

## Senior Level Chartered Accountants' Indicate Profits and Revenues will Dramatically Decline in 2009

### Levels of Optimism Hit Rock Bottom

**TORONTO, February 2, 2009** — Chartered Accountants in executive corporate positions who responded to the *CICA/RBC Business Monitor (Q4 2008)* survey indicated that on average, their profits and revenues are estimated to decline in the year ahead. This is the first time that corporate profits have been estimated to decline since the inception of the study in Q2 2007.

In Q4 (2007) profits for the next 12 months were projected to increase three per cent. When compared to Q4 (2008), profits are now expected to decrease 2.4 per cent.

Similarly, in Q4 (2007), revenues for the next 12 months were projected to increase three per cent. When compared to Q4 (2008), revenues are now expected to decrease 1.6 per cent.

In addition – and not surprisingly – the survey also found that optimism in the Canadian economy has hit rock bottom. Only two per cent of the respondents were optimistic about the economy over the next twelve months compared to 63 per cent a year ago. RBC Economics is forecasting that the Canadian economy likely declined in the fourth quarter of 2008 with these recessionary conditions continuing into the first quarter of 2009.

Optimism about their own business has also declined. Only 23 per cent were optimistic about the prospects facing their companies over the next 12 months, compared to 57 per cent in Q4 2007.

“These are certainly volatile times and that uncertainty is impacting optimism in the Canadian economy,” said Kevin Dancey, FCA, CICA president and CEO. “Businesses are looking at ways to ensure that their operations remain viable. The most creative will be the most successful.”

From a regional perspective provincial optimism has dropped drastically in each of the following provinces: British Columbia (four per cent compared to 87 per cent in Q4 2007); Alberta (15 per cent versus 60 per cent in Q4 2007); Quebec (six per cent compared to 44 per cent in Q4 2007); and Ontario (zero per cent versus 28 per cent in Q4 2007). Declines in business optimism on a year over year basis are at least down 25 per cent in each province.

“While RBC Economics forecasts a rocky start for 2009 for Canadian businesses, it’s important to remember that our economic fundamentals are much stronger than that of our largest trading partner, the United States,” added Shauneen Bruder, executive vice president, Business and Commercial Banking, RBC Royal Bank. “As a result, there are significant opportunities available for well positioned businesses here in Canada.”

The *CICA/RBC Business Monitor* is issued quarterly, based on a survey conducted by The Canadian Institute of Chartered Accountants (CICA). The report draws upon business insights of CAs in leadership positions in privately and publicly held companies across Canada.

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For this Q4 2008 report, emailed surveys were completed by 426 CAs of 3,974 identified by CICA as holding senior positions (CFOs, CEOs and COOs) in publicly or privately held companies in Canada. The response rate was 11 per cent, with a margin of error associated with this type of study at  $\pm 4.7$  per cent, with a confidence level of 95 per cent.

The *CICA/RBC Business Monitor (Q4 2008)* is part of an international initiative. The American Institute of Certified Public Accountants (AICPA) in the United States and the Institute of Chartered Accountants in England and Wales (ICAEW) in the United Kingdom also undertake quarterly studies that tap the insights of members in senior positions to provide a barometer of economic activity in their nations and as a basis for future comparative analysis across countries. The *CICA/RBC Business Monitor (Q4 2008)* is available online at [www.cicarbcbusinessmonitor.com](http://www.cicarbcbusinessmonitor.com).

### **About CICA**

**The Canadian Institute of Chartered Accountants (CICA)**, together with the provincial, territorial and Bermuda Institutes/Ordre of Chartered Accountants, represents a membership of approximately 74,000 CAs and 10,000 students in Canada and Bermuda. The CICA conducts research into current business issues and supports the setting of accounting, auditing and assurance standards for business, not-for-profit organizations and government. It issues guidance on control and governance, publishes professional literature, develops continuing education programs and represents the CA profession nationally and internationally. CICA is a founding member of the International Federation of Accountants (IFAC) and the Global Accounting Alliance (GAA).

### **About RBC Royal Bank**

**RBC Royal Bank** delivers a wide range of financial services through a variety of channels to individuals, small and medium-sized businesses and commercial clients, including deposit accounts, investments and mutual funds, credit and debit cards, business and personal loans, and residential and commercial mortgages. Through its focus on industry specialization, RBC Business and Commercial Banking provides industry-specific financial and business advice to help clients successfully start up, sustain, grow and transition their businesses. RBC Royal Bank is the personal and commercial banking division of Royal Bank of Canada (RY on TSX and NYSE).

- 30 -

**Interviews can be arranged with Kevin Dancey, CICA president & CEO and/or selected CAs who responded to the survey, by contacting:**

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