

Profile of the Financial Sector of Montréal

The IFC Montréal is pleased to present highlights from the profile of Montréal's financial sector. We feel it is important to produce qualitative and quantitative data that reflect the reality of this key sector of the city's economy, that are unique to Greater Montréal and that will provide for the development of a status report on the sector as it stands today. The global financial industry is in a state of constant flux. It is important for us to better understand our own strengths and potential in order to position ourselves to compete with cities of a comparable size, to develop an original product that will attract financial companies and encourage them to establish themselves here. It is also key to eventually amalgamate on a sectoral basis and enhance cooperation with teaching institutions in order to develop joint projects in the area of training, retaining and attracting qualified workers, and branding and marketing.

According to a typology of financial centres presented in the Global Financial Centres Index produced by the City of London in 2007, there are several categories of financial centres in the world. The first are global (London and New York), followed by several other financial centres that, although they have less influence, are active internationally and are characterized by a significant volume of transactions that cross borders (Hong Kong), others that specialize in certain niches (Zurich for banks), principal national centres (Sydney for Australia), and regional centres (Chicago, Munich and Montréal) whose scope is international and regional. In a number of centres, financial companies have grouped together to structure their product, cooperate and develop common projects. This is the case for Paris, Brussels, Luxembourg, and Munich. Discussions have begun in Montréal's financial sector. Let's hope they bear fruit.

Jacques Girard
Chairman of the Board
Acting Chief Executive Officer
International Financial Centre of Montréal

Finance in Montréal's universities

CONCORDIA UNIVERSITY (JOHN MOLSON SCHOOL OF BUSINESS)

The John Molson School of Business, formerly the Faculty of Commerce, was created at the same time as Concordia University in 1974, following the merger of Loyola College and Sir George Williams University. The latter had been offering courses in commerce since 1932. Since 1976, the School has offered a Doctorate in Business Administration in association with Montréal's other management schools. The John Molson School of Business has 140 full-time professors and almost 7 000 students, nearly 900 of whom come from outside Canada, and 1 300 of whom are at the honours and postgraduate level. In the area of finance, the School offers a Masters in Investment and Management degree that integrates the CFA (Chartered Financial Analyst) qualification. This is the only program of its kind in Canada, and is offered jointly with the Goodman Institute in Toronto. The program is remarkable for its exceptional success rate (82% in 2007). The School specializes in actuarial mathematics and portfolio management, with specialized doctorates in the area. The School also has an Investment and Trading Centre: a market room that allows students and professors to access sophisticated portfolio management analysis and simulation tools. Finally, the School announced in January 2007 the launch of the Desjardins Centre for Innovation in Business Finance, in addition to developing new joint programs with the private sector.

ÉCOLE DES HAUTES ÉTUDES COMMERCIALES (HEC) MONTRÉAL

Founded in 1907 by the Montréal Board of Trade, the school has 250 professors and nearly 12 000 students, of whom 2 800 are foreign students. It also has approximately forty chairs and research centres and groups, notably the *Centre de recherche en e-finance*, which comprises 60 researchers, and focuses mainly on the impacts of e-finance on productivity in financial markets as pertains to private and social risk. HEC offers numerous specialized graduate diplomas (DESS), notably in Private Wealth Management and Management and Sustainable Development. It also offers a Master of Laws (Taxation option), and a Master of Science in Electronic Commerce, as well as master's degrees and a doctorate in Administration. HEC has partnerships with more than 80 universities around the world, and is an innovator in the internationalization of teaching, with its trilingual Bachelor's degree in Business Administration, a first in North America.

MCGILL UNIVERSITY (DESAUTELS FACULTY OF MANAGEMENT)

The creation of the Desautels Faculty of Management dates back to the opening of McGill University's Department of Commerce in 1906. The School of Commerce was founded in 1920. The Faculty

of Management, which combines the School of Commerce and the Graduate School of Business Administration, was created in 1968. The Faculty counts more than 83 full-time professors and 3 000 students, of whom 700 are studying at the honours and graduate level. Nearly 600 of the bachelor-level students are non-Canadian, as are nearly 200 of the graduate students (50% for the MBA and 75% for the doctoral level). The Faculty also has exchange agreements with 20 management schools around the world. It includes eleven institutes and research centres, among them the Desmarais Global Finance Centre. The Centre focuses on international financial markets, risk management, asset pricing, and corporate governance and finance. A new investment management program is currently being developed, and will accept its first students in the 2008 fall semester. Highly integrated with the Montréal business community, the Faculty works with business leaders to provide student training (more than 100 Teaching Executives) and specialized seminars (e.g. carbon emissions trade).

UNIVERSITÉ DU QUÉBEC À MONTRÉAL (SCHOOL OF MANAGEMENT)

Established in 1998, the School of Management (ESG) of the Université du Québec à Montréal (UQAM) today comprises 225 professors and more than 12,000 students, including approximately 2,500 foreign students. More than 2,000 students are enrolled in the honours and master's programs. The ESG has established agreements with 30 partner universities around the world, including numerous joint programs (e.g. the Executive MBA with the Université Paris-Dauphine). It has also created partnerships with several finance-related organizations:

- An executive CMA-MBA with the *Ordre des comptables en management accrédités*;
- An MBA in Financial Services in collaboration with the Institute of Canadian Bankers;
- A one-year post-graduate diploma in Financial Derivatives in exclusive partnership with the Montréal Exchange.

The School is committed to research, as witnessed by the work of its specialized research chairs: the Chair in Financial Services Management, the Corporate Reporting Chair, and the Desjardins Chair in the Management of Derivative Products. Lastly, its new virtual markets room provides for complex simulations of fluctuations in monetary, stock and derivatives markets, allowing students to experiment with the construction of new indicators or new financial instruments.

The largest employers from the financial services sector in the region of Montréal

COMPANY NAME	COUNTRY OF ORIGIN	JOBS MONTRÉAL
Mouvement des caisses Desjardins	Canada	12,000
National Bank of Canada	Canada	8,600
RBC Financial Group	Canada	4,600
BMO Financial Group (*)	Canada	3,250
Power Corporation of Canada	Canada	3,200
TD Financial Group (*)	Canada	3,000
Laurentian Bank of Canada	Canada	2,000
CIBC (*)	Canada	1,750
Standard Life Assurance Company of Canada	Royaume-Uni	1,500
Sun Life Financial	Canada	1,400
Scotia Bank	Canada	1,100
AXA Canada	France	1,000
Caisse de dépôt et placement du Québec	Canada	900
Total		44 300

Notes: (*) E&B DATA estimate based on data partially confirmed by the company or based on other public sources



International Financial Centre
MONTRÉAL

Its mission is to help corporations specializing in the field of international financial transactions to establish themselves, develop, and remain in the City of Montréal.

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International Financial Centre
MONTRÉAL

Profile of the Financial services sector of Montreal

Shining a light on our assets

The International Financial Centre of Montréal (IFCMontréal) commissioned the independent economic research firm E&B DATA to prepare a profile of Montréal's financial sector. This document presents the highlights of that profile. The objective was to provide an inventory of this sector of activity, and a detailed portrait of both financial companies and the partners and expertise found in closely related sectors.

The financial sector continues to play a key role, with 100,000 jobs in the Montréal area; a level comparable to that of the information technologies and communications sector. Its activities cover a whole range of financial services: banks, credit unions, insurance, securities brokers, stock exchange, portfolio management, investment counselling, pension funds, investment funds, etc. This estimate is on the lower end given that it does not include high-level financial activity in related sectors such as:

- accountants and specialized lawyers (mergers-acquisitions);
- international treasury services of large corporations (e.g. Hydro-Québec);
- financing of major international projects (e.g. SNC Lavalin, Bombardier).

These last examples are not inconsequential. Montréal has maintained and enhanced its expertise in the fields of consulting engineering, energy and manufacturing and it continues to build its capacity to lead major investment projects, both in Québec and abroad. Expertise in financial packaging is now an integral aspect of the competitive advantages of large companies operating in Montréal.

Banking on talent

In addition to the more traditional sectors, there are emerging areas of activity such as financial computer technology companies. These include not only large companies like CGI (the largest information technology company in Montréal), but also a growing number of SMEs specializing in areas such as portfolio management, payroll, analysis and security.

Montréal offers the latest technologies to meet the requirements of the financial sector in trading derivative products; risk management, financial engineering; and prevention of economic crimes. This is not just a happy coincidence, but is in fact due to a structural characteristic of Montréal that has existed for more than 50 years; its ability to train specialists in applied mathematics. These specialized talents were used in the 1960s in the engineering sector and then again in the 1970s in econometrics, and are being increasingly applied in Montréal today in the computer related programs and finance sectors.

Montréal's four large universities offer a wide variety of programs in the field of finance, and have been working together for the past twenty-five years to offer a joint doctoral program. Add to this the number of international associations with requirements for trained staff such as CFAs, and the brain power driving Montréal's financial community becomes evident.

In addition to housing some 200 foreign financial institutions, Montréal continues to play a major role in international finance. This is clearly evidenced by the increasing presence of the Montréal Exchange in carbon markets and by the activity of pension funds, whose combined assets of some \$200 billion extend well beyond the borders of Québec. The *Caisse de dépôt et placement's* initiative to create such funds has had an obvious long-term impact, several other pension funds now operating and expanding in Montréal. By way of example, the PSP was created in 1999, and already has \$35 billion of assets under management.

Finally, the 2008 establishment of an information technology development centre by an American brokerage firm, Morgan Stanley is another example of Montréal's breakthroughs in this new financial context.

A critical mass requiring more cohesiveness

When a number of businesses from the same sector are located in the same area; When they associate with businesses in equally dynamic and related sectors; When exceptional training is available in leading-edge institutions; there is a basis for clustering. A quick review of existing practices in certain European financial centres such as Frankfurt, Paris, Munich, Luxembourg and Brussels revealed that practically all these cities have created, or are in the process of creating, agencies for cooperation and international marketing. All of them talk about branding, retaining and attracting workers, pooling promotion efforts, etc. In Montréal, the first steps towards clustering have already been made, and the key players seem to be allied by a willingness to work together.

Montréal in the world

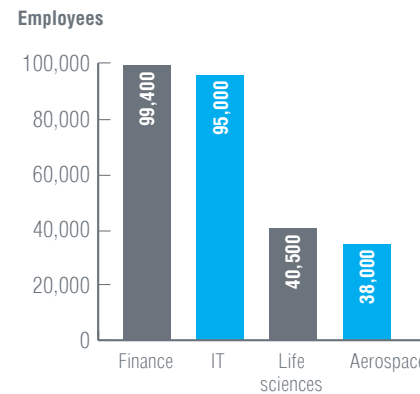
According to the Global Financial Centres Index produced by the City of London, Montréal ranked 21st in the world in March 2007 and 28th in September 2007. Given that Montréal did not lose ground in such a short time, this means that other financial centres, particularly emerging centres in Asia, either were created or evolved very quickly. This is another sign that in this highly competitive world, not moving forwards is akin to moving backwards...

It should be noted that in the same index, Montréal ranked:

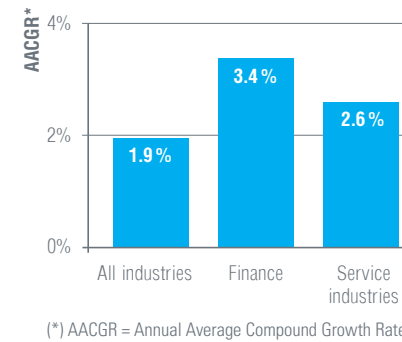
- 6th for general competitiveness factors;
- 9th for people factors;
- 10th for business environment factors;
- 14th for quality of life.

PROFILE

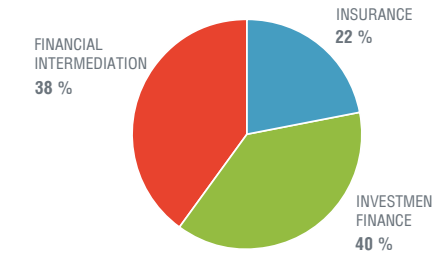
The financial sector leads in the Montréal area. Company employment - 2007



The financial sector compared with other economic sectors in Quebec – growth in contribution to GDP, 2002-2006



Employment structure in the financial services sector in the region of Montréal - 2007



Structure of the financial sector in the Montréal area, 2007

FINANCIAL INTERMEDIATION (banks and other financial intermediaries)

- Chartered banks
- Credit unions
- Credit financing
- Consumer credit
- Mortgage and non-mortgage loan brokers
- Payroll, financial transactions, other activities related to financial intermediation

More than 300 businesses
More than 37,000 jobs

INSURANCE AND RELATED ACTIVITIES

- Insurance companies
- Reinsurance companies
- Insurance agencies and brokers
- Other activities related to insurance

More than 1 300 businesses
More than 22,000 jobs

SECURITIES, PENSION FUNDS, COUNSELLING AND FUND MANAGEMENT

- Securities brokers
- Securities and commodities exchanges
- Venture capital
- Investment counselling services
- Pension funds
- Other funds
- Other activities (e.g. trusts)

More than 1 500 business
More than 39,000 jobs

INSTITUTIONS OF HIGHER EDUCATION AND RESEARCH

- Derivatives
- Portfolio investment and management
- Financial engineering
- Pension plan administration
- Mathematical and computational finance
- Other (e.g. financial ethics, fighting financial crime, e-finance)

More than 15 support and regulatory agencies

This document was produced by IFCMontréal for use by its partners. The data were drawn from the Profile of the Financial Sector prepared by E&B Data on behalf of IFCMontréal. The full text is available at cfimontreal.com.

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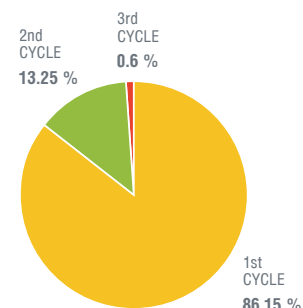
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E&B DATA
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HUMAN CAPITAL

University enrolment Financial sector



Pool of expertise

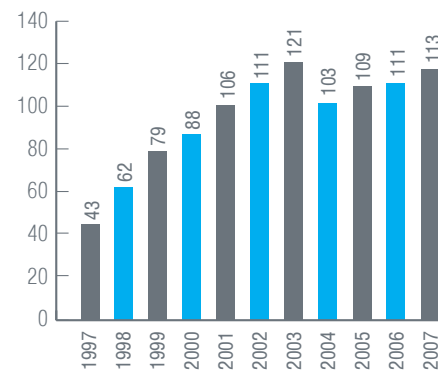
- 25,000 financial specialists
- University training in engineering and financial mathematics
- 7 000 to 8,000 students enrolled in university finance programs, including 1,000 at the master's and doctoral levels and 2,000 graduates per year

Research and higher education

- 30 academic research units in areas related to finance
- Joint doctoral program (4 universities) for the past 25 years
- University-business partnerships, dedicated programs, seminars, scholarships and work terms in companies
- Financing of research projects
- Institute of financial mathematics

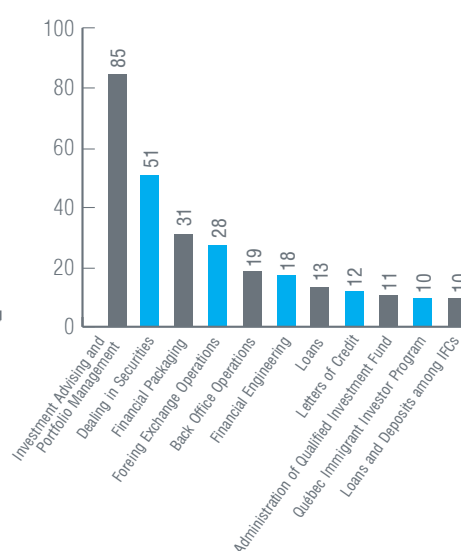
IFC

Growth in the number of IFCs in Montréal



Nearly 1,000 qualified employees are eligible to the IFC fiscal advantages

Principal activities of IFCs



Regions and countries of origin of IFCs in Montréal

