

Optimism plateaus among executive CAs: CICA/RBC Business Monitor

TORONTO, July 27, 2010 — Optimism about the Canadian economy among executive Chartered Accountants is leveling off after sharply rebounding over several quarters, according to the most recent *CICA/RBC Business Monitor* (Q2 2010).

Fifty-seven per cent of respondents are optimistic about the economy over the next 12 months, consistent with 61 per cent in the first quarter of 2010 when allowing for the margin of error. The top two reasons cited for the current optimism were Canadian consumer confidence levels and low interest rates.

On a positive note, optimism levels are well above where they were a year ago (28 per cent) and considerably higher than the two per cent recorded in the fourth quarter of 2008. In fact, optimism remains close to the peak reached in the second quarter of 2007 (67 per cent).

“Significant distance has been travelled on the journey toward economic recovery but many executive CAs are not prepared to let their guard down,” said Kevin Dancey, FCA, president and CEO, Canadian Institute of Chartered Accountants (CICA). “Uncertainty lingers with 38 per cent of the respondents being neutral about what lies ahead for the Canadian economy. Many executive CAs appear to be taking a wait and see approach.”

Fifty-eight per cent of respondents are optimistic about their company’s future over the next 12 months. That optimism is echoed with almost 50 per cent of respondents expecting their company to grow faster than the Canadian economy while 23 per cent anticipate growth at the same rate and 27 per cent expect growth to be slower.

“The respondents’ cautiously optimistic view of the economic future of Canada and their own organizations indicates a positive but pragmatic outlook for future growth,” adds Shauneen Bruder executive vice president, Business and Commercial Banking, RBC Royal Bank. “Interestingly, regardless of the perceived state of the economy, for three years now respondents have indicated their top challenges are competition (68 per cent) and customer demand (50 per cent).”

The *CICA/RBC Business Monitor* also shows positive projections for the next 12 months relating to revenues (+3.7 per cent), profits (+3.5 per cent) and employment numbers (+1.4 per cent).



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

For the Q2 2010 report, emailed surveys were completed by 412 CAs of 4,007 identified by the CICA as holding senior positions (CFOs, CEOs and COOs). The response rate was 10 per cent, with a margin of error associated with this type of study at ± 4.8 per cent, with a confidence level of 95 per cent. The survey was conducted June 8-30, 2010.

The *CICA/RBC Business Monitor (Q2 2010)* 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. A background document is available online at 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 75,000 CAs and 12,000 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

RBC 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. It is the personal and commercial banking division of Royal Bank of Canada (RY on TSX and NYSE).

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