

2013 Greenwich Leaders: Canadian Investment Banking

Q4 2013

New research from Greenwich Associates suggests the Canadian investment banking market could build steam in the months ahead. If it does, Canadian companies will have the luxury of calling on a relatively large group of domestic investment banks that are evenly matched in terms of both the quality of service delivered to large corporate clients and in market penetration in mergers and acquisition, equity capital markets and debt capital markets services.

At the top of this market is a group of three dealers including BMO Capital Markets, RBC Capital Markets and CIBC, all of which are cited as important investment banking providers by an impressive 56–57% of large Canadian companies. Close behind are Scotiabank and TD Securities at 45%. These firms are the 2013 Greenwich Share Leaders in Canadian Investment Banking.

Not only are these firms in close to a dead heat in terms of footprint, several are also essentially tied in client

service quality ratings. Every year, Greenwich Associates asks the large Canadian companies participating in our research to name the firms they use for M&A advisory services and to rate them in a series of service quality categories. Firms that receive scores that top those of competitors by a statistically significant margin are named Greenwich Quality Leaders. In 2013, the Greenwich Quality Leaders in Canadian Merges & Acquisitions are BMO Capital Markets, CIBC and RBC Capital Markets.

“The market is largely controlled by the large Canadian dealers that entirely dominate in domestic M&A transactions,” says Greenwich Associates consultant Jay Bennett. “In international M&A foreign banks represent more serious competition.”

Approximately 45–50% of large Canadian companies expect to pay fees to advisors on M&A transactions in the coming year. Those expectations point to an increase in activity, given that only about a quarter of large companies engaged an advisor for an M&A deal last year.

Greenwich Share and Quality Leaders — 2013



Canadian Investment Banking Market Penetration

Bank	Total Relationships	Rank
BMO Capital Markets	57%	1T
RBC Capital Markets	57%	1T
CIBC	56%	1T
Scotiabank	45%	4T
TD Securities	45%	4T

Canadian Debt Capital Markets Market Penetration

Bank	Total Relationships	Rank
RBC Capital Markets	66%	1
CIBC	54%	2T
TD Securities	51%	2T
BMO Capital Markets	48%	4T
Scotiabank	45%	4T

Canadian Mergers & Acquisitions Quality

Bank
BMO Capital Markets
CIBC
RBC Capital Markets

Canadian Equity Capital Markets Quality

Bank
BMO Capital Markets
RBC Capital Markets

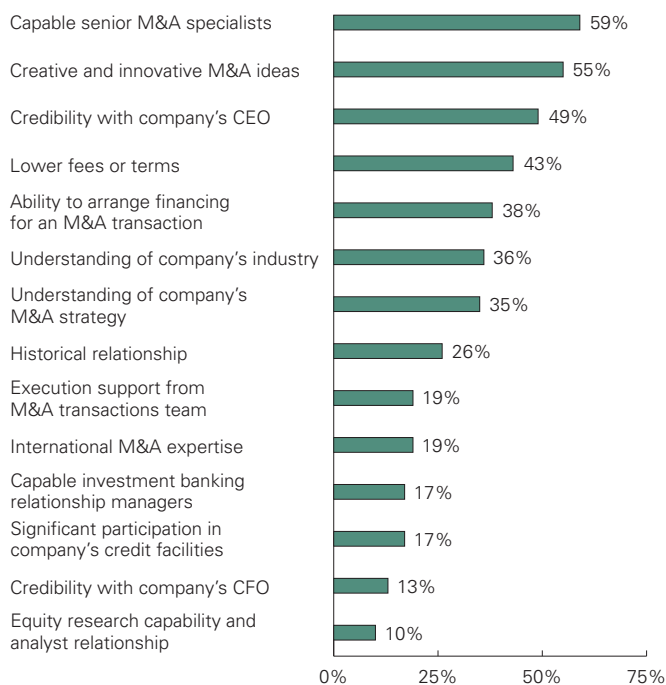
Canadian Debt Capital Markets Quality

Bank
RBC Capital Markets

Note: Based on 75 respondents for investment banking and mergers and acquisitions, 91 for debt capital markets and 75 for equity capital markets in 2013. 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 2013 Canadian Investment Banking Study

Most Important Factors in Awarding M&A Advisory Mandates



Note: Based on random sample of 69 large Canadian companies.
Source: Greenwich Associates 2013 Canadian Investment Banking Study

Debt Capital Markets

Approximately two-thirds of large Canadian companies use RBC Capital Markets as a provider in debt capital markets, making the firm the leader in this business by a comfortable margin, followed by CIBC, TD Securities, BMO Capital Markets, and Scotiabank. These firms are the 2013 Greenwich Share Leaders in Canadian Debt

Most Important Factors in Awarding Lead Mandate for Long-Term Bond Offerings



Note: Based on sample of 85 large Canadian companies and governments.
Source: Greenwich Associates 2013 Capital Markets Study

Capital Markets. RBC Capital Markets' leading position can be attributed in large part to the superior service it delivers to clients. RBC Capital Markets is the 2013 Greenwich Quality Leader in Canadian Debt Capital Markets.

Equity Capital Markets

BMO Capital Markets and RBC Capital Markets are the 2013 Greenwich Quality Leaders in Canadian Equity Capital Markets. "The companies covered in our research are large, established companies," says Greenwich Associates consultant Peter Kane. "So this is a business of secondary equity issues — not IPOs. From the companies' perspective, the biggest factors in this business are research/analyst coverage and institutional distribution. RBC and BMO excel in both these areas."

Most Important Factors in Effective Equity Capital Markets Coverage



Note: Based on random sample of 69 large Canadian companies.
Source: Greenwich Associates 2013 Canadian Investment Banking Study

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

Methodology

Between April and June 2013, Greenwich Associates conducted interviews with chief financial officers, corporate development officers and treasurers at large Canadian corporations. Interviews were conducted with 91 executives in debt capital markets, and 75 in 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.

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