GMP Capital Inc.
Third Quarter
2019 Report

Q3/2019

GMP | Capital Inc.

GMP CAPITAL INC. REPORTS THIRD QUARTER 2019 RESULTS

- Focused on closing the sale of capital markets business to Stifel Financial Corp., which remains on track to close in forth quarter 2019
- Focused on transforming GMP into a pure-play wealth management firm
- Board of Directors approved a quarterly cash dividend of $0.025 per common share

For further information about GMP Capital Inc., our results for third quarter 2019 and the meaning of certain references, this earnings release should be read in conjunction with our unaudited interim condensed consolidated financial statements as at and for the three and nine months ended September 30, 2019 (Third Quarter 2019 Financial Statements) and our management's discussion and analysis for the three and nine months ended September 30, 2019 (Third Quarter 2019 MD&A) and our annual information form, which can be accessed on our website at *gmpcapital.com* and on SEDAR at *sedar.com*. Unless otherwise indicated, all dollar amounts are expressed in Canadian dollars and have been taken from our Third Quarter 2019 Financial Statements prepared in accordance with International Financial Reporting Standards (IFRS).

Toronto, November 8, 2019 – GMP Capital Inc. (GMP) (TSX: GMP) today reported a net loss of $25.4 million in third quarter 2019 compared with net income of $2.9 million in third quarter 2018. The decline of $28.3 million was primarily due to an $18.0 million net loss from discontinued operations which comprise substantially all of GMP's capital markets business. As previously announced, in August 2019 shareholders voted overwhelmingly in favor of the sale of substantially all of GMP's capital markets business to Stifel Financial Corp. (Stifel) in an all cash transaction (the Sale Transaction).

The Sale Transaction is expected to close in fourth quarter 2019, conditional on receipt of regulatory approvals and satisfaction of certain other closing conditions. In connection with the Sale Transaction, Harris Fricker stepped down from his role as President and CEO of the public company effective August 9, 2019, and remains President and CEO of the Capital Markets business until closing of the Sale Transaction. Harris Fricker and other key personnel have entered into employment agreements and, effective at the closing of the Sale Transaction, will be joining Stifel.

FINANCIAL HIGHLIGHTS

Discontinued Operations

Discontinued operations include substantially all of GMP's capital markets business.

Net loss from discontinued operations was $18.0 million in third quarter 2019; down $27.3 million from the same period a year ago, is largely the result of:

- $42.6 million decline in capital markets revenues compared with the same period last year as a result of lower investment banking and advisory activities;
- $8.1 million ($6.0 million after-tax) in contractual remuneration payments and other professional and advisory costs related to the Sale Transaction incurred in third quarter 2019; and
- $4.7 million ($3.5 million after-tax) restructuring provision in third quarter 2019.

For further information relating to discontinued operations, please refer to Note 5 to the Third Quarter 2019 Financial Statements.

Continuing Operations

Continuing operations are comprised of the new Operations Clearing segment, and the Wealth Management and Corporate segments. Prior period results have been re-stated to conform to new reporting segments.

Net loss from continuing operations was $7.4 million in third quarter 2019; down $0.9 million compared with the same period a year ago. The decline was primarily due to:

- Non-cash deferred tax expense of $8.0 million relating to a write-down of deferred tax assets; and
- Lower other revenue and expense relating to lower carrying broker and other administrative support services provided to Richardson GMP amid lower retail client activity.
- Partly offset by:
  - Higher interest revenue (net of interest expense) in Operations Clearing in connection with improved stock borrowing and lending activity;
  - Reversal of previously accrued annual compensation amounts in connection with the Sale Transaction announcement; and
  - Lower Transaction Share costs of $2.9 million ($2.1 million after-tax) relating to the FirstEnergy acquisition.

GMP recorded a net loss of $44.7 million in first nine months 2019 compared with net income of $7.5 million in first nine months 2018. The decline of $52.2 million was primarily due to a $32.4 million net loss from discontinued operations, an increase of $53.6 million compared with the $21.2 million net income reported in first nine

TABLE OF CONTENTS

MANAGEMENT'S DISCUSSION & ANALYSIS

For the Three and Nine Months Ended September 30, 2019

About this Management's Discussion and Analysis

Management's discussion and analysis (MD&A) is provided to enable readers to assess the financial condition and results of operations of GMP Capital Inc. (GMP or the Company) as at and for the three and nine months ended September 30, 2019.

This MD&A has been prepared with an effective date of November 7, 2019, and should be read in conjunction with the unaudited interim condensed consolidated financial statements and related notes of GMP as at and for the three and nine months ended September 30, 2019 (Third Quarter 2019 Financial Statements), GMP's MD&A for fiscal 2018 (2018 Annual MD&A) and GMP's audited consolidated financial statements and related notes as at and for the year ended December 31, 2018 (2018 Annual Financial Statements). These documents as well as additional information relating to GMP, including GMP's annual information form (AIF), can be accessed at *gmpcapital.com* and at *sedar.com*. Certain comparative amounts have been reclassified to conform to the current year's presentation.

All references to we, our, us and GMP Group refer to GMP, together with its consolidated operations controlled by it. All references to shareholders refer collectively to holders of common shares of GMP (Common Shares), holders of Cumulative 5-Year Rate Reset Preferred Shares, Series B of GMP (Series B Preferred Shares), and Cumulative Floating Rate Preferred Shares, Series C of GMP (Series C Preferred Shares). References to Preferred Shares refer to the Series B Preferred Shares and Series C Preferred Shares, collectively.

GMP's audit committee (Audit Committee) has reviewed this document and, prior to its release, the GMP board of directors (Board of Directors) approved it, on the Audit Committee's recommendation.

Certain numbers contained in this MD&A are subject to rounding.

Presentation of Financial Information and Non-GAAP Measures

Unless otherwise specified herein, financial results, including related historical comparatives, contained in this MD&A, are based on our Third Quarter 2019 Financial Statements, which have been prepared by management in accordance with International Financial Reporting Standards (IFRS). The Canadian dollar is our functional and reporting currency for purposes of preparing the Corporation's consolidated financial statements and accordingly, all dollar references in this MD&A are in Canadian dollars, unless otherwise specified herein.

IFRS 5 – NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

In accordance with IFRS 5, the sale of the company's U.S. fixed income business in January 2019 and the announcement of the sale of substantially all of its capital markets business on June 17, 2019 to Stifel Financial Corp. (Stifel), are both accounted for as discontinued operations as at September 30, 2019.

Following the closing of the sale of the capital markets business, the Company's continuing business will comprise excess net cash, clearing broker operations and a 34.4% equity investment in Richardson GMP, a leading independent wealth management firm.

REPORTING SEGMENTS

Concurrent with the sale of the two businesses noted above, effective third quarter 2019 the Company has changed the composition of its business segment disclosure to better reflect its current organizational structure to provide readers enhanced understanding of management's views of GMP's core performance:

Previous	**Current**
Capital Markets	Operations Clearing
Wealth Management	Wealth Management
Corporate	Corporate

The Operations Clearing segment includes the business of providing clearing services to Richardson GMP and, post-closing, to Stifel's Canadian capital markets operations.

The results for prior periods have been restated to conform with the changes to the Reporting Segments.

NON-GAAP MEASURES

We use certain measures to assess our financial performance that are not generally accepted accounting principles (GAAP) measures under IFRS. These measures do not have any standardized meaning prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other issuers. Non-GAAP measures should not be considered as alternatives to net income or comparable metrics determined in accordance with IFRS as indicators of GMP's performance, liquidity, cash flows and profitability.

Annualized Return on Common Equity

We evaluate the performance of our consolidated operations using annualized return on common equity (ROE) which we calculate based on net income attributable to common shareholders divided by total average common shareholder equity for the period, which are measures derived from information contained in our Third Quarter 2019 Financial Statements.

Forward-Looking Information

This MD&A contains "forward-looking information" as defined under applicable Canadian securities laws. This information includes, but is not limited to, statements made in "Third Quarter and First Nine Months 2019 Financial Highlights", "Segment Results From Continuing Operations", "Liquidity and Capital Resources" and other statements concerning our objectives, our strategies to achieve those objectives as well as statements with respect to management's beliefs, plans, estimates, projections, and intentions, and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts. Forward-looking information generally can be identified by the use of forward-looking terminology such as "outlook", "objective", "may", "will", "expect", "intend", "estimate", "anticipate", "believe", "should", "plans" or "continue", or similar expressions suggesting future outcomes or events or language suggesting an outlook. Such forward-looking information reflects management's current beliefs and is based on information currently available to management.

The forward-looking statements included in this MD&A, including statements regarding the Sale Transaction, the receipt of necessary shareholder approvals and satisfaction of other closing conditions, completing the Sale Transaction, the nature of GMP's growth strategy going forward and execution on any of the potential plans (including the potential acquisition of 100% of Richardson GMP) are not guarantees of future results and involve risks and uncertainties that may cause actual results to differ materially from the potential results discussed in the forward-looking statements. In respect of the forward-looking statements and information concerning the completion of the Sale Transaction and the other conditions to the closing of the Sale Transaction, and the Company's strategy going forward, including in respect of the Richardson GMP business. Accordingly, readers should not place undue reliance on the forward-looking statements and information contained in this MD&A.

Forward-looking information is not a guarantee of future performance and is subject to numerous risks and uncertainties, including those described in this MD&A. GMP's primary business activities are both competitive and subject to various risks. These risks include market, credit, liquidity, operational, legal, cyber and regulatory risks and other risk factors including, without limitation: variation in the market value of securities, volatility and liquidity of equity and debt trading markets, volume of new financings and mergers and acquisitions (M&A), dependence on key personnel, and sustainability of fees. Other factors, such as general economic conditions, including interest rate and exchange rate fluctuations and resource commodity prices, may also have an effect on GMP's results of operations. Many of these risks and uncertainties can affect GMP's actual results and could cause its actual results to differ materially from those expressed or implied in any forward-looking information disclosed by management or on its behalf.

Risks and uncertainties that may cause such differences include but are not limited to: the risk that the Sale Transaction may not be completed on a timely basis, if at all; the conditions to the consummation of the Sale Transaction may not be satisfied; the risk that the Sale Transaction may involve unexpected costs, liabilities or delays; the risk that, prior to the completion of the Sale Transaction, GMP's business may experience significant disruptions, including loss of clients or employees, due to transaction related uncertainty or other factors; the possibility that legal proceedings may be instituted against GMP and/or others relating to the Sale Transaction and the outcome of such proceedings; the possible occurrence of an event, change or other circumstance that could result in termination of the Sale Transaction; risks that the purchase price under the Sale Transaction may be adversely affected by a reduction in GMP's tangible book value, or a $5.0 million reduction under specific circumstances, risks related to the diversion of management's attention from GMP's ongoing business operations; risks relating to the failure to obtain necessary regulatory approvals; risks related to the Company's strategy going forward; including the risk that no transaction will occur for the acquisition by GMP of 100% of Richardson GMP; risks related to the failure to satisfy the conditions to complete the Sale Transaction; other risks inherent in the financial industry. Failure to obtain the requisite approvals, or the failure of the parties to otherwise satisfy the conditions to or complete the Sale Transaction, may result in the Sale Transaction not being completed on the proposed terms, or at all. In addition, if the Sale Transaction is not completed, and GMP continues in its current form, the announcement of the Sale Transaction and the dedication of substantial resources of GMP to the completion of the Sale Transaction could have a material adverse impact on GMP's share price, its current business relationships (including with future and prospective employees, clients and partners) and on the current and future operations, financial condition and prospects of GMP and Richardson GMP. When relying on forward-looking statements to make decisions, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. Readers are cautioned that the foregoing list of factors is not exhaustive. Additional information on these and other factors that could affect GMP's operations or financial results are included in reports on file with applicable securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com). For a description of additional risks that could cause our actual results to differ materially from our current expectations, see "Risk Management" and "Risk Factors" in the Third Quarter 2019 MD&A; "Risk Factors" in GMP's AIF and "Risk Factors" in GMP's management information circular dated July 8, 2019. These risks and uncertainties are not the only ones facing the GMP Group. Additional risks and uncertainties not currently known to us or that we currently consider immaterial, may also impair the operations of the GMP Group. Although forward-looking information contained in this MD&A is based upon what management believes are reasonable assumptions, there can be no assurance that actual results will be consistent with this forward-looking information. Certain statements included in this MD&A may be considered a "financial outlook" for purposes of applicable Canadian securities laws and, as such, the financial outlook may not be appropriate for purposes other than this MD&A. The forward-looking information contained in this MD&A is made as of the date of this MD&A, and should not be relied upon as representing GMP's views as of any date subsequent to the date of this MD&A.

Except as required by applicable law, management and the Board of Directors undertake no obligation to publicly update or revise any forward-looking information, whether as a result of new information, future events or otherwise.

About GMP

GMP is headquartered in Toronto. GMP's Common Shares, Series B Preferred Shares, and Series C Preferred Shares are listed on the Toronto Stock Exchange (TSX) under the symbols GMP, GMP.PR.B, and GMP.PR.C, respectively.

On June 17, 2019, the Company announced it had entered into a definitive agreement to sell substantially all of its capital markets business to Stifel Financial Corp in an all cash transaction (the "Agreement or Sale Transaction"). The entering into of the Agreement followed a comprehensive strategic review process overseen by a committee of GMP's board of directors (the "GMP Board") comprised exclusively of independent directors (the "Special Committee"). In its review, the Special Committee considered numerous alternatives and recommended to the GMP Board that the Sale Transaction is in the best interest of the Corporation.

Pursuant to the Agreement, Stifel will acquire the bulk of GMP's capital markets business for cash consideration to be determined at closing of the Sale Transaction based on the then tangible book value of the business (less cash) plus $45 million, subject to a $5.0 million reduction in certain specified circumstances.

On August 6, 2019, the Common Shareholders voted overwhelmingly in favor of the sale of the capital markets business to Stifel. The Sale Transaction is expected to close in the fourth quarter of 2019, conditional on receipt of necessary regulatory approvals and satisfaction of certain other closing conditions.

In connection with the Sale Transaction, Harris Fricker stepped down from his role as President and CEO of the public company effective August 9, 2019, and remains President and CEO of the Capital Markets business until closing of the Sale Transaction. Effective at the closing of the Sale Transaction, Harris Fricker and other key personnel have agreed to join Stifel.

Concurrent with the Sale Transaction, GMP announced it intends to make wealth management the centerpiece of the Company's growth strategy going forward. The Sale Transaction is the first step in a wider strategy to transform the Company into a pure-play wealth management firm that can provide Common Shareholders the greatest potential for long term value creation through ownership in a business that is focused exclusively on serving the wealth management needs of a growing number of investment advisors and their high and ultra-high net worth clients looking for independent, non-bank points of access for advice. To lead this transformation, on August 9, 2019, the Board of Directors appointed Kish Kapoor as interim President and CEO of GMP Capital Inc.

The strategy envisions the Company acquiring two thirds of Richardson GMP Limited ("Richardson GMP") not owned by GMP, in an all share transaction, and making wealth management the core business for future growth in the value of the Company. Richardson GMP is one of Canada's leading wealth management firms. Since 2010, Richardson GMP has been awarded top ranking in the Investment Executive Brokerage Report Card for products and services dedicated to high net worth and ultra-high net worth investors. Most recently, Richardson GMP was recognized as one of Canada's Best Workplaces™ for 2019. Richardson GMP has approximately $28.2 billion in client assets (as at September 30, 2019) administered by 160 advisory teams. In 2018, Richardson GMP generated approximately $290 million in revenues (with approximately 70% in fee based recurring revenues) and adjusted EBITDA of $45 million.

A special committee of the Board (the Vend-In Special Committee), comprised entirely of independent directors (excluding any directors affiliated with Richardson Financial Group Limited ("RFGL")), has been formed to pursue the acquisition of RFGL's 34.4% interest in Richardson GMP as well as the remaining 31.2% held largely by Richardson GMP's investment advisors, and management team. The Vend-In Special Committee has retained RBC Capital Markets as financial advisor and as an independent valuator to prepare a formal valuation of the common shares of Richardson GMP in accordance with Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions*.

The Company believes that acquiring the remaining two thirds of Richardson GMP, with its proven and scalable wealth management platform, will allow it to:

- partner with the Richardson family, through RFGL (GMP's largest shareholder (24.1%) and owner of approximately 34.4% of Richardson GMP), to bring to the Company a powerful brand, reputation/expertise and rich history in creating wealth in a variety of industries including financial services over more than five generations;
- accelerate its vision to continue building and growing a top-tier wealth management business that becomes a fully integrated financial services firm able to provide a comprehensive suite of client solutions across the entire family household balance sheet; and
- deploy its excess net working capital and public company currency to prudently and aggressively grow the business through recruitment of financial advisors, acquisition of complimentary wealth management businesses and capabilities, development and introduction of new product and service offerings and investing in a variety of operating and revenue initiatives to improve the service offering to investment advisors and their clients, and expand margins.

Any acquisition of 100% of Richardson GMP would be completed after the Sale Transaction, subject to approval of the Common Shareholders, required regulatory approvals and other customary closing conditions. Further, any such acquisition will be in accordance with the shareholders agreement governing Richardson GMP the details of which can be found in the Richardson GMP Liquidity Mechanism disclosed in the Company's Annual Information Form dated February 2019. If completed, such acquisition will result in Richardson Financial Group Limited continuing to be the largest shareholder of GMP with its current holdings increasing by the amount received in GMP shares in exchange for its 34.4% interest in Richardson GMP.

There is no assurance that any transaction involving Richardson GMP will result from the discussions with RFG or on what terms or structure any transaction may occur.

For further descriptions of our Wealth Management segment and our Corporate segment, refer to "Segment Results From Continuing Operations" in the 2018 Annual MD&A.

Third Quarter and First Nine Months 2019 Financial Highlights

SELECTED FINANCIAL INFORMATION

	Three months ended September 30,			Nine months ended September 30,		
($000, except as otherwise noted)	**2019**	2018	**% increase/ (decrease)**	**2019**	2018	**% increase/ (decrease)**
Continuing Operations						
Revenue	**9,087**	6,330	44	**24,340**	21,052	16
Investment banking	**473**	69	586	**1,789**	3,637	(51)
Principal transactions	**313**	606	(48)	**926**	806	15
Interest	**5,635**	2,364	138	**11,932**	6,858	74
Other	**2,666**	3,291	(19)	**9,693**	9,751	(1)
Expenses	**12,026**	13,092	(8)	**34,487**	36,672	(6)
Employee compensation and benefits	**2,764**	7,459	(63)	**9,015**	20,505	(56)
Non-compensation expenses	**9,262**	5,633	64	**25,472**	16,167	58
Share of net income of associate	**587**	476	23	**1,669**	2,408	(31)
(Loss) income before income taxes	**(2,352)**	(6,286)	63	**(8,478)**	(13,212)	36
Net (loss) income from continuing operations	**(7,400)**	(6,463)	(14)	**(12,279)**	(13,734)	11
Net (loss) income from discontinued operations	**(18,007)**	9,352	(293)	**(32,417)**	21,231	(253)
Net (loss) income	**(25,407)**	2,889	(979)	**(44,696)**	7,497	(696)
Net (loss) income per Common Share (dollars) from continuing operations:						
Basic	**(0.12)**	(0.11)	(9)	**(0.22)**	(0.25)	12
Diluted	**(0.12)**	(0.11)	(9)	**(0.22)**	(0.25)	12
Net (loss) income per Common Share (dollars):						
Basic	**(0.38)**	0.03	(1,367)	**(0.69)**	0.06	(1,250)
Diluted	**(0.38)**	0.02	(2,000)	**(0.69)**	0.06	n.m.
Regular cash dividend declared per Common Shares (dollars):	**0.025**	–	n.m.	**0.075**	0.15	(50)
ROE[1] from continuing operations	**(14.5)%**	(9.3)%	n.m.	**(8.4)%**	(11.4)%	26

n.m. = not meaningful

1. Considered to be non-GAAP financial measures. These measures do not have any standardized meaning prescribed by GAAP under IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. This data should be read in conjunction with the "Presentation of Financial Information and Non-GAAP Measures" section of this MD&A.

FINANCIAL PERFORMANCE

Third quarter 2019 vs Third quarter 2018

GMP recorded a net loss of $25.4 million in third quarter 2019 compared with net income of $2.9 million in third quarter 2018. The decline of $28.3 million was primarily due to an $18.0 million net loss from discontinued operations. Net loss from discontinued operations increased $27.3 million compared with the $9.4 million net income reported in third quarter 2018.

Discontinued Operations
Discontinued operations include substantially all of GMP's capital markets business.

Net loss from discontinued operations was $18.0 million in third quarter 2019; down $27.3 million from the same period a year ago, is largely the result of:

- $42.6 million decline in capital markets revenues compared with the same period last year as a result of lower investment banking and advisory activities;
- $8.1 million ($6.0 million after-tax) in contractual remuneration payments and other professional and advisory costs related to the Sale Transaction incurred in third quarter 2019; and
- $4.7 million ($3.5 million after-tax) restructuring provision in third quarter 2019.

For further information relating to discontinued operations, please refer to Note 5 to the Third Quarter 2019 Financial Statements.

Continuing Operations
Continuing operations are comprised of the new Operations Clearing segment, and the Wealth Management and Corporate segments. Prior period results have been re-stated to conform to new reporting segments.

Net loss from continuing operations was $7.4 million in third quarter 2019; down $0.9 million compared with the same period a year ago. The decline was primarily due to:

- Non-cash deferred tax expense of $8.0 million relating to a write-down of deferred tax assets; and
- Lower other revenue and expense relating to lower carrying broker and other administrative support services provided to Richardson GMP amid lower retail client activity.
- Partly offset by:
  - Higher interest revenue (net of interest expense) in Operations Clearing in connection with improved stock borrowing and lending activity;
  - Reversal of previously accrued annual compensation amounts in connection with the Sale Transaction announcement; and
  - Lower Transaction Share costs (refer to Corporate segment) of $2.9 million ($2.1 million after-tax) relating to the FirstEnergy acquisition.

Share of net income of associate reflects our share of Richardson GMP's net income attributable to common shareholders. For more information on Richardson GMP's third quarter 2019 financial performance, refer to the "Supplemental Information" section within this MD&A.

First nine months 2019 vs First nine months 2018

GMP recorded a net loss of $44.7 million in first nine months 2019 compared with net income of $7.5 million in first nine months 2018. The decline of $52.2 million was primarily due to an $32.4 million net loss from discontinued operations, an increase of $53.6 million compared with the $21.2 million net income reported in first nine months 2018, and a $1.4 million decrease in net loss from continuing operations.

Discontinued Operations
Discontinued operations include substantially all of GMP's capital markets business.

Net loss from discontinued operations was $32.4 million in first nine months 2019; down $53.6 million from the same period a year ago, is largely the result of:

- $75.5 million decline in capital markets revenues compared with the same period last year;
- $28.5 million non-cash impairment charge to the carrying value of goodwill recorded in first quarter 2019;
- $11.2 million ($8.2 million after-tax) in contractual remuneration payments and other professional and advisory costs related to the Sale Transaction in first nine months 2019; and
- $4.7 million ($3.5 million after-tax) restructuring provision in third quarter 2019.
- Partly offset by an $8.3 million non-cash gain in connection with the sale of the Company's U.S. fixed income business in first quarter 2019.

For further information relating to discontinued operations, please refer to Note 5 to the Third Quarter 2019 Financial Statements.

Continuing Operations
Net loss from continuing operations of $12.3 million in first nine months 2019; up $1.4 million compared with the same period a year ago. The improvement largely reflects:

- Higher interest revenue, net of interest expense, in Operations Clearing relating to increased stock borrowing and lending activity;
- Lower Transaction Share costs of $7.3 million ($5.4 million after-tax) relating to the FirstEnergy acquisition; and
- Reversal of previously accrued annual compensation amounts in connection with the Sale Transaction.

These increases were mostly offset by:

- A non-cash deferred tax expense of $8.0 million, recorded during third quarter 2019, relating to a write-down of deferred tax assets;
- $3.1 million ($2.8 million after-tax) in Sale Transactions costs recorded in the Corporate segment;
- Lower underwriting revenue in certain jurisdictions not being acquired as part of the Sale Transaction; and
- Lower fees in connection with carrying broker and other administrative support services provided to Richardson GMP amid lower retail client activity.

Share of net income of associate reflects our share of Richardson GMP's net income attributable to common shareholders. For more information on Richardson GMP's first nine months 2019 financial performance, refer to the "Supplemental Information" section within this MD&A.

Segment Results from Continuing Operations

The following section highlights the financial results of our two business segments and the Corporate segment, on a continuing basis, for third quarter and first nine months 2019 compared with third quarter and first nine months 2018. These segments are based upon the products and services provided and the types of customers served and reflect the manner in which financial information is evaluated by management.

OPERATIONS CLEARING

The following table shows the financial results of the Operations Clearing segment for the periods presented.

	Three months ended September 30,			Nine months ended September 30,		
($000, except as otherwise noted)	**2019**	2018	**% increase/ (decrease)**	**2019**	2018	**% increase/ (decrease)**
Revenue	**7,906**	5,208	52	**18,784**	15,014	25
Principal transactions	**211**	148	43	**361**	350	3
Interest	**5,598**	2,310	142	**11,815**	6,663	77
Other	**2,097**	2,750	(24)	**6,608**	8,001	(17)
Expenses	**7,399**	4,556	62	**17,600**	13,041	35
Employee compensation and benefits	**648**	423	53	**1,663**	1,645	1
Selling, general and administrative	**1,684**	2,352	(28)	**5,350**	6,815	(21)
Interest	**4,860**	1,728	181	**9,855**	4,438	122
Depreciation and amortization	**207**	53	291	**732**	143	412
Income (loss) before income taxes	**507**	652	(22)	**1,184**	1,973	(40)

FINANCIAL PERFORMANCE

Third quarter 2019 vs Third quarter 2018

Operations Clearing reported net income before income taxes of $0.5 million in third quarter 2019 compared with net income before income taxes of $0.7 million in third quarter 2018.

Operations Clearing revenue increased 52% in third quarter 2019 compared with third quarter 2018 primarily driven by higher interest revenue, which increased 142% compared with third quarter 2018, in connection with increased stock borrowing and lending activity. Partly offsetting this increase was lower other revenue third quarter 2019 reflecting reduced carrying broker and other administrative service fee charges to Richardson GMP amid lower retail client activity compared with the same period a year ago.

Total expenses increased 62% in third quarter 2019 compared with third quarter 2018 led largely by higher interest expenses, which rose 181% compared with third quarter 2018 in connection with increased stock borrowing and lending activity. Partly offsetting this increase was lower selling, general and administrative expense, which decreased 28% in third quarter 2019 compared with third quarter 2018 largely due to lower clearing and settlement costs in connection with reduced retail client trading volumes at Richardson GMP.

First nine months 2019 vs First nine months 2018

Operations Clearing reported net income before income taxes of $1.2 million in first nine months 2019 compared with net income before income taxes of $2.0 million in first nine months 2018.

Operations Clearing revenue increased 25% in first nine months 2019 compared with first nine months 2018 primarily driven by higher interest revenue, which increased 77% in connection with increased stock borrowing and lending activity. Partly offsetting the increase was lower other revenue, which decreased 17% largely due to reduced carrying broker and other administrative service fee charges to Richardson GMP amid lower retail client trading activity.

Total expenses increased 35% in first nine months 2019 compared with first nine months 2018 led largely by higher interest expense, which increased 122% in first nine months 2019 compared with first nine months 2018 in connection with increased stock borrowing and lending activity this quarter. Partly offsetting this increase was lower selling, general and administrative expense, which decreased 21% in first nine months 2019 compared with first nine months 2018 largely due to lower clearing and settlement costs in connection with reduced retail clients trading volumes at Richardson GMP.

WEALTH MANAGEMENT

The following table sets forth an overview of the financial results of the Wealth Management segment for the periods presented.

	Three months ended September 30,			Nine months ended September 30,		
($000, except as otherwise noted)	**2019**	2018	**% increase/ (decrease)**	**2019**	2018	**% increase/ (decrease)**
Revenue	**605**	567	7	**1,804**	1,755	3
Expenses	**23**	21	10	**45**	57	(21)
Share of net income of associate[2]	**587**	476	23	**1,669**	2,408	(31)
Income before income taxes	**1,169**	1,022	14	**3,428**	4,106	(17)

2. GMP's non-controlling ownership interest in Richardson GMP as at September 30, 2019, was approximately 34.4% (December 31, 2018 – 33%). Richardson GMP is considered an associate of GMP under IFRS and, accordingly, GMP's share of Richardson GMP's results are accounted for using the equity method.

FINANCIAL PERFORMANCE

Third quarter 2019 vs Third quarter 2018

Wealth Management reported income before income taxes of $1.2 million in third quarter 2019 compared with income before income taxes of $1.0 million in third quarter 2018. Results in third quarter 2019 included $0.6 million in dividends received on our preferred share investments in Richardson GMP, compared with $0.6 million in third quarter 2018.

First nine months 2019 vs First nine months 2018

Wealth Management reported income before income taxes of $3.4 million in first nine months 2019 compared with income before income taxes of $4.1 million in first nine months 2018. Results in first nine months 2019 included $1.8 million in dividends received on our preferred share investments in Richardson GMP, compared with $1.7 million in first nine months 2018.

Share of net income of associate reflects our share of Richardson GMP's net income attributable to common shareholders. For more information on Richardson GMP's third quarter and first nine months 2019 financial performance, refer to the "Supplemental Information" section within this MD&A.

CORPORATE

The Corporate segment primarily comprises enterprise-wide items, including corporate functions.

The following table sets forth the financial results for the Corporate segment for the periods presented.

	Three months ended September 30,			Nine months ended September 30,		
($000, except as otherwise noted)	**2019**	2018	**% increase/ (decrease)**	**2019**	2018	**% increase/ (decrease)**
Revenue	**576**	555	4	**3,752**	4,283	(12)
Expenses	**4,604**	8,515	(46)	**16,842**	23,574	(29)
Employee compensation and benefits	**2,116**	7,036	(70)	**7,352**	18,860	(61)
Non-compensation expenses	**2,488**	1,479	68	**9,490**	4,714	101
Loss before income taxes – reported	**(4,028)**	(7,960)	49	**(13,090)**	(19,291)	32
Pre-tax impact of adjusting items						
Transaction Shares	**1,282**	4,152	(69)	**3,292**	10,596	(69)
Sale Transaction Costs	**283**	–	n.m.	**3,110**	–	n.m.
Loss before income taxes – adjusted[1]	**(2,463)**	(3,808)	35	**(6,688)**	(8,695)	23

n.m. = not meaningful

1. Considered to be a non-GAAP financial measure. This measure does not have any standardized meaning prescribed by GAAP under IFRS and is therefore unlikely to be comparable to similar measures presented by other issuers.

FINANCIAL PERFORMANCE

Third quarter 2019 vs Third quarter 2018

Total revenue from continuing operations of $0.6 million in third quarter 2019 was largely unchanged compared with third quarter 2018. Expenses from continuing operations decreased 46% primarily due to lower share-based compensation in connection with lower Transaction Share costs and lower variable compensation and benefits expense relating to the reversal of previously accrued CEO annual compensation amounts in connection with the Sale Transaction. Transaction Share expense added $1.3 million and $4.2 million, respectively, to share-based compensation in third quarter 2019 and third quarter 2018. Third quarter 2019 included $0.3 million in costs in connection with the Sale Transaction.

First nine months 2019 vs First nine months 2018

Total revenue from continuing operations of $3.8 million in first nine months 2019 decreased 12% compared with first nine months 2018 largely due to lower underwriting revenue from certain jurisdictions that are not being acquired by Stifel. Partly offsetting that decrease was foreign exchange translation gains. Expenses from continuing operations decreased 29% primarily due to lower share-based compensation in connection with lower Transaction Share costs and lower variable compensation and benefits expense relating to the reversal of previously accrued CEO annual compensation amounts in connection with the Sale Transaction. Transaction Share expense added $3.3 million and $10.6 million, respectively, to share-based compensation in first nine months 2019 and first nine months 2018. First nine months 2019 included $3.1 million in professional and advisory costs in connection with the Sale Transaction.

Management believes adjusting certain results and measures by excluding the impact of specified items may be more reflective of ongoing operating results and provides readers with an enhanced understanding of how management views GMP's core performance. Management assesses the performance of the Corporate segment on both a reported and an adjusted basis and considers both bases to be useful in assessing underlying, ongoing business performance. Presenting results on both bases also permits readers to assess the impact of the specified items on the results for the periods presented. Our adjusted measures exclude the following specified items:

Sale Transaction Costs: In third quarter and first nine months 2019, GMP recorded expenses of $0.3 million and $2.8 million, respectively, in connection with the Sale Transaction. Such costs were primarily related to legal and financial advisory fees.

Transaction Shares: In third quarter and first nine months 2019, GMP recorded $1.3 million and $4.2 million, respectively, in share-based compensation expense (Transaction Shares) related to its 2016 purchase of FirstEnergy Capital Holdings Corp. (GMP FirstEnergy). In third quarter and first nine months 2018, such costs were $3.3 million and $10.6 million, respectively. Management regards the Transaction Shares as part of the purchase price consideration; notwithstanding the accounting treatment that views the related expense as share-based compensation.

Quarterly Results

The following table sets forth selected quarterly financial information for the eight most recently completed fiscal quarters.

	2019			2018			
($000, except as otherwise noted)	**Q3**	**Q2**	**Q1**	Q4	Q3	Q2	Q1
Continuing Operations							
Revenue	**9,087**	**7,444**	**7,809**	5,911	6,330	8,395	6,327
Investment banking	**473**	**884**	**432**	103	69	2,883	685
Principal transactions	**313**	**431**	**182**	74	606	123	77
Interest	**5,635**	**3,281**	**3,016**	2,408	2,364	2,084	2,410
Other	**2,666**	**2,848**	**4,179**	3,326	3,291	3,305	3,155
Expenses	**12,026**	**13,201**	**9,260**	11,324	13,092	12,134	11,446
Share of income of associate	**587**	**137**	**945**	540	476	1,133	799
(Loss) income before income taxes from continuing operations	**(2,352)**	**(5,620)**	**(506)**	(4,873)	(6,286)	(2,606)	(4,320)
Net (loss) income from continuing operations	**(7,400)**	**(4,575)**	**(304)**	(1,397)	(6,463)	(2,776)	(4,495)
Net income (loss) from discontinued operations	**(18,007)**	**766**	**(15,176)**	(3,555)	9,352	3,294	8,585
Net (loss) income	**(25,407)**	**(3,809)**	**(15,480)**	(4,952)	2,889	518	4,090
Net (loss) income per Common Share (dollars) from continuing operations:							
Basic	**(0.12)**	**(0.08)**	**(0.02)**	(0.05)	(0.11)	(0.06)	(0.08)
Diluted	**(0.12)**	**(0.08)**	**(0.02)**	(0.05)	(0.11)	(0.06)	(0.08)
Net (loss) income per Common Share (dollars):							
Basic	**(0.38)**	**(0.07)**	**(0.24)**	(0.09)	0.03	(0.01)	0.04
Diluted	**(0.38)**	**(0.07)**	**(0.24)**	(0.09)	0.02	(0.01)	0.04

QUARTERLY TREND AND ANALYSIS

GMP's revenues and expenses from continuing operations are generated primarily by our Operations Clearing segment, which includes stock borrowing and lending activity and Type 2 carrying broker and other administrative services provided to Richardson GMP.

Specified items affecting our reported results from continuing operations

- Third quarter 2019 and second quarter 2019 expenses include $0.3 million and $2.8 million, respectively, in Sale Transaction costs, primarily professional and other fees.
- Transaction Shares added approximately $1.0 million to $1.3 million in costs in the first, second and third quarters of 2019. Prior to that, Transaction Shares amounts added between $3.1 million to $4.3 million in quarterly expenses.

Operations Clearing has generally benefited from increased stock borrowing and lending activity over the past two years. Other revenue largely reflects lower carrying broker and administrative support fees charged to Richardson GMP amid generally lower retail client trading activity as a result of heightened equity market uncertainty and lower levels of new issuance at GMP Securities L.P. The Canadian capital markets experienced a surge in listings for cannabis and blockchain companies in 2018, resulting in greater distribution to Richardson GMP's retail wealth platform.

Investment banking revenue reflects lower deal activity in certain businesses not being acquired by Stifel pursuant to the Sale Transaction.

Share of net income (loss) of associate reflects our share of Richardson GMP's net income (loss) attributable to common shareholders.

Financial Condition

The table below sets forth select consolidated balance sheet items as at the dates presented and is followed by a discussion of the change in these balances from December 31, 2018 to September 30, 2019.

($000)	**September 30, 2019**	December 31, 2018	**$ increase/ (decrease)**	**% increase/ (decrease)**
TOTAL ASSETS	**1,551,465**	1,723,420	(171,955)	(10)
Selected asset balances:				
Cash and cash equivalents	**450,233**	515,955	(65,722)	(13)
Assets held for sale	**162,398**	18,042	144,356	800
Securities owned	**20,471**	110,392	(89,921)	(81)
Receivable from:				
Clients	**338,743**	421,902	(83,159)	(20)
Brokers	**119,332**	70,494	48,838	69
Other assets	**371,581**	446,097	(74,516)	(17)
Goodwill and intangible assets	**–**	51,416	(51,416)	(100)
TOTAL LIABILITIES	**1,320,231**	1,433,390	(113,159)	(8)
Selected liability balances:				
Liabilities directly associated with assets held for sale	**136,721**	7,625	129,096	n.m.
Payable to:				
Clients	**962,780**	1,216,385	(253,605)	(21)
Brokers	**168,969**	113,565	55,404	49
Issuers	**–**	7,736	(7,736)	(100)
Promissory Note	**15,337**	28,699	(13,362)	(47)

n.m. = not meaningful

Total assets decreased $172.0 million or 10% during first nine months 2019. The decrease primarily relates to lower other assets as a result of a decrease in funds deposited in trust, lower cash and cash equivalent balances and lower client receivables compared with December 31, 2018. Partly offsetting these decreases were an increase in assets held for sale and higher broker receivables. The assets of discontinued operations, including certain amounts related to securities owned and goodwill, were re-classified as assets held-for-sale as at September 30, 2019 in connection with the Sale Transaction, and were recorded at the lesser of their carrying value amount and their fair value less cost to sell.

As at September 30, 2019, receivable from clients included loans receivable from clients of $243.0 million (December 31, 2018 — $335.6 million) and open security transactions of $149.6 million (December 31, 2018 — $86.3 million). The level of open security transactions pending settlement with clients may fluctuate significantly on a day-to-day basis based on client trading activity and the balance represents the level of unsettled transactions outstanding. Outstanding balances associated with trading assets may fluctuate significantly on a day-to-day basis based on client-driven and proprietary activities.

Total liabilities decreased $113.2 million or 8% during first nine months 2019. Amounts payable to clients decreased 21% compared with December 31, 2018. As at September 30, 2019, amounts payable to clients included client deposits of $1.0 billion (December 31, 2018 — $1.1 billion) and open security transactions of $0.1 billion (December 31, 2018 — $0.1 billion). The level of open security transactions pending settlement with brokers and clients may fluctuate significantly on a day-to-day basis based on trading activity and the balance represents the level of unsettled transactions outstanding.

Liquidity and Capital Resources

GMP requires capital and liquidity to fund existing and future operations, future cash payments to shareholders and to satisfy regulatory requirements. GMP's policy is to maintain sufficient and appropriate levels of capital and liquidity through a variety of sources, at reasonable cost. This serves to maintain balance sheet strength under normal market conditions and through periods of financial stress. Capital and balance sheet strength are always key priorities for GMP.

GMP currently derives liquidity from its working capital and its credit facilities. As at September 30, 2019, GMP has credit facilities with Canadian Schedule I banks and banks in the U.S. of approximately $711 million (December 31, 2018 — $754 million) that are used to facilitate the day-to-day securities settlement process primarily for client transactions. These facilities are collateralized by either unpaid client securities and/or securities owned and do not represent a source of cash to GMP for payment of dividends or funding of business initiatives. There were no amounts outstanding under these facilities as at September 30, 2019, and December 31, 2018.

GMP holds its cash and cash equivalent balances with a number of financial institutions with high credit ratings. All cash and cash equivalent balances are short term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less. GMP considers Canadian federal government debt (such as treasury bills) with original maturities from three to six months as highly liquid investments. Although these securities are not classified as cash equivalents on the consolidated balance sheets, they form an important part of GMP's overall cash management practices to address liquidity risk. There were no significant changes made to GMP's cash management practices during first nine months 2019. GMP's inventory of trading assets is recorded at market value. Receivables and payables from brokers and dealers represent open transactions which generally settle within the normal two-day settlement cycle and also include collateralized securities borrowing and/or lending transactions that can be closed on demand within a few days. Client receivables are secured by securities and are reviewed on an ongoing basis for impairment in value and collectability.

Management believes GMP's working capital provides it with an appropriate level of liquidity and capital for existing operating and regulatory purposes for the reasonably foreseeable future assuming no significant adverse changes in the markets in which we operate. We continually assess our dividend policy, initiatives and expense structure. If capital markets deteriorate, adversely impacting our ability to generate cash flow, we will need to assess and potentially make changes to our dividend policy, initiatives and expense structure. We may also seek borrowings and/or equity financing to maintain or increase our productive capacity. There can be no assurance that such borrowings and/or equity financing will be available to GMP or available on terms and in an amount sufficient to meet our needs.

On August 6, 2019, GMP announced that, at a special meeting of the Company's common shareholders held that day, the Company's shareholders voted overwhelmingly in favour of the Sale Transaction and the resolution approving a one-time return of capital distribution in the amount of $0.275 per common share. During fourth quarter 2019, subject to the successful closing of the Sale Transaction, GMP expects to pay a one-time return of capital distribution of approximately $20.7 million. Following the completion of the Sale Transaction, the Company will assess its existing credit facilities with consideration given to the future liquidity needs of its remaining business segments. For further information please refer to Note 16 to the Third Quarter 2019 Financial Statements.

The successful completion of the Sale Transaction will also give rise to a partial repayment of the promissory note related to the Company's 2016 acquisition of FirstEnergy Capital Holdings Corp. in the amount of approximately $3.7 million, pursuant to the terms of the promissory note. During the nine months ended September 30, 2019, there were no payments of principal on the promissory note (September 30, 2018 — $11,912). As at September 30, 2019, the remaining value of the promissory note was $15.3 million.

SUBORDINATED LOANS

GMP's capital resources include a $17.5 million committed standby subordinated loan facility. The facility is repayable on demand subject to certain conditions. Financial covenants require that regulatory risk adjusted capital be a minimum of $45 million on the day prior to the draw down request date and a minimum of $50 million, including the drawdown amount, on the drawdown date and each day thereafter. Also, the required shareholder capital to subordinated debt ratio is 3.25:1 in GMP Securities. The facility was undrawn as at September 30, 2019, and December 31, 2018.

Subsidiary Capital Requirements

Certain of GMP's subsidiaries are subject to regulatory capital requirements designed to provide notice to the relevant regulatory authority of possible liquidity concerns. Regulatory capital levels fluctuate daily based on margin requirements in respect of outstanding trades, underwriting deal requirements and/or working capital requirements. Compliance with these requirements may require GMP to keep sufficient cash and other liquid assets on hand to maintain regulatory capital requirements rather than using these liquid assets in connection with its business or paying them out in the form of a cash dividend. During third quarter 2019 and as at September 30, 2019, GMP's subsidiaries were in compliance with all regulatory capital requirements.

Cash Flow Summary

The following table summarizes the consolidated statements of cash flows as presented within our Third Quarter 2019 Financial Statements.

	Nine months ended September 30,	
($000)	**2019**	2018
Operating activities	**(64,327)**	(119,313)
Financing activities	**(8,835)**	(30,601)
Investing activities	**6,140**	1,060
Effect of foreign exchange on cash balances	**(469)**	234
Net decrease in cash and cash equivalents	**(67,491)**	(148,620)

Operating Activities

Cash used by operating activities was $64.3 million in first nine months 2019 compared with cash used by operations of $119.3 million in first nine months 2018. Excluding non-cash operating items, cash used by operations was $12.9 million in first nine months 2019 compared with cash provided by operations of $21.6 million in first nine months 2018. For further detail on non-cash operating items, please refer to Note 15 of the Third Quarter 2019 Financial Statements.

Financing Activities

Financing activities consumed $8.8 million and $30.6 million of cash in first nine months 2019 and first nine months 2018, respectively. Financing activities in first nine months 2019 included $5.7 million in dividends paid on Common Shares and $3.3 million in dividends paid on the Preferred Shares. Financing activities in first nine months 2018 included an $11.9 million repayment on the current portion of the promissory note related to the acquisition of GMP FirstEnergy, $7.8 million in dividends paid on Common Shares, and $3.2 million in dividends paid on Preferred Shares. Additionally, $7.7 million of cash was used to purchase Common Shares under approved normal course issuer bid during first nine months 2018. During first nine months 2019, GMP did not purchase for cancellation any Common Shares under its approved normal course issuer bid programs. GMP's normal course issuer bid expired on May 4, 2019, and was not renewed by the Company.

Investing Activities

First nine months 2019 investing activities provided $6.1 million of cash largely due to $10.8 million in proceeds from the sale of GMP's U.S. fixed income business in January 2019, classified as discontinued operations as at December 31, 2018, and a common share dividend of $2.0 million on our equity investment in Richardson GMP. First half 2018 investing activities provided $1.1 million of cash largely due to a common share dividend of $4.6 million on our equity investment in Richardson GMP. These amounts were partly offset by additional equity investments made in Richardson GMP in first nine months 2019 and first nine months 2018 of $4.4 million and $2.9 million, respectively.

Outstanding Share Data and Dividends

GMP is authorized to issue an unlimited number of Common Shares. GMP is also authorized to issue an unlimited number of preferred shares (other than the Series A Preferred Shares, Series B Preferred Shares and Series C Preferred Shares), issuable at any time and from time to time in one or more series.

The following table shows GMP's outstanding equity and securities convertible into equity as of the dates presented.

(# 000)	**September 30, 2019**	December 31, 2018
Common Shares	**72,721**	72,721
Common Shares held by the SIP Trust	**2,725**	2,725
Common Share options — vested	**788**	1,684
Series B Preferred Shares	**3,565**	3,565
Series C Preferred Shares	**1,035**	1,035

There have been no changes to the above table since September 30, 2019.

NORMAL COURSE ISSUER BIDS

During first nine months 2019, GMP did not purchase for cancellation any Common Shares under its approved normal course issuer bid (NCIB) programs. GMP's NCIB expired on May 4, 2019, and was not renewed by the Company.

DIVIDENDS

The declaration and payment of dividends is at the sole discretion of the Board of Directors. The Board of Directors reviews GMP's dividend policy periodically in the context of the firm's overall profitability, free cash flow, regulatory capital requirements, legal requirements and other such factors that the Board of Directors determines to be relevant.

On November 7, 2019, the Board of Directors approved the payment of a regular quarterly cash dividend of $0.025 per Common Share, payable on December 31, 2019, to common shareholders of record on December 16, 2019.

Dividends, when declared on the Common Shares and Preferred Shares, are designated as "eligible dividends" for purposes of the Income Tax Act (Canada) and any similar provincial and territorial legislation unless indicated otherwise.

Related-Party Transactions

Our related parties include the following persons and/or entities: associates, or entities which are controlled or significantly influenced by GMP, which currently include Richardson GMP; and key management personnel, which are comprised of directors and/or officers of GMP and those persons having authority and responsibility for planning, directing and controlling the activities of GMP. Our policies and procedures and the nature of our related-party transactions have not changed materially since December 31, 2018, as described under "Related-Party Transactions" in the 2018 Annual MD&A.

Critical Accounting Policies and Estimates

The preparation of the Third Quarter 2019 Financial Statements in accordance with IFRS required management to make estimates and exercise judgment that affect reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates and judgments are made based on information available as at the date of issuance of financial statements. Accordingly, actual results may differ from these amounts. Accounting policies that require management's estimates and judgments have not changed during third quarter 2019 and are discussed under "Critical Accounting Policies and Estimates" in our 2018 Annual MD&A and Note 1 to the Third Quarter 2019 Financial Statements.

Financial Instruments

A significant portion of the GMP Group's assets and liabilities are composed of financial instruments. There have been no significant changes in GMP's use of financial instruments, or types of financial instruments employed in its trading and non-trading activities during first nine months 2019. As at September 30, 2019, as required under IFRS 5 – *Non-Current Assets Held for Sale and Discontinued Operations*, GMP's capital markets business was classified as held for sale on the Company's balance sheets.

Refer to "Financial Instruments" in the 2018 Annual MD&A and Notes 1 and 13 to the Third Quarter 2019 Financial Statements for more information. For significant assumptions made in determining the valuation of financial and other instruments, refer to the "Critical Accounting Policies and Estimates" section in the 2018 Annual MD&A.

Controls and Procedures

DISCLOSURE CONTROLS AND PROCEDURES

Management has designed disclosure controls and procedures to provide reasonable assurance that material information relating to GMP is accumulated and communicated to GMP's Interim Chief Executive Officer (CEO) and Chief Financial Officer (CFO) to allow for timely decisions regarding required disclosure and to ensure that information required to be disclosed in GMP's annual and interim filings and other reports filed or submitted under Canadian securities legislation is recorded, processed, summarized and reported within the time periods specified therein. As of September 30, 2019, management evaluated the effectiveness of our disclosure controls and procedures as defined under the Canadian Securities Administrators' National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*. This evaluation was performed under the supervision of, and with the participation of, GMP's CEO and CFO. Based on the evaluation conducted as at September 30, 2019, the CEO and CFO concluded that GMP's disclosure controls and procedures were effective as of September 30, 2019.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

To the best of the knowledge and belief of GMP's CEO and CFO, no changes were made in GMP's internal control over financial reporting in first nine months 2019 that have materially affected, or are reasonably likely to affect materially, GMP's internal control over financial reporting.

Risk Management

The securities business is, by its nature, subject to numerous and substantial risks, particularly in volatile or illiquid markets. Management believes that effective risk management is of primary importance to the ongoing success of the GMP Group. We have risk management processes in place to monitor, evaluate and manage the principal risks related to the conduct of our activities. These risks include market, credit, liquidity, operational, legal, cyber and regulatory risk.

We seek to monitor and control our risk exposure through a variety of separate but complementary financial, credit, operational and compliance processes. GMP's exposure to, and management of, risk has not changed significantly from that described in the "Risk Management" section of the 2018 Annual MD&A and Note 25 to the 2018 Annual Financial Statements.

Risk Factors

For a description of risk factors associated with the Company, refer to the "Risk Factors" section of the Company's AIF dated February 28, 2019, and management information circular dated July 8, 2019, which are available on SEDAR at *www.sedar.com*. GMP's risk factors have not changed significantly from those described in the Company's AIF and management information circular.

Supplemental Information – Richardson GMP

The following supplemental information reflects how Richardson GMP's management assesses the financial performance of Richardson GMP.

Richardson GMP's management assesses performance on both a reported and an adjusted Non-GAAP basis and considers both bases to be useful in assessing underlying, ongoing business performance. Presenting results on both bases also permits readers to assess the impact of specified items on financial results. Richardson GMP presents earnings before interest, income tax, depreciation and amortization (EBITDA) which excludes:

- Interest expense recorded primarily in connection with subordinated loan financing arrangements.
- Income tax expense (benefit) recorded.
- Depreciation and amortization expense recorded primarily in connection with equipment and leasehold improvements.
- Transition assistance loan amortization in connection with investment advisor loan programs. Richardson GMP views these loans as an effective recruiting and retention tool, the cost of which is assessed by management upfront when the loan is provided rather than over its term.

Richardson GMP also presents an adjusted EBITDA[1] which excludes the following (adjusted EBITDA):

- Share-based compensation costs recorded in connection with awards granted to employees and investment advisors of Richardson GMP.

EBITDA and adjusted EBITDA do not have any standardized meaning prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other issuers. These Non-GAAP measures should not be considered as alternatives to net income or comparable metrics determined in accordance with IFRS as indicators of Richardson GMP's performance, liquidity, cash flows and profitability. Richardson GMP's management believes adjusting results by excluding the impact of the specified items is more reflective of ongoing financial performance and cash generating capabilities and provides readers with an enhanced understanding of how management views Richardson GMP's core performance.

The following table shows the consolidated financial results of Richardson GMP for the periods indicated.

	Three months ended September 30,			Nine months ended September 30,		
($000, except as otherwise noted)	**2019**	2018	**% increase/ (decrease)**	**2019**	2018	**% increase/ (decrease)**
Revenue	**66,941**	70,915	(6)	**203,724**	220,962	(8)
Expenses	**62,577**	67,011	(7)	**190,778**	205,494	(7)
Employee compensation and benefits	**44,706**	47,131	(5)	**135,281**	146,054	(7)
Non-compensation expenses	**17,871**	19,880	(10)	**55,497**	59,440	(7)
Income before income tax	**4,364**	3,904	12	**12,946**	15,468	(16)
Net income — reported	**2,925**	2,615	12	**8,575**	10,818	(21)
Pre-tax impact of adjusting items						
Interest	**1,962**	1,661	18	**6,000**	5,379	12
Income tax	**1,439**	1,258	14	**4,371**	4,568	(4)
Depreciation and amortization	**3,115**	1,307	138	**9,618**	3,936	144
Transition assistance loan amortization	**2,065**	2,647	(22)	**6,049**	8,025	(25)
EBITDA[1]	**11,506**	9,519	21	**34,613**	32,808	6
Share-based compensation	**653**	871	(25)	**2,194**	1,925	14
Adjusted EBITDA[1]	**12,159**	10,390	17	**36,807**	34,734	6
Number of advisory teams	**160**	169	(5)			
AUA at period-end ($ millions)	**28,634**	30,194	(5)			

1. Considered to be a non-GAAP financial measure. This measure does not have any standardized meaning prescribed by GAAP under IFRS and is therefore unlikely to be comparable to similar measures presented by other issuers.

FINANCIAL PERFORMANCE

Third quarter 2019 vs Third quarter 2018

Richardson GMP reported net income of $2.9 million in third quarter 2019; up from net income of $2.6 million in third quarter 2018.

Richardson GMP reported adjusted EBITDA[1] of $12.2 million in third quarter 2019. Adjusted EBITDA[1] in third quarter includes the favourable impact of adopting IFRS 16. Net income attributable to common shareholders was $1.7 million in third quarter 2019 compared with $1.4 million in third quarter 2018.

Richardson GMP's revenues decreased 6% in third quarter 2019 compared with third quarter 2018 primarily due to lower commission revenue and lower interest revenue. Investment management fees rose in third quarter 2019 compared with the same period a year ago. Total expenses decreased 7% in third quarter 2019 compared with third quarter 2018 largely reflecting lower variable compensation expense commensurate with weaker revenue generation, lower investment advisor transition assistance, and lower selling, general and administrative expense resulting from reduced carrying broker and other administrative service fee charged to Richardson GMP by GMP.

First nine months 2019 vs First nine months 2018

Richardson GMP reported net income of $8.6 million in first nine months 2019 compared with net income of $10.8 million in first nine months 2018.

Richardson GMP reported adjusted EBITDA[1] of $36.8 million in first nine months 2019. Adjusted EBITDA[1] in first nine months 2019 includes the favourable impact of adopting IFRS 16. Net income attributable to common shareholders was $5.0 million in first nine months 2019, compared with $7.4 million in first nine months 2018.

Richardson GMP's revenues decreased 8% in first nine months 2019 compared with first nine months 2018, primarily due to lower commission revenue and lower interest revenue. Investment management fees were lower in first nine months 2019 compared with first nine months 2018 in connection with lower client asset balances. Total expenses decreased 7% in first nine months 2019 compared with first nine months 2018, largely reflecting lower variable compensation expense commensurate with weaker revenue generation, lower investment advisor transition assistance, and lower selling, general and administrative expense resulting from reduced carrying broker and other administrative service fees charged to Richardson GMP by GMP.

Unaudited Interim Condensed Consolidated Balance Sheets

As at, (thousands of Canadian dollars)	Note	**September 30, 2019**	December 31, 2018
ASSETS			
Cash and cash equivalents		**450,233**	515,955
Assets held for sale	5	**162,398**	18,042
Securities owned	3	**20,471**	110,392
Receivable from:			
Clients		**338,743**	421,902
Brokers		**119,332**	70,494
Employee and other loans receivable		**1,926**	2,408
Other assets	4	**371,581**	446,097
Investment in associate		**82,948**	78,953
Equipment and leasehold improvements		**411**	2,681
Right of use assets	1	**3,422**	–
Goodwill and intangible assets		**–**	51,416
Deferred tax assets		**–**	5,080
Total assets		**1,551,465**	1,723,420
LIABILITIES			
Liabilities directly associated with assets held for sale	5	**136,721**	7,625
Obligations related to securities sold short	3	**12,939**	11,131
Lease liabilities	1	**3,952**	–
Payable to:			
Clients		**962,780**	1,216,385
Brokers		**168,969**	113,565
Issuers		**–**	7,736
Accounts payable and accrued liabilities		**19,533**	41,510
Other liabilities	7	**–**	6,521
Promissory note	8	**15,337**	28,699
Deferred tax liabilities		**–**	218
Total liabilities		**1,320,231**	1,433,390
EQUITY			
Shareholders' equity		**231,234**	290,030
Total liabilities and equity		**1,551,465**	1,723,420

See accompanying notes, which are an integral part of these unaudited interim condensed consolidated financial statements.

Unaudited Interim Condensed Consolidated Statements of (Loss) Income

		Three months ended September 30,		Nine months ended September 30,	
(thousands of Canadian dollars, except as noted)	Note	**2019**	2018	**2019**	2018
Continuing Operations	5		(Restated)	**(Restated)**	(Restated)
REVENUE					
Investment banking		**473**	69	**1,789**	3,637
Principal transactions		**313**	606	**926**	806
Interest		**5,635**	2,364	**11,932**	6,858
Other income		**2,666**	3,291	**9,693**	9,751
		9,087	6,330	**24,340**	21,052
EXPENSES					
Employee compensation and benefits		**2,764**	7,459	**9,015**	20,505
Selling, general and administrative		**3,860**	3,345	**13,538**	9,958
Interest		**5,195**	2,209	**11,202**	5,958
Depreciation and amortization		**207**	79	**732**	251
		12,026	13,092	**34,487**	36,672
Share of net income of associate		**587**	476	**1,669**	2,408
Loss before income taxes from continuing operations		**(2,352)**	(6,286)	**(8,478)**	(13,212)
Income tax expense (recovery)					
Current		**(1,846)**	(295)	**(1,051)**	(2,507)
Deferred		**6,894**	472	**4,852**	3,029
		5,048	177	**3,801**	522
Net (loss) income from continuing operations		**(7,400)**	(6,463)	**(12,279)**	(13,734)
Net (loss) income from discontinued operations		**(18,007)**	9,352	**(32,417)**	21,231
NET (LOSS) INCOME		**(25,407)**	2,889	**(44,696)**	7,497
Weighted-average number of common shares outstanding (in thousands):	12				
Basic		**69,793**	66,382	**69,790**	67,287
Diluted		**75,446**	76,034	**75,446**	77,223
Net (loss) income per common share (dollars) from continuing operations:	12				
Basic		**(0.12)**	(0.11)	**(0.22)**	(0.25)
Diluted		**(0.12)**	(0.11)	**(0.22)**	(0.25)
Net (loss) income per common share (dollars):	12				
Basic		**(0.38)**	0.03	**(0.69)**	0.06
Diluted		**(0.38)**	0.02	**(0.69)**	0.06

See accompanying notes, which are an integral part of these unaudited interim condensed consolidated financial statements.

Unaudited Interim Condensed Consolidated Statements of Comprehensive (Loss) Income

(thousands of Canadian dollars)	Three months ended September 30, **2019**	Three months ended September 30, 2018	Nine months ended September 30, **2019**	Nine months ended September 30, 2018
		(Restated)	**(Restated)**	(Restated)
NET (LOSS) INCOME	**(25,407)**	2,889	**(44,696)**	7,497
Other comprehensive income:				
Item that may be subsequently reclassified to net (loss) income:				
Foreign currency translation gain (loss) from continuing operations	**18**	(1,743)	**(416)**	341
Foreign currency translation gain from discontinued operations	**–**	782	**–**	1,175
Total other comprehensive income (loss)	**18**	(961)	**(416)**	1,516
TOTAL COMPREHENSIVE (LOSS) INCOME	**(25,389)**	1,928	**(45,112)**	9,013
Total comprehensive (loss) income attributable to GMP shareholders				
Continuing operations	**(7,382)**	(8,206)	**(12,695)**	(13,393)
Discontinued operations	**(18,007)**	10,134	**(32,417)**	22,406

See accompanying notes, which are an integral part of these unaudited interim condensed consolidated financial statements.

Unaudited Interim Condensed Consolidated Statements of Changes in Equity

(thousands of Canadian dollars and thousands of shares)	Note	Preferred shares #	Preferred shares $	Common shares #	Common shares $	Share purchase loans $	Deferred share-based awards $	Contributed surplus $	Accumulated other comprehensive income $	Accumulated deficit $	Shareholders' equity $
Balance, December 31, 2017		4,600	112,263	75,451	334,972	(1,375)	(36,146)	54,225	14,228	(184,741)	293,426
Net foreign currency translation loss		–	–	–	–	–	–	–	1,516	–	1,516
Share-based compensation		–	–	–	–	738	14,290	(2,922)	–	21	12,127
Common shares purchased for cancellation		–	–	(2,730)	(12,124)	–	–	–	–	4,436	(7,688)
Common share dividends		–	–	–	–	–	–	–	–	(7,812)	(7,812)
Series B Preferred Share dividends		–	–	–	–	–	–	–	–	(2,414)	(2,414)
Series C Preferred Share dividends		–	–	–	–	–	–	–	–	(775)	(775)
Net income		–	–	–	–	–	–	–	–	7,497	7,497
Balance, September 30, 2018		4,600	112,263	72,721	322,848	(637)	(21,856)	51,303	15,744	(183,788)	295,877
Balance, December 31, 2018		4,600	112,263	72,721	322,848	(327)	(14,598)	48,818	18,395	(197,369)	290,030
Change in accounting policy	1	–	–	–	–	–	–	–	–	(32)	(32)
Restated balance at January 1, 2019		**4,600**	**112,263**	**72,721**	**322,848**	**(327)**	**(14,598)**	**48,818**	**18,395**	**(197,401)**	**289,998**
Net foreign currency translation loss		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(416)**	**–**	**(416)**
Reclassification of cumulative currency translation		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(9,661)**	**–**	**(9,661)**
Share-based compensation	9	**–**	**–**	**–**	**–**	**9**	**7,276**	**(2,317)**	**–**	**–**	**4,968**
Common share dividends		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(5,658)**	**(5,658)**
Series B Preferred Share dividends		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(2,414)**	**(2,414)**
Series C Preferred Share dividends		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(887)**	**(887)**
Net loss		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(44,696)**	**(44,696)**
Balance, September 30, 2019		**4,600**	**112,263**	**72,721**	**322,848**	**(318)**	**(7,322)**	**46,501**	**8,318**	**(251,056)**	**231,234**

See accompanying notes, which are an integral part of these unaudited interim condensed consolidated financial statements.

Unaudited Interim Condensed Consolidated Statements Of Cash Flows

(thousands of Canadian dollars)	Note	Nine months ended September 30, 2019	2018
OPERATING ACTIVITIES			
Net (loss) income		**(44,696)**	7,497
Add (deduct) items not involving cash:			
Depreciation and amortization		**2,287**	1,740
Goodwill impairment		**28,541**	–
Intangible impairment		**1,229**	–
Right of use asset impairment		**767**	–
Change in accounting policy		**(32)**	–
Reclassification of cumulative foreign currency translation		**(9,661)**	–
Lease inducement amortization		**(116)**	(202)
Deferred tax expense		**4,852**	3,032
Share-based compensation expense		**4,959**	11,335
Accretion expense		**592**	592
Share of net loss (income) of associate		**(1,669)**	(2,408)
		(12,947)	21,586
Net change in non-cash operating items	15	**(51,380)**	(140,899)
Cash provided by (used in) operating activities		**(64,327)**	(119,313)
FINANCING ACTIVITIES			
Partial repayment of promissory note		**–**	(11,912)
Dividends paid on common shares		**(5,658)**	(7,812)
Dividends paid on Series B Preferred Shares		**(2,414)**	(2,414)
Dividends paid on Series C Preferred Shares		**(887)**	(775)
Common shares purchased for cancellation		**–**	(7,688)
Principal elements of lease payments		**124**	–
Cash used in financing activities		**(8,835)**	(30,601)
INVESTING ACTIVITIES			
Proceeds from sale of discontinued operations		**10,792**	–
Common share dividend received from associate		**2,045**	4,621
Equity investment in associate		**(4,382)**	(2,874)
Equipment and leasehold improvements, net expenditures		**(2,315)**	(687)
Cash provided by investing activities		**6,140**	1,060
Effect of foreign exchange on cash balances		**(469)**	234
Net decrease in cash and cash equivalents		**(67,491)**	(148,620)
Cash and cash equivalents, beginning of period[1]		**517,724**	642,075
Cash and cash equivalents, end of period		**450,233**	493,455
Supplemental cash flow information			
Interest paid		**8,936**	5,363
Interest received		**11,243**	8,539
Taxes paid		**8,227**	454

1. Cash and cash equivalents, beginning of period include $1,769 classified as held for sale at December 31, 2018, refer to Note 5

See accompanying notes, which are an integral part of these unaudited interim condensed consolidated financial statements.

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(thousands of Canadian dollars and shares, except where noted and per share information)

Note 1. Basis of Preparation

A. BASIS OF PREPARATION

These unaudited interim condensed consolidated financial statements of GMP Capital Inc. (GMP or the Company) have been prepared by management in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and are presented in compliance with International Accounting Standard 34, *Interim Financial Reporting*. Certain information and disclosures normally included in annual financial statements prepared in accordance with IFRS have been omitted or condensed.

These unaudited interim condensed consolidated financial statements should be read in conjunction with GMP's audited annual financial statements as at and for the year ended December 31, 2018 (2018 Annual Financial Statements). All defined terms used herein are consistent with those terms as defined in the 2018 Annual Financial Statements. Certain comparative amounts have been reclassified to conform to the current period's presentation. Unless otherwise indicated, all amounts are expressed in thousands of Canadian dollars and rounded to the nearest thousand.

These unaudited interim condensed consolidated financial statements were authorized for issuance by GMP's board of directors (Board of Directors) on November 7, 2019.

B. NEW STANDARDS ADOPTED BY THE COMPANY

These unaudited interim condensed consolidated financial statements have been prepared on a basis consistent with the accounting policies and methods used and as disclosed in the 2018 Annual Financial Statements, except for the adoption of the following standard effective as of January 1, 2019:

IFRS 16, Leases (IFRS 16)
IFRS 16 was issued in January 2016 replacing the previous lease standard, *IAS 17, Leases*, and related interpretations. The new standard requires lessees to recognize right-of-use assets and lease liabilities for most leases and recognize the associated expenses to depreciation and interest expense respectively.

GMP elected to apply IFRS 16 using the modified retrospective approach using the following practical expedients:

- the election is being taken to not reassess whether a contract is or contains a lease at the date of initial application, and instead to only apply IFRS 16 to contracts that were in the scope of IAS 17;
- the election is being taken to apply a single discount rate to a portfolio of leases with reasonably similar characteristics;
- the election is being taken to rely on the IAS 37 assessment of whether leases are onerous instead of performing an impairment review;
- the election is being taken to exclude leases for which the term ends within 12 months from January 1, 2019;
- the election is being taken to exclude initial direct costs from the measurement of the right of use asset on January 1, 2019;
- the election is being taken to use hindsight to determine lease terms; and
- the election is being taken, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

During the three months ended September 30, 2019, GMP recorded $38 in interest expense related to lease liabilities. During the nine month ended September 30, 2019 GMP recorded $127 in such expenses.

The following table shows the continuing operations right of use assets balance on transition to IFRS 16 and depreciation recorded during the period.

Right of use assets as at January 1, 2019	**4,023**
Accumulated depreciation	601
Right of use assets as at September 30, 2019	**3,422**

Note 2. Revenue from Contracts with Customers

The following table presents disaggregated revenue information for each reportable segment.

	Operations Clearing		Wealth Management		Corporate		Total	
Three months ended September 30,	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
Investment banking:								
Underwriting	**–**	–	**–**	–	**60**	26	**60**	26
Advisory	**–**	–	**–**	–	**413**	43	**413**	43
Carrying broker fees	**2,077**	2,758	**–**	–	**–**	–	**2,077**	2,758
Revenue – contracts with customers	**2,077**	2,758	**–**	–	**473**	69	**2,550**	2,827
Timing								
Point in time	**–**	–	**–**	–	**473**	69	**473**	69
Over time	**2,077**	2,758	**–**	–	**–**	–	**2,077**	2,758
Other revenue	**5,829**	2,450	**605**	567	**103**	486	**6,537**	3,503
Total revenue	**7,906**	5,208	**605**	567	**576**	555	**9,087**	6,330

	Operations Clearing		Wealth Management		Corporate		Total	
Nine months ended September 30,	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
Investment banking:								
Underwriting	**–**	–	**–**	–	**680**	2,617	**680**	2,617
Advisory	**–**	–	**–**	–	**1,109**	1,019	**1,109**	1,019
Carrying broker fees	**6,618**	7,988	**–**	–	**–**	–	**6,618**	7,988
Revenue – contracts with customers	**6,618**	7,988	**–**	–	**1,789**	3,636	**8,407**	11,624
Timing								
Point in time	**–**	–	**–**	–	**1,789**	3,636	**1,789**	3,636
Over time	**6,618**	7,988	**–**	–	**–**	–	**6,618**	7,988
Other revenue	**12,166**	7,026	**1,804**	1,755	**1,963**	647	**15,933**	9,428
Total revenue	**18,784**	15,014	**1,804**	1,755	**3,752**	4,283	**24,340**	21,052

Note 3. Securities Owned and Obligations Related to Securities Sold Short

As at,	**September 30, 2019**		December 31, 2018	
	Trading assets	**Securities sold short**	Trading assets	Securities sold short
Debt securities:				
Canadian and U.S. federal government debt	**2,067**	**6,586**	59,169	5,317
Canadian provincial and municipal government debt	**6,275**	**3,633**	8,278	3,938
Corporate and other debt	**11,493**	**2,720**	10,575	1,876
Equity securities	**636**	**–**	26,751	–
Derivative financial instruments	**–**	**–**	5,619	–
	20,471	**12,939**	110,392	11,131

Note 4. Other Assets

As at,	**September 30, 2019**	December 31, 2018
Accounts receivable	**2,114**	15,146
Income taxes recoverable	**2,331**	–
Funds deposited in trust	**366,199**	429,211
Prepaid deposits and other	**501**	1,740
Finance lease receivable	**436**	–
	371,581	446,097

Note 5. Discontinued Operations

SALE TRANSACTION

On June 17, 2019, the Company announced that it had entered into a definitive agreement (the Agreement) to sell substantially all of its capital markets business to Stifel Financial Corp. (Stifel) in an all cash transaction (the Sale Transaction). In a special meeting held on August 6, 2019, the Company's common shareholders voted to approve the Sale Transaction which is expected to close in fourth quarter 2019. Pursuant to the Agreement, Stifel will pay cash consideration to be determined at closing of the Sale Transaction based on the then tangible book value of the capital markets business (less cash) plus $45,000, subject to a $5,000 reduction in certain specified circumstances.

The Agreement includes customary non-solicitation covenants. Transaction costs associated with the transaction are estimated to be $14,300 primarily comprising contractual remuneration payments, legal, advisory and other professional fees, some of which are contingent on the closing of the Sale Transaction. During the three and nine months ended September 30, 2019, transaction costs of $8,350 and $11,200 were recognized. During the three and nine months ended September 30, 2019, a restructuring provision was recorded in discontinued operations in the amount of $4,700, and is included in accounts payable and accrued liabilities for continuing operations as at September 30, 2019.

The Sale Transaction is structured as an asset sale of substantially all of the Capital Markets operating segment. The Capital Markets segment has historically represented the vast majority of the Company's operating business.

SALE OF GMP USA

In December 2018, GMP announced that it had entered into a definitive agreement in respect of a transaction that subsequently resulted in the sale of GMP USA, GMP's institutional fixed income trading operations, in January 2019. A non-cash gain of $8,310 was realized in first quarter 2019, comprising the reclassification of cumulative foreign currency translation adjustments to net income, recorded in discontinued operations.

The following tables present the financial performance and cash flow information of the discontinued operations:

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	**2019**	2018
		(Restated)	**(Restated)**	(Restated)
Revenues	**10,307**	52,869	**59,006**	134,518
Expenses	**28,826**	40,271	**98,699**	106,181
Cumulative foreign currency translation adjustments	**–**	–	**8,310**	–
(Loss) income before income taxes from discontinued operations	**(18,519)**	12,598	**(31,383)**	28,337
Income tax (recovery) expense	**(512)**	3,246	**1,034**	7,106
Net (loss) income from discontinued operations	**(18,007)**	9,352	**(32,417)**	21,231

Nine months ended September 30,	**2019**	2018
Cash used in operating activities	**(22,552)**	(526)
Cash used in financing activities	**(2,073)**	–
Cash from investing activities	**5,826**	–
Effects of foreign exchange on cash balance	**–**	(94)
Net decrease in cash and cash equivalents	**(18,799)**	(620)

The following table shows the assets and liabilities classified as held for sale; asset and liabilities held for sale as at September 30, 2019, relate to the sale transaction. Assets and liabilities held for sale as at December 31, 2018, relate to the sale of GMP USA that was completed in January 2019:

As at,	**September 30, 2019**	December 31, 2018
Assets held for sale:		
Cash and cash equivalents	**–**	1,769
Trading assets	**64,317**	5,012
Receivable from:		
Clients	**50,641**	–
Brokers	**–**	11,236
Other assets	**21,028**	25
Equipment and leasehold improvements	**3,970**	–
Right of use assets	**1,329**	–
Goodwill	**21,113**	–
Total assets	**162,398**	18,042
Liabilities associated with assets held for sale:		
Obligations related to securities sold short	**53**	1,231
Payable to:		
Clients	**101,780**	–
Issuers	**3,766**	–
Accounts payable and accrued liabilities	**13,699**	6,287
Other liabilities	**444**	107
Leased liabilities	**3,026**	–
Promissory note	**13,953**	–
Total liabilities	**136,721**	7,625

Note 6. Securities Borrowed and Lent

	Borrowed			Lent		
	Cash delivered as collateral	Securities delivered as collateral	Securities borrowed	Cash received as collateral	Securities received as collateral	Securities lent
As at September 30, 2019	**70,568**	**–**	**68,247**	**73,645**	**–**	**53,076**
As at December 31, 2018	43,430	–	42,733	62,239	–	56,395

Note 7. Other Liabilities

As at,	**September 30, 2019**	December 31, 2018
Income taxes payable	**–**	5,915
Deferred lease inducements	**–**	252
Other	**–**	354
	–	6,521

Note 8. Promissory Note

In connection with the acquisition of FirstEnergy Capital Holdings Corp. (FirstEnergy), GMP issued to former FirstEnergy shareholders an unsecured promissory note bearing interest at 3.61% compounded annually. The promissory note is subject to adjustments and is to be repaid based upon certain financial metrics over a maximum five-year period pursuant to the terms of the purchase agreement. The balance as at September 30, 2019 is presented net of promissory notes classified as held for sale (refer to Note 5). During the nine months ended September 30, 2019, GMP recorded accretion expense of $526 (September 30, 2018 – $592). During the nine months ended September 30, 2019, there were no payments of principal on the promissory note (September 30, 2018 – $11,912).

Note 9. Deferred Share-Based Awards

SHARE INCENTIVE PLAN (SIP)

GMP adopted the SIP to provide eligible employees (Participants) with compensation opportunities to encourage ownership of common shares, to attract, retain and motivate key personnel and reward officers and employees of GMP for significant performance. Pursuant to the terms of the SIP, GMP may award restricted share units (RSUs) and performance share units (PSUs) to certain Participants. The RSUs awarded are subject to service vesting conditions. The PSUs awarded are subject to market and non-market performance vesting conditions including both absolute and relative shareholder return, return on equity, and adjusted net income (loss) per common share with a minimum performance factor of zero and maximum performance factor of 150% of the original grant. The expense related to the PSUs varies based on GMP's performance and is determined based on a probability-weighted average of outcomes at each reporting date. During the vesting period, dividend equivalents accrue to the Participants in the form of additional share units.

The fair value of the RSUs is determined based on the five-day average of the closing price of GMP's common shares on the grant date and is amortized over the vesting period of generally three years. There were no RSUs awarded to Participants during each of the nine months ended September 30, 2019 and 2018. The compensation expense relating to the RSUs recorded during the three and nine months ended September 30, 2019, was $538 and $1,667, respectively (September 30, 2018 – ($85) and $731).

A summary of the status of GMP's SIP as at September 30, 2019 and the changes during the nine months then ended is as follows:

	Number of RSUs (thousands) #
Balance, December 31, 2018	2,224
Dividends credited	50
Forfeited	(81)
Balance, September 30, 2019	**2,193**

OTHER SHARE-BASED AWARDS

Other share-based awards represent the unamortized value of share awards granted to certain employees of GMP in connection with the acquisition of FirstEnergy. In 2016, GMP issued 11,162 common shares of which 7,442 were subject to vesting conditions with a fair value of $37,433 to former shareholders of FirstEnergy. Holders of these shares are entitled to receive dividends as and when declared by the Board of Directors and have voting rights consistent with those of other common shareholders. Such shares are subject to an escrow agreement with vesting occurring over a four-year period ending in September 2020. The fair value of the common shares issued is expensed over the vesting period with a corresponding increase to contributed surplus. During the nine months ended September 30, 2019, GMP recorded $3,292 (September 30, 2018 – $10,596) in share-based compensation expense with a corresponding increase to contributed surplus. During the nine months ended September 30, 2019 $7,276 (September 30, 2018 – $14,258) of vested share awards were reclassified from contributed surplus.

Note 10. Share Capital

A. SIP TRUST

In connection with the SIP, GMP has established an employee benefit plan trust (the SIP Trust) for the purpose of purchasing GMP common shares in the open market and delivering the common shares to the SIP Participants upon vesting. GMP consolidates the SIP Trust in accordance with IFRS 10, *Consolidated Financial Statements*. Consideration paid for GMP common shares held by the SIP Trust is deducted from shareholders' equity and the common shares are treated as cancelled in GMP's basic income per share calculation.

During the nine months ended September 30, 2019, there was no activity related to common shares in the SIP Trust. As at September 30, 2019, the SIP Trust held 2,725 common shares (December 31, 2018 – 2,725).

B. DIVIDENDS

Common Share Dividends

Record date	Payment date	Cash dividend per common share	Total dividend amount
March 15, 2019	April 1, 2019	**$ 0.025**	**$ 1,886**
June 15, 2019	July 2, 2019	**$ 0.025**	**$ 1,886**
September 14, 2019	October 1, 2019	**$ 0.025**	**$ 1,886**

On November 7, 2019, the Board of Directors approved a cash dividend of $0.025 per common share payable on December 31, 2019, to common shareholders of record on December 16, 2019.

Preferred Share Dividends

The dividend rate for the 3,565 Series B Preferred Shares is $0.2257 for the five-year period commencing April 1, 2016 and ending on March 31, 2021. The quarterly floating dividend rate on the 1,035 Series C Preferred Shares is reset every quarter.

Record date	Payment date	Cash dividend per Series B Preferred Share	Cash dividend per Series C Preferred Share	Total dividend amount
March 15, 2019	April 1, 2019	**$ 0.2257**	**$ 0.2837**	**$ 1,098**
June 15, 2019	July 2, 2019	$ **0.2257**	**$ 0.2850**	**$ 1,099**
September 14, 2019	October 1, 2019	**$ 0.2257**	**$ 0.2884**	**$ 1,104**

On November 7 , 2019, the Board of Directors approved a cash dividend of $0.2257 per Series B Preferred Share and $0.285326 per Series C Preferred Share payable on December 31, 2019, to preferred shareholders of record on December 16, 2019.

Note 11. Goodwill and Intangibles

Goodwill is tested for impairment annually on October 31 and more frequently if events or circumstances indicate that it may be impaired. When determining whether an impairment test is required at a given balance sheet date, GMP considers factors such as revenue performance compared with forecast and the relationship between the Company's market capitalization and its book value. As at March 31, 2019, following a review of these and other factors, including the Company's potential sale of substantially all of its capital markets business (refer to Note 5), management performed an impairment test for the Capital Markets operating segment, which was the only group of Cash Generating Units to which goodwill had been allocated. For purposes of the March 31, 2019 impairment test, the estimated recoverable amount of the Capital Markets operating segment was based on the FVLCS. The FVLCS was determined from internally developed valuation models which consider various factors and assumptions, including the estimated net consideration in connection with the potential sale of substantially all of the Company's capital markets business. While the use of different assumptions and estimates could influence the amount of a goodwill impairment charge, management believes that the assumptions and estimates used are reasonable. This FVLCS estimate is categorized as level 3 in the fair value hierarchy. The impairment test resulted in a goodwill impairment charge of $28,541 to the Capital Markets operating segment, which reduced total goodwill and intangible assets to $22,645 as at March 31, 2019 (December 31, 2018 — $51,416).

As at September 30, 2019, the estimated recoverable amount of the net assets held for sale including goodwill exceeds the carrying value. However, any adverse change to key assumptions could result in a further impairment loss. The recoverable amount calculation is most sensitive to adjustments to the negotiated terms of the potential sale of substantially all of its capital markets business.

In connection with the sale transaction, GMP reviewed the carrying value of the non-compete intangible asset and determined its carrying value to be unrecoverable. Accordingly, a full impairment loss of $1,229 was recorded in the three months ended September 30, 2019.

Note 12. Net (Loss) Income Per Common Share

Net (loss) income per common share consists of the following:

	Three months ended September 30, 2019	Three months ended September 30, 2018	Nine months ended September 30, 2019	Nine months ended September 30, 2018
		(restated)	**(restated)**	(restated)
Net loss from continuing operations	**(7,400)**	(6,463)	**(12,279)**	(13,734)
Less: Dividends on Series B Preferred Shares	**(805)**	(805)	**(2,414)**	(2,414)
Less: Dividends on Series C Preferred Shares	**(299)**	(273)	**(887)**	(775)
Net loss attributable to common shareholders from continuing operations	**(8,504)**	(7,541)	**(15,580)**	(16,923)
Net (loss) income from discontinued operations	**(18,007)**	9,352	**(32,417)**	21,231
Net (loss) income attributable to common shareholders	**(26,511)**	1,811	**(47,997)**	4,308
Weighted-average number of common shares outstanding				
Basic				
Common shares	**75,446**	76,034	**75,446**	77,223
Common shares pledged on share purchase loans	**(35)**	(142)	**(35)**	(161)
Common shares held by the SIP Trust	**(2,725)**	(2,725)	**(2,725)**	(2,725)
Contingently returnable common shares awarded to employees	**(2,893)**	(6,785)	**(2,896)**	(7,050)
	69,793	66,382	**69,790**	67,287
Diluted				
Dilutive effect of common share options	**–**	–	**–**	–
Dilutive effect of common shares pledged on share purchase loans	**35**	142	**35**	161
Dilutive effect of shares held by the SIP Trust	**2,725**	2,725	**2,725**	2,725
Dilutive effect of contingently returnable common shares awarded to employees	**2,893**	6,785	**2,896**	7,050
	75,446	76,034	**75,446**	77,223
Net (loss) income per common share – Basic				
Continuing operations	**$ (0.12)**	$ (0.11)	**$ (0.22)**	$ (0.25)
Discontinued operations	**$ (0.26)**	$ 0.14	**$ (0.46)**	$ 0.32
Total	**$ (0.38)**	$ 0.03	**$ (0.69)**	$ 0.06
Net (loss) income per common share – Diluted[1]				
Continuing operations	**$ (0.12)**	$ (0.11)	**$ (0.22)**	$ (0.25)
Discontinued operations	**$ (0.26)**	$ 0.12	**$ (0.46)**	$ 0.27
Total	**$ (0.38)**	$ 0.02	**$ (0.69)**	$ 0.06

1. In the case of a net loss, the impact of shares pledged on share purchase loans and other common shares subject to vesting conditions under share-based compensation programs on diluted net loss per common share will be anti-dilutive; therefore, basic and diluted net loss per common share will be the same.

Note 13. Financial Assets and Liabilities

A. FINANCIAL INSTRUMENTS

IFRS 13, *Fair Value Measurement*, as issued by the IASB requires disclosure of a three-level hierarchy for fair value measurement based upon transparency of inputs to the valuation of an asset or a liability as of the measurement date.

Level 1. Quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 1 assets and liabilities generally include debt and equity securities that are traded on an active exchange, as well as certain Canadian and U.S. Treasury bills that are highly liquid and are actively traded in over-the-counter markets.

Level 2. Fair value is based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 assets and liabilities include equity and debt securities that are not listed on an active exchange.

Level 3. Inputs for the asset or liability that are not based on observable market data.

The following tables present the level within the fair value hierarchy of GMP's continuing financial assets and liabilities carried at fair value:

As at September 30, 2019	**Level 1**	**Level 2**	**Level 3**	**Total fair value**
Financial assets				
Securities owned				
Debt securities				
Canadian and U.S. federal government debt	**71**	**1,996**	**–**	**2,067**
Provincial and municipal government debt	**–**	**6,275**	**–**	**6,275**
Corporate and other debt	**–**	**11,493**	**–**	**11,493**
Equity securities	**636**	**–**	**–**	**636**
Derivatives financial assets	**–**	**–**	**–**	**–**
Financial Assets at FVPL	**707**	**19,764**	**–**	**20,471**
Preferred share investments in associate				
Class B Preferred Shares	**–**	**–**	**30,422**	**30,422**
Special preference shares	**–**	**–**	**672**	**672**
Financial Assets at FVOCI	**–**	**–**	**31,094**	**31,094**
Financial assets carried at fair value	**707**	**19,764**	**31,094**	**51,565**
Financial liabilities				
Obligations related to securities sold short				
Debt securities				
Canadian and U.S. federal government debt	**65**	**6,521**	**–**	**6,586**
Provincial and municipal government debt	**–**	**3,633**	**–**	**3,633**
Corporate and other debt	**–**	**2,720**	**–**	**2,720**
Equity securities	**–**	**–**	**–**	**–**
Financial liabilities at FVPL	**65**	**12,874**	**–**	**12,939**
Financial liabilities carried at fair value	**65**	**12,874**	**–**	**12,939**

The following table presents the changes in fair value measurements of financial assets included in Level 3 of the fair value hierarchy:

Balance, December 31, 2018	36,724
Net unrealized gain before income taxes	**(913)**
Dispositions	**(4,717)**
Balance, September 30, 2019	**31,094**

B. CAPITAL MANAGEMENT

GMP requires capital to fund existing and future operations, future dividends and regulatory capital requirements. The liquidity of GMP's main operating subsidiaries is continually evaluated, factoring in business requirements, market conditions and regulatory capital requirements. GMP's policy is to maintain sufficient and appropriate levels of capital through a variety of sources.

The following table sets forth GMP's capital resources at the dates indicated:

As at,	**September 30, 2019**	December 31, 2018
Preferred shares	**112,263**	112,263
Common shares	**322,848**	322,848
Share purchase loans	**(318)**	(327)
Deferred share-based awards	**(7,322)**	(14,598)
Contributed surplus	**46,501**	48,818
Accumulated deficit	**(251,056)**	(197,369)
	222,916	271,635

Certain of GMP's subsidiaries are subject to regulatory capital requirements designed to provide notice to the regulatory authorities of possible liquidity concerns. As at and during the nine months ended September 30, 2019, GMP's subsidiaries were in compliance with their respective capital requirements.

Note 14. Segmented Information

Following GMP's agreement to sell substantially all of its capital markets business, the Company's operating results are categorized into two business segments, Operations Clearing and Wealth Management, and a Corporate segment. The Operations Clearing segment includes the business of providing clearing services to Richardson GMP. The business segments are based upon the products and services provided and the types of clients served. Results for prior periods have been restated. The following table presents selected financial results of continuing operations by segment:

	Operations Clearing		Wealth Management		Corporate		Total	
Three months ended September 30,	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
Revenue	**7,906**	5,208	**605**	567	**576**	555	**9,087**	6,330
Expenses								
Employee compensation and benefits	**648**	423	**–**	–	**2,116**	7,036	**2,764**	7,459
Selling, general and administrative	**1,684**	2,352	**23**	21	**2,153**	972	**3,860**	3,345
Interest	**4,860**	1,728	**–**	–	**335**	481	**5,195**	2,209
Depreciation and amortization	**207**	53	**–**	–	**–**	26	**207**	79
	7,399	4,556	**23**	21	**4,604**	8,515	**12,026**	13,092
Share of net income of associate	**–**	–	**587**	476	**–**	–	**587**	476
Income (loss) before income taxes	**507**	652	**1,169**	1,022	**(4,028)**	(7,960)	**(2,352)**	(6,286)

	Operations Clearing		Wealth Management		Corporate		Total	
Nine months ended September 30,	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
Revenue	**18,784**	15,014	**1,804**	1,755	**3,752**	4,283	**24,340**	21,052
Expenses								
Employee compensation and benefits	**1,663**	1,645	**–**	–	**7,352**	18,860	**9,015**	20,505
Selling, general and administrative	**5,350**	6,815	**45**	57	**8,143**	3,086	**13,538**	9,958
Interest	**9,855**	4,438	**–**	–	**1,347**	1,520	**11,202**	5,958
Depreciation and amortization	**732**	143	**–**	–	**–**	108	**732**	251
Goodwill impairment	**–**	–	**–**	–	**–**	–	**–**	–
	17,600	13,041	**45**	57	**16,842**	23,574	**34,487**	36,672
Share of net income of associate	**–**	–	**1,669**	2,408	**–**	–	**1,669**	2,408
Income (loss) before income taxes	**1,184**	1,973	**3,428**	4,106	**(13,090)**	(19,291)	**(8,478)**	(13,212)

REVENUE BY GEOGRAPHIC LOCATION

For geographic reporting purposes, GMP's segments are grouped into Canada and International. Transactions are recorded in the location that frequently corresponds with the location of the legal entity through which the business is conducted. The following table presents GMP's revenue by geography:

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	**2019**	2018
Canada	**8,531**	5,805	**21,978**	17,066
International	**556**	525	**2,362**	3,986
	9,087	6,330	**24,340**	21,052

Note 15. Net Change in Non-Cash Operating Items

Nine months ended September 30,	**2019**	2018
Securities owned	**89,910**	(205,197)
Receivable from clients and brokers	**34,492**	(77,352)
Employee and other loans receivable	**481**	1,143
Other assets	**73,708**	21,779
Obligations related to securities sold short	**1,810**	14,109
Payable to clients, brokers and issuers	**(205,937)**	102,049
Net assets held for sale	**(18,031)**	–
Accounts payable and accrued liabilities and other liabilities	**(27,813)**	2,570
	(51,380)	(140,899)

Note 16. Contingent Liability

In connection with the sale transaction, GMP may be required to make remuneration-related payments. The magnitude and timing of any such payments is not reliably estimable as at September 30, 2019.

Shareholder Information

TRANSFER AGENT AND REGISTRAR

AST Trust Company (Canada)
1 Toronto Street
Suite 1200
Toronto, ON
M5C 2VC

Toll Free: (800) 387-0825
Email:
inquiries@astfinancial.com
Website: *www.astfinancial.com*

CORPORATE HEAD OFFICE

GMP Capital Inc.
145 King Street West
Suite 300
Toronto, ON
M5H 1JB

Toll Free: (888) 301-3422
Email:
investorrelations@gmpcapital.com

SHAREHOLDER INQUIRIES

For all other shareholder inquiries or to request a copy of GMP's 2018 annual report, please contact GMP Investor Relations at *investorrelations@gmpcapital.com* or call (416) 941-0894.

REGULATORY FILINGS

With the Canadian Securities Administrators at *www.sedar.com*.

INDEPENDENT AUDITORS

Ernst & Young LLP

LEGAL COUNSEL

Goodmans LLP

FISCAL YEAR-END

December 31

WEBSITE

www.gmpcapital.com

STOCK EXCHANGE LISTINGS

STOCK	LISTING	TICKER	CUSIP
Common Shares	Toronto Stock Exchange	GMP	380134106
Preferred Shares, Series B	Toronto Stock Exchange	GMP.PR.B	380134205
Preferred Shares, Series C	Toronto Stock Exchange	GMP.PR.C	380134304

Office Locations

GMP CAPITAL INC.

TORONTO
145 King Street West
Suite 300
Toronto, Ontario
Canada, M5H 1J8

Telephone: (416) 367-8600

RICHARDSON GMP LIMITED[1]

TORONTO (HEAD OFFICE)
145 King Street West
Suite 500
Toronto, Ontario
Canada, M5H 1J8

Telephone: (416) 943-6696
Toll Free: (866) 263-0818

GMP SECURITIES

CANADA

TORONTO (HEAD OFFICE)
145 King Street West
Suite 300
Toronto, Ontario
Canada, M5H 1J8

Telephone: (416) 367-8600
Toll Free: (888) 301-3244

CALGARY
311 – 6th Avenue S.W.
Suite 1100
Calgary, Alberta
Canada, T2P 3H2

Telephone: (403) 262-0600

MONTREAL
1250 Rene Levesque Blvd West
Suite 1500
Montreal, Quebec
Canada, H3B 4W8

Telephone: (514) 288-7774

INTERNATIONAL

LONDON
85 London Wall
London, United Kingdom
EC2M 7A6

Telephone:
+44 (0) 207 448 0200

GMP SECURITIES EMERGING MARKETS CORP.
Nassau, Bahamas
P.O. Box N 1812

Telephone: (416) 943-6101

1. GMP has a non-controlling ownership interest in Richardson GMP Limited.