

A stylized map of North America, including Canada, the United States, and Mexico, is centered in the background. The map uses a color palette of greens, yellows, and oranges to represent landmasses, with blue for water bodies. The map is overlaid with a light blue grid.

# **Best Practices in Canadian Banking for U. S. Corporations**

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# Agenda

## Best Practices in Canadian Banking for U. S. Corporations

- Financial Challenges of Managing a North American business
- Canadian Economy
- Canadian Banking System
- Canadian Dollar Exposure
- Canadian Treasury Management
- Q&A
- Exhibits:
  1. Canadian Banking Profile
  2. Hedging Strategies
  3. TM Side by side comparison of Canada v. US



# Challenges of managing North American business

## ■ Complexities of managing a business across multiple borders:

- Cross-border payments and collections
- Local payables, receivables, currency exposure associated with daily operating expenses and payroll
- Billing customers in local currency
- Tax payments
- Access to working capital and managing different interest rates
- Cross border funding and repatriating money
- Risk management

## ■ Best Practices:

- Understanding banking services, regulations and market risks
- Understanding the similarities and recognizing the differences to impact your bottom line appropriately



# Why is Canada Important?

- Canada and the United States are each other's largest trading partner
- Bilateral Trade was nearly \$600B in 2008 (declining to \$430B in 2009 as result of economic recession affecting cross-border trade globally)
- Canadian market is very similar to the United States
- Many firms with subs, ops or sales offices in both countries need help managing payables, receivables and currency exposure.



|         | <i>Exports</i> | <i>Imports</i> | <i>Total</i> |
|---------|----------------|----------------|--------------|
| Germany | \$ 43,299      | \$ 71,253      | \$ 114,552   |
| Japan   | \$ 51,180      | \$ 95,949      | \$ 147,129   |
| Mexico  | \$ 128,998     | \$ 176,537     | \$ 305,535   |
| China   | \$ 69,576      | \$ 296,402     | \$ 365,978   |
| Canada  | \$ 204,699     | \$ 224,911     | \$ 429,610   |

Chart: Top 5 US Trading Partners  
 Figures in millions of dollars - 2009  
 Source: US Department of Commerce

**Best Practice:** important to recognize differences as they impact your treasury bottom line

A map of North America, including Canada, the United States, and Mexico, is shown in a light green and yellow color palette. The text "Canadian Economy" is centered over the map in a bold, black, sans-serif font. The map is set against a light blue background representing the oceans.

# Canadian Economy

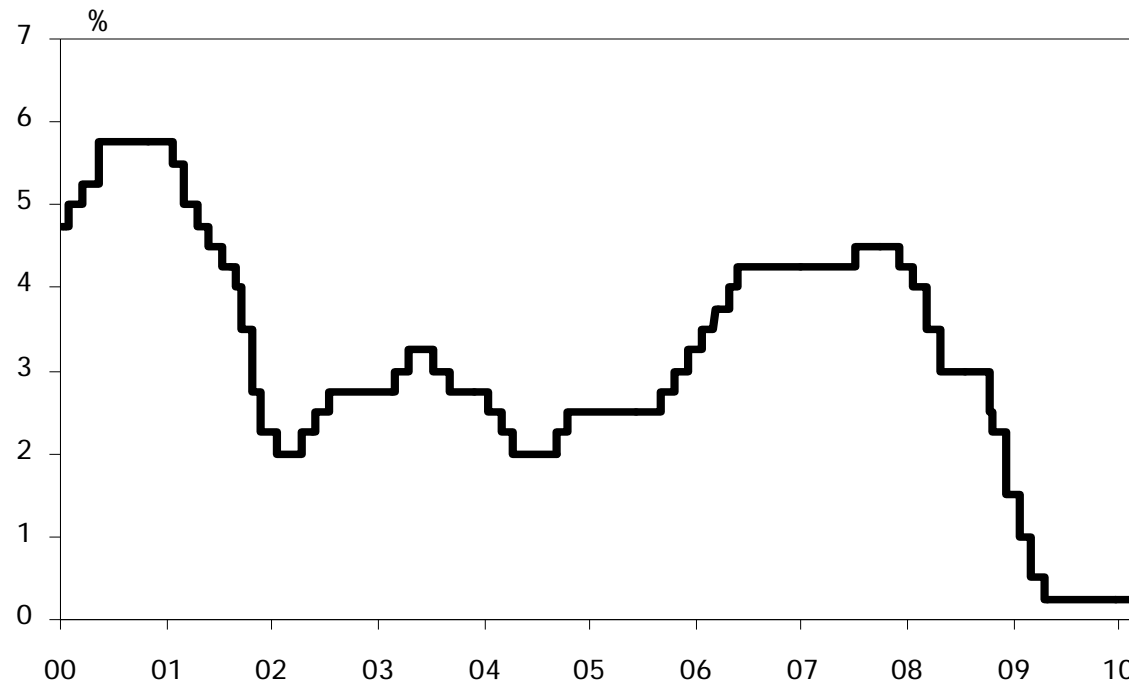


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Canada has weathered the U.S. downturn helped by an aggressive easing in policy...

### Bank of Canada overnight rate



Source: Bank of Canada, RBC Economics Research



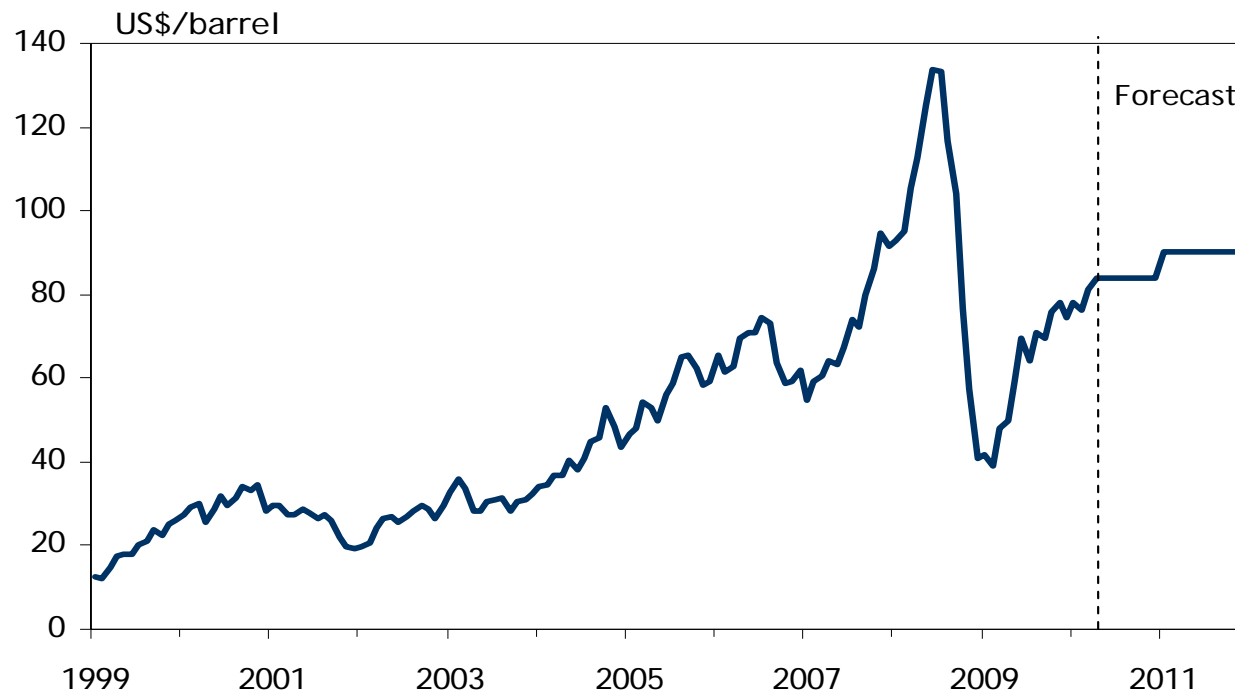
...though the impact of the U.S. recession has been tempered by three additional factors:

- less upward pressure on the cost of capital
- commodity prices, though trading lower, remained at historically high levels which helped boost export revenues
- the Canadian housing market avoided the free-fall in activity evident in the U.S.



## Oil prices remained historically high ...

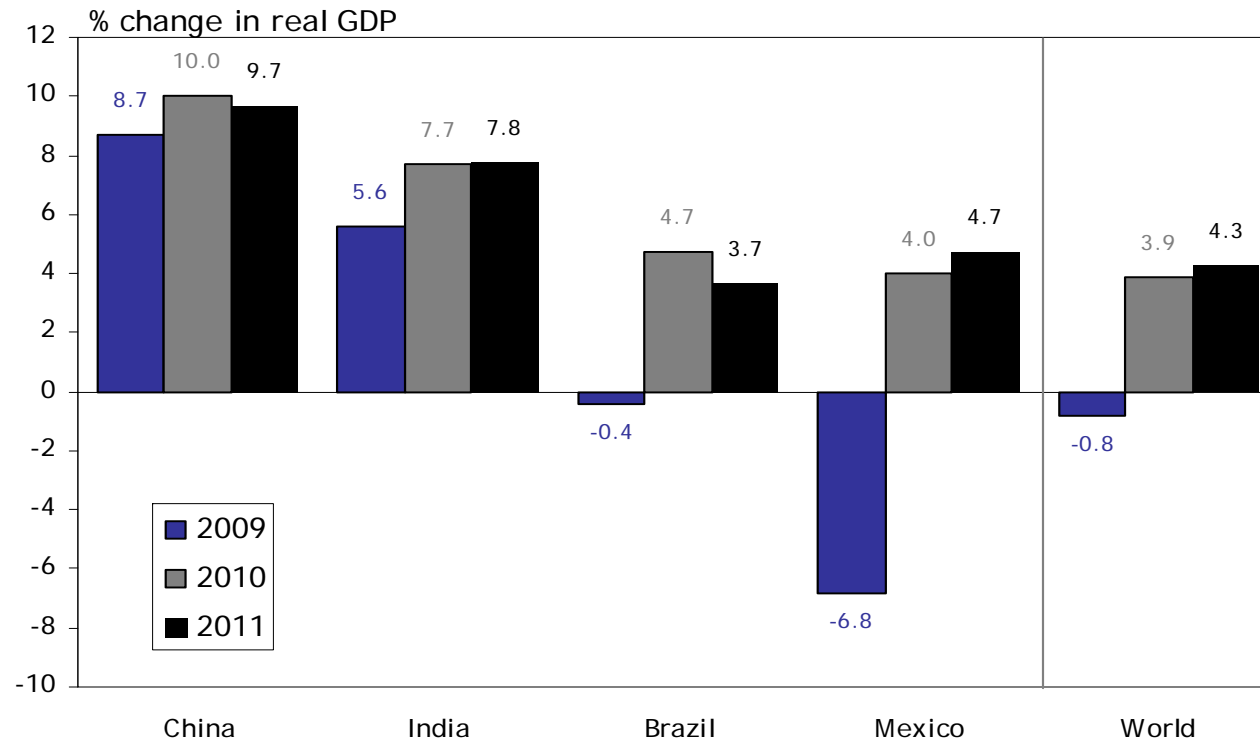
### Crude oil price WTI



Source: Wall Street Journal, Bloomberg, RBC Economics

...as demand from emerging markets, though slowing, did not collapse

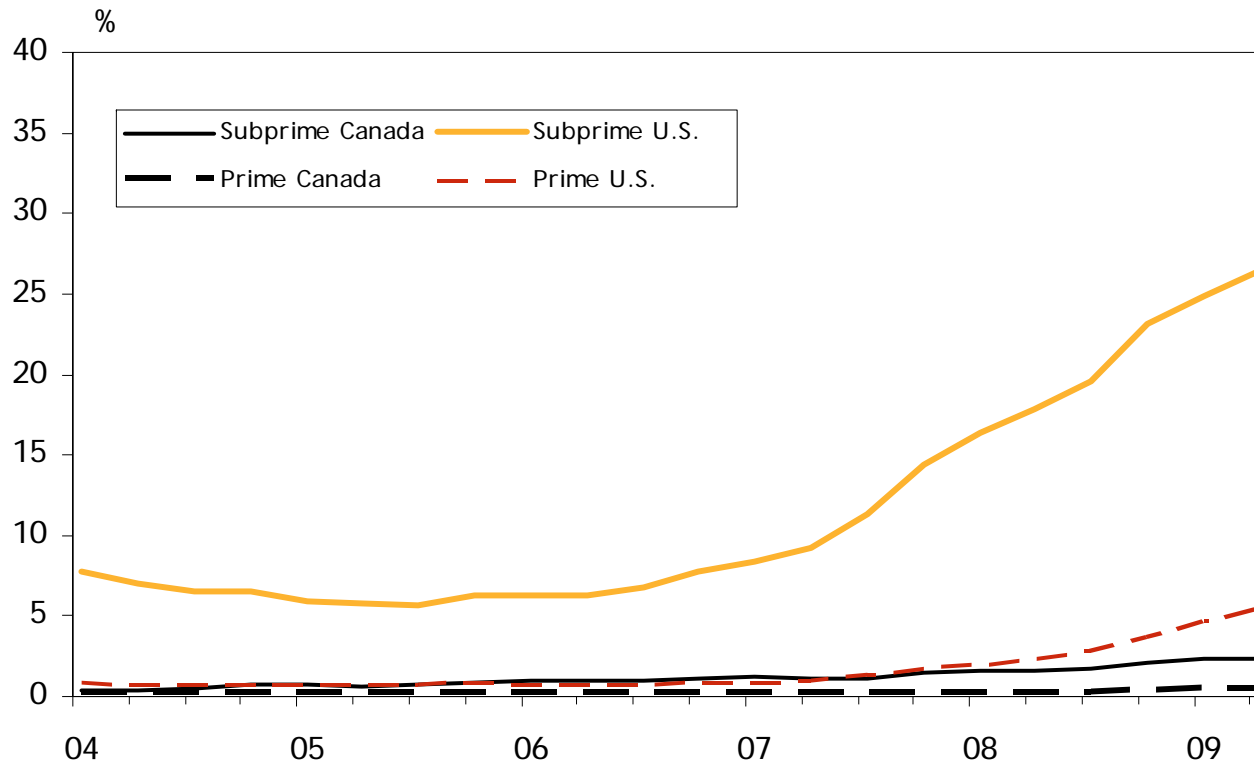
## Major emerging economies



Source: IMF, RBC Economics Research

# More prudent mortgage lending in Canada with less involvement in subprime mortgages...

## Percentage of mortgage in arrears

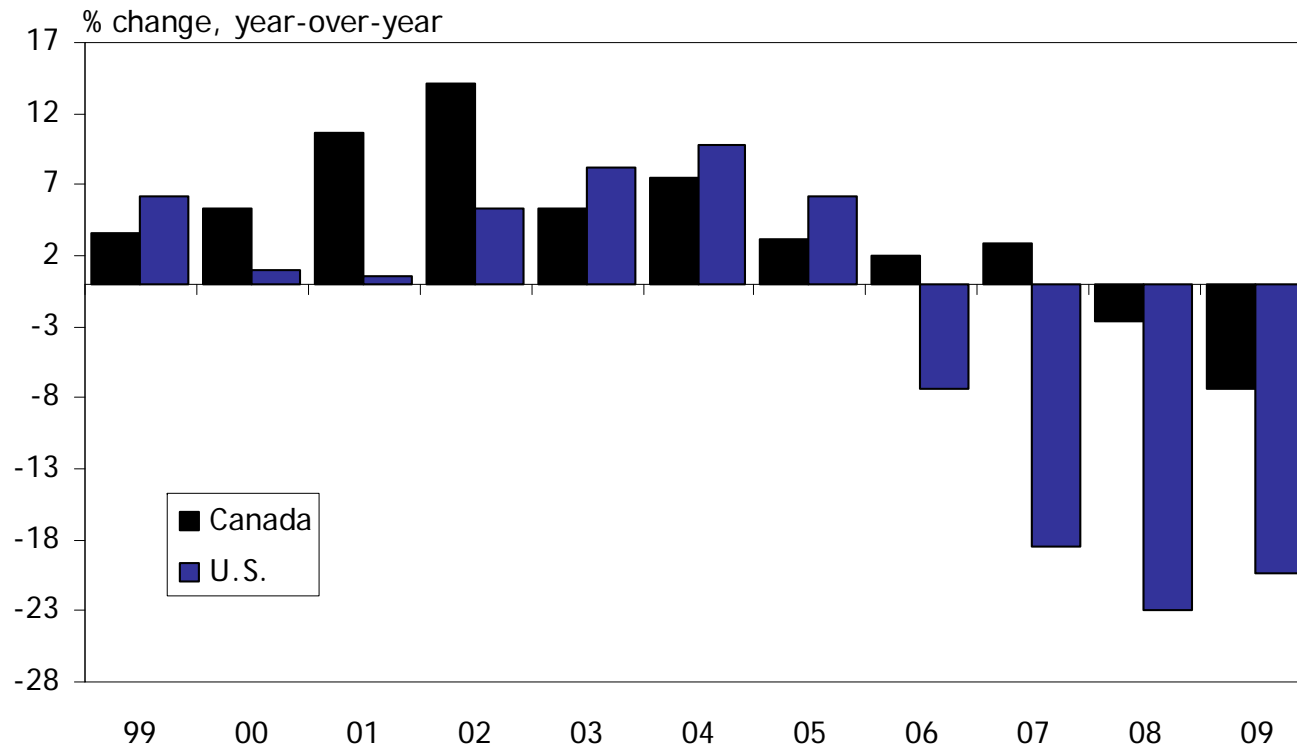


Source: Bank of Canada, Mortgage Bankers Association, RBC Economics Research



...has limited the extent of declines in residential investment in Canada relative to the U.S.

## Residential investments

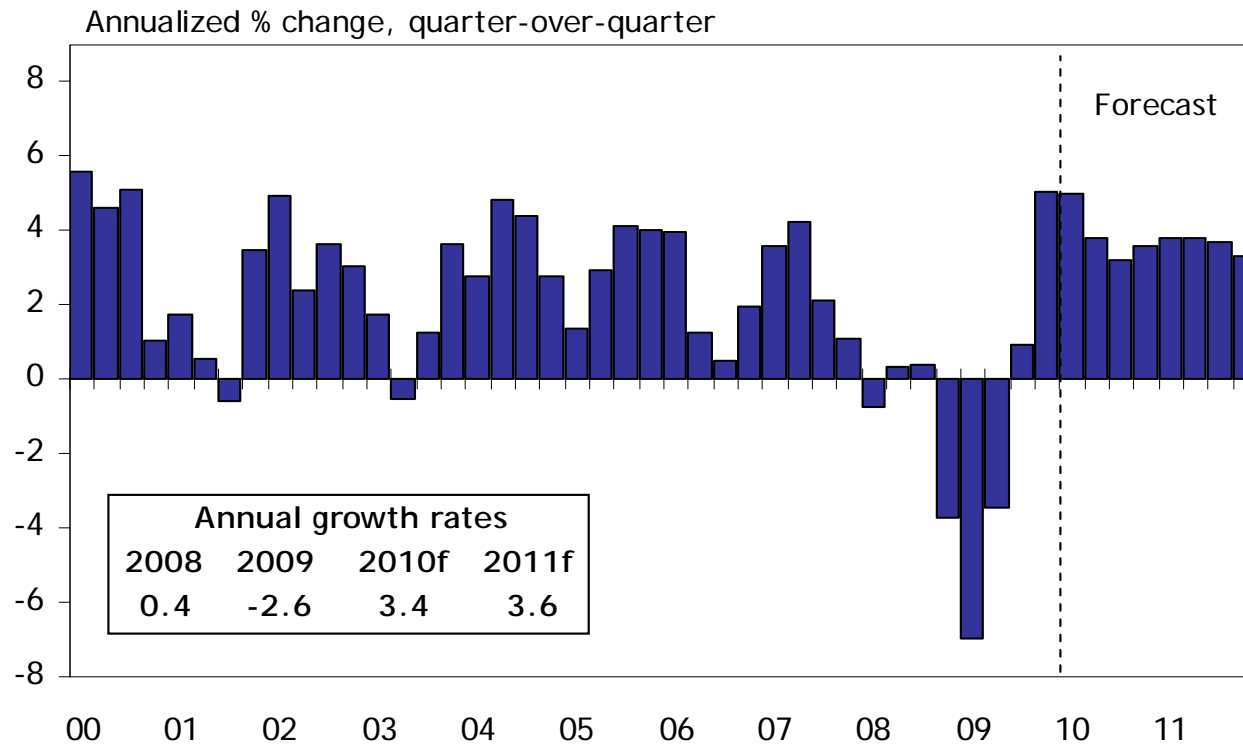


Source: Statistics Canada, Bureau of Economic Analysis, RBC Economics Research



# Stimulative policy and U.S. recovery should allow Canada to sustain positive growth

## Canada's real GDP

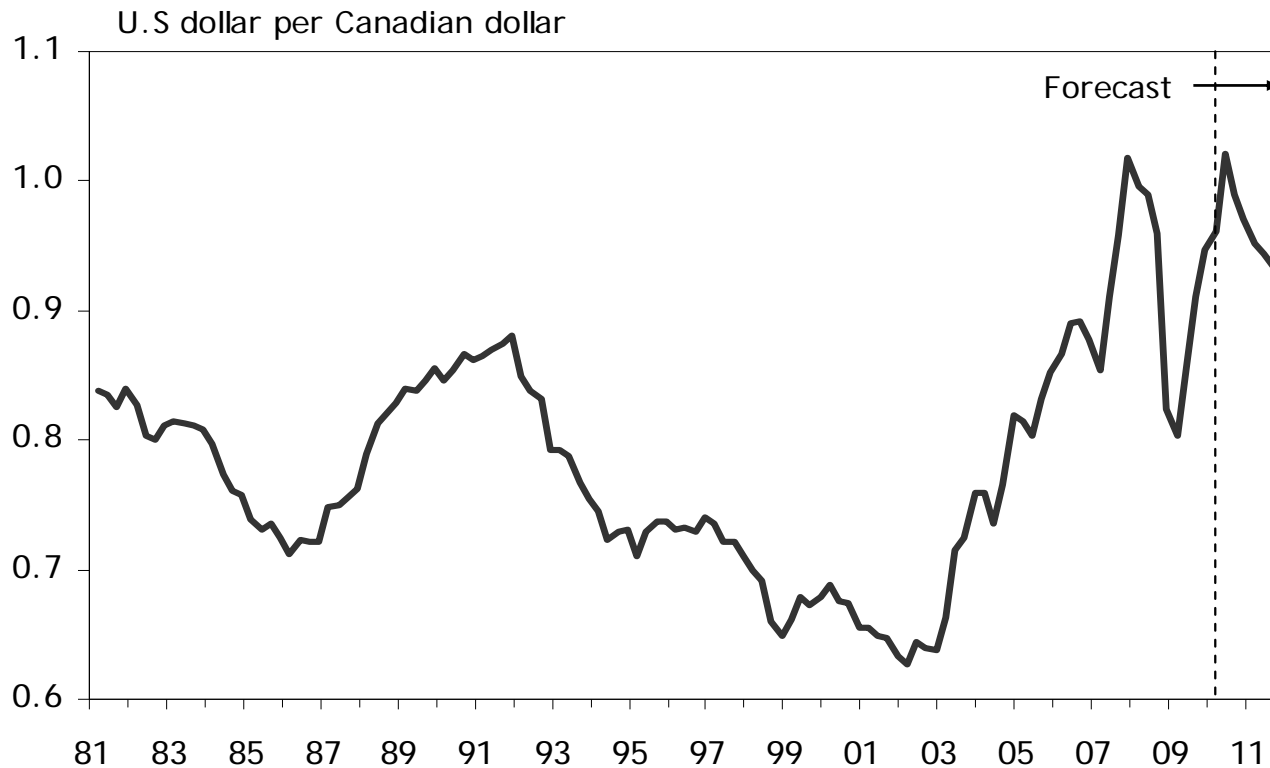


Source: Statistics Canada, RBC Economics Research



The Canadian dollar to mirror growing optimism about the global recovery & attendant rise in commodity prices

## Canadian dollar forecast

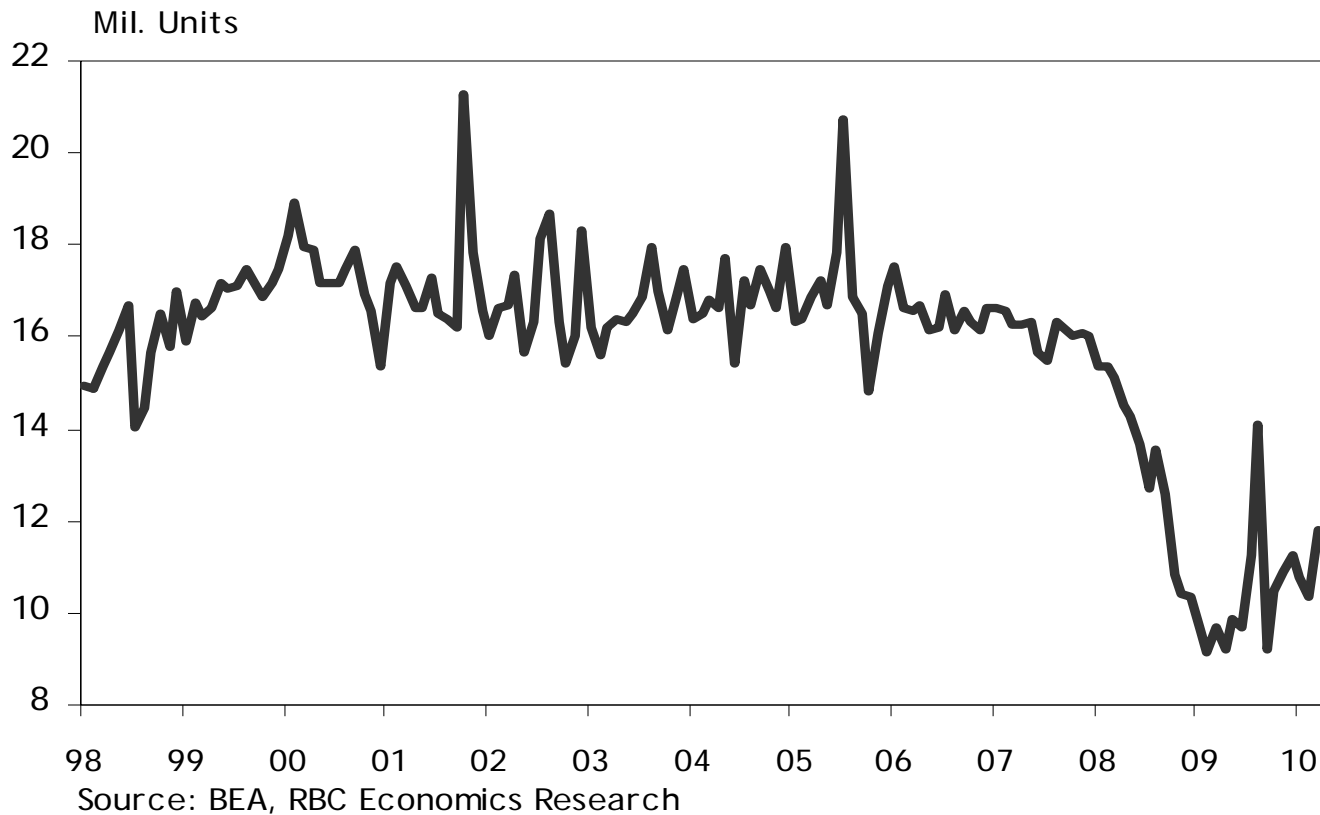


Source: Bank of Canada, RBC Economics Research



# Ontario felt the full brunt of weak U.S. demand in 2009, particularly for autos...

## U.S. auto sales



A map of North America, including Canada, the United States, and Mexico, is shown in a light green and yellow color palette. The title "Canadian Banking Sector" is centered over the map in a large, bold, black font. The map is set against a light blue background representing the oceans.

# Canadian Banking Sector



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# Canada's Banking Market is Underpinned by Solid Fundamentals

- #1 for soundness of banks, World Economic Forum <sup>(1)</sup>
- #1 for economic strength over past decade among G7 (International Monetary Fund)
- “Persistently low interest rates and flow of government stimulus spending is spurring recovery for the Canadian economy. Forecasted growth for the Canadian economy in 2010 will be 2.6% and 3.6% for 2011.” <sup>(2)</sup>

| 2010 Forecast <sup>(2)</sup> | Canada   | U.S.  |
|------------------------------|--|---|
| Real GDP forecast            | 2.6%   | 1.9%  |
| Inflation (Core CPI)         | 1.6%   | 1.3%  |
| Unemployment rate            | 8.7%   | 9.9%  |
| Consumer fundamentals        | <ul style="list-style-type: none"> <li>■ Modest leverage</li> <li>■ Household net worth has been increasing</li> </ul>                     | <ul style="list-style-type: none"> <li>■ Higher leverage than Canada</li> <li>■ Household net worth has been decreasing</li> </ul>                |
| Mortgage fundamentals        | <ul style="list-style-type: none"> <li>■ High mortgage quality</li> <li>■ Low loan-to-value ratios</li> <li>■ Low delinquencies</li> </ul> | <ul style="list-style-type: none"> <li>■ Lower mortgage quality</li> <li>■ Higher loan-to-value ratios</li> <li>■ Higher delinquencies</li> </ul> |

(1) World Economic Forum, Global Competitiveness Report 2008-2009

(2) RBC Economics, December 14, 2009



# Canada Has The #1 Ranked Banking System

## FINANCIAL TIMES

*Canada banks prove envy of the world.*  
Financial Times, February 20, 2009

## Bloomberg.com

*None of Canada's 21 banks have sought government funding since credit seized up worldwide in August 2007, prompting Canadian officials to promote the country's regulatory system and conservative banking culture in forums such as the group of 20 nations.*

Bloomberg.com

## FINANCIAL TIMES

*The Canadian banks have survived the credit market meltdown without any infusion of government money, and have relied less on liquidity support than their US and European counterparts.*

Financial Times, August 28, 2009

## GLOBAL BANKING SYSTEM COMPETIVENESS REPORT\*

| RANK | COUNTRY / ECONOMY | SCORE |
|------|-------------------|-------|
| 1    | Canada            | 6.7   |
| 2    | New Zealand       | 6.6   |
| 3    | Australia         | 6.6   |
| 4    | Chile             | 6.5   |
| 5    | Hong Kong SAR     | 6.4   |
| 6    | South Africa      | 6.4   |
| 7    | Namibia           | 6.3   |
| 8    | Singapore         | 6.3   |
| 9    | Panama            | 6.3   |
| 10   | Brazil            | 6.3   |
| 11   | Finland           | 6.3   |
| 12   | Barbados          | 6.3   |
| 13   | Malta             | 6.3   |
| 14   | Luxembourg        | 6.2   |
| 15   | Slovak Republic   | 6.2   |
| 16   | Mauritius         | 6.2   |
| 17   | Qatar             | 6.2   |
| 18   | Bahrain           | 6.1   |
| 19   | Israel            | 6.1   |
| 20   | Norway            | 6.1   |

## Newsweek

*Guess which country, alone in the industrialized world, has not faced a single bank failure, calls for bailouts or government intervention in the financial or mortgage sectors. Yup, it's Canada.*

Newsweek, February 7, 2009

## The New York Times

*The Canadian banking system, which proved resilient in the global economic crisis, is finally getting its day in the sun.*

The New York Times, February 28, 2009

## THE WALL STREET JOURNAL

*Canadian banks have gained relative heft as a result of the crisis, as many of their global competitors shrank.*

Wall Street Journal, August 31, 2009

\* Source: The Global Competitiveness Report 2009/2010 World Economic Forum



# Canadian Banking Highlights

- **Highly efficient** - same day clearing of paper and electronic payments
- **Progressive** - world leader in ABMs, debit cards and internet banking
- **Electronic** - 75% of payment transactions in Canada are processed electronically; dominated by debit cards, credit cards, and ACH
- **Risk Managed** - LVTS is a collateralized RTGS, and processes over 85% of the inter-bank payment value
- **National** - operates across Canada in 6 time zones
- **Concentrated** - “Big Six” account for 90% of bank assets
- **Stable** - one of the soundest banking systems in the world
- **Scale** - all the major Canadian Banks have over 1000 branches
- **Building for the Future** - banks take a co-operative approach to new infrastructures: cheque processing, image processing, credit card settlements, large value payments, etc.



A topographical map of North America, including Canada, the United States, and Mexico, is shown against a light blue background. The map uses various shades of green, yellow, and brown to represent different elevations and terrain. The title "Canadian Dollar Exposure" is centered over the map in a large, bold, black font.

# Canadian Dollar Exposure



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# Currency History - USD/CAD

## 1 Year CAD

Period High: .9986

Period Low: 1.3012

1 year % Change: -21%

2 year % Change: -17%

## Recent CAD News



\*Crude oil has appreciated over 9% since March and continues to be primary driver for the Canadian dollar. The recent run up due not only to commodities but also from an improvement in U.S. consumer spending and risk sentiment as the global economy continues to recover

\*BoC left rates steady on April 20. Citing a faster recovery, rates are expected to rise in June rather than July as the market had expected. In addition, GDP estimates are now at 3.7% clip vs. 2.9% for 2010

\*Canada seeking to reduce dependence on US economy by moving closer to other trading partners such as China and the EU



# Currency Outlook - USD/CAD



# Why Hedge?

## **Volatility**

- Uncertainty
- Recent years have seen increased volatility

## **Fluctuations jeopardize profit margins**

- Can cause operating losses
- Budgets are fixed
- Forecasting exchange rates is difficult

## **Product focus**

- Focus on underlying business of the company, not on currency market speculation



# Hedging Tools

## **Forward Contract**

- A firm obligation to buy or sell foreign currency for delivery beyond SPOT value
- A forward contract fixes the US dollar value of the purchase or sale of foreign currency for some date in the future
- All exchange rate fluctuations after the fixing, positive and negative, are eliminated

## **Forward Window Contract**

- Same as the forward contract but with a maturity that spans a range of dates (e.g. 1 month)
- Allows for flexibility in timing when the exact date of the payment or receipt cannot be pinpointed



# Hedging Tools

## Options

- Provide protection from adverse rate fluctuations
- Allow opportunity to benefit from favorable market movements
- Structure can be customized
- Suitable for contingent situations



A topographical map of North America, including Canada, the United States, and Mexico, centered on the continent. The map shows various geographical features like mountains, rivers, and coastlines. The title "Canadian Treasury Management" is overlaid on the map.

# Canadian Treasury Management



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# Bank Account/Relationship Best Practices

## ■ Options

- Local account with Canadian Bank
- vs. Special Cross Border Account
- vs. Multicurrency account

## ■ Considerations

- Complexity
- Managing multiple bank relationships
- Local borrowing needs
- Centralized vs. local treasury
- Transaction initiation and account visibility (information reporting)
- Risk assessment
- Costs

## ■ Best practices

- Banks have an important role here in providing tools for enhanced visibility, better decision-making and increased control.



# Overall TM services for Canada

## Online Access

|                    |                |                   |               |
|--------------------|----------------|-------------------|---------------|
| Current Account    | Account Images | Wholesale Lockbox | ACH           |
| Branch Deposits    | Transfers      | Tax Payments      | Positive Pay  |
| Real Time Balances | Stop Payments  | Wire Transactions | Bill Payments |

## E-Commerce

File Transmission- Account Images, Lockbox Images

Previous Day Balance Reporting Options: BAI, MT940, MT950

Intra-day Balance Reporting: MT942

Electronic Advice of Return Items



# Recent Canadian Treasury Management Updates

## ■ CPA Payments Strategy

- *Vision 2020*, the Payments Strategy, was approved by the CPA Board of Directors on February 18, 2010
- Starting now and over the next decade, the CPA will promote electronic payments and drive efficiencies in payments

## ■ Wire Payments Initiatives

- Cross border wire payment must contain full details (remitter/beneficiary) to satisfy AML/ATF regulations.
- The information provided will be shared with Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) where required by law.
- The information may also be subject to the laws of any jurisdictions the wire payment passes through in order to be processed

## ■ Preauthorized Debits (PAD's)

- Changes introduced effective June 2008, transition period ended February 28, 2010
- Payor's Agreement with mandatory elements, to be approved by sponsoring FI
- Electronic Agreements must include a commercially reasonable process to be approved by sponsoring FI
- Summary of key changes available on CPA website

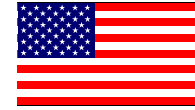


# Q&A





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# Exhibits



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**Exhibit I:**  
Canadian Banking System



# Canadian Banking System

Number of Commercial Banks – **77** (OSFI) vs. **7086** in the US (FDIC)

- Types of Banks under the Canada Bank Act
  - Schedule I (domestic) – 22
  - Schedule II (subsidiaries of foreign banks) – 26 – (e.g HSBC Canada)
  - Schedule III banks (foreign bank branches)
    - 22 –full-service (e.g. J P Morgan)
    - 7 - lending only (e.g. PNC Bank Canada Branch)
  
- Many US banks have partner relationships with Canadian banks to offer specialized cross border accounts that offer full or partial TM services for US companies operating in Canada

Source: Office of the Superintendent of Financial Institutions (OSFI), FDIC



# Big 5 Canadian Banks

| BANK NAME            | TOTAL ASSETS<br>USD mil | Mkt CAP USD mil as<br>4/19/2010 | Branches in Canada |
|----------------------|-------------------------|---------------------------------|--------------------|
| Royal Bank of Canada | 607,935                 | 86,660                          | 1,756              |
| Toronto Dominion     | 517,189                 | 65,240                          | 1,111              |
| Bank of Nova Scotia  | 460,846                 | 52,780                          | 1,019              |
| Bank of Montreal     | 388,458                 | 35,150                          | 902                |
| CIBC                 | 311,810                 | 28,980                          | 1,071              |

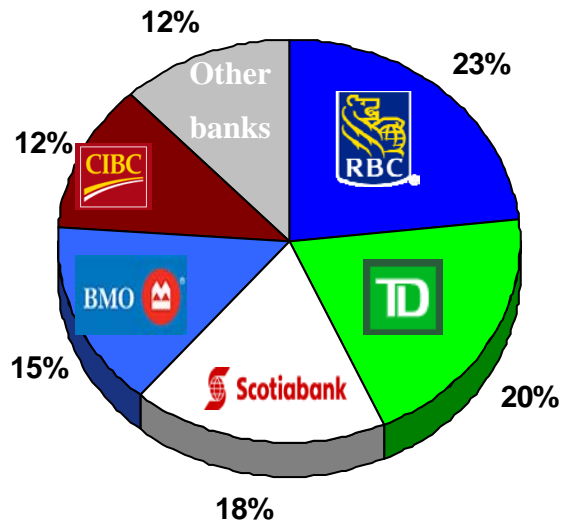


Chart: Top 5 Canadian Banks - % of banking total assets  
Source: BankScope, Annual Reports



# Representative Office

- 29 foreign bank representative offices
- Simplest form
- Can not actually carry on banking business in Canada
  - i.e., no booking or transacting capability in Canada
  - permitted only to promote the services of the parent bank
- Limited regulatory oversight



# Schedule II Banking Subsidiary

- 26 foreign-owned Schedule II bank subsidiaries
- Separately capitalised with a minimum of \$5 million of equity capital
- Have all the banking powers of the domestic banks (the Schedule I banks)
- Legal Lending Limit driven by the Canadian capital base
  - Never more than 100% of regulatory capital; ideally less than 25% of capital
  - Commitments in excess of 50% of capital are permitted but discouraged
- Essential for banks having a retail strategy
  - Must obtain CDIC insurance to raise significant amounts of retail-sized deposits (i.e., deposits of less than \$150,000 or its equivalent in other currencies (even though CDIC does not insure foreign currency deposits))
  - Banks may opt out of CDIC coverage, provided they do not pursue retail-sized deposits
- Corporate Governance
  - Board of directors of at least 7 individuals
  - At least half of the directors must be resident Canadian citizens
  - Not more than two-thirds of the directors may be affiliated with the bank (“affiliated” includes having a significant commercial interest in, or arrangement with, the bank)
  - Not more than the higher of 15% of directors or 4 directors may be employees of the bank or of a subsidiary of the bank
  - The CEO must be resident in Canada (not necessarily a Canadian citizen)
  - Must have an Audit Committee and a Conduct Review Committee



## Schedule III Full Service Branch

- 22 foreign bank full service branches in Canada
- All the powers of a separately capitalised bank, except:
  - Can not raise retail-sized deposits - exemptions are available and include:
    - small amounts aggregating up to 1% of total deposits;
    - deposits from companies with gross revenues in excess of \$5 million; and
    - accounts necessary to facilitate certain business activities (lending, FX dealing, dealing in securities)
  - Not permitted to obtain CDIC deposit insurance
- Lending limit driven by the capital base of the parent bank
- Only 95% of interest expense is deductible for tax purposes
  - Remaining 5% is a proxy for the absence of a local equity base
  - Special rules for deductibility of inter-company interest, for withholding taxes & income taxes
- Corporate Governance
  - No board of directors
  - Same regulatory oversight as for a Schedule II bank
- Capital equivalency deposit



# Schedule III Lending Branch

- 7 foreign bank branches
- Can only make loans
  - Not permitted to raise deposits except wholesale-sized deposits from banks and from certain institutions
  - i.e., no deposit-raising from large corporate clients; generally must fund from off-shore
- Less restrictive regulatory regime
- Lending limit driven by the capital base of the parent bank
- Only 95% of interest expense is deductible for tax purposes
  - Remaining 5% is a proxy for the absence of a local equity base
  - Special rules for deductibility of inter-company interest, for withholding taxes and income taxes
- Capital equivalency deposit





## Exhibit II: Hedging Strategies



# Strategies-Rolling Hedge Program

## **Reduces Rate Volatility while still providing the flexibility to take advantage of favorable CAD movements**

- By partially hedging against future exposures, then adding to forward positions until achieving a complete hedge, a company will realize a blended rate that will incorporate favorable rate movements, and smooth out the negative impact of CAD volatility.

## **Partially Protects Profit Margin**

- If CAD weakens, a company will not absorb the full impact of a weaker-than-expected CAD.
- If CAD strengthens, a company will still be able to benefit from a stronger CAD.



# Strategies-Rolling Hedge Program

## Summary:

- Ideal when there is uncertainty in forecasting exposures
- Valuable tool when there is substantial market volatility
- Systemically layers in exposures over time, to dollar cost average total underlying exposure



# Strategies-Participating Forward

## Description:

- Like a forward, there is typically no upfront cost
- A Participating Forward provides 100% protection against unfavorable currency fluctuations, while allowing a company to participate in favorable currency movements
- Participation rate must be less than 100%, typically 50%



# Strategies-Participating Forward

## Advantages:

- Typically structured with a zero cost
- Preserves the ability to execute better than the current forward if market conditions permit
- Unlimited upside
- FASB 133 friendly

## Considerations:

- Obligated to execute 50% at the worst case rate



## Strategies-Participating Forward

### Example:

- *Assume Sale of CAD 500,000 at a strike of 1.0300 for participating fwd*
- If, at expiry, CAD has weakened to a spot above 1.03, the company sells 100% at 1.03
- If, at expiry, CAD has strengthened to a spot below 1.03, the company is obligated to sell CAD 250K at 1.03. The company can then sell the remaining CAD 250K at the more favorable current rate.





## **Exhibit III:**

# Canada v. US Treasury Management Side by Side Comparison



# Account Services

|                          | US   | Canada   |
|--------------------------|--|----------|
| Canadian dollar accounts | <ul style="list-style-type: none"> <li>Not standard</li> <li>Cross border accounts with Canadian correspondents</li> </ul> | Standard |
| US dollar accounts       | <ul style="list-style-type: none"> <li>Standard</li> <li>Cross border accounts in US\$</li> </ul>                          | Standard |
| ZBA                      | End of day   | Same     |
| Multicurrency Accounts   | Multicurrency accounts in various currencies (e.g. Canadian, Euro, Yen, Peso, Pound Sterling)                              | Same     |

**Other:** Canada unlike the US, Canada offers interest on business chequing accounts

**Best practice:** Multicurrency or Cross Border Accounts with your US Financial Institution for most needs



# Check/Cheque Clearing

|                        | US   | Canada  |
|------------------------|--|---|
| Funds availability     | Float –zero to three days  | No float, same day availability for domestic currency (across 5 time zones)   |
| Check clearing process | <ul style="list-style-type: none"> <li>▪ Fragmented and complex network</li> <li>▪ Federal Reserve</li> <li>▪ Clearing Houses (e.g. SVPCO)</li> <li>▪ Direct sends (correspondents)</li> <li>▪ Image exchange dominating the check clearing process</li> </ul> | <ul style="list-style-type: none"> <li>▪ One centralized cheque clearing system- The Automated Clearing Settlement System ACSS is used for clearing cheques, ACH and EDI</li> <li>▪ 6 clearing centers across Canada</li> <li>▪ 11 direct clearing banks + the Bank of Canada</li> <li>▪ The US Dollar Bulk Exchange (USBEX) is a parallel system to the ACSS used to clear U.S. dollars</li> </ul> |
| Check value            | No limit   | \$25,000,000 limit  |

**Other:** Post dated Cheques in Canada lockbox; No cheque conversion to ACH in Canada (e.g. ARC)

**Best practice:** ACH/EFT



# Receivables

|                | US   | Canada   |
|----------------|--|--|
| Lockbox        | <ul style="list-style-type: none"> <li>• Extensive use</li> <li>• Many options</li> <li>• Several US banks offer nationwide networks</li> <li>• Top US collection sites : Dallas, Boston, Chicago, Atlanta, Pittsburgh, Charlotte (Phoenix Hecht – 2009)</li> <li>• Some banks can process CA\$ and other foreign items in lockbox</li> <li>• Many lockbox banks have multiple post office deliveries per day</li> </ul> | <ul style="list-style-type: none"> <li>▪ Primarily used to reduce internal administration costs</li> <li>▪ The big 5 Canadian banks offer nationwide lockbox services</li> <li>▪ Sites: Vancouver, Calgary, Winnipeg, Toronto (primary), Montreal, Halifax</li> <li>▪ Lockboxes can collect both US\$ and CA\$ items</li> <li>▪ Canada Post delivers once per day</li> <li>▪ Mail time to US from 9-10 days</li> </ul> |
| Depository     | <ul style="list-style-type: none"> <li>• Restricted to bank footprint</li> </ul>   | <ul style="list-style-type: none"> <li>▪ Nationwide banking</li> </ul>   |
| Remote Capture | <ul style="list-style-type: none"> <li>• Check 21</li> <li>• Remote Deposit solutions</li> </ul>   | <ul style="list-style-type: none"> <li>▪ TECP – Truncation and Electronic Cheque Presentment cancelled</li> </ul>  |

**Best practice:** Many US companies take advantage of lockbox to offer a collection address in Canada, to reduce CA – US mail/clearing float, and to outsource the payment processing of receivables



# Disbursements

| Types                                   | US   | Canada  |
|---|--|---|
| Controlled Disbursement                 | Commonly offered   | <ul style="list-style-type: none"> <li>▪ Not applicable</li> <li>▪ No float – same day availability</li> </ul>  |
| Account Reconciliation/<br>Positive Pay | <ul style="list-style-type: none"> <li>▪ Full and partial recon</li> <li>▪ Various positive pay options</li> <li>▪ Payee Positive Pay</li> </ul>   | <ul style="list-style-type: none"> <li>▪ Partial and full recon</li> <li>▪ Positive Pay more common</li> <li>▪ Payee Positive Pay emerging</li> </ul>   |
| ACH/EFT                                 | <ul style="list-style-type: none"> <li>▪ Automated Clearing House ACH payments</li> <li>▪ Formats: Multiple</li> <li>▪ NACHA rules</li> <li>▪ Remittance information (CCD, CTX)</li> <li>▪ Debit blocks</li> </ul> | <ul style="list-style-type: none"> <li>▪ Electronic Funds Transfer (EFT) payments</li> <li>▪ Formats: Inter-bank proprietary or CPA 005</li> <li>▪ CPA Standard 005</li> <li>▪ No Remittance info: cleared thru ACSS</li> <li>▪ EFT debit block emerging</li> </ul> |
| EDI                                     | North American (ANSI) standard   | Same –payments cleared thru ACSS and addenda cleared thru Netpay  |
| Wire                                    | <ul style="list-style-type: none"> <li>▪ All sizes of payments to ensure payment finality</li> <li>▪ Fed and CHIPS</li> </ul>  | <ul style="list-style-type: none"> <li>▪ Same</li> <li>▪ Large Value Transfer System-LVTS</li> </ul>  |
| Purchasing Cards                        | <ul style="list-style-type: none"> <li>▪ Widely used</li> <li>▪ Some banks offer CAD\$ p-cards</li> </ul>  | <ul style="list-style-type: none"> <li>▪ Not as widely used; however emerging</li> </ul>  |

**Other:** Canada can process US\$ EFTs

**Best practice:** Use positive pay and electronic payments method vs. paper, explore International ACH



# Balances

|   | US   | Canada  |
|---|--|---|
| Daily Consolidation of bank account balances  | ZBA  | <ul style="list-style-type: none"> <li>▪ ZBA</li> <li>▪ Notional Pooling for interest</li> </ul>  |
| Credit balances on business checking accounts | <ul style="list-style-type: none"> <li>▪ Interest Not available – (Reg Q)</li> <li>▪ Sweep account</li> <li>▪ Earnings Credit</li> </ul> | <ul style="list-style-type: none"> <li>▪ Interest available</li> <li>▪ No automated Sweep</li> <li>▪ Earnings Credit not available</li> </ul> |
| Debit Balances                                | <ul style="list-style-type: none"> <li>▪ Overdrafts not allowed</li> <li>▪ Overdraft fees</li> <li>▪ Credit facility</li> </ul>          | <ul style="list-style-type: none"> <li>▪ More common business practice</li> <li>▪ Debit interest is charged</li> </ul>                        |

**Best practice:** Optimize resources and tools to ensure your capital is working for you in both countries



# Information Reporting

| Reporting                      | US   | Canada                               |
|--------------------------------|--|--------------------------------------|
| Online information reporting   | Internet based   | Same                                 |
| BAI Reporting                  | Available (can work with Treasury Management software) | Same                                 |
| EDI reporting                  | Available – North American (ANSI Standard)             | Same                                 |
| Swift reporting                | Available  | Same                                 |
| Multibank reporting            | Available  | Same                                 |
| Online image availability      | Available  | Same                                 |
| Availability Balance reporting | Float+Available = Ledger                               | Available = Ledger on CND\$ accounts |

**Best practice:** Integration of US, CA and foreign bank reporting into one portal (BAI, EDI, SWIFT)

