

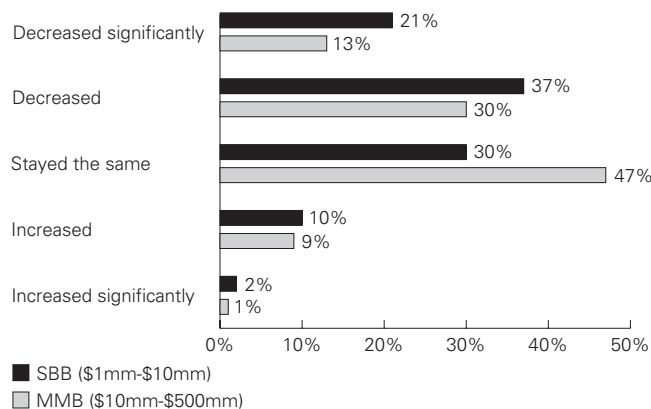
Amid Credit Crisis, U.S. Businesses Seek Out Strongest Bank Brands

June 2009

Concerns about the health and reliability of U.S. banks have become such a pressing issue for small and mid-sized companies that the strength and reputation of individual bank brands are becoming as important as price and product quality when these companies choose a new bank.

Small and Middle-Market Companies Lose Faith in Their Banks

Percent of Companies Whose Level of Trust in Their Bank(s) has Increased/Decreased Over the Past 6 Months

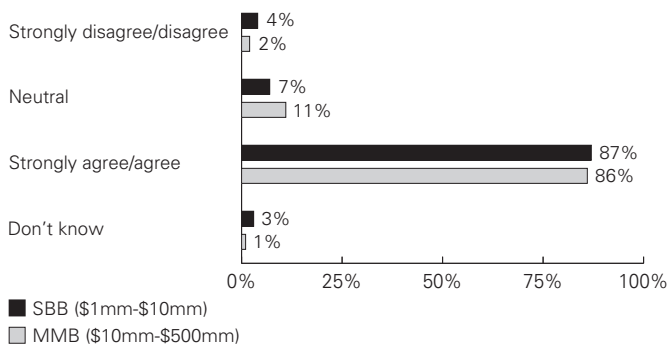


Source: Greenwich Market Pulse V31.

Following sharp cutbacks in bank lending and amid lingering concerns about the solvency of U.S. financial institutions, more than half of small businesses and 40% of middle market companies say they have lost trust in their banks. More than 85% of executives at small businesses and middle market companies agree that the current situation represents nothing less than a crisis of confidence in the nation's banking sector.

Banking Breakdown: A True Crisis of Confidence

Percent of Companies That Agree/Disagree About Financial Services Companies Facing a Crisis of Trust Among Their Clients at the Present Time



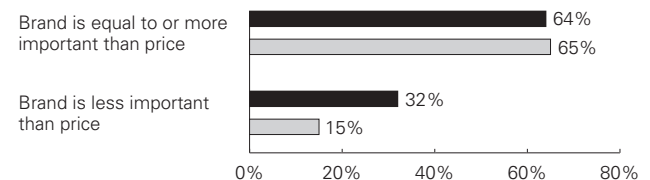
Source: Greenwich Market Pulse V31.

With confidence breaking down, two-thirds of small business and middle market executives say they have begun choosing banks based on their perceptions of banks' reputations and overall brand strength, as opposed to product quality or price. Fewer than 20% of decision makers at small and middle market companies say they currently look at specific products before brand when choosing a financial services provider, and 80% say directly that the strength of a bank's brand is equally or more important than its product offerings.

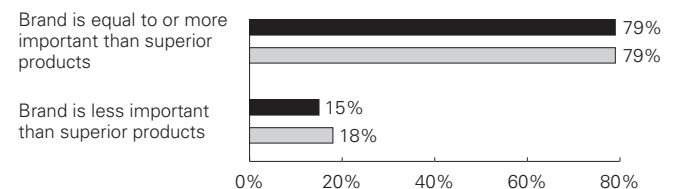
"These findings demonstrate just how severe the breakdown in trust has become in commercial banking," says Greenwich Associates consultant Steve Busby. "Only one-third of companies now say that price is the most important factor when picking a bank, and only 20% of companies say they would choose a bank with a weak or damaged brand — even if it had superior products."

Companies Focusing on Strength of Brand When Selecting Banks

Brand vs. Price



Brand vs. Products



Source: Greenwich Market Pulse V31.

Wells Fargo and BB&T Buck the Trend

Virtually all U.S. banks have seen their reputations suffer among small businesses and middle market companies. Greenwich Market Pulse research reveals only two exceptions: Of the 18 banks evaluated in the U.S., only Wells Fargo and BB&T have improved their reputations according to the majority of companies over the past year. As the accompanying charts illustrate, Wells Fargo and BB&T were the only U.S. banks to garner net positive ratings when small and middle market cor-

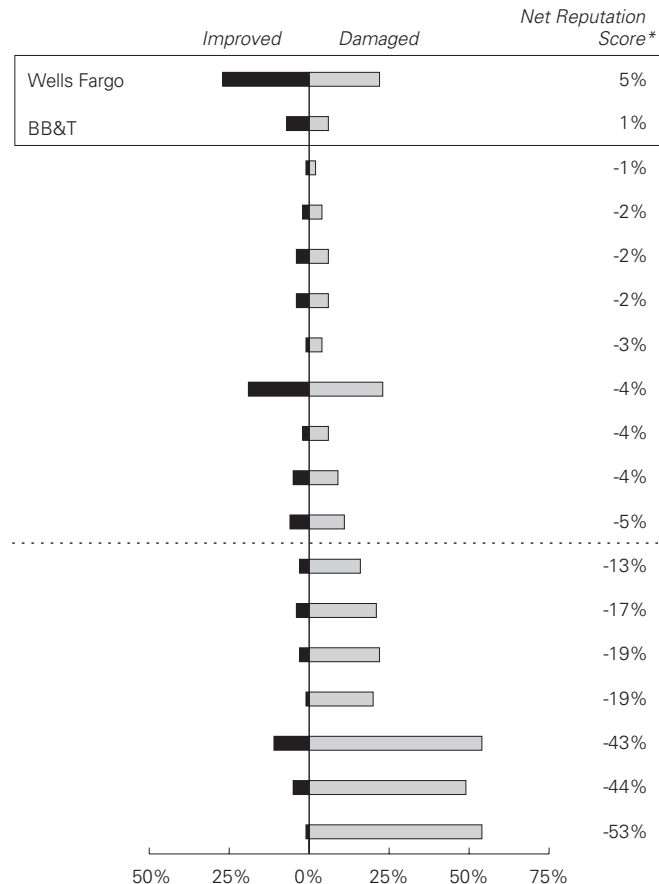
porations were asked to assess whether the banks' reputations had been damaged or improved over the past year.

"The banks making the headlines do not go unnoticed by commercial clients, and some of the negative news is proving to be quite damaging to banks' overall reputation," says Steve Busby.

The research results show that while the reputations of almost all U.S. banks have taken a hit, a handful of bank brands have sustained the most major damage among small businesses and middle market companies. In particular, the reputations of national banks have suffered; as most had more companies saying that the banks' brand had been damaged as opposed to strengthened due to the events of the past 12 months. "Overall, however, the crisis has been agnostic in terms of size," says Greenwich Associates consultant Jesse Neumyer. "Large regionals, small regionals, nationals — all but a few — lost trust among a significant share of small and middle market companies."

Change in Bank Reputation Among Small Businesses

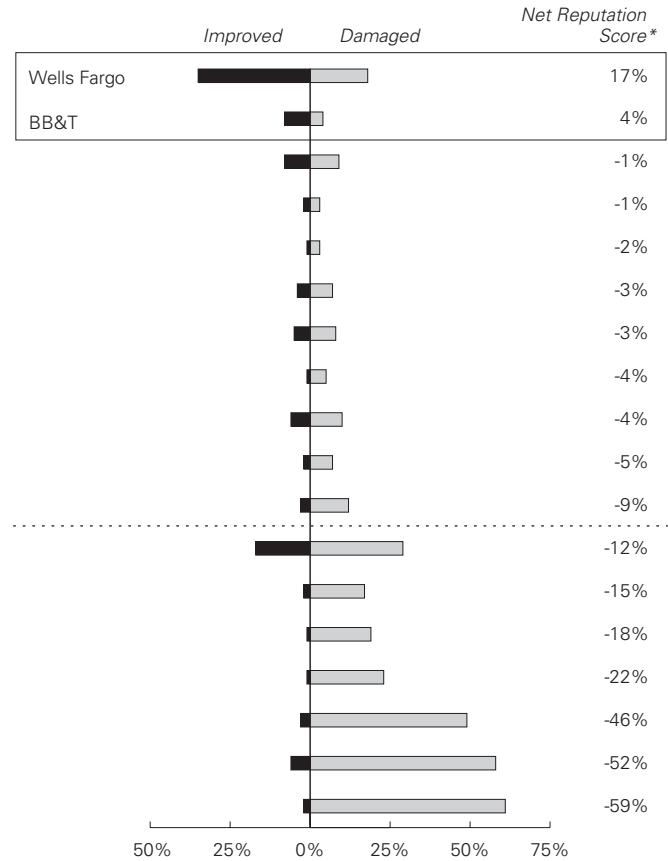
Percent of Companies That Think Banks Have Improved or Damaged Their Reputations Over Last 12 Months



Source: Greenwich Market Pulse V31. *Net score is %Improved - %Damaged. Each line above represents one of the top 20 banks in the U.S.

Change in Bank Reputation Among Middle Market Companies

Percent of Companies That Think Banks Have Improved or Damaged Their Reputations Over Last 12 Months



Source: Greenwich Market Pulse V31. *Net score is %Improved - %Damaged. Each line above represents one of the top 20 banks in the U.S.

Greenwich Associates consultant Chris McDonnell notes that companies see little cause for optimism in government programs designed to shore up the balance sheets of the nation's banks. "Only 13% of small businesses and 16% of middle market companies think the government TARP program has been successful at stabilizing the financial system," he concludes.

Restoring Reputations

What can banks do to restore their reputations and win back the trust of their small and middle market corporate clients? Greenwich Associates has used the results of its detailed research to determine the specific factors that drive bank reputation and brand image — and perhaps more importantly, the specific factors that have damaged bank brands among executives at these companies. To obtain more should be taking to reverse the reputational damage suffered in the crisis to date, please contact Chris McDonnell or Jesse Neumyer at 203.629.1200 or ContactUs@greenwich.com.

The small and middle market corporate executives that participated in this Greenwich Market Pulse did not hesitate to provide some very direct advice to banks about what

they can and should be doing to shore up their reputations and repair relationships with their corporate clients. The following comments came from study participants asked how banks can improve their brand reputations:

- “Stop trying to nickel-and-dime their loyal customers just because banks made bad business decisions and are now desperate in their attempts to raise capital. Now is the time the banks should go out of their way to help their small business clients, not try to tighten the screws on them.”
- “Maintain good customer contact; keep customers informed about bank policy changes and roll out new products and services. Realize that many customers may need banks now more than ever to be competitive and when they economy recovers, they may go elsewhere if they feel they haven’t been treated fairly.”
- “Be proactive and remember that relationship lending is based on a solid, open relationship and knowledge is still more important than just numbers.”
- “Meet with their business customers to discuss their current situation and lending needs and explain to owners what resources are available if business needs a loan or line of credit. Their long-term clients need to be reassured the banks will help them if needed.”
- “Work with their customers for long-term solutions rather than forcing them into drastic actions (i.e., bankruptcy) due to being inflexible and drawing lines in the sand.”

- “Remember that how you are treated in the lean times is not forgotten in the good times.”

Steve Busby, Jesse Neumyer, Chris McDonnell, Don Raftery, Pete Garrison, and David Fox advise on banking in the United States.

Methodology

Greenwich Associates surveys approximately 30,000 financial decision makers at small (\$1–\$10 million) and mid-size (\$10–\$500 million) companies six times a year in the United States.

This study was conducted in April 2009 and includes responses from 750 companies.

About Greenwich Associates

Greenwich Associates is the premier strategic consulting and research source for providers and users of institutional financial services worldwide. Founded in 1972, Greenwich Associates provides institutional financial services firms and those who participate in its research with accurate, systematic management information that helps them meet their global business needs.

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