



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

# LETTER FROM THE PRESIDENT

Vol. 134

## What have we learned from the first quarter 2020 industry financial results?

### HIGHLIGHTS:

The investment industry and individual dealers have come through the February-March COVID-19 crisis months in good shape.

Operating profit at the small and mid-sized independent firms were up in the first quarter, with profit gains at the retail firms offsetting a modest profit downturn at the institutional firms.

Even in the crisis-month March, the number of firms with losses on a net basis were roughly the same numbers as in January and February.

Operating profit in January-March of the integrated group was down 35 percent quarter-over-quarter, driven by losses in the derivative markets.

The upward trend in retail revenue continued through the first quarter, boosted by increased brokerage revenue from volatile equity markets.

The precipitous fall in equity markets in March and increased uncertainties, shut down equity financings and dented investment banking revenue at the institutional firms. More active corporate and government borrowing at the integrated firms offset the drop in equity underwritings, holding investment banking revenue steady at these firms.

The first quarter financial results of the Canadian investment industry have been eagerly anticipated to gain an understanding of the impact of the dramatic collapse in equity markets and economic activity on the financing and trading activities of the dealers, and to give an indication of possible industry business adjustments and positioning in the remainder of this year.

Industry operating profit in the first quarter was predictably weak, down 27 percent quarter-over-quarter to \$1.6 billion, but still within the range of the quarterly average over the past three years. The fall in industry profit was almost fully accounted for by integrated firms as these dealers experienced trading losses in the derivatives markets during the crisis. Operating profit for the boutique firm group was actually up for the first quarter, with solid profit gains at the retail firms offsetting a modest profit downturn at the institutional firms. Even in the crisis-month March, the number of firms with losses on a net basis was roughly the same as in January and February.

The operating revenue of integrated firms and domestic institutional firms were dented in the quarter, hit by a sharp drop in equity underwritings in the quarter as decisions were taken to put on hold planned financings and advisory assignments reflecting tumbling share prices and greater uncertainty among businesses and institutional investors about the economic outlook. For the integrated firms, however, a surge in borrowing to shore up corporate cash flow shortfalls, and for governments to obtain funding for crisis-related spending, compensated for the collapse in equity financings. Overall investment banking revenue for the integrated firms came in virtually flat for the quarter.

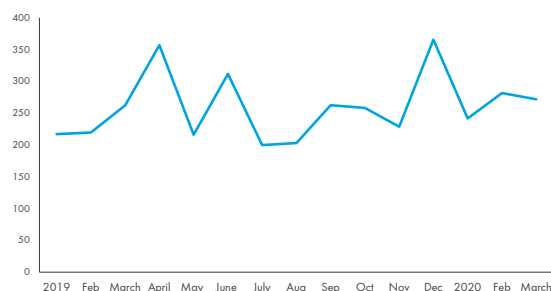
Investment banking revenue for the domestic institutional dealers fell 10 percent in the first quarter (quarter-over-quarter), without the offsetting benefit of debt financing. Investment banking revenue was still in line with average quarterly revenue in recent years. If an economic recovery takes hold in the remainder of the year, financings will likely increase to annual levels close to last year's near \$200 million, below the levels in 2016-18, given difficulties of small and mid-sized companies to arrange financings in public equity markets, and limited sources to obtain regulatory capital to compete for equity financings.

Retail revenue was up in the first quarter, driven by active brokerage share trading from portfolio repositioning as the stock markets fell steeply and then reversed course in late March and April. Retail revenue will likely throttle back into the range over this year as client brokerage trading tapers off as markets stabilize. At the same time, retail revenue across the industry will likely resume its upward trend in previous years driven by strong demand for wealth services to accumulate retirement savings. Revenue and profit will likely move even higher. The shift to remote-based advisory business adopting technologies, such as Zoom, Webex, etc., will accelerate through the post-crisis period. Firms will continually adapt these communication technologies into business practice and combine technology to physical infrastructure and re-organize operations to increase advisor productivity and convenience for clients and the dealers. The upward trend in operating costs that has plagued this industry, particularly for small and mid-sized dealers, will continue this year as the Client-Focused Reforms (CFR) rules and compliance-related technology and systems are implemented to meet the year-end deadline, handicapping firm performance in the year.

The first quarter results signal a more precautionary business approach emerging from the eye of the COVID-19 storm, both dealers and clients alike, given the uncertainties about the direction of financial markets and extent of economic recovery. The large dealers have drawn down more subordinated debt to bolster balance sheets and capacity for increased securities trading and clearing, and have a greater cushion for proprietary trading losses and scope for large financings. Not surprisingly, the small and mid-sized dealers have had limited external sources to build regulatory capital. Finally, the rapid buildup in client cash balances indicates investors pulled back sharply from the markets during

### Investment Banking Revenues

\$ billions

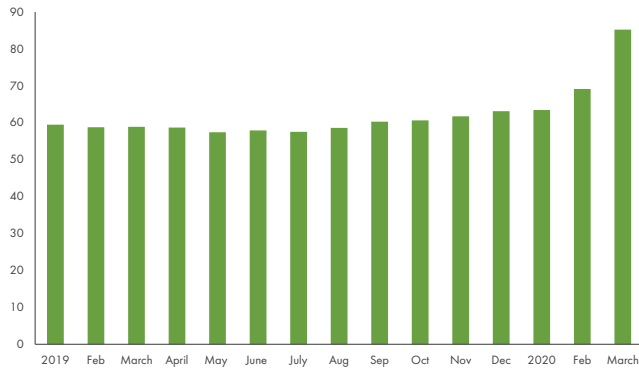


Source: IIROC Monthly Financial Reports, IIAC Compiled

the COVID-19 crisis. It remains to be seen if this investor caution continues in coming months. There is still lots of cash on the sidelines.

### Industry Client Cash Balances

\$ billions



Source: IIROC Monthly Financial Reports, IIAC Compiled

Yours sincerely,

Ian C. W. Russell, FCSI  
President & CEO, IIAC  
June 2020

## Industry

	Quarter-over-Quarter					Annual Year-over-Year						
	Quarters			% Change		Years				% Change		
	Q1 20	Q4 19	Q1 19	Q1/Q4	Q1 20/19	2019	2018	2017	2016	19/18	18/17	17/16
(\$ millions unless otherwise noted)												
<b>Number of firms</b>	167	167	163	0.0%	2.5%	167	161	166	163	3.7%	-3.0%	1.8%
<b>Number of employees</b>	43,525	43,476	42,479	0.1%	2.5%	43,476	42,296	40,865	40,130	2.8%	3.5%	1.8%
<b>Revenue</b>												
<b>Commissions</b>	1,628	1,306	1,378	24.6%	18.1%	5,356	5,764	5,697	5,715	-7.1%	1.2%	-0.3%
<i>Mutual fund only commissions</i>	588	589	560	-0.1%	5.0%	2,328	2,410	2,541	2,567	-3.4%	-5.2%	-1.0%
<b>Investment banking</b>	795	852	699	-6.7%	13.7%	3,101	3,455	3,610	3,744	-10.3%	-4.3%	-3.6%
<i>New issues equity</i>	260	335	227	-22.3%	14.7%	1,090	1,387	1,681	1,994	-21.5%	-17.4%	-15.7%
<i>New issues debt</i>	226	217	196	4.3%	15.3%	879	812	928	783	8.2%	-12.5%	18.5%
<i>Corporate advisory fees</i>	309	300	275	2.7%	12.2%	1,132	1,255	1,002	967	-9.8%	25.3%	3.6%
<b>Fixed income trading</b>	456	378	825	20.8%	-44.7%	2,282	1,298	1,021	1,439	75.8%	27.1%	-29.0%
<b>Equity trading</b>	2,926	-230	-1,825	nm	-260.3%	-2,937	2,369	-331	129	-224.0%	nm	nm
<b>Net interest</b>	644	657	613	-2.0%	5.0%	2,345	2,222	1,500	1,070	5.6%	48.1%	40.2%
<b>Fees</b>	2,399	2,388	2,180	0.5%	10.1%	9,104	8,285	7,240	5,998	9.9%	14.4%	20.7%
<b>Other</b>	547	491	299	11.5%	82.9%	1,438	1,545	1,110	1,356	-6.9%	39.2%	-18.2%
<b>Operating revenue</b>	5,854	6,303	5,708	-7.1%	2.6%	23,632	22,909	21,156	20,275	3.2%	8.3%	4.3%
<b>Operating expenses<sup>1</sup></b>	2,587	2,461	2,404	5.2%	7.6%	9,535	9,185	8,588	8,405	3.8%	7.0%	2.2%
<b>Operating profit<sup>2</sup></b>	1,594	2,171	1,693	-26.6%	-5.8%	7,559	7,319	6,479	6,335	3.3%	13.0%	2.3%
<b>Net profit (loss)</b>	892	1,326	944	-32.7%	-5.5%	4,380	4,165	3,710	3,504	5.2%	12.3%	5.9%
<b>Shareholders' equity</b>	30,878	30,344	28,189	1.8%	9.5%	30,344	28,329	25,514	23,117	7.1%	11.0%	10.4%
<b>Regulatory capital</b>	45,105	41,002	39,498	10.0%	14.2%	41,002	39,667	37,281	39,009	3.4%	6.4%	-4.4%
<b>Client cash holdings</b>	85,237	63,140	58,920	35.0%	44.7%	63,140	62,225	62,026	59,944	1.5%	0.3%	3.5%
<b>Client debt margin outstanding</b>	23,313	26,183	28,631	-11.0%	-18.6%	26,183	28,865	26,267	23,740	-9.3%	9.9%	10.6%
<b>Productivity<sup>2</sup> (\$ thousands)</b>	538	580	538	-7.2%	0.0%	549	547	518	505	0.2%	5.7%	2.5%
<b>Annual return<sup>3</sup> (%)</b>	11.6	17.5	13	-33.9%	-11.1%	14.9	15.2	15	15	-1.8%	4.7%	-4.1%

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

<sup>2</sup> Annual revenue per employee.

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

## Integrated Firms

	Quarter-over-Quarter					Annual Year-over-Year						
	Quarters			% Change		Years				% Change		
	Q1 20	Q4 19	Q1 19	Q1/Q4	Q1 20/19	2019	2018	2017	2016	19/18	18/17	17/16
(\$ millions unless otherwise noted)												
<b>Number of firms</b>	10	10	10	0.0%	0.0%	10	10	10	10	0.0%	0.0%	0.0%
<b>Number of employees</b>	26,611	26,640	26,224	-0.1%	1.5%	26,640	26,191	25,391	25,886	1.7%	3.2%	-1.9%
<b>Revenue</b>												
<b>Commissions</b>	1,083	867	914	24.9%	18.5%	3,550	3,803	3,810	3,871	-6.6%	-0.2%	-1.6%
<i>Mutual fund only commissions</i>	401	405	387	-0.9%	3.6%	1,608	1,685	1,858	1,928	-4.6%	-9.4%	-3.6%
<b>Investment banking</b>	602	590	498	2.1%	262.7%	2,200	2,390	2,606	2,722	-7.9%	-8.3%	-4.3%
<i>New issues equity</i>	195	263	166	-25.8%	22.8%	800	895	1,202	1,448	-10.6%	-25.5%	-17.0%
<i>New issues debt</i>	181	175	159	3.5%	5.1%	711	652	760	634	9.1%	-14.3%	19.9%
<i>Corporate advisory fees</i>	226	152	172	48.8%	31.4%	689	843	644	640	-18.3%	31.0%	0.6%
<b>Fixed income trading</b>	357	341	658	4.5%	-45.8%	1,916	1,027	732	1,162	86.6%	40.4%	-37.0%
<b>Equity trading</b>	3,889	-253	-2,028	nm	-291.8%	-3,209	2,202	-676	-183	-245.7%	425.5%	-269.7%
<b>Net interest</b>	549	550	517	-0.2%	6.2%	1,972	1,871	1,311	954	5.4%	42.7%	37.4%
<b>Fees</b>	1,889	1,894	1,713	-0.3%	10.3%	7,183	6,462	5,638	4,691	11.2%	14.6%	20.2%
<b>Other</b>	207	325	191	-36.3%	8.4%	847	948	690	967	-10.7%	37.5%	-28.7%
<b>Operating revenue</b>	4,163	4,738	4,195	-12.1%	-0.8%	17,584	16,795	15,663	15,188	4.7%	7.2%	3.1%
<b>Operating expenses<sup>1</sup></b>	1,819	1,720	1,686	5.7%	7.9%	6,646	6,383	5,920	5,808	4.1%	7.8%	1.9%
<b>Operating profit<sup>2</sup></b>	1,183	1,826	1,368	-35.2%	-13.5%	6,291	5,898	5,322	5,241	6.7%	10.8%	1.6%
<b>Net profit (loss)</b>	693	1,175	836	-41.1%	-17.1%	3,883	3,587	3,302	3,099	8.2%	8.6%	6.6%
<b>Shareholders' equity</b>	24,586	24,126	22,250	1.9%	10.5%	24,126	22,708	19,987	17,973	6.2%	13.6%	11.2%
<b>Regulatory capital</b>	34,946	31,035	30,456	12.6%	14.7%	31,035	30,939	28,733	30,896	0.3%	7.7%	-7.0%
<b>Client cash holdings</b>	71,862	53,670	49,975	33.9%	43.8%	53,670	52,809	52,117	51,281	1.6%	1.3%	1.6%
<b>Productivity<sup>2</sup> (\$ thousands)</b>	626	711	640	-12.0%	-2.2%	665	647	617	587	2.7%	4.9%	5.1%
<b>Annual return<sup>3</sup> (%)</b>	11.3	19.5	15	-42.2%	-24.9%	16.7	16.4	17	17	2.1%	-0.9%	-4.2%

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

<sup>2</sup> Annual revenue per employee.

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

## Institutional Firms

(\$ millions unless otherwise noted)

	Quarter-over-Quarter					Annual Year-over-Year						
	Quarters			% Change		Years				% Change		
	Q1 20	Q4 19	Q1 19	Q1/Q4	Q1 20/19	2019	2018	2017	2016	19/18	18/17	17/16
<b>Number of firms</b>	64	64	61	0.0%	4.9%	64	60	65	66	6.7%	-7.7%	-1.5%
<b>Number of employees</b>	2,165	2,260	2,305	-4.2%	-6.1%	2,260	2,281	2,333	2,384	-0.9%	-2.2%	-2.1%
<b>Revenue</b>												
<b>Commissions</b>	133	90	111	46.7%	19.5%	398	504	542	598	-21.0%	-7.1%	-9.3%
<b>Investment banking</b>	135	191	135	-29.2%	0.3%	632	759	720	804	-16.8%	5.4%	-10.4%
<i>New issues equity</i>	33	28	27	16.9%	23.1%	132	289	300	408	-54.3%	-3.4%	-26.6%
<i>New issues debt</i>	26	24	21	5.0%	21.9%	102	103	105	88	-0.6%	-2.0%	18.9%
<i>Corporate advisory fees</i>	77	138	87	-44.7%	-12.0%	398	367	316	307	8.3%	16.2%	2.9%
<b>Fixed income trading</b>	79	42	122	87.3%	-35.3%	292	188	174	159	55.5%	7.6%	9.7%
<b>Equity trading</b>	-952	13	191	nm	-598.7%	251	157	310	288	60.1%	-49.3%	7.6%
<b>Net interest</b>	21	8	11	142.9%	87.4%	19	31	-12	-20	-38.8%	357.6%	39.7%
<b>Fees</b>	45	36	43	22.8%	3.6%	167	177	229	260	-5.7%	-22.9%	-11.9%
<b>Other</b>	154	79	33	96.1%	367.2%	238	261	179	176	-8.9%	45.8%	1.8%
<b>Operating revenue</b>	516	491	453	5.2%	14.0%	1,807	1,955	1,897	2,265	-7.6%	3.0%	-16.2%
<b>Operating expenses<sup>1</sup></b>	265	281	258	-5.5%	2.9%	1,052	1,028	1,068	1,135	2.3%	-3.7%	-5.9%
<b>Operating profit</b>	214	190	165	12.6%	29.9%	655	781	656	957	-16.1%	19.1%	-31.5%
<b>Net profit (loss)</b>	99	90	38	10.1%	161.0%	223	276	170	286	-18.9%	61.8%	-40.5%
<b>Shareholders' equity</b>	1,957	3,893	3,763	-49.7%	-48.0%	3,893	3,791	3,861	3,825	2.7%	-1.8%	0.9%
<b>Regulatory capital</b>	7,033	6,995	6,337	0.5%	11.0%	6,995	6,356	6,378	6,310	10.1%	-0.3%	1.1%
<b>Client cash holdings</b>	2,980	1,886	1,881	58.0%	58.4%	1,886	1,937	2,528	2,512	-2.6%	-23.4%	0.7%
<b>Productivity<sup>2</sup> (\$ thousands)</b>	954	869	787	9.9%	21.2%	792	848	813	950	-6.6%	4.3%	-14.4%
<b>Annual return<sup>3</sup> (%)</b>	20.3	9.3	4	119.0%	394.5%	5.8	7.4	4	7	-21.8%	68.5%	-37.0%

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

<sup>2</sup> Annual revenue per employee.

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

## Retail Firms

(\$ millions unless otherwise noted)

	Quarter-over-Quarter					Annual Year-over-Year						
	Quarters			% Change		Years				% Change		
	Q1 20	Q4 19	Q1 19	Q1/Q4	Q1 20/19	2019	2018	2017	2016	19/18	18/17	17/16
<b>Number of firms</b>	93	93	92	0.0%	1.1%	93	91	91	87	2.2%	0.0%	4.6%
<b>Number of employees</b>	14,749	14,576	13,950	1.2%	5.7%	14,576	13,824	13,141	11,860	5.4%	5.2%	10.8%
<b>Revenue</b>												
<b>Commissions</b>	412	349	353	18.1%	16.6%	1,407	1,457	1,344	1,246	-3.4%	8.4%	7.9%
<i>Mutual fund only commissions</i>	186	183	172	1.6%	8.0%	715	720	677	632	-0.6%	6.4%	7.0%
<b>Investment banking</b>	57	71	66	-19.7%	-13.1%	269	306	285	218	-12.1%	7.6%	30.5%
<i>New issues equity</i>	32	44	34	-26.9%	-6.5%	157	203	179	138	-22.5%	13.4%	29.9%
<i>New issues debt</i>	20	18	16	11.4%	22.4%	66	58	63	60	13.9%	-8.1%	4.8%
<i>Corporate advisory fees</i>	6	10	17	-42.2%	-65.0%	46	45	42	20	1.4%	6.4%	112.1%
<b>Fixed income trading</b>	21	-6	45	479.3%	-53.6%	74	83	115	118	-10.9%	-27.7%	-2.3%
<b>Equity trading</b>	-11	9	13	-213.3%	-182.6%	20	11	36	24	93.0%	-70.6%	48.9%
<b>Net interest</b>	74	98	86	-24.7%	-14.0%	356	320	201	136	11.4%	58.8%	48.1%
<b>Fees</b>	466	458	425	1.9%	9.7%	1,755	1,646	1,374	1,047	6.6%	19.9%	31.2%
<b>Other</b>	186	87	75	114.4%	147.7%	354	335	241	213	5.6%	39.1%	13.0%
<b>Operating revenue</b>	1,175	1,066	1,063	10.2%	10.6%	4,235	4,153	3,490	3,002	2.0%	19.0%	16.2%
<b>Operating expenses<sup>1</sup></b>	503	460	460	9.4%	9.4%	1,837	1,773	1,599	1,462	3.6%	10.9%	9.4%
<b>Operating profit</b>	197	154	162	27.4%	21.3%	615	634	395	319	-3.0%	60.5%	23.9%
<b>Net profit (loss)</b>	100	60	70	65.8%	42.4%	274	302	237	119	-9.3%	27.4%	99.2%
<b>Shareholders' equity</b>	2,413	2,325	2,175	3.8%	10.9%	2,325	1,830	1,666	1,319	27.0%	9.8%	26.3%
<b>Regulatory capital</b>	3,126	2,972	2,705	5.2%	15.6%	2,972	2,371	2,170	1,802	25.3%	9.3%	20.4%
<b>Client cash holdings</b>	10,395	7,584	7,063	37.1%	47.2%	7,584	7,480	7,380	6,151	1.4%	1.3%	20.0%
<b>Productivity<sup>2</sup> (\$ thousands)</b>	319	293	305	8.9%	4.5%	295	305	266	253	-3.2%	14.9%	5.0%
<b>Annual return<sup>3</sup> (%)</b>	16.5	10.3	13	59.7%	28.1%	12.2	17.2	14	9	-29.2%	20.9%	58.1%

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

<sup>2</sup> Annual revenue per employee.

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

## Domestic Institutional

(\$ millions unless otherwise noted)

	Quarter-over-Quarter					Annual Year-over-Year						
	Quarters			% Change		Years				% Change		
	Q1 20	Q4 19	Q1 19	Q1/Q4	Q1 20/19	2019	2018	2017	2016	19/18	18/17	17/16
<b>Number of firms</b>	39	38	36	2.6%	8.3%	38	34	37	41	11.8%	-8.1%	-9.8%
<b>Number of employees</b>	1,183	1,176	1,326	0.6%	-10.8%	1,176	1,299	1,360	1,481	-9.5%	-4.5%	-8.2%
<b>Revenue</b>												
<b>Commissions</b>	80	56	73	43.1%	9.3%	251	323	337	384	-22.1%	-4.2%	-12.3%
<b>Investment banking</b>	48	53	60	-9.9%	-20.2%	229	409	308	412	-44.0%	32.6%	-25.2%
<i>New issues equity</i>	17	18	21	-3.4%	-17.1%	93	233	194	245	-60.2%	20.0%	-20.7%
<i>New issues debt</i>	7	5	5	23.8%	35.3%	24	28	24	24	-12.8%	15.6%	0.9%
<i>Corporate advisory fees</i>	24	30	35	-20.1%	-32.3%	111	148	90	143	-24.5%	64.3%	-37.2%
<b>Fixed income trading</b>	6	3	3	104.0%	102.7%	12	12	13	15	1.9%	-6.1%	-14.9%
<b>Equity trading</b>	-8	4	27	-310.9%	-129.2%	6	-23	14	27	124.7%	-266.1%	-48.3%
<b>Net interest</b>	-1	-1	1	-36.6%	-162.8%	-3	24	7	3	-113.5%	273.8%	117.7%
<b>Fees</b>	12	9	10	27.7%	20.4%	38	38	106	154	0.1%	-64.2%	-31.3%
<b>Other</b>	20	35	15	-43.3%	32.1%	82	52	45	69	59.0%	14.3%	-34.3%
<b>Operating revenue</b>	159	161	189	-1.1%	-15.7%	620	837	830	1,064	-25.9%	0.8%	-22.0%
<b>Operating expenses<sup>1</sup></b>	115	127	104	-9.5%	10.4%	437	445	455	560	-1.8%	-2.0%	-18.8%
<b>Operating profit</b>	25	26	65	-5.1%	-61.8%	128	285	239	365	-55.0%	19.5%	-34.6%
<b>Net profit (loss)</b>	-8	5	-2	-242.4%	281.2%	-26	62	0	99	-142.7%	nm	-99.5%
<b>Shareholders' equity</b>	677	699	694	-3.2%	-2.4%	699	727	713	822	-3.8%	1.9%	-13.2%
<b>Regulatory capital</b>	1,029	1,027	993	0.3%	3.7%	1,027	1,014	991	1,078	1.3%	2.3%	-8.1%
<b>Client cash holdings</b>	1,042	769	807	35.4%	29.1%	769	913	1,318	1,269	-15.7%	-30.7%	3.8%
<b>Productivity<sup>2</sup> (\$ thousands)</b>	539	548	570	-1.6%	-5.5%	498	628	610	719	-20.7%	2.8%	-15.1%
<b>Annual return<sup>3</sup> (%)</b>	-4.5	3.1	-1	-247.0%	221.6%	-4.1	8.3	0	12	-149.5%	nm	-99.5%

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

<sup>2</sup> Annual revenue per employee.

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

## Foreign Institutional

(\$ millions unless otherwise noted)

	Quarter-over-Quarter					Annual Year-over-Year						
	Quarters			% Change		Years				% Change		
	Q1 20	Q4 19	Q1 19	Q1/Q4	Q1 20/19	2019	2018	2017	2016	19/18	18/17	17/16
<b>Number of firms</b>	25	26	25	-3.8%	0.0%	26	26	28	25	0.0%	-7.1%	12.0%
<b>Number of employees</b>	982	1,084	979	-9.4%	0.3%	1,084	982	973	903	10.4%	0.9%	7.8%
<b>Revenue</b>												
<b>Commissions</b>	53	35	38	52.5%	39.2%	147	181	205	214	-19.0%	-11.7%	-4.0%
<b>Investment banking</b>	87	138	74	-36.6%	18.2%	403	351	412	392	14.9%	-14.9%	5.1%
<i>New issues equity</i>	16	10	6	52.1%	163.8%	39	56	105	164	-30.2%	-46.5%	-35.7%
<i>New issues debt</i>	19	19	16	-0.5%	17.7%	77	75	80	64	3.9%	-7.3%	25.6%
<i>Corporate advisory fees</i>	53	109	52	-51.4%	1.6%	286	220	226	164	30.3%	-2.9%	37.9%
<b>Fixed income trading</b>	73	39	119	86.0%	-38.8%	279	176	162	144	59.1%	8.7%	12.2%
<b>Equity trading</b>	-945	9	164	nm	nm	246	180	296	260	36.3%	-39.1%	13.8%
<b>Net interest</b>	21	9	11	124.2%	93.1%	22	7	-19	-22	235.2%	135.8%	15.5%
<b>Fees</b>	33	27	33	21.0%	-1.4%	129	139	123	106	-7.3%	12.6%	16.3%
<b>Other</b>	134	44	18	207.8%	646.5%	156	210	134	107	-25.6%	56.5%	25.2%
<b>Operating revenue</b>	357	330	264	8.3%	35.3%	1,188	1,118	1,067	1,201	6.2%	4.8%	-11.1%
<b>Operating expenses<sup>1</sup></b>	151	154	153	-2.1%	-1.6%	615	583	614	575	5.4%	-4.9%	6.7%
<b>Operating profit</b>	190	164	100	15.4%	89.5%	527	496	417	591	6.2%	18.8%	-29.4%
<b>Net profit (loss)</b>	107	85	41	26.0%	160.5%	250	214	170	187	16.9%	25.9%	-9.2%
<b>Shareholders' equity</b>	1,280	3,194	3,069	-59.9%	-58.3%	3,194	3,064	3,148	3,003	4.2%	-2.7%	4.8%
<b>Regulatory capital</b>	6,004	5,968	5,344	0.6%	12.4%	5,968	5,343	5,387	5,232	11.7%	-0.8%	3.0%
<b>Client cash holdings</b>	1,938	1,117	1,074	73.5%	80.4%	1,117	1,024	1,211	1,244	9.1%	-15.4%	-2.7%
<b>Productivity<sup>2</sup> (\$ thousands)</b>	1,455	1,216	1,081	19.6%	34.6%	1,142	1,148	1,097	1,330	-0.5%	4.7%	-17.5%
<b>Annual return<sup>3</sup> (%)</b>	33.4	10.6	5	214.5%	530.0%	7.9	7.2	5	6	10.0%	33.3%	-10.1%

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

<sup>2</sup> Annual revenue per employee.

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

## Retail Full Service

(\$ millions unless otherwise noted)

	Quarter-over-Quarter					Annual Year-over-Year						
	Quarters			% Change		Years				% Change		
	Q1 20	Q4 19	Q1 19	Q1/Q4	Q1 20/19	2019	2018	2017	2016	19/18	18/17	17/16
<b>Number of firms</b>	31	30	30	3.3%	3.3%	30	30	29	27	0.0%	3.4%	7.4%
<b>Number of employees</b>	6,556	6,473	6,343	1.3%	3.4%	6,473	6,305	5,982	5,893	2.7%	5.4%	1.5%
<b>Revenue</b>												
<b>Commissions</b>	233	188	193	23.9%	20.9%	764	793	753	719	-3.8%	5.3%	4.8%
<i>Mutual fund only commissions</i>	109	109	101	-0.3%	8.1%	424	417	421	408	1.7%	-1.1%	3.2%
<b>Investment banking</b>	41	47	47	-13.0%	-13.3%	186	214	204	149	-13.2%	5.2%	36.8%
<i>New issues equity</i>	18	22	20	-19.9%	-11.1%	90	131	111	77	-31.0%	17.4%	44.5%
<i>New issues debt</i>	19	16	14	17.7%	32.5%	61	53	60	57	14.5%	-11.1%	4.5%
<i>Corporate advisory fees</i>	4	9	13	-50.1%	-66.1%	35	31	33	15	14.6%	-6.8%	119.6%
<b>Fixed income trading</b>	12	-13	37	193.2%	-67.7%	47	58	90	89	-19.7%	-35.3%	0.7%
<b>Equity trading</b>	-9	6	5	-260.7%	-280.3%	5	2	21	12	207.3%	-91.5%	74.9%
<b>Net interest</b>	40	64	47	-37.2%	-14.7%	213	199	124	78	6.9%	60.4%	59.1%
<b>Fees</b>	238	229	226	3.7%	5.2%	904	880	734	560	2.7%	19.9%	31.0%
<b>Other</b>	118	40	29	198.3%	306.3%	162	118	92	85	36.7%	28.1%	8.7%
<b>Operating revenue</b>	641	569	585	12.8%	9.7%	2,286	2,265	2,018	1,692	0.9%	12.2%	19.3%
<b>Operating expenses<sup>1</sup></b>	291	258	257	12.9%	13.3%	1,031	982	908	846	4.9%	8.2%	7.3%
<b>Operating profit</b>	125	98	113	28.1%	10.7%	404	435	327	176	-7.0%	33.0%	85.8%
<b>Net profit (loss)</b>	70	51	56	36.7%	25.5%	219	223	174	70	-1.8%	27.9%	148.8%
<b>Shareholders' equity</b>	1,581	1,527	1,425	3.5%	10.9%	1,527	1,088	940	793	40.4%	15.7%	18.6%
<b>Regulatory capital</b>	2,073	1,945	1,718	6.6%	20.7%	1,945	1,388	1,213	1,076	40.1%	14.4%	12.8%
<b>Client cash holdings</b>	7,809	5,728	5,271	36.3%	48.1%	5,728	5,335	5,196	4,711	7.4%	2.7%	10.3%
<b>Productivity<sup>2</sup> (\$ thousands)</b>	391	351	369	11.4%	6.1%	354	364	337	287	-2.8%	8.0%	17.5%
<b>Annual return<sup>3</sup> (%)</b>	<b>17.8</b>	<b>13.5</b>	<b>16</b>	<b>32.1%</b>	<b>12.6%</b>	<b>14.9</b>	<b>21.7</b>	<b>19</b>	<b>9</b>	<b>-31.4%</b>	<b>16.9%</b>	<b>105.8%</b>

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

<sup>2</sup> Annual revenue per employee.

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

## Retail Introducers

(\$ millions unless otherwise noted)

	Quarter-over-Quarter					Annual Year-over-Year						
	Quarters			% Change		Years				% Change		
	Q1 20	Q4 19	Q1 19	Q1/Q4	Q1 20/19	2019	2018	2017	2016	19/18	18/17	17/16
<b>Number of firms</b>	62	63	92	-1.6%	-32.6%	63	61	62	60	3.3%	-1.6%	3.3%
<b>Number of employees</b>	8,193	8,103	13,950	1.1%	-41.3%	8,103	7,519	7,159	5,967	7.8%	5.0%	20.0%
<b>Revenue</b>												
<b>Commissions</b>	178	160	353	11.4%	-49.5%	644	664	591	527	-3.0%	12.4%	12.1%
<i>Mutual fund only commissions</i>	77	73	172	4.5%	-55.5%	292	303	255	224	-3.8%	18.6%	14.0%
<b>Investment banking</b>	17	25	66	-32.5%	-74.9%	83	92	81	68	-9.4%	13.7%	18.7%
<i>New issues equity</i>	14	21	34	-34.2%	-58.8%	67	73	68	60	-7.2%	6.7%	13.3%
<i>New issues debt</i>	1	2	16	-42.9%	-93.5%	5	5	3	3	7.5%	46.6%	10.2%
<i>Corporate advisory fees</i>	2	1	17	5.9%	-90.9%	11	14	9	5	-26.5%	52.0%	89.5%
<b>Fixed income trading</b>	9	7	45	22.7%	-80.1%	28	25	26	29	9.2%	-0.9%	-11.7%
<b>Equity trading</b>	-2	4	13	-144.5%	-113.2%	15	9	15	12	69.6%	-40.9%	23.0%
<b>Net interest</b>	34	34	86	-1.5%	-60.6%	144	121	77	58	18.8%	56.3%	33.4%
<b>Fees</b>	228	228	425	0.0%	-46.3%	851	767	640	487	11.0%	19.8%	31.4%
<b>Other</b>	68	47	75	44.1%	-9.5%	192	217	148	128	-11.4%	46.0%	15.9%
<b>Operating revenue</b>	534	506	1,063	5.4%	-49.8%	1,957	1,889	1,472	1,309	3.6%	28.3%	12.5%
<b>Operating expenses<sup>1</sup></b>	212	202	460	5.0%	-54.0%	806	791	691	617	1.9%	14.4%	12.1%
<b>Operating profit</b>	71	57	162	26.3%	-55.9%	211	200	68	143	5.9%	192.7%	-52.3%
<b>Net profit (loss)</b>	29	9	70	237.6%	-58.0%	55	79	63	50	-30.1%	26.0%	25.8%
<b>Shareholders' equity</b>	832	798	2,175	4.4%	-61.7%	798	742	725	526	7.5%	2.2%	37.9%
<b>Regulatory capital</b>	1,053	1,027	2,705	2.5%	-61.1%	1,027	983	956	726	4.5%	2.8%	31.7%
<b>Client cash holdings</b>	2,587	1,856	7,063	39.4%	-63.4%	1,856	2,145	2,184	1,440	-13.5%	-1.8%	51.7%
<b>Productivity<sup>2</sup> (\$ thousands)</b>	261	250	305	4.3%	-14.6%	249	256	206	219	-2.8%	24.3%	-6.1%
<b>Annual return<sup>3</sup> (%)</b>	<b>14.1</b>	<b>4.4</b>	<b>13</b>	<b>223.5%</b>	<b>9.4%</b>	<b>7.1</b>	<b>10.9</b>	<b>9</b>	<b>10</b>	<b>-34.8%</b>	<b>25.4%</b>	<b>-13.3%</b>

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

<sup>2</sup> Annual revenue per employee.

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