GREENWICH ASSOCIATES

Big Four Dominate Investment Banking in Canada

2014 Greenwich Leaders: Canadian Investment Banking and Cash Management

Q4 2014

Canada's biggest banks retained their tight grip on the mergers & acquisitions, equity capital markets and debt capital markets business of the country's larger companies as of mid-year 2014. Meanwhile, these banks looked to expand their dominant positions in corporate domestic cash management into the international arena by making big investments in cross-border technology platforms and taking aim at the foreign banks that capture a significant share of this growing business.

Following are the results of Greenwich Associates 2014 Canadian Investment Banking and Cash Management studies. Greenwich Associates conducted interviews with approximately 255 larger Canadian companies, financial institutions and government entities between May and July this year.

Investment Banking

BMO Capital Markets, CIBC, RBC Capital Markets, and Scotiabank are deadlocked atop the Canadian investment banking market. Between 58% and 61% of large Canadian companies cite important (i.e., "top 5") relationships with these banks for M&A advisory services and equity capital markets. These banks are the 2014 Greenwich Share Leaders in Canadian Investment Banking.

BMO Capital Markets, CIBC, RBC Capital Markets, and Scotiabank claim the title of 2014 Greenwich Quality Leader in Canadian Mergers & Acquisitions. The 2014 Greenwich Quality Leaders in Canadian Equity Capital Markets are BMO Capital Markets and RBC Capital Markets.

Greenwich Share and Quality Leaders — 2014

Greenwich Associates Greenwich Share Leader 2014

Canadian Investment Banking Market Penetration

Bank	Total Relationships	Statistical Rank
BMO Capital Markets	61%	1T
CIBC	61%	1T
RBC Capital Markets	58%	1T
Scotiabank	58%	1T
TD Securities	39%	5

Canadian Debt Capital Markets Market Penetration

Bank	Total Relationships	Statistical Rank
RBC Capital Markets	66%	1
Scotiabank	55%	2T
CIBC	54%	2T
BMO Capital Markets	51%	4T
TD Securities	49%	4T

Canadian Large Corporate Cash Management Market Penetration

Bank	Total Relationships	Statistical Rank
RBC Capital Markets	53%	1T
Scotiabank	49%	1T
BMO Capital Markets	40%	3T
TD Securities	40%	3T
CIBC	34%	5

Greenwich Associates Greenwich Quality Leader 2014

Canadian Mergers & Acquisitions Quality

Bank
BMO Capital Markets
CIBC
RBC Capital Markets
Scotiabank

Canadian Equity Capital Markets Quality

Bank
BMO Capital Markets
RBC Capital Markets

Canadian Debt Capital Markets Quality

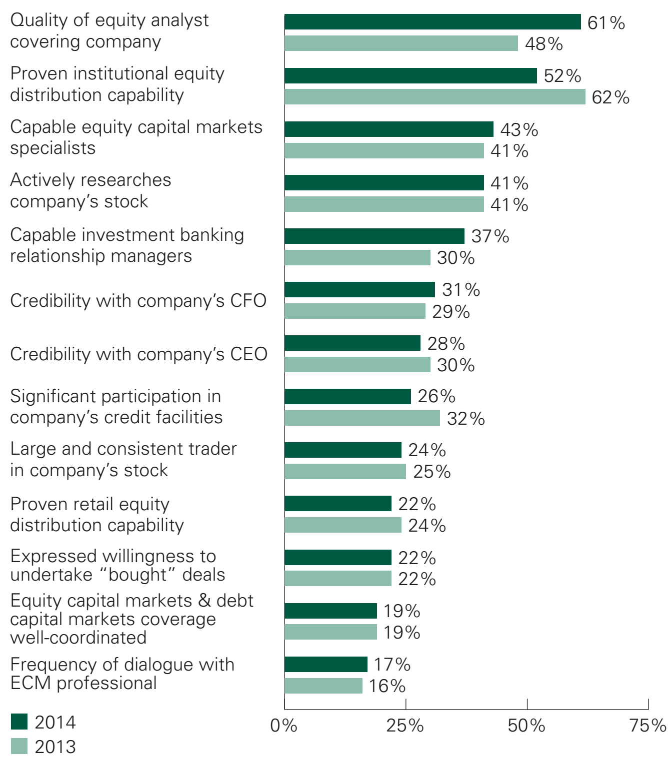
Bank
RBC Capital Markets

Note: Based on 69 respondents for M&A and equity capital markets, 76 for debt capital markets, and 111 for cash management in 2014. Important or lead investment banking relationships represent the proportion of companies citing top 5 or lead status for domestic or international investment banking needs, and separately from M&A advisory relationships. Share leaders are based on top 5 banks including ties. Quality leaders are cited in alphabetical order including ties.
Source: Greenwich Associates 2014 Canadian Investment Banking Study

Most Important Factors in Awarding M&A Advisory Mandates

Note: Based on a sample of 67 large Canadian companies.
Source: Greenwich Associates 2014 Canadian Investment Banking Study

Most Important Factors for Equity Capital Markets Selection



Note: Based on a sample of 54 large Canadian companies.
Source: Greenwich Associates 2014 Canadian Investment Banking Study

"All four of these banks provide such high levels of service and intense coverage that, when large Canadian companies rotate their business in these functions, it is generally to another provider within the Big Four," says Greenwich Associates consultant Jay Bennett. "In equity capital markets, companies have clear opinions about who provides the best analyst research coverage, and because BMO and RBC are so highly regarded in that space, the firms get a consistent lift."

Of course, the Canadian M&A and equity capital markets industries extend beyond the domestic business of the biggest Canadian companies. The critical energy, metals and mining sectors in particular are home to many smaller companies active in both areas. In addition, Canadian companies' growing international needs supports a second tier of investment bank competitors made up primarily of U.S. banks.

Debt Capital Markets

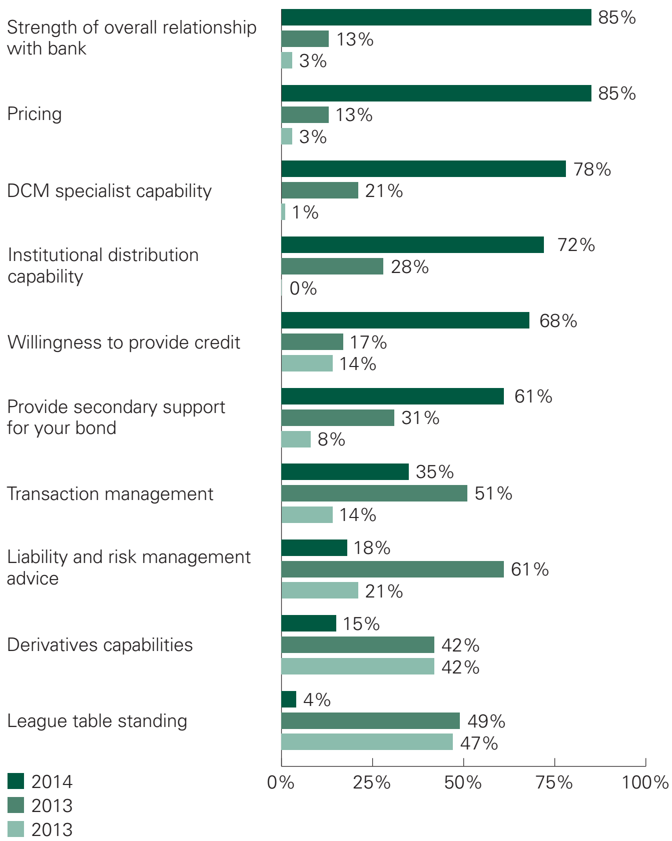
The Canadian debt capital markets business hosts a similar group of dominant banks. With important (i.e., "top 5") relationship penetration of 66% of large Canadian companies and governmental agencies, RBC Capital Markets is the clear leader, followed by Scotiabank and CIBC, which are tied at 54–55%, and BMO Capital Markets and TD Securities, which are tied with relationship penetration scores of about 50%. These firms are the 2014 Greenwich Share Leaders in Canadian Debt Capital Markets. The 2014 Greenwich Quality Leader is RBC Capital Markets. "RBC stands out for across-the-board quality to corporate, financial and government issuers, but because all of these banks provide robust distribution, corporate issuers often rotate their business among them as a means of rewarding credit providers," says Jay Bennett.

Cash Management

Approximately 53% of large Canadian companies use RBC Capital Markets for cash management services, placing the bank atop the Canadian market. Scotiabank has also built a particularly strong presence in the upper end of this market, with a penetration of 49%, followed by BMO and TD Securities, which are tied at 40%, and CIBC at 34%. These banks are the 2014 Greenwich Share Leaders in Canadian Large Corporate Cash Management.

Canadian companies use the following criteria when selecting providers for domestic cash management services: financial stability, product capabilities and customer service. "Companies are also paying much more attention to their domestic cash management providers Internet and e-banking capabilities," says Greenwich Associates consultant Peter Kane.

Factors Determining Lead Mandate for Long-Term Bond Offerings



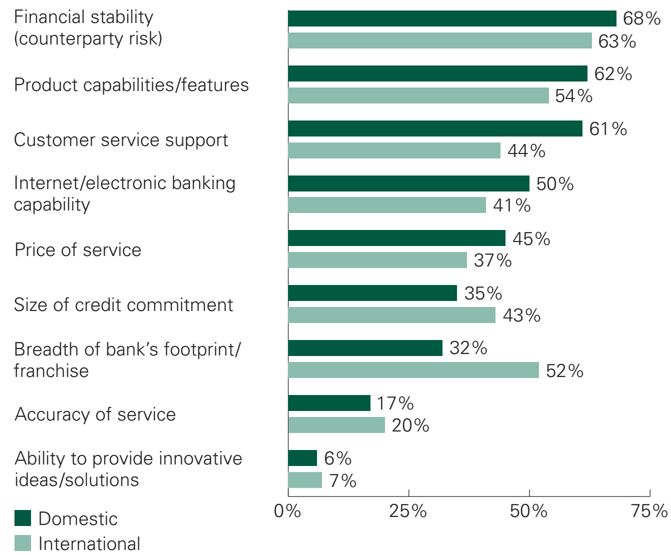
Note: Based on a sample of 72 large Canadian companies.
Source: Greenwich Associates 2014 Canadian Large Corporate Debt Capital Markets Study

In international cash management, companies are also focused on finding providers with financial stability, robust product capabilities, and top-notch service, but breadth of footprint throughout relevant cross-border markets is also a critical consideration. That's why Canadian banks are making big investments to build out the technology platforms supporting their international cash management business.

These stepped-up investments are needed for the banks to compete with the likes of Citi, HSBC and Bank of America Merrill Lynch, which have been making gains in the Canadian cash management market on the basis of their strong international capabilities. "Of all the foreign competitors, HSBC also performs best in domestic Canadian cash management," says Peter Kane.

Consultants Jay Bennett and Peter Kane advise on investment banking, capital markets and cash management in Canada.

Most Important Factors for Cash Management Provider Selection



Note: Based on a sample of 111 large Canadian companies.
Source: Greenwich Associates 2014 Canadian Large Corporate Cash Management Study

Methodology

Between May and July 2014, Greenwich Associates conducted interviews with chief financial officers, corporate development officers and treasurers at large Canadian corporations. Interviews were conducted with 255 executives in debt capital markets, M&A and equity capital markets. Topics included market trends, fees, selection criteria, compensation, and service provider assessments.

The findings reported in this document reflect solely the views reported to Greenwich Associates by the research participants. They do not represent opinions or endorsements by Greenwich Associates or its staff. Interviewees may be asked about their use of and demand for financial products and services and about investment practices in relevant financial markets. Greenwich Associates compiles the data received, conducts statistical analysis and reviews for presentation purposes in order to produce the final results.

GREENWICH ASSOCIATES

6 High Ridge Park Stamford CT 06905 USA

Tel: +1 203.625.5038/+1 800.704.1027 Fax: +1 203.625.5126 email: ContactUs@greenwich.com www.greenwich.com