

# Managing risk in the face of volatility

Banking Review: A Canadian perspective



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# Managing risk in the face of volatility

Business owners today face an unprecedented culmination of difficulties. Depressed commodity prices, unpredictable foreign exchange markets, limited access to credit and softening global demand across all industries, has made business forecasting a difficult and even more subjective task. If owners lack clarity on where their businesses are going, how are lenders to manage their exposure?

Unfortunately there is no definitive answer; however, proactive portfolio management that includes frequent portfolio reviews, a clear understanding of clients' business drivers and the ability to recognize certain indicators of risk will assist with early detection, intervention and the best chance for a positive resolution.

Too often, the mistake is made to focus exclusively on troubled accounts, however in today's volatile economy we suggest that even strong companies or those experiencing temporary setbacks should be vigorously screened for signs of impending difficulties. The analysis needs to be beyond the financial

statements to include a comprehensive review of all financial and operational aspects of the company.

**Screening for risk triggers – when everything is so volatile, where should you begin?**

## **Industry focus**

Immediate focus should be on the high risk industries or businesses that rely on, or service them. Certain industries including automotive, forestry and paper, construction and building products, retail and consumer and real estate continue to be most negatively effected by the declining economy. Companies in high risk industries are more susceptible to customer and supplier failures resulting from fundamental industry issues. Particular attention should be paid to customer/supplier concentration and in the instance of critical suppliers; a defined program for managing an interruption should be in place. At the end of this downturn, there will be systemic changes to most of the industries listed above; the key question

that should be asked is - in the vastly changed landscape, is there a place for your client?

## **Lack of planning or sensitivity forecasting**

Strong economic growth over the past several years negated the perceived need for sensitivity forecasting. Yes, companies planned and budgeted for growth, however, the large majority had not planned for a significant downturn, leaving many with a considerable gap in performance. A flexible sensitivity model enables a company to adjust all of its inputs in line with expected changes in demand and profitability. It enables management to assess a worst case scenario and plan well in advance of it becoming a reality. Worst case scenario planning should look beyond what management believes could happen to the possibility of revenues going to zero. The analysis should extend to take into account off balance sheet exposures such as foreign exchange and commodity futures, forward contracts and unfunded pension obligations.

**The analysis needs to be beyond the financial statements to include a comprehensive review of all financial and operational aspects of the company.**



### **Significant investment in property plant and equipment**

To keep up with demand growth during the boom cycle, companies invested significantly in property, plant and equipment. Capital goods expenditures were further stimulated by investment in technology and automation to enable

mature economies to successfully compete with increased global competition from low-cost countries. The sudden drop in demand has left many of these companies well short of the expected ROI, and saddled with high debt levels that will be difficult to service with declining revenue.

### **Recent refinancing to facilitate M&A activity**

Soaring levels of M&A largely driven by the leveraged buyout model has left industry consolidators and private equity targets with excessive levels of debt. Successful integration as measured by the realization of synergies from the combination of two businesses can partially offset acquisition costs, however, maturing debt and high debt service ratios are problematic in today's environment. In addition to the level of success of the integration, company reviews should include an analysis of non-core assets or business units which could be divested to boost liquidity. Larger transactions completed with syndicated debt present their own set of unique concerns including the solvency of participants and willingness of each to remain invested.

### **Idled facilities, scaled back production or R&D spending**

There are several reasons a company may choose to idle a facility or scale back production or R&D spending. In addition to understanding the key rationale for the action, it is important that a comprehensive plan addressing the

timing, costs, impact on future earnings and competitive market position exist. Consideration should also be given as to whether the assets related to the scale back can be translated into cash.

#### **Divisions of multi-national enterprises**

In instances where a division of a multi-national corporation manages its own treasury function, it is important to keep apprised of the status of the parent company. Even if the division is not reliant on the parent financially, often their operations are integrated. For example, supply chain, products and certain customers may be dependant on the success and brand reputation of the parent.

#### **Management turnover**

Management turnover can be a leading indicator of issues in an organization. When long term employees leave a company, they take the history and knowledge of the business with them, leaving a hole in corporate intellect. Lack of continuity is also disruptive to other employees, key customer and supplier relationship management and financial reporting. In difficult times, it is imperative to keep strong employees that have

history and knowledge of the operations, clients and past success factors required to work through the issues, even if there may be a cost to do so.

#### **Identifying risk is half the battle, but what about the other half?**

Being equipped to recognize risk triggers enables a proactive approach to problem management. Early identification and action ultimately yields better results. In a world where there continues to be an increasing number of companies in or approaching distress and credit availability remains tight, bankers need to keep the lines of communication open with their customers. The goal should be an atmosphere of cohesiveness in which clients are forthcoming with issues and solutions, enabling lenders to become more creative with how they manage their portfolios to minimize risk.

In response to the difficult business environment, PwC has formed the Restructuring and Distress Strategy Group (RDS Group), a dedicated, national and cross functional group of professionals, which include Corporate Advisory and Restructuring, Corporate Finance and Performance Improvement

experts with extensive experience enhancing value to stakeholders in distress situations. The RDS Group is supported by industry expertise enabling prompt identification of the root cause of existing problems or looming issues; stabilization of the situation; and preservation of value through creative restructuring options.

#### **For more information, please contact:**

**David Planques**  
National Leader, Corporate Advisory and Restructuring  
416 815 5275  
david.planques@ca.pwc.com

**Dean Mullet**  
Partner, Corporate Finance Group  
416 814 5724  
dean.mullett@ca.pwc.com

**Rozanne Kibel**  
Director, Corporate Finance Group  
416 814 5849  
rozanne.kibel@ca.pwc.com

# Driving performance and value through strategic vendor management

As companies face increasing pressure to reduce costs and improve productivity and efficiency, many are looking to outsource functions and leverage third party vendors. As a result, large organizations often have hundreds of vendor relationships to manage. Increasingly, these relationships are drawing scrutiny from regulators, boards of directors and internal/external auditors. With this increasing dependence on vendors, it can be challenging for organizations to effectively monitor and manage these relationships.

Organizations seeking to realize the intended value of their outsourcing arrangements must take a holistic look at their vendor relationships and develop an effective vendor management program. Leading organizations are implementing Vendor Management Frameworks to provide structure, consistency, accountability and controls over vendor management activities. The framework forms the foundation from which vendor management activities are driven by linking strategy, policies and processes together. The framework would generally consist of the following elements:



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## Vendor Management Strategy

Establishes the context, strategy, objectives and guiding principles upon which the framework is based.

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## Vendor Management Policy

Defines the expectations and policy requirements of the framework.

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## Governance

Articulates organizational structures and reporting lines for the day-to-day execution and management of vendor management activities.

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## Process and Controls

Describes the activities through which the policies will be applied, defining process flows, accountabilities and activities to ensure that vendor management activities are conducted in a consistent manner. Identifies critical vendor management risks and controls for managing these risks.

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## Roles and Responsibilities

Communicates the specific roles and responsibilities of all stakeholders involved in the vendor management lifecycle.

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## Performance Reporting

Defines the reporting standards, tools and templates to be used to monitor a vendor's performance and ongoing viability, identifying emerging vendor specific risks and enforce vendor management activities.

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## Enabling Technology

Outlines the systems and infrastructures required to enable vendor management processes, including reporting, that are compliant with the framework and policies.

Each element of the framework is dependent on other elements. If these dependencies are not sufficiently incorporated in the vendor management program, organizations may miss significant requirements. For example, without clearly articulating performance reporting requirements, the company may adopt inadequate enabling technologies. As a result, while some organizations may elect to implement elements of the framework on a piecemeal basis, our experience suggests that to achieve the maximum value from vendor management, organizations need to implement an integrated framework across all of the elements.

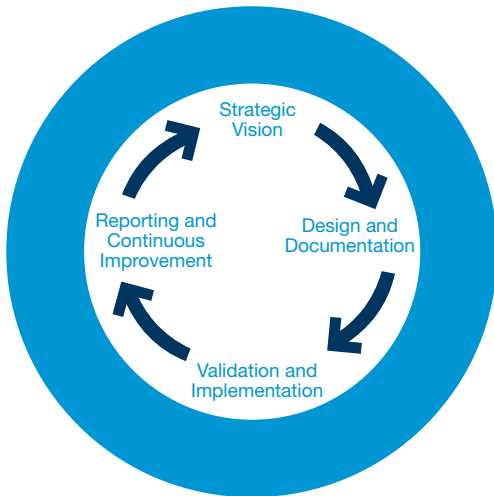
Each organization has unique requirements for the management and monitoring of vendors. The Vendor Management Framework must be tailored to the unique requirements of an organization in order to accommodate these specific needs and deliver expected results. While each organization may approach the development of the framework differently, the following steps should be performed to identify, validate and operationalize these requirements.

- 1. Develop the Strategic Vision –** Critical to the development of the framework is the strategic vision for vendor management. The vision defines the desired organization, capability and scope of vendor management activities. The vision should be created with the input of all key stakeholders (e.g. procurement, finance, legal, operations, etc).
- 2. Design and Documentation –** The strategic vision is brought to life through the design and documentation of the framework. Each of the elements of the framework will be designed and tailored based on the specific requirements defined in the strategic vision. Each of the elements is documented to facilitate the validation, roll out and ongoing execution of the framework.
- 3. Validation and Implementation –** Key stakeholders should be provided the opportunity to validate and vet the framework to confirm that their specific requirements have been addressed. Validation of the framework will support the development and

execution of roll-out plans, while creating improved awareness for vendor management.

- 4. Reporting and Continuous Improvement –** Executing the new vendor management framework usually includes making company-wide changes to accommodate the new governance processes, operational roles and responsibilities. Additional implementation activities may include change management and communications, process reengineering, progress reporting, as well as system requirements definition and selection.

An effective vendor management program, built on this framework, provides organizations with greater control and knowledge of its relationships with vendors. With this knowledge and control, organizations can apply the appropriate level of resources to each vendor and involve strategic vendors in long-term planning. Improved insight into the performance of each vendor through standardized reporting enables early identification of negative developments,



facilitates a comparison of performance between vendors and provides a vendor management dashboard for senior executives.

A properly structured and enforced Vendor Management Framework will provide measurable strategic value by:

- Formalizing practices to measure and manage vendor performance through targeted policies, controls, processes, accountabilities and governance structures;
- Enabling the organization to proactively manage and mitigate vendor specific risks;

- Clearly defining the interaction points between the vendor and the organization throughout the vendor management lifecycle to ensure consistent treatment of vendors according to their strategic or tactical value;
- Providing insight on the spend and performance of vendors;
- Reducing contract non-compliance (and associated costs and effort);
- Avoiding overpayment and/or under delivery;
- Better positioning the organization in ongoing vendor negotiations to increase value; and

### Vendor risk management

Many organizations are increasing their reliance on third parties to support their business functions. While these organizations are monitoring the performance of these vendors against their contractual obligations, few are measuring and proactively managing the specific risks associated with each vendor. This places the organization at risk of a disruption in contracted services in the event that a vendor fails or experiences a debilitating event.

A critical component of vendor management is the identification

and management of risks associated with vendors. Early identification of deterioration in a vendor's condition enables an organization to develop back up plans to ensure continuation of services should the vendor fail.

Leading organizations are turning to web based tools that combine vendor corporate information, contract performance information and public information to monitor the "health" and performance of the vendor. The use of these tools enables early detection and proactive management of developments such as missed Service Level Agreements (SLAs) and contractual

commitments (e.g. the completion of a SAS 70), the deteriorating financial condition of the vendor or negative market events impacting the vendor.

In working with a number of organizations in assessing vendor risk management and/or implementing the "PwC Supplier Self Reporting Tool", PwC has observed organizations achieve the following benefits:

- Reduced reputation and regulatory risks;
- Improved controls; and
- Reduced costs.

- Engaging key vendors for input and support into long-term strategic planning.

Overall, taking a holistic approach through the use of a Vendor Management Framework can help organizations improve competitive positioning through the strategic use of vendor capabilities, reduce costs through leveraging volume discounts, build greater uniformity in the treatment of vendors, exert greater control over vendor related activities and improve vendor performance through consistent monitoring and enforcement.

**For more information,  
please contact:**

[Rob Belsey](#)  
Partner, Performance Improvement  
416 815 5895  
[rob.j.belsey@ca.pwc.com](mailto:rob.j.belsey@ca.pwc.com)

[Allan Buitendag](#)  
Vice President, Performance  
Improvement  
416 815 5239  
[allan.buitendag@ca.pwc.com](mailto:allan.buitendag@ca.pwc.com)

[David McNaughton](#)  
Manager, Performance Improvement  
416 947 8905  
[david.m.mcnaughton@ca.pwc.com](mailto:david.m.mcnaughton@ca.pwc.com)

# Taxing issues in strategic sourcing decisions



Today's economic environment is forcing companies to assess their core competencies and identify more efficient operating modes. This analysis encompasses strategic sourcing options such as relocation and consolidation to use shared services, insourcing, outsourcing and co-sourcing. The precise tax implications of each option should be a key part of the cost/benefit analysis, because in some cases the tax impact is very significant. In some instances, the decision process advances before the full tax impact is understood and measured.

The best sourcing decisions are those made with a full appreciation of the comprehensive impact on the company's "tax footprint." Companies are required to allocate taxable income to the various jurisdictions, based on varying factors as a function of very specific rules. Similar rules apply for the imposition of provincial capital taxes. How an organization sources labor, capital and assets, and earns revenues will influence the cost outcome for a range of income, capital, payroll and sales taxes at the federal, provincial and municipal levels.

A sourcing decision that is not made on a fully tax informed basis can be very costly and some of these costs may not be directly visible. As an example, centralization of functions migrated from overseas subsidiaries may trigger a disposition of intangible assets, bringing tax implications in both jurisdictions, along with transfer pricing issues arising from the resulting intercompany charges. Documentation to sustain the appropriateness of the new charge and the cost of satisfying the authorities on value, are all part of the cost of the new model. In many cases, an examination of the foreign affiliate rules will be in order.

The particular sourcing decision will also affect the company's aggregate federal and provincial income and capital taxes since it will impact on the allocation of its taxable income as well as its payroll taxes. The impact of income taxes needs to be carefully considered and may involve more than an assessment of the future impact. Accumulated future income tax assets and liabilities may need to be recalculated to calibrate the effect of a changed provincial allocation.

**The best sourcing decisions are those made with a full appreciation of the comprehensive impact on the company's "tax footprint."**

In the financial services sector, the recent announcement by the Ontario government to replace its existing 8% retail sales tax effective July 1, 2010 with a 13% tax harmonized with the federal goods and services tax (“GST”) will have a dramatic impact on existing and future outsourcing, co-sourcing and shared service decisions. All financial institutions that provide GST exempt supplies will experience a significant cost increase, as much of the new provincial component is not recoverable.

Existing outsourcing contracts currently bear 5% GST, the recoverability of which was evaluated in the original outsourcing decision as a “cost of business”. It is unlikely that the potential cost of future harmonization was factored into that original decision. Existing outsourcing arrangements need to be evaluated against the increased cost as does pricing of the company’s supplies to its customers.

Future outsourcing decisions will need to evaluate an incremental 13% cost in assessing the financial merits of that

strategic sourcing decision, as compared to self-servicing where the sales tax is not incurred on the internal labor component. Typically, a high proportion of the pricing in an outsourcing arrangement is labor related.

A careful review of existing outsourcing arrangements is warranted to determine whether the contracts will need to be amended to address the requirement of the vendor to charge (and the recipient pay) a harmonized sales tax. In addition, since the supplier will realize Ontario retail sales tax savings, the recipient will want to ensure that any such savings realized by the supplier translates into reduced pricing.

Strategic sourcing decisions have a complex impact on the drivers affecting the company’s tax footprint. A harmonized sales tax in Ontario adds one more dimension, and the potential for the remaining “PST provinces” to join should also be factored, as this is a real possibility within the often lengthy lifetime of outsourcing contracts.

**For more information,  
please contact:**

**Michael Bondy**  
National Leader,  
Financial Services Tax  
416 365 2724  
michael.s.bondy@ca.pwc.com

**Michael Firth**  
National Leader, Indirect Tax Services  
416 869 8718  
michael.p.firth@ca.pwc.com

**Emma Purdy**  
Associate Partner,  
Transfer Pricing Tax Services  
416 941 8433  
emma.j.purdy@ca.pwc.com

# Valuation control in turbulent times: Challenges to the operating model

## Introduction

The credit crisis and its impact on the wider economy have introduced significant volatility and uncertainty in the financial markets. Under these circumstances it has been apparent that the valuation control processes at certain financial institutions are facing substantial challenges, as has been illustrated by some high-profile public admissions about mismarking of trading positions in the past year. With the continuing illiquidity in certain markets, this phenomenon is likely to continue and will create significant challenges for the reporting season in respect of attributing the appropriate valuations to illiquid financial instruments in the financial statements.

## In the eye of the storm

Valuation control functions are regarded as a key element of the governance structure of financial institutions, with independent verification of asset prices among their core responsibilities.<sup>1</sup> The current markets and lack of trading information have made this independent assessment challenging. In addition, the regulators and investors are putting more pressure on financial institutions to better control and provide further analysis in respect of the appropriateness of their valuations.<sup>2</sup>



## Building blocks of valuation control

We have seen organizations revisit the building blocks for valuation control functions to analyze and improve the effectiveness of their core activities and to rebuild the confidence of the main stakeholders. This includes a review of the alignment of their operating model to current market conditions and a changing regulatory environment.

The overall strategy and set up of the wider organization (organizational drivers) need to be assessed in order to determine the appropriate operating model for the valuation control function. For example an investment management organization with less complex products typically has a leaner infrastructure

and may have outsourced some or all valuation control processes to third party service providers and administrators. Hence, the role of the valuation control function and the skills and competencies required would be very different from an investment bank that is driven by innovation and has numerous complex products and instruments to price and value. Therefore, there are different models for valuation control functions applied by organizations that can work effectively when properly adapted to the wider organizational framework.

The key aspects of the operating framework – the governance model, infrastructure, human capital strategy, and actual processes and controls –

need to be reviewed in light of the current market turbulence and an assessment needs to be made of how these challenges impact the current operating model of the valuation control function. Regardless of the size of your company, the considerations presented below are relevant and should be closely evaluated.

#### **Governance**

- Is there sufficient oversight by senior management to assess significant and highly judgmental valuation matters?
- Is there a clear valuation control strategy with a supporting target operating model?
- Are policies in place to address the core activities and have they been updated for recent market circumstances?
- Are the roles and responsibilities of the function clearly documented and understood?
- If there are handover points with other departments throughout the valuation process, have they been clearly documented?
- What are the characteristics of the culture and does the operating model promote the desired cultural behaviours?

- If outsourcing/off-shoring arrangements exist for valuations, have they performed satisfactorily during recent market conditions?

Irrespective of how the function is set up, the oversight by and reporting to senior management is a critical component of valuation control. Depending on the size of the organization, controls and processes may be split between several different units within the same function or sometimes between several different functions across different regions, which makes it difficult to obtain a comprehensive overview and to gain appropriate insight into issues identified. The key is to distil the critical processes and controls to ensure senior management obtains correct, relevant and timely information to allow them to make appropriate decisions in respect of judgmental valuations. In addition, they also need to obtain summarized information around the quality of their processes and the complexity of their valuations.

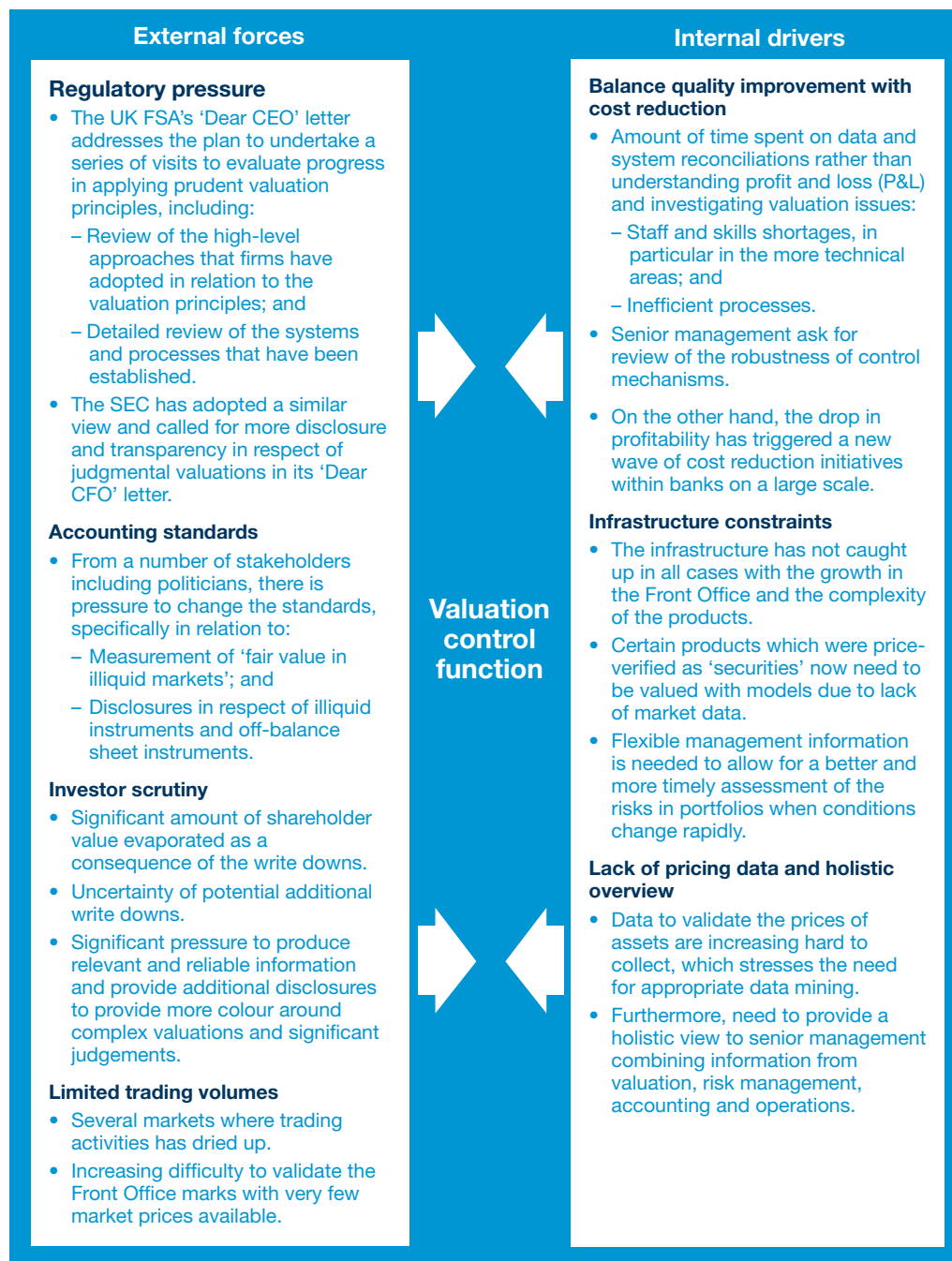
The overall culture of the organization and that within a valuation control function has been a key factor in driving a successful control environment. We have seen that within banks with an effective risk management structure, front office,

back office and controlling functions have an equal say and can challenge each other appropriately. Based on our experience with leading firms who have strong cultures, we have identified the following key cultural attributes, which we believe contribute to an overall robust control environment:

#### **Processes and controls**

- Do you obtain independent valuations for all your positions? Are they reliant on internally developed models?
- Do you have management information that presents you with the quality of the valuation control processes?
- Does your daily P&L reporting process adequately explain the drivers of the P&L, particularly for more complex areas of the business?
- Does management reporting highlight the areas with issues where decisions need to be made by senior management? If necessary, is that information shared, i.e. are other departments made aware of significant valuation issues/control breakdowns?
- How do you ensure that your processes and controls comply with changes in regulation and accounting?

**Figure 1** Summary of external and internal pressures



Independent verification of the financial instrument valuations has become much more difficult due to the current market conditions. There has been an increasing reliance on model based valuations and management judgment in the past year, making the transparency and control around those processes an important component of effective valuation control. Specifically, model review and calibration to market data for complex derivatives, where available, has been a focus of many organizations to ensure they can place reliance on model based valuations in the absence of quoted prices.

As noted above, it is important to report on the effectiveness of the control processes to senior management, e.g. the level of positions actually independently verified to external data and the sources and quality of that data. Besides reporting to senior management, there also needs to be a forum for escalation and decision making at a senior level to appropriately evaluate complex and significantly judgmental valuations.

**Human capital**

- Do individuals performing independent valuations have sufficient product knowledge and quantitative expertise to challenge the business on valuation issues, especially in areas where more judgment is required?

- Are there acceptable staff turnover levels within the independent valuation function? Are current levels of resources sufficient to complete valuations in a timely manner in light of the increased complexity?

The significant changes in the financial markets have increased the need for senior management to reassess whether they still have the right number of people with the right skills in the appropriate areas. The valuations have become more complex and as such a different skill set and level of experience may be needed to cope with the current issues. In recent years there has been a move in a number of organizations to create more quantitative skills within valuation control functions to be better equip them to deal with valuations of complex products in illiquid markets.

Current hiring freezes and redundancies are likely to compound the current challenges; the volume of work for valuation control functions is increasing as opposed to decreasing. High staff turnover and a significant proportion of temporary staff can also add significant problems. We have observed instances where this has led to significant issues due to inappropriate training, handovers and for poor understanding of processes and controls to be performed leading to a breakdown in control.

### Infrastructure

- Is there a common data source for valuation processes?
- To what extent are processes automated and how is the use of spreadsheets controlled?
- Is the data used for the valuation process reliable?

Support functions can easily be behind in respect of infrastructure developments compared to the front office. For example, systems and processes are often unable to sufficiently deal with complex structured products, leading to the following issues:

- Complex system infrastructure and default use of spreadsheets;
- Largely manual processes and high workload;
- Lack of common data sources;
- Out of date or incomplete inventories and mapping of products and models; and
- Problems around handover points (information flow between stakeholders).

Evidence shows that 49% of financial services companies have already cut back on their IT spend in response to the global economic slowdown.<sup>3</sup> We believe,

however, that these short-term cost reductions can prevent organizations from making necessary strategic investments to improve the infrastructure. Looking at the symptoms above, productivity, efficiency and control gains are to be found. Senior management should consider the possibility that targeted strategic investments might generate savings (and revenues) exceeding that which could be saved through short-term cost cutting.

In these difficult times it is important for senior management to review the appropriateness of the valuation governance and control operating model to ensure that they are able to respond appropriately to the current challenges.

#### For additional information, please contact

**Diana Chant, FCA**  
Partner, Financial Risk Management  
416 365 8207  
diana.chant@ca.pwc.com

or

**Allen Ho**  
Partner, Financial Risk Management  
416 869 2338  
allen.ho@ca.pwc.com

<sup>1</sup> Independent price verification is the process of determining the fair values incorporated into financial statements independent of the risk-taking functions (e.g. front office).

<sup>2</sup> See for example the FSA's 'Dear CEO' letter of 13 August 2008, and the SEC's 'Dear CFO' letter of March 2008 on management's discussion and analysis disclosure regarding the application of SFAS 157 (Fair Value Measurements).

<sup>3</sup> 'Slowdown sees groups cut IT spending', Financial Times – 09.09.08.

# Canadian Banks 2009

## Perspectives on the Canadian banking industry

2008 was the year the credit crunch deteriorated into a full-blown worldwide economic crisis, and yet to date, Canada's six largest banks appear to have avoided the worst of the fallout and earned the envy of their global peers.

Undeniably, Canadian banks were affected by the turmoil in the capital markets; however, in one of the most turbulent times in history, they have been able to maintain solid levels of capitalization, and unlike their counterparts in most G7 countries<sup>1</sup>, have not required capital injections from the government. Most of them have also been able to generate positive earnings and all have served their customers without interruption.

The resiliency of the banks during this year of significant upheaval has not gone unnoticed by Canadians. In a recent survey of Canadian consumers conducted by Leger Marketing on behalf of PricewaterhouseCoopers, 85% of Canadians expressed confidence in the Canadian banking system, 92% agreed that the strength of the large

Canadian banks is critical to the health of the overall Canadian economy and 91% feel that their deposits are secure. Interestingly, this vote of confidence was achieved despite the fact that fewer than half of Canadians, 40% knew their country had recently been rated by the World Economic Forum as having the soundest banking system in the world.

### Three years forward, three steps back

Despite their resiliency, Canadian banks were impacted by the financial turmoil. In fiscal 2008, combined annual profits for the Big Six banks sank by \$7.5 billion to just over \$12 billion from a record \$19.5 billion in 2007. This puts 2008 income on par with the results from 2005.

Over the past year, the relative ranking of Canadian banks within the global and North America industry has dramatically improved. In fact, at December 31, 2008, four Canadian banks cracked the list of North America's 10 largest by market capitalization (RBC was fifth, TD eighth, BNS ninth and CIBC tenth).<sup>2</sup> This shift, however, was largely the result of a contraction in US banks and a decline in their market capitalization, rather than the expansion of Canadian banks, which also saw their capitalization drop. Nonetheless, the relative standings of the banks position them to be able to

strategically take advantage of potential acquisitions over the coming year. It remains to be seen whether they will look to grow organically through acquisitions, or simply stay the course until there are definitive signs that the worst of the recession is over.

What protected Canada's financial system? In short, a number of factors: Canada's relatively conservative lending practices, effective regulation, high quality capital and lower leverage.

**Excerpt taken from Canadian Banks 2009. To view your copy of Canadian Banks 2009, please visit: [www.pwc.com/ca/canadianbanks](http://www.pwc.com/ca/canadianbanks) or email [financial.services@ca.pwc.com](mailto:financial.services@ca.pwc.com).**

### For additional information, please contact

**George Sheen**  
National Leader, Financial Services  
416 815 5060  
[george.sheen@ca.pwc.com](mailto:george.sheen@ca.pwc.com)

or

**Diane Kazarian**  
National Leader, Banking and Capital Markets  
416 365 8228  
[diane.a.kazarian@ca.pwc.com](mailto:diane.a.kazarian@ca.pwc.com)

<sup>1</sup> The G7 includes Canada, France, Germany, Italy, Japan, UK, and US.

<sup>2</sup> Thomson Reuters.

# For more information

## Audit and Assurance Group

### Greater Toronto Area

Diane Kazarian	416 365 8228
Sandra Mundy	416 947 8951
Alaina Tennison	416 814 5784
Jerry Whelan	416 365 8209

### Calgary

Michael Godwin	416 869 2458
Robert Hawley	403 509 7546
Robert Herdman	403 509 7528
Jill MacKenzie	403 509 7369

### Vancouver

Paul Challinor	604 806 7218
Steven Wilson	604 806 7840

### Montréal

Lyne Dufresne	514 205 5298
Alain Dugal	514 205 5091
Caroline Emond	514 205 5103
Kenneth Hotton	514 205 5292

### Quebec City

Raynald Lafrance	418 691 2440
------------------	--------------

### Halifax

James Nicoll	902 491 7434
Nikki Robar	902 491 7453

### Tax

Michael Bondy	416 365 2724
Brenda Humphreys	416 814 5765
Richard Marcovitz	416 365 8821
Orest Moysey	416 365 2700
Emma Purdy	416 941 8433
James Wilson	416 869 2988
Alfred Yau	416 947 8917

## Advisory

### Dispute Analysis and Valuation

Sandra Berbari	416 815 5184
Nikki Robar	902 491 7453
Charlene Rodenhiser	902 491 7462

### Performance Improvement and IT Effectiveness

Rob Belsey	416 814 5894
Allan Buitendag	416 815 5239
Keith Duncan	416 814 5865
Caroline Emond	514 205 5103
Tony Kalvik	416 941 8430
Adrien Mak	416 365 8191
Paulette McLeod	416 869 2371
Paula Pereira	416 941 8460
George Sheen	416 815 5060
Andrew Smee	416 815 5128
Stuart Smith	416 869 2324
Sylvia Wallace	416 941 8438

### Financial Risk Management

Diana Chant	416 365 8207
Caroline Emond	514 205 5103
Allen Ho	416 869 2338
Michele McCormac	416 941 8216
Rani Turna	416 869 2911

### Risk and Regulatory

Michael Chau	416 814 5707
Brenda Eprile	416 869 2349
Nadine Kloetzel	416 941 8415
Dorothy Sanford	416 869 2353

### Systems and Process Assurance

Usuff Currim	416 228 1940
Caroline Emond	514 205 5103
Peter Hargitai	416 941 8464
Tony Pedari	416 941 8226

### Transactions Support

Charles Evans	416 815 5014
---------------	--------------

If there are names you would like us to add to our Banking and Capital Markets Group mailing list, or if you would like additional copies of this newsletter, please contact Laura Betts at 416 941 8383 extension 14036 or [laura.k.betts@ca.pwc.com](mailto:laura.k.betts@ca.pwc.com).

The newsletter can also be viewed on our website at [www.pwc.com/ca/banking](http://www.pwc.com/ca/banking).

# Our services

Our team of professionals offer value-creating ideas, innovative application of leading-edge technology and deep industry experience to our clients, helping them focus on what they do best. The following provides an overview of our key services and value we bring to our clients:

A distinctive service provider	
PwC differentiators	Value to you
Largest service provider to financial services clients with broad capability	Broad range of skills, knowledge and expertise
Multi-disciplinary problem solving	Help solving complex business problems
Global reach through PwC network of firms	Leverage global knowledge and best practices
Independence and objectivity	PwC can be your trusted advisor
Regionally focused with national connectivity	Our cost effective approach of using local skills supplemented with national and global experts
The “PwC experience”: we invest in clients and focus on providing client value	A service provider focused on long term relationships and value, not on one-off projects

Helping you manage in the downturn
<ul style="list-style-type: none"> <li>• Tactical and strategic cost reduction</li> <li>• Solutions to increase cash and manage liquidity</li> <li>• Risk management of credit, market, tax, and pension exposures</li> <li>• Fraud management approaches and technology</li> <li>• Capital sourcing solutions</li> <li>• Divest of non-performing assets and businesses</li> <li>• Monetize tax attributes (loss and credits)</li> <li>• Strategies to maximize value in distress situations</li> </ul>

Leadership team	
<b>Financial Services and Insurance</b> George Sheen 416 815 5060	<b>Tax Services</b> Mike Bondy 416 365 2724
<b>Banking and Capital Markets</b> Diane Kazarian 416 365 8228	<b>Montréal</b> Alain Dugal 514 205 5091
<b>Investment Management</b> Raj Kothari 416 869 8678	<b>Calgary</b> Michael Godwin 403 509 7322
<b>Private Equity</b> Peter Dale 416 869 2437	<b>Vancouver</b> Paul Challinor 604 806 7218

## Your business needs

Your business needs				
Solid financial management and controls	Effective strategy, operations and technology	Sound management of risks and regulations	Well executed transactions	Strong tax planning and compliance
<b>Assurance</b> <ul style="list-style-type: none"> <li>Annual audit</li> <li>5970/SAS70</li> <li>Outsourcing contract review</li> </ul>	<b>Operations and Strategy</b> <ul style="list-style-type: none"> <li>Growth strategies</li> <li>Transformation of back and front office and support areas</li> </ul>	<b>Risk management</b> <ul style="list-style-type: none"> <li>Financial, credit, trading and actuarial</li> <li>Model validation</li> <li>Enterprise Risk Management</li> </ul>	<b>Acquisitions</b> <ul style="list-style-type: none"> <li>Capital sourcing</li> <li>Due diligence</li> <li>Valuations, fairness opinions, PPA</li> </ul>	<b>Income and Capital</b> <ul style="list-style-type: none"> <li>Planning/recovery</li> <li>Compliance</li> <li>Structuring</li> <li>Risk management</li> </ul>
<b>IFRS</b> <ul style="list-style-type: none"> <li>IFRS policy, diagnostics, conversion and embedding</li> </ul>	<b>Customer</b> <ul style="list-style-type: none"> <li>Customer strategy and experience</li> <li>Customer information and profitability</li> </ul>	<b>Regulatory</b> <ul style="list-style-type: none"> <li>Regulatory compliance and investigations</li> </ul>	<b>Divestiture</b> <ul style="list-style-type: none"> <li>Lead advisor</li> <li>Vendor due diligence</li> <li>Valuations</li> </ul>	<b>Indirect</b> <ul style="list-style-type: none"> <li>Planning/recovery</li> <li>Recovery methods</li> <li>Filings</li> <li>Audit support</li> </ul>
<b>Accounting support</b> <ul style="list-style-type: none"> <li>Technical accounting</li> <li>Financial instruments</li> <li>Structuring advice</li> </ul>	<b>Technology &amp; data</b> <ul style="list-style-type: none"> <li>IT effectiveness</li> <li>IT architecture</li> <li>Information security</li> <li>Data integrity</li> </ul>	<b>Forensics</b> <ul style="list-style-type: none"> <li>Forensic technology</li> <li>Forensic investigation</li> <li>Dispute analysis</li> </ul>	<b>Merger Integration</b> <ul style="list-style-type: none"> <li>Planning and reporting</li> <li>ID and resolve risks</li> <li>ID, quantify, track value drivers</li> </ul>	<b>Transfer Pricing</b> <ul style="list-style-type: none"> <li>Planning</li> <li>Compliance/documentation</li> <li>Transactions</li> <li>Audit defence</li> </ul>
<b>Financial Management</b> <ul style="list-style-type: none"> <li>Strategic cost management</li> <li>Management information</li> <li>Finance transformation</li> </ul>	<b>Business resilience</b> <ul style="list-style-type: none"> <li>Physical security</li> <li>Business continuity</li> <li>Disaster recovery</li> <li>Crisis management</li> </ul>	<b>Internal Audit</b> <ul style="list-style-type: none"> <li>Quality assurance</li> <li>Co-sourcing and outsourcing</li> </ul>	<b>Distressed strategy</b> <ul style="list-style-type: none"> <li>WC strategies</li> <li>Distressed M&amp;A</li> <li>Restructuring, CCAA</li> </ul>	<b>International</b> <ul style="list-style-type: none"> <li>Relocations</li> <li>Expat planning/compliance</li> <li>Policy analysis</li> </ul>
<b>Controls</b> <ul style="list-style-type: none"> <li>Process and controls assessments</li> <li>SOX compliance</li> <li>IT controls</li> </ul>	<b>Outsourcing</b> <ul style="list-style-type: none"> <li>Shared services</li> <li>BPO advisory</li> <li>ITO advisory</li> <li>SLA's</li> </ul>	<b>Sustainability</b> <ul style="list-style-type: none"> <li>Social responsibility</li> <li>Climate change</li> <li>Assurance</li> </ul>	<b>Litigation and Disputes</b> <ul style="list-style-type: none"> <li>Loss quantification</li> <li>Litigation support</li> <li>Expert witness</li> <li>Mediation/arbitration</li> </ul>	<b>SR&amp;D</b> <ul style="list-style-type: none"> <li>Project identification</li> <li>Data collection</li> <li>Confirmation and filing/audit support</li> </ul>

Our solutions



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