

CANACCORD FINANCIAL INC. REPORTS FISCAL FOURTH QUARTER AND FISCAL 2012 RESULTS

(All dollar amounts are stated in Canadian dollars unless otherwise indicated)⁽¹⁾

TORONTO, May 23, 2012 – During the fourth quarter of fiscal 2012, the quarter ended March 31, 2012, Canaccord Financial Inc. (Canaccord, TSX: CF, AIM: CF.) generated \$177.7 million in revenue and recorded a net loss of \$31.8 million, or \$0.42 per common share. Restructuring and acquisition-related expense items (Significant Items) totalling \$41.2 million, or \$33.9 million after tax, were incurred during the quarter, including \$29.0 million of restructuring costs, \$10.4 million related to the acquisition of Collins Stewart Hawkpoint plc (CSHP) and \$1.8 million of amortization of intangible assets. Excluding Significant Items, a non-IFRS measure, Canaccord recorded net income of \$2.1 million or \$0.02 per diluted common share.

During the fiscal year ended March 31, 2012, Canaccord generated \$604.9 million of revenue and recorded a net loss of \$21.3 million, or \$0.33 per common share. Excluding Significant expense items related to acquisitions and restructuring during the fiscal year, Canaccord generated net income of \$25.2 million, or \$0.25 per common share.

“During fiscal 2012 we accomplished many strategic initiatives to advance our business and best position Canaccord for long-term success,” noted Paul Reynolds, President and CEO of Canaccord Financial Inc. “We significantly expanded our global reach and service offering through acquisitions in Europe and Australia. We achieved record advisory revenue, for the second consecutive year, underscoring the value of the investments we’ve made to build out our M&A and Advisory capabilities. And we strengthened our Wealth Management division, growing our fee-based revenue and adding a strong, profitable wealth management business based in the UK.”

Mr. Reynolds continued, “As the acquisition of Collins Stewart Hawkpoint plc closed at the end of our fiscal fourth quarter, our fiscal 2012 results do not reflect the capabilities of our new expanded business. We believe the true value of this investment will be demonstrated in the year ahead, as our combined expertise, corporate and institutional relationships, and geographic coverage converge to broaden the opportunities we find for our clients.”

The acquisition of CSHP closed on March 21, 2012. Operating contributions from CSHP businesses from March 22, 2012 to March 31, 2012 are included in Canaccord’s fiscal Q4/12 and fiscal 2012 results.

FISCAL 2012 VS. FISCAL 2011

(12 months ended March 31, 2012 vs. 12 months ended March 31, 2011)

- Revenue of \$604.9 million, down 25% or \$198.7 million from \$803.6 million
- Expenses of \$621.0 million, down 6.1% or \$40.2 million from \$661.2 million
- Net loss of \$21.3 million compared to net income of \$99.7 million
- Diluted loss per common share of \$0.33 compared to diluted earnings per share (EPS) of \$1.22 in the prior year
- Return on common equity (ROE) of (3.1)%, compared to 14.2%⁽²⁾⁽³⁾ in fiscal 2011

¹ As required by the Canadian Accounting Standards Board (AcSB), the Company adopted International Financial Reporting Standards (IFRS) effective April 1, 2011. All financial information provided for fiscal 2012 is in accordance with IFRS, and all comparative financial information for the four quarters of fiscal 2011 has been restated and presented in accordance with IFRS.

² See Non-IFRS Measures on page 5.

³ ROE is presented on an annualized basis. ROE for the period is calculated by dividing the annualized net income (loss) available to common shareholders for the period over the average common shareholders’ equity for the period. See Non-IFRS Measures on page 5.

Excluding significant items⁽²⁾⁽⁴⁾

- Expenses of \$564.2 million, down \$79.1 million from \$643.3 million
- Net income of \$25.2 million compared to net income of \$114.1 million
- Diluted EPS of \$0.25 compared to diluted EPS of \$1.40 in fiscal 2011
- ROE of 2.7%, down from 16.3%⁽²⁾⁽³⁾

Fourth quarter of fiscal 2012 vs. fourth quarter of fiscal 2011

- Revenue of \$177.7 million, down 28% or \$69.9 million from \$247.6 million
- Expenses of \$207.7 million, up 10% or \$18.4 million from \$189.3 million
- Net loss of \$31.8 million compared to net income of \$41.3 million
- Diluted loss per share of \$0.42 compared to diluted EPS of \$0.49

Excluding significant items⁽²⁾⁽⁴⁾

- Expenses of \$166.5 million, down 11.6% or \$21.8 million from \$188.3 million
- Net income of \$2.1 million compared to net income of \$42.3 million
- Diluted EPS of \$0.02 compared to \$0.50 in the fourth quarter of 2011

Fourth quarter of fiscal 2012 vs. third quarter of fiscal 2012

- Revenue of \$177.7 million, up 20% or \$29.8 million from \$147.9 million
- Expenses of \$207.7 million, up 45% or \$64.9 million from \$142.8 million
- Net loss of \$31.8 million compared to net income of \$2.5 million
- Diluted loss per share of \$0.42 compared to diluted EPS of \$0.01 in the third quarter of 2012

Excluding significant items⁽²⁾⁽⁴⁾

- Expenses of \$166.5 million, up 26% or \$34.4 million from \$132.1 million
- Net income of \$2.1 million compared to net income of \$10.6 million
- Diluted EPS of \$0.02 compared to \$0.11 in the third quarter of 2012

Financial condition at end of fourth quarter 2012 vs. fourth quarter 2011

- Cash and cash equivalents balance of \$814.2 million, down \$139.9 million from \$954.1 million
- Working capital of \$331.1 million, down \$66.5 million from \$397.6 million
- Total shareholders' equity of \$992.1 million, up \$235.2 million from \$756.9 million
- Book value per diluted common share for the period end was \$8.26, down 6% or \$0.53 from \$8.79⁽²⁾
- On May 22, 2012, the Board of Directors approved a quarterly dividend of \$0.10 per common share payable on June 15, 2012 with a record date of June 1, 2012
- On May 22, 2012, the Board of Directors also approved a cash dividend of \$0.34375 per Series A Preferred Share payable on July 3, 2012 with a record date of June 15, 2012, and approved a cash dividend of \$0.3190 per Series C Preferred Share payable on July 3, 2012 and with a record date of June 15, 2012

⁴ Significant items include restructuring costs and acquisition-related expense items as discussed under Non-IFRS Measures on page 5.

SUMMARY OF OPERATIONS

Corporate

- On February 9, 2012, Canaccord and the Export-Import Bank of China announced their intent to establish a US\$1 billion Natural Resource Fund
 - The fund is intended to raise approximately US\$1 billion from investors in China and abroad and will be structured and operated at arm's length from its co-owners, with an independent management team responsible for maximizing returns for its limited partners
 - A first closing may take place as early as the first half of the 2012 calendar year
- On March 21, 2012, Canaccord completed its acquisition of CSHP
- On March 22, 2012, staffing redundancies related to the acquisition of CSHP were announced to staff in the UK and the US. This staff reduction and corporate restructuring resulted in \$20.8 million of restructuring charges during the quarter
- On March 22, 2012, Canaccord Financial Inc. announced the offering of 4,000,000 Series C Rate Reset Preferred Shares (Series C Preferred Shares) priced at \$25.00 each to raise capital to reduce the outstanding borrowings under the \$150 million senior secured credit facility entered into by the Company to fund a portion of the cash consideration for the acquisition of CSHP
 - Subsequent to quarter end, on April 10, 2012, the Series C Preferred Share offering closed and the Series C Preferred Shares began trading on the TSX under the symbol CF.PR.C
 - In total, the Series C Rate Reset Preferred Share issuance raised \$100.0 million in gross proceeds
- On March 26, 2012, all CSHP businesses were integrated into Canaccord's operations
- On March 28, 2012, a restructuring of Canaccord Genuity's trading operations in Canada was implemented. Staffing changes and restructuring in Canada resulted in \$8.2 million of restructuring charges during the quarter.
- During the quarter, Canaccord repurchased and cancelled 50,500 of its common shares at an average price of \$8.17 per share under the terms of its Normal Course Issuer Bid (NCIB)

Capital Markets

Through the acquisition of CSHP, Canaccord expanded its capital markets operations in the UK, Europe, the US and Singapore. Contributions from these operations from March 22, 2012 are included in the operating figures below.

- Canaccord Genuity led or co-led 25 transactions globally, raising total proceeds of \$919.1 million⁽⁵⁾ during fiscal Q4/12
- Canaccord Genuity participated in 84 transactions globally, raising total proceeds of \$2.0 billion⁽⁵⁾ during fiscal Q4/12
- During fiscal Q4/12, Canaccord Genuity led or co-led the following transactions:
 - £250 million for HICL Infrastructure Company Ltd. on the LSE
 - Two transactions raising a total of \$193.5 million for Artis Real Estate Investment Trust on the TSX
 - \$125.0 million for Griffiths Energy International Inc. (Non-exchange listed)
 - Two transactions raising a total of \$69.4 million for Pure Industrial Real Estate Trust on the TSX Venture
 - \$63.5 million for New Zealand Energy Corp. on the TSX Venture
 - \$60.1 million for Pinecrest Energy Inc. on the TSX Venture

⁵ Source: FP Infomart and Company Information

- \$35.1 million for MBAC Fertilizer Corp. on the TSX
 - \$28.7 million for Amaya Gaming Group Inc. on the TSX Venture
 - \$25.0 million for Canadian Satellite Radio Holdings Inc. on the TSX
 - US\$21.5 million for Anacor Pharmaceuticals on the NASDAQ
- Canaccord Genuity generated advisory revenues of \$24.6 million during fiscal Q4/12, a decrease of 4.3% compared to the same quarter last year
 - During fiscal Q4/12, Canaccord Genuity advised on the following M&A and advisory transactions:
 - Canmarc Real Estate Investment Trust on its acquisition by Cominar Real Estate Investment Trust
 - Silverback Energy Ltd. on its combination with Seaview Energy Inc.
 - Viterra Feed Business on its acquisition by Birch Hill – Hi-Pro Feeds LP
 - Gennum Corp. on its acquisition by Semtech Corp.
 - Hathor Exploration Ltd. on its acquisition by Rio Tinto plc
 - Viterra Inc. on its pending acquisition by Glencore International plc

Canaccord Wealth Management (Global)

Through the acquisition of CSHP, Canaccord gained a UK and European wealth management business (Collins Stewart Wealth Management). This operating unit will be reported as part of the Canaccord Wealth Management division going forward. Contributions from these operations from March 22, 2012 are included in the operating figures below.

- Globally, Canaccord Wealth Management generated \$54.5 million in revenue. On an operating basis (excluding significant items), after all expense allocations, the division recorded net income of \$0.5 million before taxes in Q4/12
- Assets under administration in Canada and assets under management in the UK and Europe were \$27.9 billion at the end of Q4/12⁽²⁾
- Canaccord Wealth Management had 41 offices worldwide, as of March 31, 2012

Canaccord Wealth Management (Canada and US)

- Canaccord Wealth Management generated \$52.5 million in revenue and (excluding significant items), after all expense allocations, recorded net income of \$0.2 million before taxes in Q4/12
- Assets under administration were \$14.8 billion, up 3% from \$14.4 billion at the end of Q3/12 and down 13% from \$17.0 billion at the end of Q4/11⁽²⁾
- Assets under management (discretionary) were \$677 million, up 12% from \$607 million at the end of Q3/12 and up 24% from \$546 million at the end of Q4/11⁽²⁾
- As at March 31, 2012, Canaccord Wealth Management had 280 Advisory Teams⁽⁶⁾, an increase of nine Advisory Teams from March 31, 2011 and an increase of two from December 31, 2011
- During the fourth quarter of Canaccord's fiscal year, Canaccord Wealth Management closed the Gatineau, Quebec branch, which operated on the Independent Wealth Management (IWM) platform
- Canaccord Wealth Management now has 35 offices across Canada, including 23 operating on the IWM platform

⁶ Advisory Teams are normally comprised of one or more Investment Advisors (IAs) and their assistants and associates, who together manage a shared set of client accounts. Advisory Teams that are led by, or only include, an IA who has been licensed for less than three years are not included in our Advisory Team count, as it typically takes a new IA approximately three years to build an average-sized book of business.

Canaccord Wealth Management (UK and Europe)

- In the seven business days following the close of Canaccord's acquisition of CSHP, Collins Stewart Wealth Management generated \$2.0 million in revenue and, excluding significant items, recorded net income of \$0.3 million before taxes, which was attributable to Canaccord's fiscal Q4/12 results
- Assets under management (discretionary and non-discretionary) were \$13.1 billion (£8.2 billion)

Subsequent Events

- On April 10, 2012, \$97 million of the net proceeds from Canaccord's Series C Preferred Share offering was used to repay a portion of the \$150 million short-term credit facility the Company secured for bridge financing related to the acquisition of CSHP
 - The balance of the short term credit facility was repaid in full on May 22, 2012

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, return on common equity and figures that exclude significant items. Significant items include restructuring costs and acquisition-related expense items, which include costs recognized in relation to both prospective and completed acquisitions. Management believes that these non-IFRS measures will allow for a better evaluation of the operating performance of Canaccord'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 Canaccord'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 Canaccord's business; thus, these effects should not be ignored in evaluating and analyzing Canaccord's financial results. Therefore, management believes that Canaccord's IFRS measures of financial performance and the respective non-IFRS measures should be considered together.

Selected financial information excluding significant items

	Three months ended March 31		Quarter-over-quarter change	Year ended March 31		YTD-over-YTD change
	2012	2011		2012	2011	
(C\$ thousands, except % amounts)						
Total revenue per IFRS	\$177,692	\$247,595	(28.2)%	\$604,864	\$803,631	(24.7)%
Total expenses per IFRS	207,731	189,279	9.7%	620,983	661,159	(6.1)%
<i>Significant items recorded in Canaccord Genuity</i>						
Acquisition-related costs – CSHP	(6,323)	-	n.m.	(9,023)	-	n.m.
Acquisition-related costs – BGF	-	-	-	(1,443)	-	n.m.
Acquisition-related costs – The Balloch Group Limited (TBG)	-	-	-	-	(1,750)	100.0%
Acquisition-related costs – Genuity Capital Markets (Genuity)	-	-	-	-	(10,990)	100.0%
Amortization of intangible assets	(1,865)	(930)	(100.5)%	(5,492)	(5,126)	(7.1)%
Restructuring costs	(27,786)	-	n.m.	(29,078)	-	n.m.
<i>Significant items recorded in Canaccord Wealth Management</i>						
Acquisition-related costs – CSHP	(4,077)	-	n.m.	(4,077)	-	n.m.
Restructuring costs	(900)	-	n.m.	(900)	-	n.m.
<i>Significant items recorded in Corporate and Other</i>						
Acquisition-related costs – prospective acquisitions not pursued	-	-	-	(1,513)	-	n.m.
Restructuring costs	(275)	-	n.m.	(5,275)	-	n.m.
Total significant items	(41,226)	(930)	n.m.	(56,801)	(17,866)	(217.9)%
Total expenses excluding significant items	166,505	188,349	(11.6)%	564,182	643,293	(12.3)%
Net income before income taxes – adjusted	\$11,187	\$59,246	(81.1)%	\$40,682	\$160,338	(74.6)%
Income taxes – adjusted	9,098	16,993	(46.5)%	15,489	46,212	(66.5)%
Net income – adjusted	\$2,089	\$42,253	(95.1)%	\$25,193	\$114,126	(77.9)%
Earnings per common share – basic, adjusted	\$0.02	\$0.56	(96.4)%	\$0.28	\$1.56	(82.1)%
Earnings per common share – diluted, adjusted	\$0.02	\$0.50	(96.0)%	\$0.25	\$1.40	(82.1)%

n.m.: not meaningful

ACCESS TO QUARTERLY RESULTS INFORMATION

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

CONFERENCE CALL AND WEBCAST PRESENTATION

Interested parties are invited to listen to Canaccord's fourth quarter and fiscal 2012 results conference call with analysts and institutional investors, via a live webcast or a toll free number. The conference call is scheduled for Wednesday, May 23, 2012, at 8:00 a.m. (Pacific Time), 11:00 a.m. (Eastern Time), 4:00 p.m. (UK Time), 11:00 p.m. (China Standard Time), and at 1:00 a.m. (Australia EDT Time) on Thursday, May 24, 2012. At that time, senior executives will comment on the results for the fourth quarter and fiscal 2012 year and respond to questions from analysts and institutional investors.

The conference call may be accessed live and archived on a listen-only basis via the Internet at: www.canaccordfinancial.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 UK)
- 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)

Please request to participate in Canaccord Financial's Q4/12 earnings call.

A replay of the conference call can be accessed after 11:00 a.m. (Pacific Time), 2:00 p.m. (Eastern Time) and 7:00 p.m. (UK Time) on May 23, 2012, and after 2:00 a.m. (China Standard Time) and 4:00 a.m. (Australia EDT Time) on May 24, 2012 until July 8, 2012 at 416-849-0833 or 1-855-859-2056 by entering passcode 74725968 followed by the pound (#) sign.

ABOUT CANACCORD FINANCIAL INC.

Through its principal subsidiaries, Canaccord Financial Inc. is a leading independent, full-service financial services firm, with operations in two principal segments of the securities industry: global capital markets and wealth management. Since its establishment in 1950, Canaccord 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 has over 60 offices in 12 countries worldwide, including over 40 Wealth Management offices located in Canada, the UK and Europe. Canaccord Genuity, the Company's international capital markets division, has operations in Canada, the United States, the United Kingdom, France, Germany, Ireland, Italy, China, Hong Kong, Singapore, Australia and Barbados.

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None of the information on Canaccord's websites at www.canaccordfinancial.com, www.canaccordgenuity.com and www.canaccord.com should be considered incorporated herein by reference.