

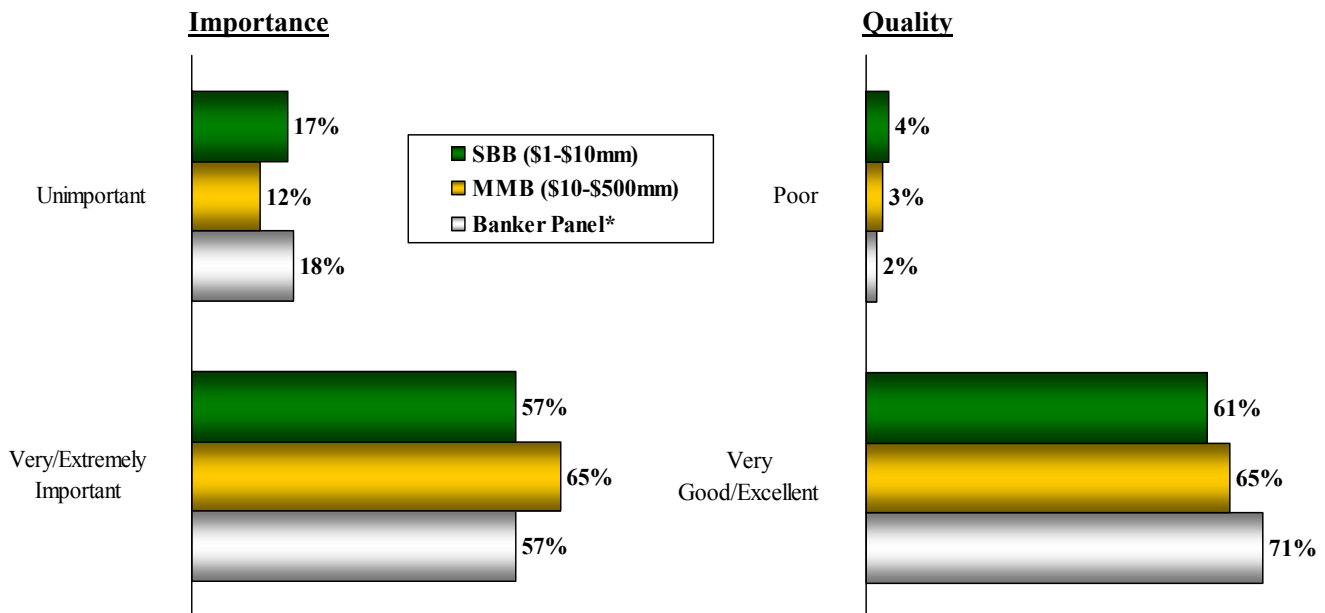
Importance and Quality of Banks' Risk Management Practices

Greenwich Insights – Summary of Key Findings – Risk Management

Our latest Greenwich Business Forum exposes a high degree of concern by both small and mid-sized company executives about their banks' risk management practices, especially in this time of financial stress. At the same time, relatively few company executives are highly satisfied with the quality of their banks' risk management practices.

- Nearly two-thirds of both small and mid-sized company executives believe their banks' risk management practices are *important* or *very important* to their business.
- There is a meaningful educational gap between the banks' actual capabilities and companies' perceptions. Company executives should ask questions about the policies during regularly-scheduled relationship meetings with their bankers.
- Bankers tend to underestimate the importance and overestimate the quality of their risk management practices.

“How would you rate your bank’s overall risk management practices?”



* Data based on perceptions of bankers who participated in the quarterly *American Banker* Executive Forum panel.

What is does risk management mean in the minds of commercial customers?

Respondents are most concerned with “bank-level” risk, such as credit policy, risky lines of business, changing CEOs, etc. Additionally, they are worried about the risks their banks are taking on from loose underwriting standards in the past that can come back to big loan losses, to exposure on real estate, and to off balance sheet capital markets products that are risky and difficult to quantify.

About Greenwich Business Forum

- Greenwich Business Forum is an online panel of over 30,000 financial decision makers at small (\$1–\$10 million) and midsize companies (\$10–\$500 million) in the United States.
- Regular research topics include: economic outlook, business compensation, insurance, credit/loan pricing, and other topics impacting strategic and management issues.
- For additional information, please visit www.greenwichbusinessforum.com or contact Sara Hayes at shayes@greenwich.com or (203) 625-5174