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Q1 2006 Securities Industry Performance: Off on a Record Start!

June 15, 2006 (Toronto, Ontario) – The Canadian securities industry reported a record operating profit of \$1.6 billion for the first quarter of 2006, marking a 30 per cent increase quarter-over-quarter and 42 per cent increase year-over-year. The financial results were released today in the quarterly *Securities Industry Performance*, published by the IDA – Industry Association.

“In the first quarter of 2006, the industry’s revenue gains were broad-based with double-digit increases in the key business segments of investment banking, commissions and equity trading,” said Ian Russell, President and Chief Executive Officer of the IDA Industry Association.

“A number of economic factors contributed to the strong performance: the surging energy prices, the stock market rally, the strong Canadian dollar and an active Canadian merger and acquisition market,” said Ian Russell.

The 20 per cent rise in revenue paired with operating costs increases of only 11 per cent lead to the industry’s strong return on equity (ROE) of 31 per cent for the quarter, slightly below the 35 per cent record set in 2001.

The first quarter 2006 results follow three consecutive years in record profits for the industry.

Performance Highlights for January-March 2006

- Integrated firm operating profit was \$1.1 billion in Q1 06, up 38 per cent quarter-over-quarter and 34 per cent year-over-year.
- Retail firm operating profit in Q1 06 totaled \$143 million, up 23 per cent quarter-over-quarter and 87 per cent year-over-year.
- Institutional Q1 06 operating profit stood at \$348 million, up 14 per cent quarter-over-quarter and 56 per cent year-over-year.
- Commission revenue was \$1.7 billion in Q1 06, up 25 per cent quarter-over-quarter and 18 per cent year-over-year.
- Investment banking revenue reached \$1.1 billion in Q1 06, up 24 per cent quarter-over-quarter and 13 per cent year-over-year.
- Equity trading revenue totaled \$302 million in Q1 06, a jump of 66 per cent quarter-over-quarter and 193 per cent year-over-year.
- Operating revenue was \$4.3 billion in the first quarter, an increase of 20 per cent quarter-over-quarter and 24 per cent year-over-year.

- Operating expenses climbed to \$1.5 billion in the quarter, an increase of 11 per cent quarter-over-quarter and 13 per cent year-over-year.
- There were 39,977 employed in the industry in the first quarter this year, an increase of two per cent quarter-over-quarter and seven per cent year-over-year.

Electronic copies of the report are available at:

http://www.ida.ca/TradeAssociation/StatisticsAnalysis/Publications/SecIndPerform_en.asp

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For further information, please contact:

Annie Côté-Kennedy
Director, Public Affairs
(416) 943-6248 or acotekennedy@ida.ca

Sherry Hum
Financial Analyst, Capital Markets
(416) 943-5844 or shum@ida.ca