

Toronto, Canada: The right place to be, right now.

In the current unsettled economic situation, business leaders and investors around the world are searching for stability and long-term growth potential. Increasingly, their sights are turning to Canada.

Few countries in the world were spared when financial markets collapsed in 2008. Canada, however, and Canada's financial institutions, weathered the global storm. No Canadian financial institutions were ever at risk of failure, and Canadian taxpayers were not asked to contribute a penny to bail out their banks or insurance companies.

Indeed, throughout the downturn, Canadian FIs continued to retain their already high levels of capitalization – and even succeeded in raising new equity – all the while continuing to report profits and pay dividends to their shareholders.

Most of Canada's partners in the industrialized world did not fare nearly as well. The U.S. government and major European governments had to invest more than \$900 billion in capital, and trillions more in loans and debt guarantees to support their banks and ward off their anticipated collapse.

In the aftermath, it is natural to ask why Canada's financial system fared so well. Observers agree that there are five main reasons.

The first is the structure of the Canadian financial system which is made up of institutions that tend to be highly diversified – by

Toronto is a leading international financial services centre

Toronto is a world-leading international financial services centre. It is recognized by the Global Financial Centres Index (GFCI) as one of only eight global leaders, with both broad and deep financial services activities connected throughout the world. The city is home to a number of international companies in financial services:

- 2 of the largest 10 global life insurers, plus a third with significant operations in Toronto
- 5 of the world's largest 50 banks
- The 3rd largest exchange in North American, and 8th largest in the world
- 4 of the top 100 global pension funds
- Operations of 7 of the top 10 largest global hedge fund administrators

The range of services offered is unusually broad, and supported by a critical mass of legal, accounting, technology and other support services, along with a strong base of academic institutions continually building a talented workforce.

Below, two of Toronto's key strengths are outlined: as a world leader in mining, metals, energy and cleantech financing, and as a location for highly skilled support, administration and servicing operations.

the customer segments they serve, by the products and services they provide, and by the regions where they operate. It is notable that investment banking activities are just one aspect of the banks' business and they are subject to the same capital ratios – another reason Canadian banks avoided becoming over-leveraged.

The second is the approach to risk management among Canadian financial institutions. Canadian banks and insurance companies have a strong culture of risk management. The loan loss experience of Canadian banks, for example, is among the lowest in the world.

Third is the system's conservative stance regarding capitalization. Policy makers around the world acknowledge that the financial crisis resulted in large part from banks being under-capitalized. By contrast, the Canadian banks exceeded the ratios set by the Bank for International Settlements and began shoring up their capital early on. In addition, the Canadian banks relied on a higher mix of common equity to meet their Tier 1 capital requirements.

The fourth factor is the quality of regulation and supervision in Canada. The regulators fully supported the industry's conservative stance on capital, and actively encouraged financial institutions to go farther still. A great strength of the Canadian system is the good

working relationship among the Finance Department, the Office of the Superintendent of Financial Institutions and the Bank of Canada – instead of working in silos, the agencies work closely to ensure that gaps are eliminated, without there being much overlap.

Finally, there is a healthy relationship between the industry and its regulators and supervisors. There is an ongoing dialogue among all the participants, and a high level of trust. This has served the Canadian system well. The system is governed by rules, but the principles behind the rules are equally important. Interpreting the rules appropriately requires that everyone understand the principles on which they are based. Being able to have an open and frank dialogue with the regulators has helped the Canadian system succeed.

Having weathered the financial crisis as well as it did, Canada's financial services industry has grown in stature. Toronto, as Canada's financial services capital, has grown in stature as well. One of the fastest growing financial services hubs in North America, Toronto region is fast becoming the right place to be, as financial services providers and other businesses around the world seek out new places to operate and invest. The world is quickly discovering that Toronto has just the right combination of people and infrastructure to get the job done.

“TMX Group is based in Toronto – the heart of Canada’s capital markets. Our equity exchanges – Toronto Stock Exchange and TSX Venture Exchange – comprise the world’s most successful multi-tiered exchange system, and are second in the world by number of listings and sixth in the world by equity capital raised. Our exchanges have particular strength in mining, energy and emerging companies, including the world’s largest segment of cleantech companies. We enjoy this world-leading position because of our, and Toronto’s, proven expertise to attract it and serve it. We know their businesses, their priorities, their aspirations. And we have shaped the various elements and services within TMX Group to serve those imperatives better than anyone else in the world.” - Kevan Cowan, President TSX Markets, Group Head of Equities.

Toronto is consistently selected as a location for highly skilled support, administration, servicing and technology operations

In addition to serving as headquarters for leading Canadian financial institutions, numerous international financial services companies have selected the Toronto region as the location to locate their highly skilled support, administration and servicing functions. The range of activities and functions is broad, from fund administration, to asset and liability processing, to expert servicing for high-value clients to production support for front-office sales and software development. Toronto has a distinct set of advantages that make it a strong contender as a destination for highly skilled financial service activities:

- Unparalleled access to skilled talent: Toronto has a higher percentage of post-secondary graduates than New York or Chicago and is on par with Boston. There are seven universities and 24 publically funded colleges serving the Toronto market. Toronto is the locus for headquarters of many financial services industry training associations, leading to an impressive incidence of specialized industry designations. For instance, the Toronto Region is home to more than 7,000 Chartered Financial Analysts (CFAs), the second highest concentration after New York. Mention equally impressive actuaries, accountants
- High quality of life: The Toronto Region's quality of life makes it an attractive place to recruit and retain a base of high quality skilled employees. Toronto was ranked the 4th most livable city in the 2010 Economic Intelligence Unit Quality of Study, above all other financial centres worldwide. London and New York were ranked 54th and 56th, respectively.
- Easy international access: Toronto Region is easily accessible from most major North American and international locations.
- Stable, with low risk of disasters: The Toronto Region's stable business environment and low risk of natural disasters are important assets when compared to traditional alternative locations for offshore operations.
- Comparatively low cost of doing business: The Toronto Region has a highly competitive cost of doing business relative to many other major financial centres. A 2009 UBS report found that every other top 10 city in the Global Financial Centres Index (GFCI) was more expensive than Toronto (except Boston, which was not analyzed).

“With CAD 680 billion in assets under custody and CAD 35 billion under management in Canada alone, State Street has been providing unrivaled service to the country’s financial services community since establishing a presence in Toronto in 1990. Today, we have more than 1,100 employees in Toronto including centres of excellence that support our services worldwide. Combining local knowledge and talent with an international perspective allows us to develop and deliver the products that institutional investors need to streamline processes and more accurately measure performance and associated risk as they seek to achieve their investment objectives. As the financial capital of Canada, Toronto has provided us with the opportunity and the talent pool to ably service our clients while helping them make informed and responsible business decisions.” - W. Kevin Drynan, President and CEO, State Street Trust Company Canada

Toronto is a world leader in asset management and expertise

Canada's retirement income system is ranked as a world leader. Based on OECD analysis evaluating Canada against international comparators, the country's retirement income system has contributed to Canada having the smallest incidence of low income among seniors relative to public expenditures globally.

The Toronto region houses a unique and synergistic presence of important players and thought leaders across a variety of relevant retirement financing fields. This diversity in the system has contributed to the country's local success and international relevance:

- Toronto boasts world-class pension management and expertise. Toronto is home to 3 of the world's 50 largest pension funds. These Canadian pension funds have a reputation for excellence in governance, risk management and innovative approaches to pension asset management.
- Toronto and Canada continue to provide the world with thought leadership on retirement income system reform. The city is home to the International Centre for Pension Management (ICPM), a global institute at the Rotman

School of Management. The region also boasts leadership in actuarial science, with local academic institutions the leaders in generating actuarial science publications and graduates. Moreover, the country's rich set of industry stakeholders have also contributed to discourse on the topic of retirement financing.

- The Toronto region also has global strength in life insurance and asset management. Three of the world's largest life insurance companies are based in or have major operations in the Toronto region. The City is home to an impressive cadre of local and international asset managers that weathered the financial crisis and continue to provide an innovative set of retirement financing solutions to Canadians.

Building on this strong platform and local leadership's direction, Toronto is on track to continue to develop new innovations that will strengthen Canada's retirement income system and contribute to the availability of retirement financing thought leadership and options internationally.

"ICICI Bank Canada is a wholly-owned subsidiary of ICICI Bank Limited, which has its headquarters in Mumbai, India. We opened our Canadian head office in Toronto in 2003 with big aspirations. Since then we have evolved from a niche bank servicing the Indo-Canadian community to a hybrid branch/direct banking operation with customers in almost every province, and have experienced tremendous growth of our balance sheet and the number of customers we serve. We chose Toronto for ICICI Bank's Canadian headquarters because of its diverse and knowledgeable talent pool. Toronto's young, well-educated, cosmopolitan workforce reflects our customer base and our company. This dynamic city is the ideal location for us to work and live." - Sriram Iyer, President and CEO, ICICI Bank Canada