

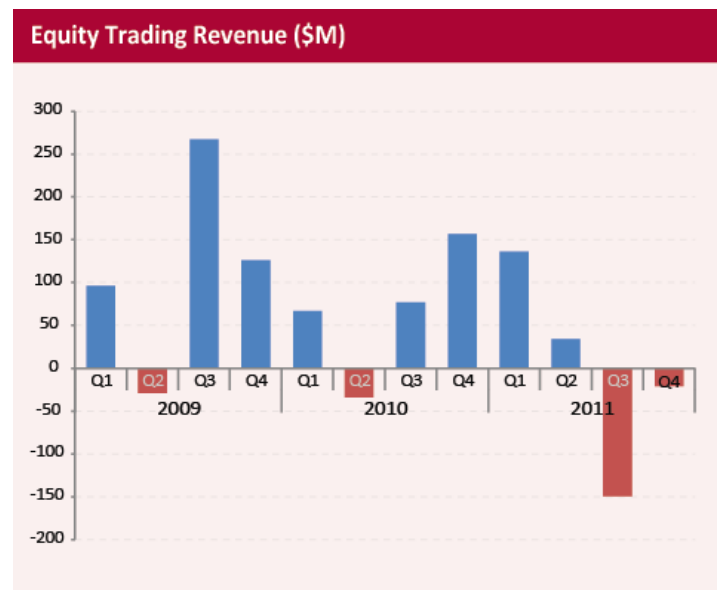
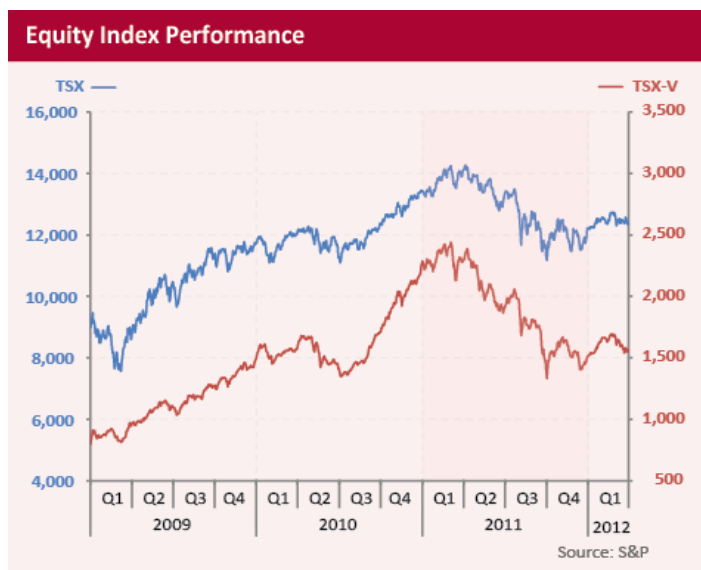
Deteriorating Markets Put Strain on Capital Markets Business. Wealth Management Proves Resilient in 2011.

Operating revenue for Canada's securities industry edged higher in 2011 totaling \$16 billion, a 2% increase over 2010. Industry profitability, however, was adversely impacted by market conditions that continued to weaken throughout the year and mounting cost pressures. As a result, industry operating profit fell 11% on the year to \$4.3 billion and down 29% compared to 2009 levels. Deteriorating market conditions in late 2011 dealt a blow to capital markets operations and proved particularly damaging to institutional firms heavily reliant on their trading businesses. Against the headwind, retail wealth management delivered another year of solid performance. Mutual fund commission, net interest and fee revenues all posted double-digit growth in 2011. ROE for the industry came to 13.3%, about 1%-point lower than last year.

After a particularly robust Q4 2010, growing optimism for global economic recovery catalyzed investor appetite for new securities at the onset of the New Year. Riding this momentum, a slew of new issues flooded the market and delivered underwriting and advisory revenues in excess of \$1 billion for two consecutive quarters. Disrupting these early results was the collapse in stock prices worldwide in the summer and fall. Encouraging economic indicators within our borders were overshadowed by the ongoing jitters over US and European debt levels, and worries about the weakening global economy took hold.

Capital dried up quickly as investors withdrew to the sidelines. Challenging market conditions abruptly slowed the pace of underwriting activity in Q3 and Q4 which adversely impacted investment banking operations. However, thanks to strong results in the early part of the year, industry investment banking revenues amounted to \$4 billion in 2011, little changed from 2010 and 29% higher than the 2008 lows. Integrated firms accounted for over two-thirds of industry investment banking revenue and witnessed a 29% increase from 2008 levels.

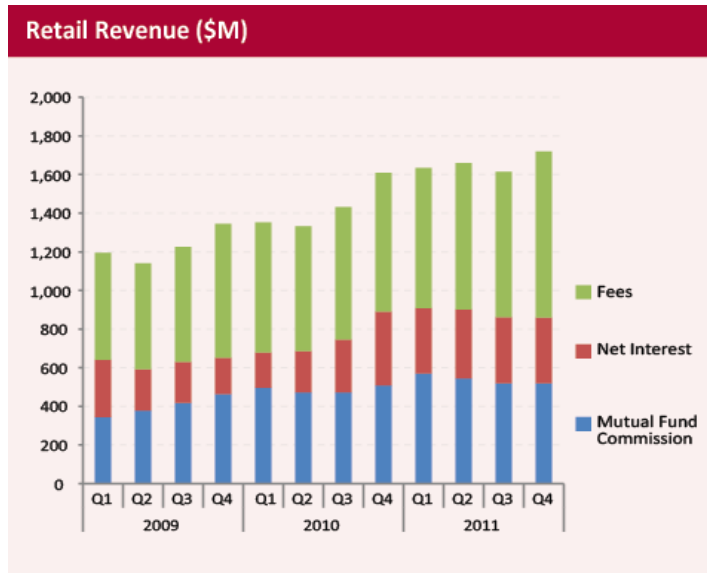
Clamping down on earnings growth was a sharp fall-off in trading revenue. Reduced liquidity and lower trading volumes as the year progressed weighed down on both equity and fixed income trading. Equity trading desks had a particularly dismal performance, reporting a net loss of \$171 million during the second half of the year. Annual fixed income trading revenue slipped 9%, while equity trading generated virtually no earnings. Bearing the brunt of challenging market conditions were institutional firms whose operating revenue declined 18% on the year.



Despite difficult market conditions, integrated and retail firms benefited from the continued focus in wealth management. Investors upped their cash holding by \$1.4 billion during the year, partly contributing to higher industry net interest revenues. Growth in mutual fund commission propped up

total commission revenue, initially led by sales of balanced funds with fixed income funds picking up the slack as market sentiments soured. Fee-based revenue, less vulnerable to market volatility, also demonstrated resilience and contributed to growth in retail revenue. Industry fee-based revenue hit record levels in 2011, surpassing the \$3 billion dollar mark, a 14% increase from 2010.

2011, however, also marked a record level of operating expenditures for the industry. Operating costs totaled \$7.4 billion on the year, up 8% from 2010. Institutional firms experienced the largest jump in costs, 17% while retail firms posted the lowest increase, 4%. Cost pressures on the industry may continue to mount as firms restructure to adapt to the new market environment.



Less impacted by capital market prospects, retail introducers reported a 62% growth in operating profit. This marks the first year since 2008 retail introducers' ROE returned to the black. Some integrated firms have over the recent period taken steps to further shore up their wealth management operations through acquisitions, further building on the integrated group's already strong presence in this space which helped insulate them from pullbacks in their capital markets business. Mutual fund sales, net-interest income, and fee revenues derived mainly from the management of retail accounts represented a combined 44% of operating revenue for integrated firms in 2011.



INDUSTRY HIGHLIGHTS

(\$ millions unless otherwise noted)	Quarter-over-Quarter					Annual Year-over-Year						
	Quarters			% Change		Years				% Change		
	Q4 11	Q3 11	Q4 10	Q4/Q3 11	Q4 11/10	2011	2010	2009	2008	11/10	10/09	09/08
Number of firms	201	204	201	-1.5%	0.0%	201	201	200	202	0.0%	0.5%	-1.0%
Number of employees	40,427	40,489	39,917	-0.2%	1.3%	40,427	39,917	39,894	40,836	1.3%	0.1%	-2.3%
Revenue												
Commissions	1,307	1,368	1,548	-4.5%	-15.6%	5,817	5,631	5,052	5,592	3.3%	11.5%	-9.7%
<i>Mutual fund only commissions</i>	520	520	509	0.0%	2.2%	2,156	1,950	1,605	1,860	10.6%	21.5%	-13.7%
Investment banking	860	776	1,396	10.9%	-38.4%	3,977	4,029	3,915	3,077	-1.3%	2.9%	27.2%
<i>New issues equity</i>	467	417	869	12.1%	-46.3%	2,165	2,234	2,356	1,580	-3.1%	-5.2%	49.1%
<i>New issues debt</i>	183	155	216	18.0%	-15.4%	826	809	653	483	2.1%	23.9%	35.2%
<i>Corporate advisory fees</i>	210	204	310	2.8%	-32.3%	986	986	906	1,014	0.0%	8.8%	-10.7%
Fixed income trading	295	176	172	67.5%	71.5%	1,064	1,173	2,109	1,045	-9.3%	-44.4%	101.8%
Equity trading	-21	-150	157	86.0%	-113.4%	-1	267	459	-11	-100.5%	-41.8%	4272.7%
Net interest	340	342	382	-0.6%	-11.0%	1,376	1,054	914	1,894	30.5%	15.3%	-51.7%
Fees	860	751	717	14.5%	19.9%	3,094	2,721	2,385	2,624	13.7%	14.1%	-9.1%
Other	197	234	503	-15.7%	-60.8%	810	1,004	1,473	371	-19.4%	-31.8%	297.0%
Operating revenue	3,838	3,497	4,875	9.8%	-21.3%	16,136	15,878	16,306	14,593	1.6%	-2.6%	11.7%
Operating expenses¹	1,874	1,809	1,829	3.6%	2.5%	7,355	6,825	6,555	6,528	7.8%	4.1%	0.4%
Operating profit	906	660	1,778	37.3%	-49.0%	4,273	4,789	5,987	3,914	-10.8%	-20.0%	53.0%
Net profit (loss)	422	253	1,073	66.9%	-60.7%	2,036	2,395	2,869	1,875	-15.0%	-16.5%	53.0%
Shareholders' equity	15,269	15,747	16,988	-3.0%	-10.1%	15,269	16,988	15,225	13,507	-10.1%	11.6%	12.7%
Regulatory capital	30,383	30,947	31,647	-1.8%	-4.0%	30,383	31,647	29,559	27,461	-4.0%	7.1%	7.6%
Client cash holdings	39,304	38,842	37,952	1.2%	3.6%	39,304	37,952	36,816	33,677	3.6%	3.1%	9.3%
Client debt margin outstanding	13,458	14,154	13,731	-4.9%	-2.0%	13,458	13,731	11,048	8,846	-2.0%	24.3%	24.9%
Productivity² (\$ thousands)	380	345	489	9.9%	-22.3%	399	398	409	357	0.3%	-2.7%	14.4%
Annual return³ (%)	11.1	6.4	25.3	4.6%	-14.2%	13.3	14.1	18.8	13.9	-0.8%	-4.7%	5.0%

¹ Operating expenses reflect the underlying cost of running the securities firm and exclude commissions, bonuses and other compensation to brokers.

² Annual revenue per employee.

³ Annual return is calculated as net profit/shareholder's equity.

Integrated firms

Firms that are national in scope and have extensive retail and institutional operations; includes dealers of the six major chartered banks.

INTEGRATED FIRMS												
(\$ millions unless otherwise noted)	Quarter-over-Quarter					Annual Year-over-Year						
	Quarters			% Change		Years				% Change		
	Q4 11	Q3 11	Q4 10	Q4/Q3 11	Q4 11/10	2011	2010	2009	2008	11/10	10/09	09/08
Number of firms	11	11	11	0.0%	0.0%	11	11	11	11	0.0%	0.0%	0.0%
Number of employees	25,595	25,045	24,955	2.2%	2.6%	25,595	24,955	25,131	25,973	2.6%	-0.7%	-3.2%
Revenue												
Commissions	909	925	1,021	-1.7%	-11.0%	3,921	3,767	3,384	3,675	4.1%	11.3%	-7.9%
<i>Mutual fund only commissions</i>	411	401	384	2.6%	7.0%	1,654	1,471	1,226	1,414	12.4%	20.0%	-13.3%
Investment banking	597	552	935	8.2%	-36.1%	2,726	2,566	2,598	1,874	6.2%	-1.2%	38.6%
<i>New issues equity</i>	313	306	537	2.5%	-41.7%	1,390	1,311	1,587	967	6.0%	-17.4%	64.1%
<i>New issues debt</i>	151	130	188	16.3%	-19.6%	699	682	546	405	2.5%	24.9%	34.8%
<i>Corporate advisory fees</i>	133	117	211	14.2%	-36.8%	637	573	465	502	11.2%	23.2%	-7.4%
Fixed income trading	232	81	151	186.4%	53.5%	800	960	1,690	782	-16.7%	-43.2%	116.1%
Equity trading	-7	-15	46	51.1%	-116.2%	25	38	332	106	-33.5%	-88.6%	213.2%
Net interest	275	295	328	-7.0%	-16.3%	1,165	906	790	1,488	28.6%	14.7%	-46.9%
Fees	547	547	535	0.0%	2.2%	2,189	1,994	1,764	1,877	9.8%	13.0%	-6.0%
Other	108	108	97	0.2%	11.6%	456	415	1,233	-1	9.9%	-66.3%	n.m.
Operating revenue	2,660	2,493	3,113	6.7%	-14.5%	11,283	10,645	11,792	9,801	6.0%	-9.7%	20.3%
Operating expenses¹	1,215	1,181	1,195	2.9%	1.7%	4,818	4,497	4,300	4,145	7.1%	4.6%	3.7%
Operating profit	652	546	1,027	19.4%	-36.6%	3,212	3,127	4,782	2,722	2.7%	-34.6%	75.7%
Net profit (loss)	361	291	564	24.2%	-35.9%	1,801	1,610	2,422	1,502	11.9%	-33.5%	61.3%
Shareholders' equity	10,475	10,942	11,585	-4.3%	-9.6%	10,475	11,585	10,029	8,637	-9.6%	15.5%	16.1%
Regulatory capital	22,155	22,732	22,882	-2.5%	-3.2%	22,155	22,882	21,372	19,334	-3.2%	7.1%	10.5%
Client cash holdings	33,088	32,440	31,677	2.0%	4.5%	33,088	31,677	31,451	28,157	4.5%	0.7%	11.7%
Productivity² (\$ thousands)	416	398	499	4.4%	-16.7%	441	427	469	377	3.3%	-9.1%	24.3%
Annual return³ (%)	13.8	10.6	19.5	3.2%	-5.7%	17.2	13.9	24.1	17.4	3.3%	-10.3%	6.8%

¹ Operating expenses reflect the underlying cost of running the securities firm and exclude commissions, bonuses and other compensation to brokers.

² Annual revenue per employee.

³ Annual return is calculated as net profit/shareholder's equity.

INSTITUTIONAL FIRM HIGHLIGHTS

(\$ millions unless otherwise noted)	Quarter-over-Quarter					Annual Year-over-Year						
	Quarters			% Change		Years				% Change		
	Q4 11	Q3 11	Q4 10	Q4/Q3 11	Q4 11/10	2011	2010	2009	2008	11/10	10/09	09/08
Number of firms	78	78	74	0.0%	5.4%	78	74	72	69	5.4%	2.8%	4.3%
Number of employees	3,108	3,108	2,793	0.0%	11.3%	3,108	2,793	2,801	2,926	11.3%	-0.3%	-4.3%
Revenue												
Commissions	151	166	192	-9.4%	-21.5%	693	655	623	777	5.7%	5.1%	-19.8%
Investment banking	192	155	319	23.3%	-39.9%	912	1,082	1,052	938	-15.7%	2.9%	12.2%
<i>New issues equity</i>	105	64	217	63.3%	-51.8%	523	634	568	438	-17.5%	11.6%	29.7%
<i>New issues debt</i>	16	9	7	73.0%	129.6%	60	58	51	42	3.7%	13.7%	21.4%
<i>Corporate advisory fees</i>	71	82	95	-13.6%	-25.4%	329	390	433	458	-15.6%	-9.9%	-5.5%
Fixed income trading	53	89	20	-40.3%	166.3%	179	122	249	94	46.7%	-51.0%	164.9%
Equity trading	-21	-121	77	82.2%	-127.9%	-44	145	46	-61	-130.1%	215.2%	175.4%
Net interest	29	5	18	490.9%	63.2%	49	35	33	212	39.0%	6.1%	-84.4%
Fees	83	25	21	232.2%	297.5%	174	104	77	79	67.4%	35.1%	-2.5%
Other	61	66	367	-7.7%	-83.4%	173	453	101	174	-61.8%	348.5%	-42.0%
Operating revenue	548	387	1,014	41.8%	-46.0%	2,136	2,596	2,182	2,214	-17.7%	19.0%	-1.4%
Operating expenses¹	306	253	249	20.6%	22.7%	1,056	899	923	990	17.4%	-2.6%	-6.8%
Operating profit	198	92	677	116.0%	-70.7%	839	1,440	1,025	947	-41.7%	40.5%	8.2%
Net profit (loss)	69	-12	476	659.6%	-85.5%	213	752	444	382	-71.7%	69.4%	16.2%
Shareholders' equity	3,632	3,600	4,108	0.9%	-11.6%	3,632	4,108	3,972	3,803	-11.6%	3.4%	4.4%
Regulatory capital	6,617	6,550	7,068	1.0%	-6.4%	6,617	7,068	6,607	6,118	-6.4%	7.0%	8.0%
Client cash holdings	1,296	1,500	1,306	-13.6%	-0.7%	1,296	1,306	859	1,326	-0.7%	52.0%	-35.2%
Productivity² (\$ thousands)	705	497	1,452	41.8%	-51.4%	687	929	2,337	757	-26.1%	-60.2%	208.9%
Annual return³ (%)	7.6	-1.4	46.3	8.9%	-38.8%	5.9	18.3	11.2	10.0	-12.4%	7.1%	1.1%

¹ Operating expenses reflect the underlying cost of running the securities firm and exclude commissions, bonuses and other compensation to brokers.

² Annual revenue per employee.

³ Annual return is calculated as net profit/shareholder's equity.

RETAIL FIRM HIGHLIGHTS

(\$ millions unless otherwise noted)	Quarter-over-Quarter					Annual Year-over-Year						
	Quarters			% Change		Years				% Change		
	Q4 11	Q3 11	Q4 10	Q4/Q3 11	Q4 11/10	2011	2010	2009	2008	11/10	10/09	09/08
Number of firms	112	115	116	-2.6%	-3.4%	112	116	117	122	-3.4%	-0.9%	-4.1%
Number of employees	11,724	12,336	12,169	-5.0%	-3.7%	11,724	12,169	11,962	11,937	-3.7%	1.7%	0.2%
Revenue												
Commissions	248	277	335	-10.6%	-26.0%	1,203	1,208	1,045	1,140	-0.4%	15.6%	-8.3%
<i>Mutual fund only commissions</i>	111	120	125	-7.8%	-11.3%	506	478	375	440	5.8%	27.5%	-14.8%
Investment banking	71	68	141	3.6%	-49.9%	338	381	265	265	-11.2%	43.8%	0.0%
<i>New issues equity</i>	49	47	116	5.5%	-57.4%	253	289	201	176	-12.6%	43.8%	14.2%
<i>New issues debt</i>	16	16	21	-1.6%	-25.7%	67	69	56	36	-3.4%	23.2%	55.6%
<i>Corporate advisory fees</i>	6	5	4	2.2%	39.0%	19	23	8	54	-16.9%	187.5%	-85.2%
Fixed income trading	10	6	1	61.9%	855.3%	86	91	169	170	-5.8%	-46.2%	-0.6%
Equity trading	8	-14	34	155.4%	-77.6%	17	84	81	-56	-79.8%	3.7%	244.6%
Net interest	36	42	36	-14.4%	-0.5%	162	113	91	194	43.1%	24.2%	-53.1%
Fees	230	179	161	28.5%	43.0%	731	623	544	667	17.3%	14.5%	-18.4%
Other	28	59	39	-52.7%	-28.0%	180	137	138	198	31.7%	-0.7%	-30.3%
Operating revenue	630	618	748	1.9%	-15.8%	2,717	2,637	2,322	2,578	3.0%	13.6%	-9.9%
Operating expenses¹	353	375	385	-5.7%	-8.3%	1,482	1,428	1,332	1,394	3.8%	7.2%	-4.4%
Operating profit	56	22	74	148.2%	-24.6%	221	222	180	245	-0.2%	23.3%	-26.5%
Net profit (loss)	-8	-26	34	69.3%	-123.4%	22	33	3	-8	-34.7%	1000.0%	137.5%
Shareholders' equity	1,162	1,206	1,295	-3.6%	-10.3%	1,162	1,295	1,224	1,067	-10.3%	5.8%	14.7%
Regulatory capital	1,610	1,665	1,697	-3.3%	-5.1%	1,610	1,697	1,580	1,744	-5.1%	7.4%	-9.4%
Client cash holdings	4,920	4,896	4,820	0.5%	2.1%	4,920	4,820	4,506	4,194	2.1%	7.0%	7.4%
Productivity² (\$ thousands)	215	200	246	7.2%	-12.6%	232	217	194	216	6.9%	11.6%	-10.1%
Annual return³ (%)	-2.7	-8.6	10.5	5.8%	-13.2%	1.9	2.5	0.2	-0.7	-0.6%	2.3%	1.0%

¹ Operating expenses reflect the underlying cost of running the securities firm and exclude commissions, bonuses and other compensation to brokers.

² Annual revenue per employee.

³ Annual return is calculated as net profit/shareholder's equity.

Domestic institutional

Firms that generate most of their revenues from servicing institutional clients and have their head office located in Canada.

DOMESTIC INSTITUTIONAL FIRM HIGHLIGHTS												
(\$ millions unless otherwise noted)	Quarter-over-Quarter					Annual Year-over-Year						
	Quarters			% Change		Years				% Change		
	Q4 11	Q3 11	Q4 10	Q4/Q3 11	Q4 11/10	2011	2010	2009	2008	11/10	10/09	09/08
Number of firms	57	57	54	0.0%	5.6%	57	54	52	49	5.6%	3.8%	6.1%
Number of employees	2,279	2,289	2,013	-0.4%	13.2%	2,279	2,013	2,090	2,146	13.2%	-3.7%	-2.6%
Revenue												
Commissions	99	108	134	-8.0%	-25.9%	470	448	439	517	4.8%	2.1%	-15.1%
Investment banking	136	100	230	35.8%	-41.0%	666	781	684	635	-14.7%	14.2%	7.7%
<i>New issues equity</i>	91	58	191	56.4%	-52.4%	481	574	468	389	-16.1%	22.6%	20.3%
<i>New issues debt</i>	9	6	-2	48.6%	531.6%	25	17	17	9	49.6%	0.0%	88.9%
<i>Corporate advisory fees</i>	36	36	40	0.4%	-9.7%	159	190	198	237	-16.2%	-4.0%	-16.5%
Fixed income trading	-6	11	2	-154.7%	-393.4%	13	17	38	25	-21.8%	-55.3%	52.0%
Equity trading	0	-36	71	99.4%	-100.3%	-44	101	113	-127	-143.3%	-10.6%	189.0%
Net interest	6	7	7	-15.7%	-11.3%	28	20	19	50	40.0%	5.3%	-62.0%
Fees	21	21	18	-1.8%	17.1%	101	93	69	64	9.0%	34.8%	7.8%
Other	14	25	308	-41.9%	-95.3%	54	341	25	57	-84.3%	1264.0%	-56.1%
Operating revenue	271	236	770	14.6%	-64.8%	1,288	1,801	1,388	1,222	-28.5%	29.8%	13.6%
Operating expenses¹	154	155	148	-0.7%	3.9%	630	554	548	502	13.7%	1.1%	9.2%
Operating profit	81	47	539	72.5%	-85.0%	444	1,008	635	484	-56.0%	58.7%	31.2%
Net profit (loss)	17	-45	396	137.6%	-95.8%	73	536	277	137	-86.4%	93.5%	102.2%
Shareholders' equity	1,171	1,183	1,737	-1.0%	-32.6%	1,171	1,737	1,685	1,563	-32.6%	3.1%	7.8%
Regulatory capital	1,749	1,765	2,325	-0.9%	-24.8%	1,749	2,325	1,943	1,900	-24.8%	19.7%	2.3%
Client cash holdings	967	987	618	-2.1%	56.4%	967	618	555	833	56.4%	11.4%	-33.4%
Productivity² (\$ thousands)	475	413	1,530	15.1%	-68.9%	565	895	664	569	-36.8%	34.7%	16.6%
Annual return³ (%)	5.7	-15.1	91.2	20.8%	-85.5%	6.2	30.9	16.4	8.8	-24.7%	14.4%	7.7%

¹ Operating expenses reflect the underlying cost of running the securities firm and exclude commissions, bonuses and other compensation to brokers.

² Annual revenue per employee.

³ Annual return is calculated as net profit/shareholder's equity.

Foreign institutional

Firms that generate most of their revenues from servicing institutional clients and have their head office located offshore.

FOREIGN INSTITUTIONAL FIRM HIGHLIGHTS												
(\$ millions unless otherwise noted)	Quarter-over-Quarter					Annual Year-over-Year						
	Quarters			% Change		Years				% Change		
	Q4 11	Q3 11	Q4 10	Q4/Q3 11	Q4 11/10	2011	2010	2009	2008	11/10	10/09	09/08
Number of firms	21	21	20	0.0%	5.0%	21	20	20	20	5.0%	0.0%	0.0%
Number of employees	829	819	780	1.2%	6.3%	829	780	711	780	6.3%	9.7%	-8.8%
Revenue												
Commissions	51	58	58	-12.1%	-11.5%	223	208	183	260	7.2%	13.7%	-29.6%
Investment banking	56	56	90	0.7%	-37.9%	246	301	367	303	-18.1%	-18.0%	21.1%
<i>New issues equity</i>	14	6	26	130.1%	-47.3%	42	60	99	49	-30.7%	-39.4%	102.0%
<i>New issues debt</i>	7	3	9	113.6%	-17.4%	35	41	34	33	-15.3%	20.6%	3.0%
<i>Corporate advisory fees</i>	35	46	55	-24.5%	-36.8%	170	200	234	220	-14.9%	-14.5%	6.4%
Fixed income trading	59	79	18	-24.7%	228.5%	166	106	212	69	56.3%	-50.0%	207.2%
Equity trading	-21	-85	6	74.9%	-454.6%	0	44	-67	66	-99.7%	165.7%	-201.5%
Net interest	23	-2	11	1069.6%	110.7%	21	15	14	162	37.7%	7.1%	-91.4%
Fees	62	4	3	1609.1%	1980.0%	73	11	8	15	561.0%	37.5%	-46.7%
Other	47	41	59	12.9%	-20.9%	119	111	76	118	7.5%	46.1%	-35.6%
Operating revenue	277	150	244	84.4%	13.7%	848	796	794	992	6.5%	0.3%	-20.0%
Operating expenses¹	152	99	101	54.1%	50.3%	426	345	375	488	23.3%	-8.0%	-23.2%
Operating profit	118	45	138	161.4%	-14.8%	395	432	390	463	-8.6%	10.8%	-15.8%
Net profit (loss)	52	32	79	61.0%	-34.2%	140	215	167	245	-34.9%	28.7%	-31.8%
Shareholders' equity	2,462	2,417	2,371	1.9%	3.8%	2,462	2,371	2,287	2,239	3.8%	3.7%	2.1%
Regulatory capital	4,868	4,785	4,742	1.7%	2.7%	4,868	4,742	4,664	4,218	2.7%	1.7%	10.6%
Client cash holdings	330	513	688	-35.7%	-52.1%	330	688	304	493	-52.1%	126.3%	-38.3%
Productivity² (\$ thousands)	1,338	734	1,251	82.2%	6.9%	1,023	1,021	3,350	1,272	0.2%	-69.5%	163.4%
Annual return³ (%)	8.5	5.3	13.3	3.1%	-4.9%	5.7	9.1	9.7	10.9	-3.4%	-0.7%	-1.2%

¹ Operating expenses reflect the underlying cost of running the securities firm and exclude commissions, bonuses and other compensation to brokers.

² Annual revenue per employee.

³ Annual return is calculated as net profit/shareholder's equity.

Full service

Firms that generate most of their revenues from servicing retail clients and have their own front and back offices.

FULL SERVICE RETAIL FIRM HIGHLIGHTS												
(\$ millions unless otherwise noted)	Quarter-over-Quarter					Annual Year-over-Year						
	Quarters			% Change		Years				% Change		
	Q4 11	Q3 11	Q4 10	Q4/Q3 11	Q4 11/10	2011	2010	2009	2008	11/10	10/09	09/08
Number of firms	34	34	35	0.0%	-2.9%	34	35	35	34	-2.9%	0.0%	2.9%
Number of employees	6,114	6,320	6,231	-3.3%	-1.9%	6,114	6,231	6,072	6,018	-1.9%	2.6%	0.9%
Revenue												
Commissions	137	151	189	-9.0%	-27.4%	662	675	605	659	-1.9%	11.6%	-8.2%
<i>Mutual fund only commissions</i>	71	72	75	-1.7%	-5.8%	302	285	227	268	6.0%	25.6%	-15.3%
Investment banking	51	47	97	8.8%	-47.5%	233	271	192	156	-14.1%	41.1%	23.1%
<i>New issues equity</i>	34	29	75	17.9%	-55.1%	163	195	128	107	-16.4%	52.3%	19.6%
<i>New issues debt</i>	13	14	19	-1.7%	-29.3%	57	61	48	27	-6.2%	27.1%	77.8%
<i>Corporate advisory fees</i>	4	5	3	-16.8%	27.9%	12	16	17	22	-22.5%	-5.9%	-22.7%
Fixed income trading	4	-4	-3	198.2%	219.9%	57	71	134	136	-20.0%	-47.0%	-1.5%
Equity trading	4	-12	19	131.0%	-80.1%	-5	40	42	-50	-111.6%	-4.8%	184.0%
Net interest	21	24	20	-14.7%	3.0%	93	62	49	104	49.7%	26.5%	-52.9%
Fees	85	89	88	-4.8%	-3.3%	354	321	288	292	10.4%	11.5%	-1.4%
Other	15	29	20	-48.3%	-24.9%	96	71	57	58	35.5%	24.6%	-1.7%
Operating revenue	316	324	429	-2.5%	-26.3%	1,491	1,511	1,367	1,356	-1.3%	10.5%	0.8%
Operating expenses¹	204	210	221	-2.9%	-7.9%	847	819	752	780	3.4%	8.9%	-3.6%
Operating profit	-19	-11	42	-72.5%	-145.3%	51	117	122	29	-56.2%	-4.1%	320.7%
Net profit (loss)	-19	-15	19	-27.6%	-199.5%	-7	34	31	-29	-120.2%	9.7%	206.9%
Shareholders' equity	798	824	900	-3.1%	-11.3%	798	900	804	894	-11.3%	11.9%	-10.1%
Regulatory capital	1,051	1,073	1,115	-2.1%	-5.8%	1,051	1,115	987	1,094	-5.8%	13.0%	-9.8%
Client cash holdings	3,791	3,860	3,890	-1.8%	-2.6%	3,791	3,890	3,620	2,745	-2.6%	7.5%	31.9%
Productivity² (\$ thousands)	207	205	275	0.8%	-24.9%	244	242	225	225	0.5%	7.7%	-0.1%
Annual return³ (%)	-9.5	-7.2	8.4	-2.3%	-17.9%	-0.9	3.8	3.9	-3.2	-4.7%	-0.1%	7.1%

¹ Operating expenses reflect the underlying cost of running the securities firm and exclude commissions, bonuses and other compensation to brokers.

² Annual revenue per employee.

³ Annual return is calculated as net profit/shareholder's equity.

Retail introducers

Firms that generate most of their revenues from servicing retail clients and typically do not have back offices (use a “carrier” firm to manage their back office).

RETAIL INTRODUCER FIRM HIGHLIGHTS												
(\$ millions unless otherwise noted)	Quarter-over-Quarter					Annual Year-over-Year						
	Quarters			% Change		Years				% Change		
	Q4 11	Q3 11	Q4 10	Q4/Q3 11	Q4 11/10	2011	2010	2009	2008	11/10	10/09	09/08
Number of firms	78	81	81	-3.7%	-3.7%	78	81	82	88	-3.7%	-1.2%	-6.8%
Number of employees	5,610	6,016	5,938	-6.7%	-5.5%	5,610	5,938	5,890	5,919	-5.5%	0.8%	-0.5%
Revenue												
Commissions	111	126	146	-12.4%	-24.3%	540	533	440	480	1.4%	21.1%	-8.3%
<i>Mutual fund only commissions</i>	40	48	50	-16.7%	-19.5%	204	192	148	172	6.1%	29.7%	-14.0%
Investment banking	20	21	45	-7.8%	-56.2%	106	110	73	110	-4.0%	50.7%	-33.6%
<i>New issues equity</i>	16	18	40	-13.8%	-60.5%	89	94	73	69	-4.8%	28.8%	5.8%
<i>New issues debt</i>	2	2	3	-1.1%	-28.1%	9	9	8	9	4.8%	12.5%	-11.1%
<i>Corporate advisory fees</i>	2	1	1	109.4%	72.1%	7	7	-8	32	-4.1%	187.5%	-120.0%
Fixed income trading	6	10	4	-37.7%	48.9%	29	20	35	34	44.8%	-42.9%	2.9%
Equity trading	4	-2	16	349.4%	-76.1%	22	43	38	-6	-49.7%	13.2%	733.3%
Net interest	15	18	16	-14.0%	-5.0%	69	51	42	89	35.0%	21.4%	-52.8%
Fees	145	90	73	61.6%	98.7%	376	302	256	375	24.6%	18.0%	-31.7%
Other	13	30	19	-56.9%	-31.1%	84	66	81	140	27.7%	-18.5%	-42.1%
Operating revenue	313	293	319	6.8%	-1.8%	1,226	1,125	966	1,222	9.0%	16.5%	-20.9%
Operating expenses¹	150	165	163	-9.4%	-8.3%	635	609	580	614	4.3%	5.0%	-5.5%
Operating profit	75	34	33	123.3%	126.7%	170	105	57	216	62.1%	84.2%	-73.6%
Net profit (loss)	11	-11	15	199.1%	-27.0%	28	-1	-27	21	2942.9%	96.3%	-228.6%
Shareholders' equity	364	382	395	-4.8%	-7.9%	364	395	420	173	-7.9%	-6.0%	142.8%
Regulatory capital	560	592	582	-5.5%	-3.8%	560	582	593	650	-3.8%	-1.9%	-8.8%
Client cash holdings	1,130	1,036	930	9.0%	21.5%	1,130	930	886	1,448	21.5%	5.0%	-38.8%
Productivity² (\$ thousands)	223	195	215	14.5%	4.0%	219	189	164	206	15.3%	15.5%	-20.6%
Annual return³ (%)	12.0	-11.6	15.2	23.6%	-3.1%	7.8	-0.3	-6.4	12.1	8.1%	6.2%	-18.6%

¹ Operating expenses reflect the underlying cost of running the securities firm and exclude commissions, bonuses and other compensation to brokers.

² Annual revenue per employee.

³ Annual return is calculated as net profit/shareholder's equity.

Comments please!

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