recruiting strategy. At the end of the third fiscal quarter, total assets under administration in this business grew to approximately \$12 billion dollars, an increase of 32.5% when compared to the same period last year. As most new assets were transitioned to our platform near the end of the fiscal period, associated revenues will be more fully reflected in future quarters. Our recruiting efforts in this business remain on track and we are attracting interest from growing numbers of high quality advisors. Looking ahead, we will continue to centre our offering on professional and highly personalized advice for clients, a differentiator that I am confident will position us to be the leading independent wealth management firm in Canada.

Looking ahead, we continue to focus on increasing scale in our Canadian and UK & Europe wealth management operations, in addition to driving growth in our Australian wealth management business, so that we can steadily improve recurring revenue contributions and further enhance stability for our shareholders. As we move forward on this strategy, we expect to incur moderate, non-recurring charges with respect to onboarding new advisors and clients. In addition, we will continue to incur costs associated with our acquisition efforts in our UK and offshore businesses.

### **Profitable quarter for all global capital markets businesses**

Activity levels in our global capital markets businesses continued to trend higher on more evidence of global growth tailwinds. For the third fiscal quarter, our global capital markets business earned revenue of \$137.3 million, with the largest contribution coming from our US operation.

Our US capital markets business delivered its strongest revenue quarter on record, driven primarily by our principal trading operation, which is on track to deliver a record fiscal year performance. Revenue generated from investment banking activities has also steadily improved over the fiscal year. While it is too early to tell if the post-election optimism will translate into longer term conviction, we have continued to strengthen our competitive position in the US market by making disciplined investments to strengthen our capability in the verticals that support our core strengths globally. Recently, we announced new senior investment banking hires to strengthen coverage in our Healthcare IT (HCIT), Consumer & Retail and Technology practices.

Calendar 2016 was a pivotal year for our Australian capital markets team, as they cemented Canaccord Genuity as a dominant mid-market competitor in the region. This operation has become significant enough that we now provide separate disclosure in our supplementary financial information. Despite a seasonally slower third quarter, revenues from capital markets activity in this business increased by 96% compared to the same period of last year, driven primarily by investment banking activity. Year to date, this business has increased revenues by 118% compared to the first nine months of fiscal 2016. Our teams in the region have consistently demonstrated a commitment to delivering successful outcomes for clients, putting this business on track to deliver a record result for fiscal 2017.

On the back of a very challenging year, our capital markets business in the UK & Europe returned to marginal profitability during the third fiscal quarter. Notably, investment banking revenue in this business increased by 35.8% on a year-over-year basis and revenue generated from principal trading activity increased by 37.1%. Activity in our advisory business has steadily improved since the start of the fiscal year, and we continue to have good visibility on improving near term activity in this segment. We are also actively working to better align our new issue business in the region. While we are encouraged by the positive momentum in this region, we are also carefully reviewing all opportunities to ensure long term profitability in this business.

I am also pleased to report that subsequent to the end of the quarter, our Dubai operation successfully closed its first official advisory mandate, which was one of our most significant transactions of the fiscal year. With the working association between Dubai and the UK, Dubai's operations will now be reported with the Canaccord Genuity UK and Europe business unit in our supplementary financial information.

New issue activity in our Canadian capital markets business continued to be softer during the third quarter, but on a year-over-year basis revenue generated from investment banking activities increased by 206%. Importantly, our recently formed Capital Markets Origination Group is driving stronger collaboration between our capital markets and wealth management teams in the region and we have recently completed a number of important early-stage financings for entrepreneurial clients, with whom we expect to form long-term partnerships as we support their growth objectives over time. We will continue to grow our origination capability, to firmly establish Canaccord Genuity as the leading independent investment bank in Canada.

Looking ahead, we are encouraged to see that broad market sentiment at the start of calendar 2017 is much more positive than it was in the same period last year. Investors are increasingly looking to put more money to work in the dynamic growth sectors of the global economy, and as a leading independent global investment bank with a

focus on the mid-market, our differentiated service model positions us well to increase activity in our core focus sectors.

**Committed to driving long term shareholder value creation**

While our near term outlook for activity levels in our capital markets and wealth management operations is positive, we continue to anticipate periodic increases in volatility levels as the markets react to the specifics of regulatory and policy changes in the UK and the US. Against this backdrop, we remain committed to operating our business efficiently, and with a strong focus on delivering sustainable long term value for our clients and our shareholders.

Kind regards,

Dan Daviau  
President & CEO  
Canaccord Genuity Group Inc.

## **ACCESS TO QUARTERLY RESULTS INFORMATION**

Interested investors, the media and others may review this quarterly earnings release and supplementary financial information at <http://www.canaccordgenuitygroup.com/EN/IR/Pages/default.aspx>.

## **CONFERENCE CALL AND WEBCAST PRESENTATION**

Interested parties are invited to listen to Canaccord Genuity's third quarter conference call, via live webcast or a toll free number. The conference call is scheduled for Friday, February 10, 2017 at 5:00 a.m. Pacific time, 8:00 a.m. Eastern time, 1:00 p.m. UK time, 9:00 p.m. China Standard Time, and 11:00 p.m. Australia EST. During the call, senior executives will comment on the results and respond to questions from analysts and institutional investors.

The conference call may be accessed live and archived on a listen-only basis at: <http://www.canaccordgenuitygroup.com/EN/NewsEvents/Pages/Events.aspx>

Analysts and institutional investors can call in via telephone at:

- 647-427-7450 (within Toronto)
- 1-888-231-8191 (toll free outside Toronto)
- 0-800-051-7107 (toll free from the United Kingdom)
- 0-800-91-7449 (Toll free from France)
- 10-800-714-1191 (toll free from Northern China)
- 10-800-140-1195 (toll free from Southern China)
- 1-800-287-011 (toll free from Australia)
- 800-017-8071 (toll free from United Arab Emirates)

Please ask to participate in the Canaccord Genuity Group Inc. Q3/17 results call. If a passcode is requested, please use 28425365.

A replay of the conference call will be available on February 10, 2017, after 8:00 a.m. (Pacific Time), 11:00 a.m. (Eastern Time) 4:00 p.m. (UK Time), and on February 11, 2017, at 12:00 a.m. (China Standard Time) and 2:00 a.m. (Australia EST Time) until March 17, 2017 at 416-849-0833 or 1-855-859-2056 by entering passcode 28425365 followed by the pound (#) sign.

## **ABOUT CANACCORD GENUITY GROUP INC.:**

Through its principal subsidiaries, Canaccord Genuity Group Inc. (the Company) 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. The Company 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 international capital markets division, operates in Canada, the US, the UK, France, Ireland, China, Hong Kong, Australia and Dubai. To us there are no foreign markets.™

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None of the information on the Company's websites at [www.canaccordgenuity.com](http://www.canaccordgenuity.com), [www.canaccordgenuitygroup.com](http://www.canaccordgenuitygroup.com), and [www.canaccordgenuity.com/cm](http://www.canaccordgenuity.com/cm) should be considered incorporated herein by reference.