



INVESTMENT INDUSTRY ASSOCIATION OF CANADA
ASSOCIATION CANADIENNE DU COMMERCE DES VALEURS MOBILIÈRES

NEWS RELEASE

For immediate release

Q2 2006 Securities Industry Performance: Minor Step Back, Record Step Forward

September 14, 2006 (Toronto, Ontario) –Despite a tumultuous second quarter, the securities industry posted a record operating profit at \$2.9 billion in the first half of the year, up 43 per cent over the same period last year. The industry performance report was released today in the Investment Industry Association of Canada’s quarterly publication *Securities Industry Performance*.

The strong recovery in industry performance can be attributed in large part to the stock market pick up, resurgence in income trust financings and an unrelenting hot M&A market. Looking ahead, preliminary results indicate that the summer pick-up – especially in the trust sector –will continue and herald a strong third quarter for the industry. With the second half likely to be even stronger than the record first half, the Canadian securities industry is poised for another record year in operating profit in 2006.

The Investment Industry Association’s Securities Industry Performance reported that the Canadian securities industry operating profit stood at \$1.3 billion in the second quarter, a decline of 20 per cent from the robust first quarter. The earnings slowdown was reflective of the spring market pullback and increased volatility that adversely affected activity – especially trading revenues.

Industry performance highlights for Q2 and the first half 2006

- Integrated firm operating profit was \$848 million in Q2 06, down 23 per cent quarter-over-quarter but up 43 per cent year-over-year. For the first half of 2006, integrated operating profit was at a record high of \$1.9 billion, up 38 per cent from the same period in 2006.
- Retail firm operating profit in Q2 06 totaled \$105 million, down 26 per cent quarter-over-quarter but up 67 per cent year-over-year. For the first six months, retail operating profit totaled a record high of \$248 million, a 76 per cent jump over last year’s level.

- Institutional operating profit in Q2 06 stood at \$322 million, down 7 per cent quarter-over-quarter but up 44 per cent year-over-year. For the first half, institutional operating profit totaled \$670 million, an increase of 50 per cent over the same period last year.
- Commission revenue was \$1.5 billion in Q2 06, down 9 per cent quarter-over-quarter but up 29 per cent year-over-year. For the first half, commission revenue was \$3.2 billion, an increase of 23 per cent over the first half of last year.
- Investment banking revenue reached \$911 million in Q2 06, down 17 per cent quarter-over-quarter but up 5 per cent year-over-year. In the first six months, investment banking totaled \$2.0 billion, an increase of 9 per cent over the same period last year.
- Equity trading revenue totaled \$129 million in Q2 06, a drop of 57 per cent quarter-over-quarter but up 108 per cent year-over-year. Equity trading climbed to \$431 million in the first half, an increase of 161 per cent from the first half of 2005.
- A record 40,598 were employed in the industry in the second quarter, an increase of 2 per cent quarter-over-quarter and 6 per cent year-over-year.

Electronic copies of the report are available at
<http://www.iiac.ca/en/research/industryPerformance.php>

The Investment Industry Association of Canada (IIAC), formerly the industry association arm of the Investment Dealers Association of Canada (IDA), advances the position of the Canadian investment industry on regulatory and public policy issues. As the professional association for the industry, IIAC has a mandate to promote efficient, fair and competitive capital markets for Canada while helping its member firms across the country succeed in the industry.

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