



ESG Risk in The Banking Sector

Webcast: March 24, 2009

Today's Presenters

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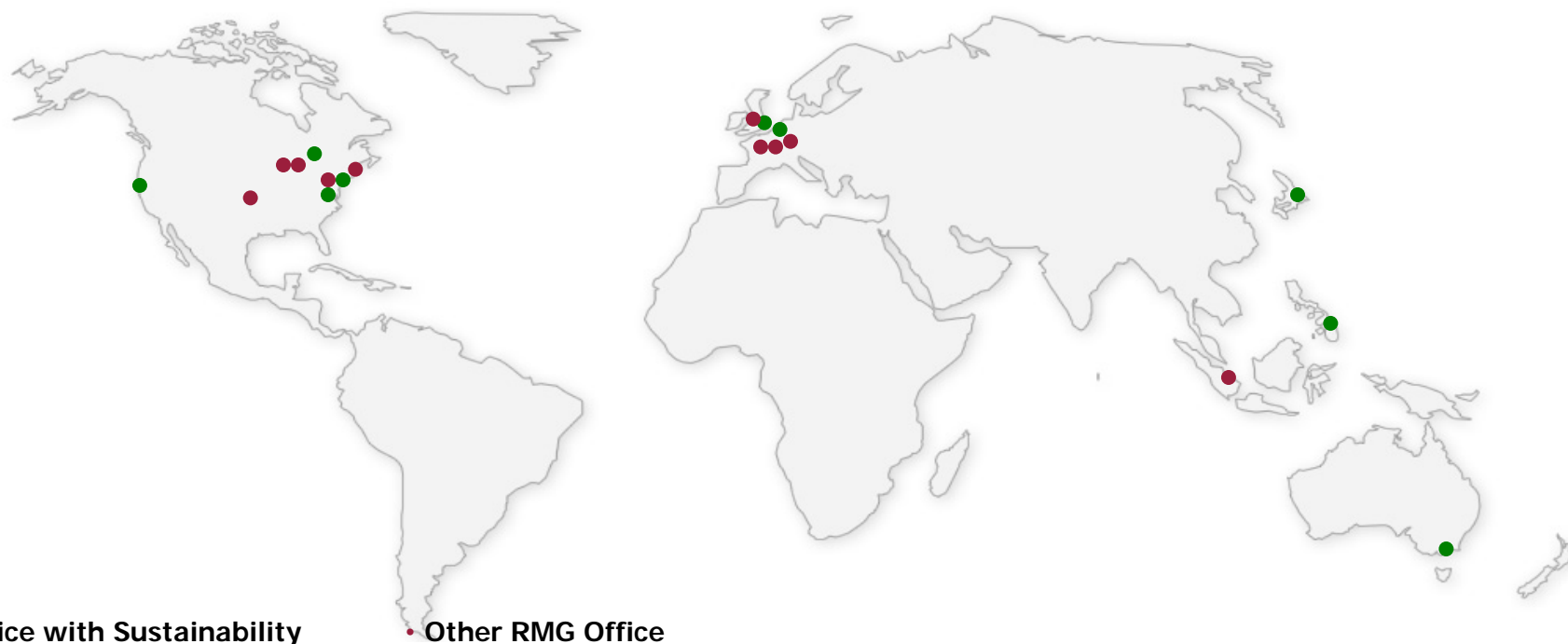
RiskMetrics Sustainability team comprises **90+** full time staff

Analysts are located in close proximity to the markets that we cover, with staff in Brussels, London, New York, San Francisco, Toronto, Manila, Paris, Australia and Tokyo.

The sustainability team is further supported by a global research team of **225+** analysts

Key advantages of the RiskMetrics sustainability research team:

- Research is able to develop a deep understanding of the legal and regulatory climates in which companies operate
- RiskMetrics employs **thought leaders** across topic areas
- Clients have access to the research team



What Makes the Innovest Approach Different

Focus on Risk, Not Value Judgments

- Performance on environmental, social, and governance issues is viewed as sources of risk or competitive advantage, not as a basis for moral judgments

Size and Financial Sophistication of Analyst Team

- 50+ team, largest dedicated team in this field in the world
- Analysts include alumni of J.P. Morgan, Barclays Global Investors, Lehman Brothers, Deutsche Bank

Disciplined, Research-intensive Process

- In-depth analysis of each industry's competitive dynamics precedes company-specific assessments
- Company research is intensive, interactive, and includes real-time interviews with company officials – no questionnaires

In-depth Industry and Issues Knowledge

- Many analysts have industry backgrounds – eg. TotalFina Elf, ABB, General Electric; 60+ sector profiles
- Detailed knowledge of emerging ESG issues – climate change, clean technology, biotech, nanotech

Quantitative Rigor

- Proprietary, sector-specific risk algorithms; factor weightings driven by empirical stock market research and risk models

Our Goal When We Analyze Banks

To provide concrete data about:

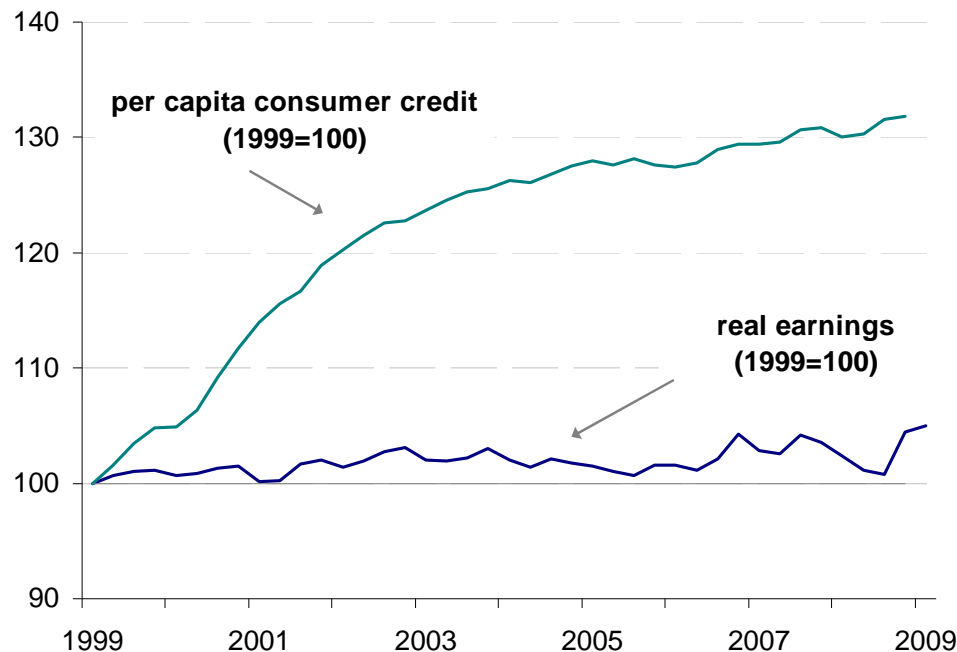
- Which banks are exposed to what risks and to identify the banks that are best positioned to capitalize on emerging opportunities
- What are the consumer assets that banks are exposed to? How many of these borrowers are overstretched or underbanked?
- What is the ESG risk intensity of each bank's corporate finance portfolio?

The Tightrope At the Bottom of the Pyramid

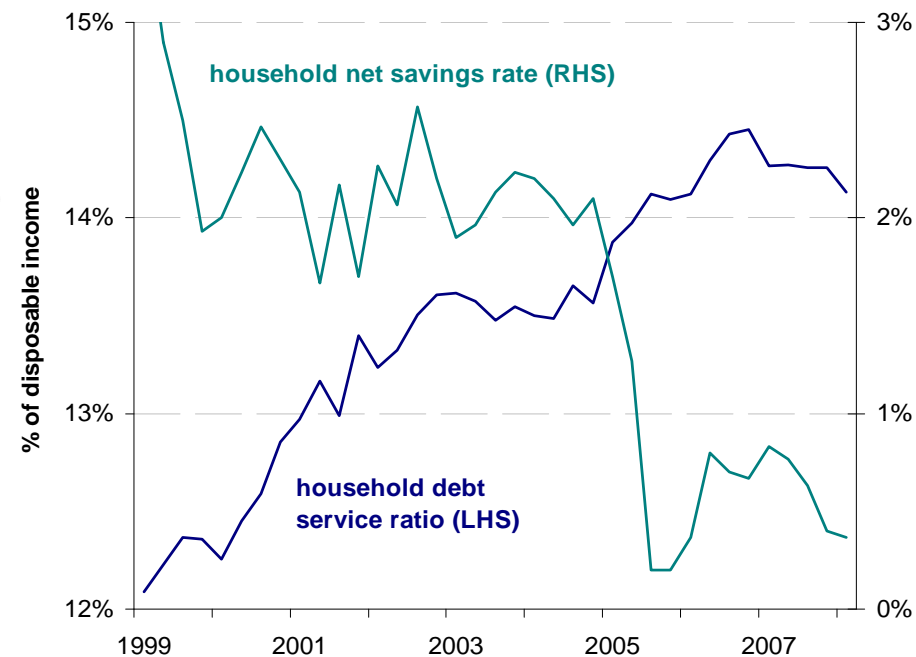
Banks are now willing to lend to consumer demographics that were previously untouchable... For better or for worse.

The Warning Signs in the US

Real Wages vs. Consumer Credit Growth

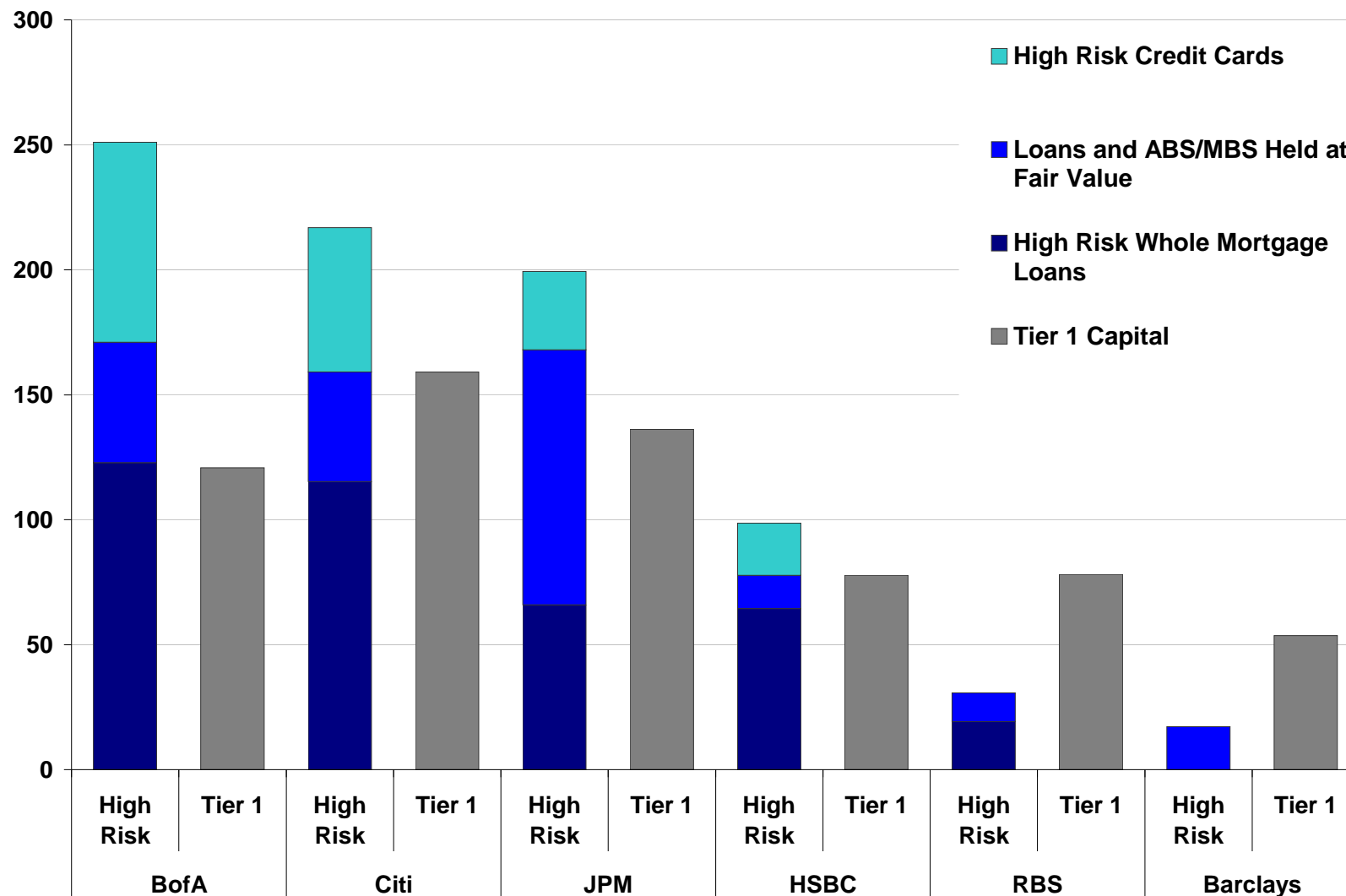


Household Savings Rate vs. Debt Service Ratio



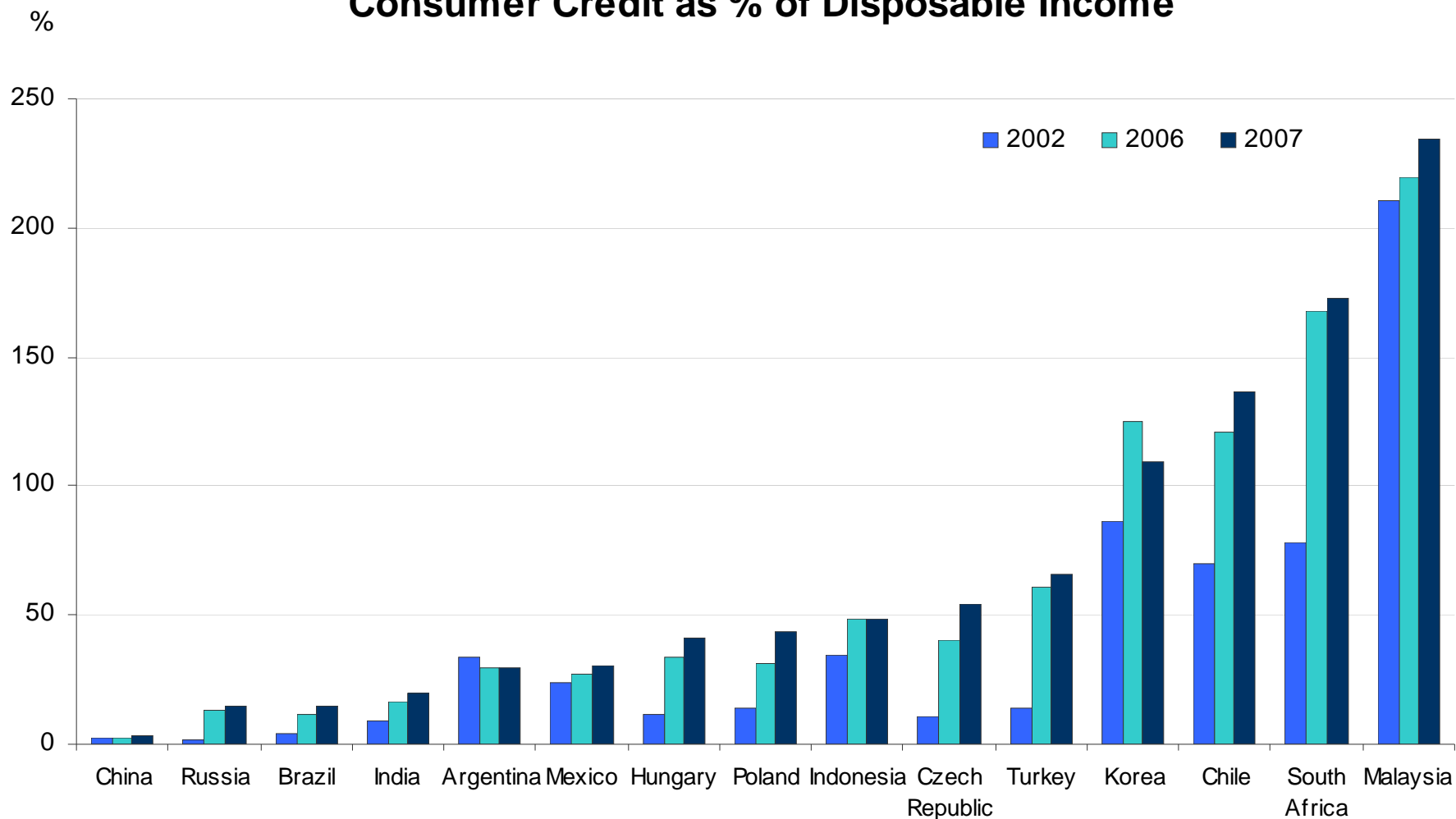
High Risk Consumer Exposure vs. Tier 1 Capital

USD bn



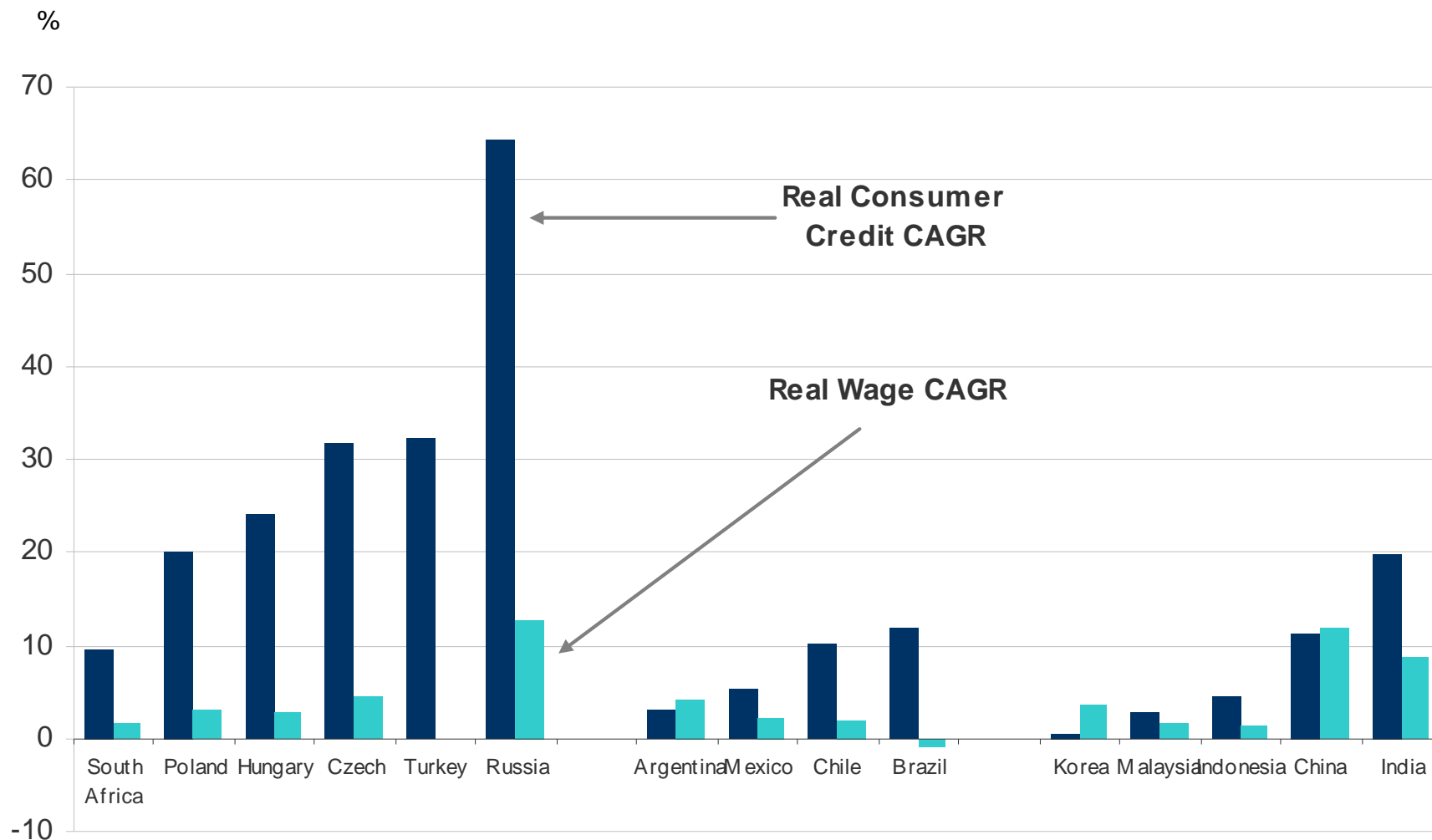
Consumer Credit Growth in Emerging Markets

Consumer Credit as % of Disposable Income



Consumer Credit Growth in Emerging Markets

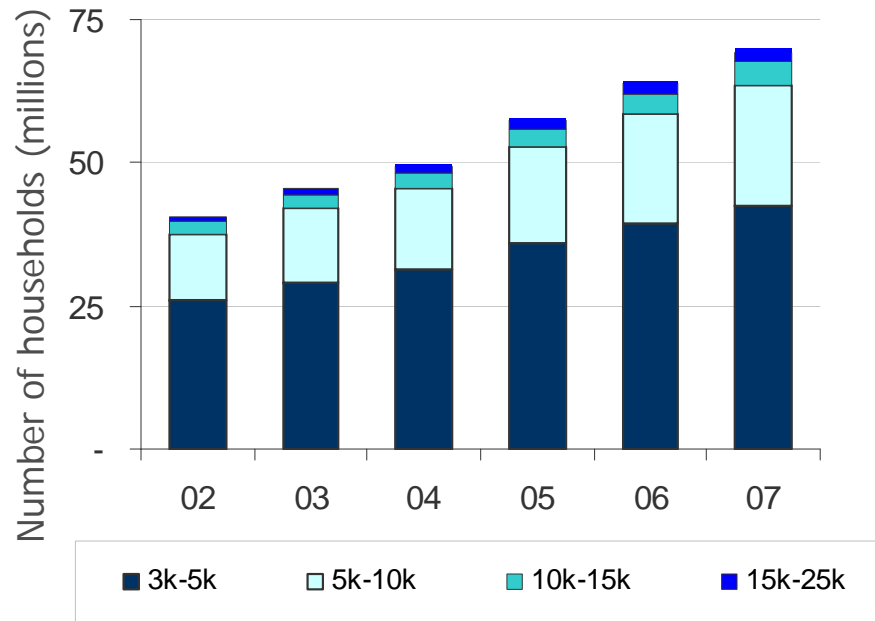
Consumer Credit Growth vs Wage Growth Since 2002



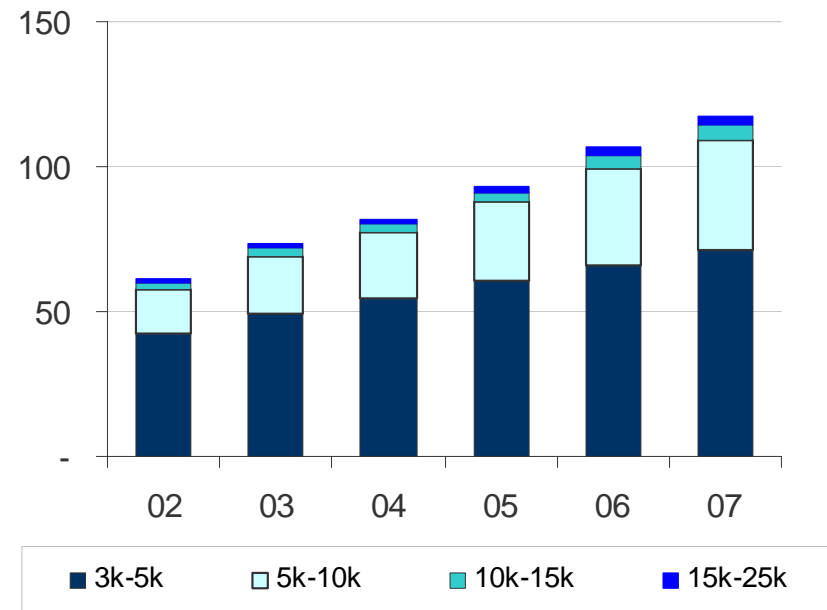


The Promise of Chinese & Indian Consumer Credit

India

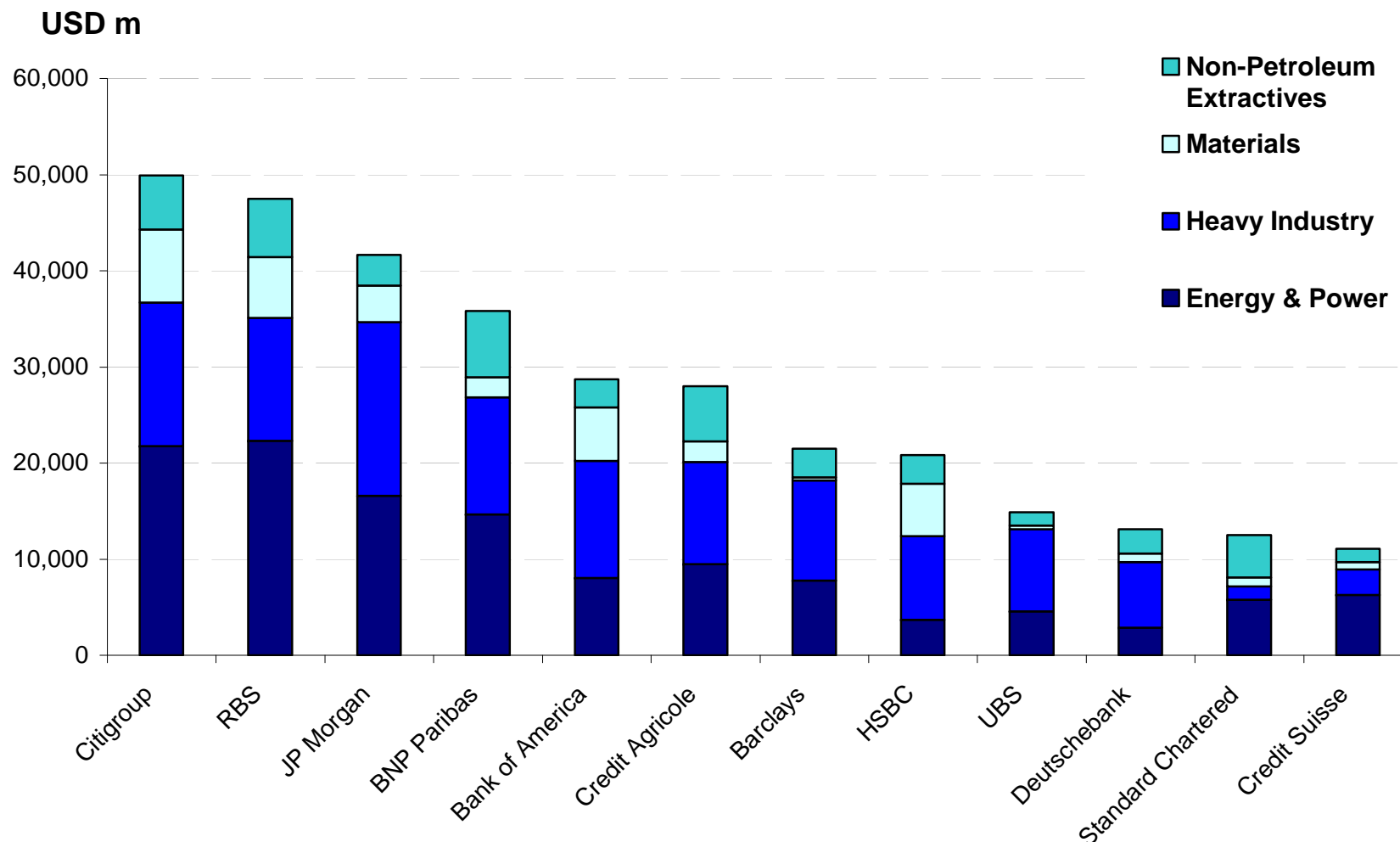


China



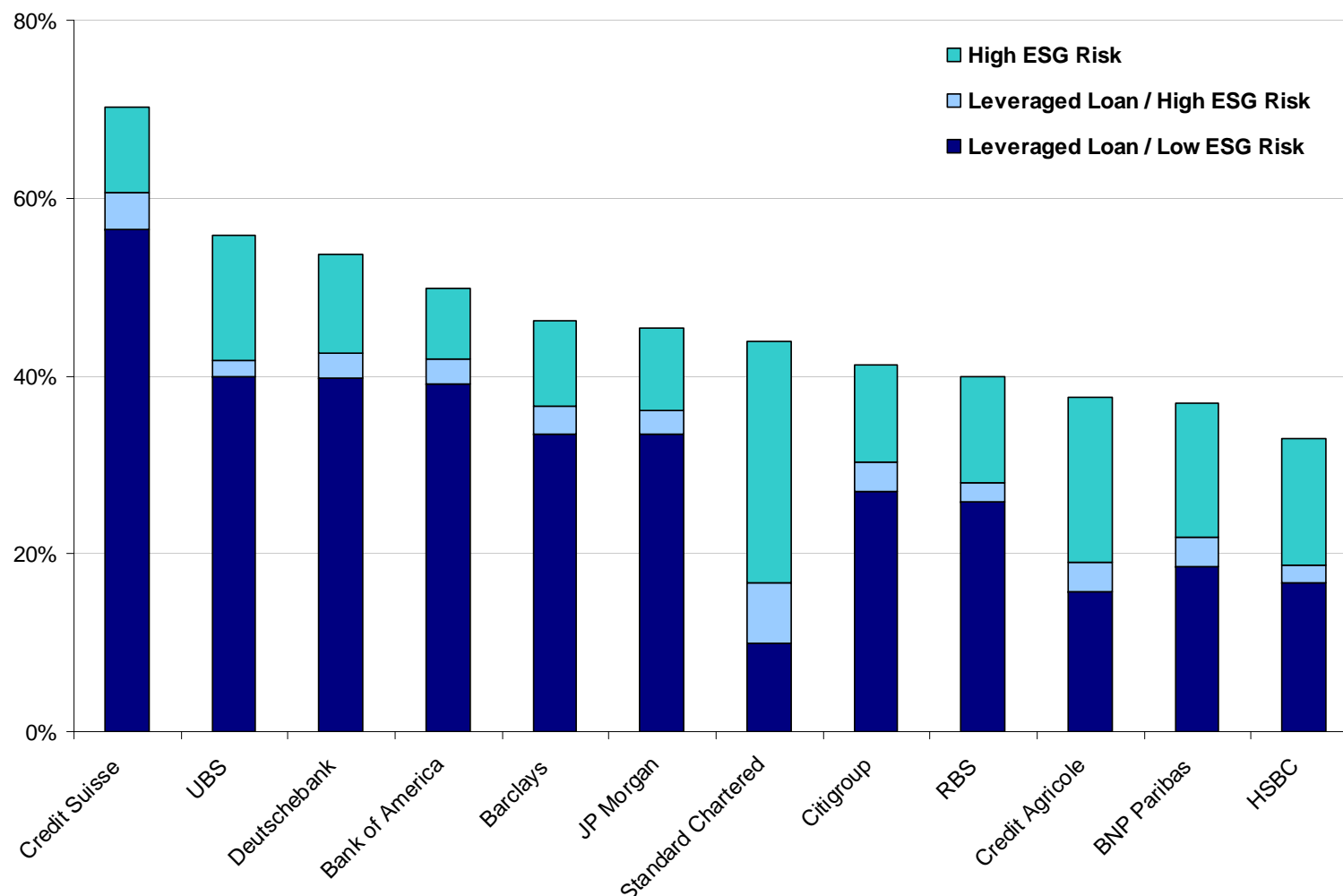
You Are What You Finance: Corporate Finance

High Risk Loans by High-Intensity Sector

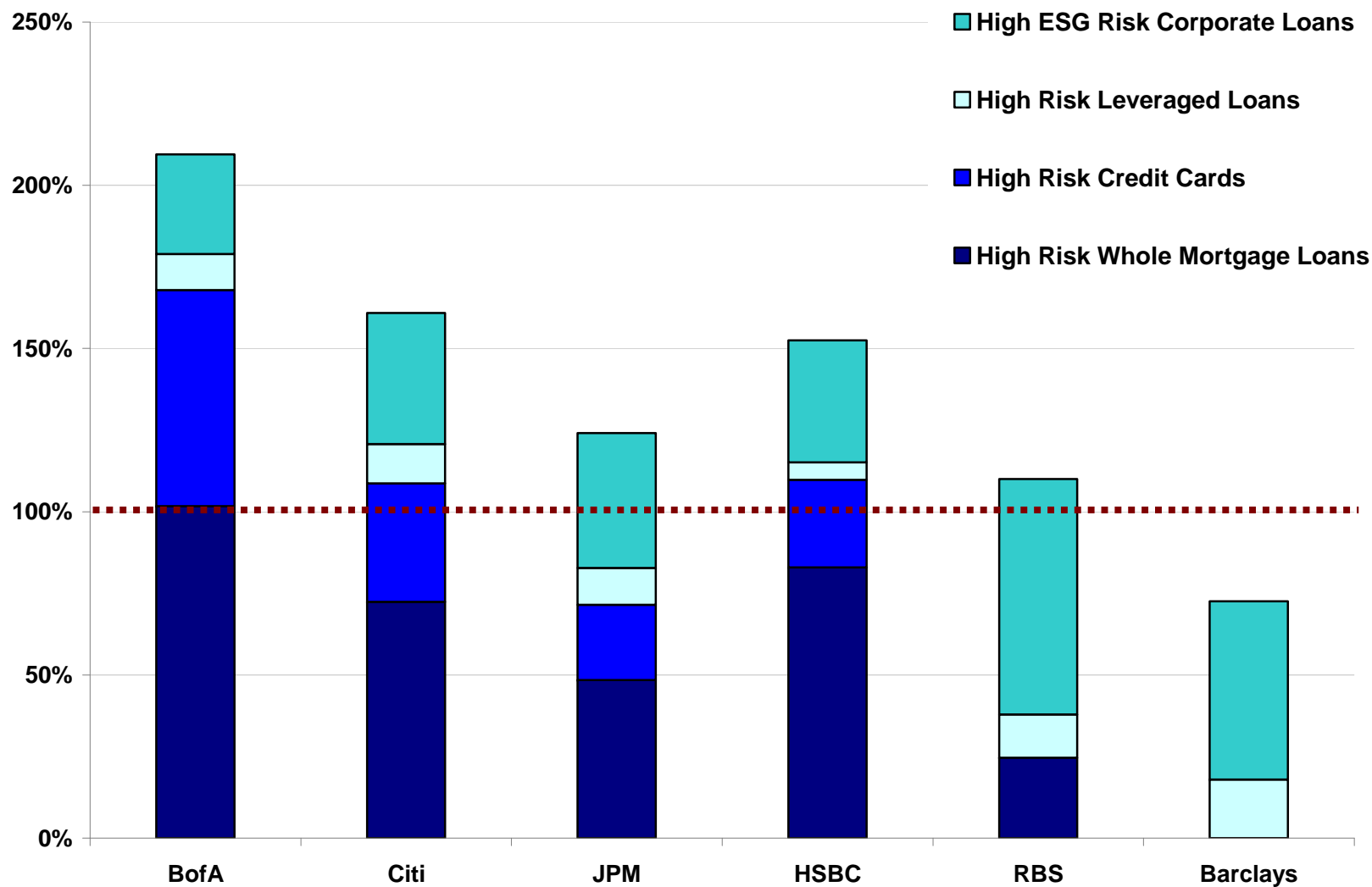


The Urgent vs. The Important in Corporate Finance

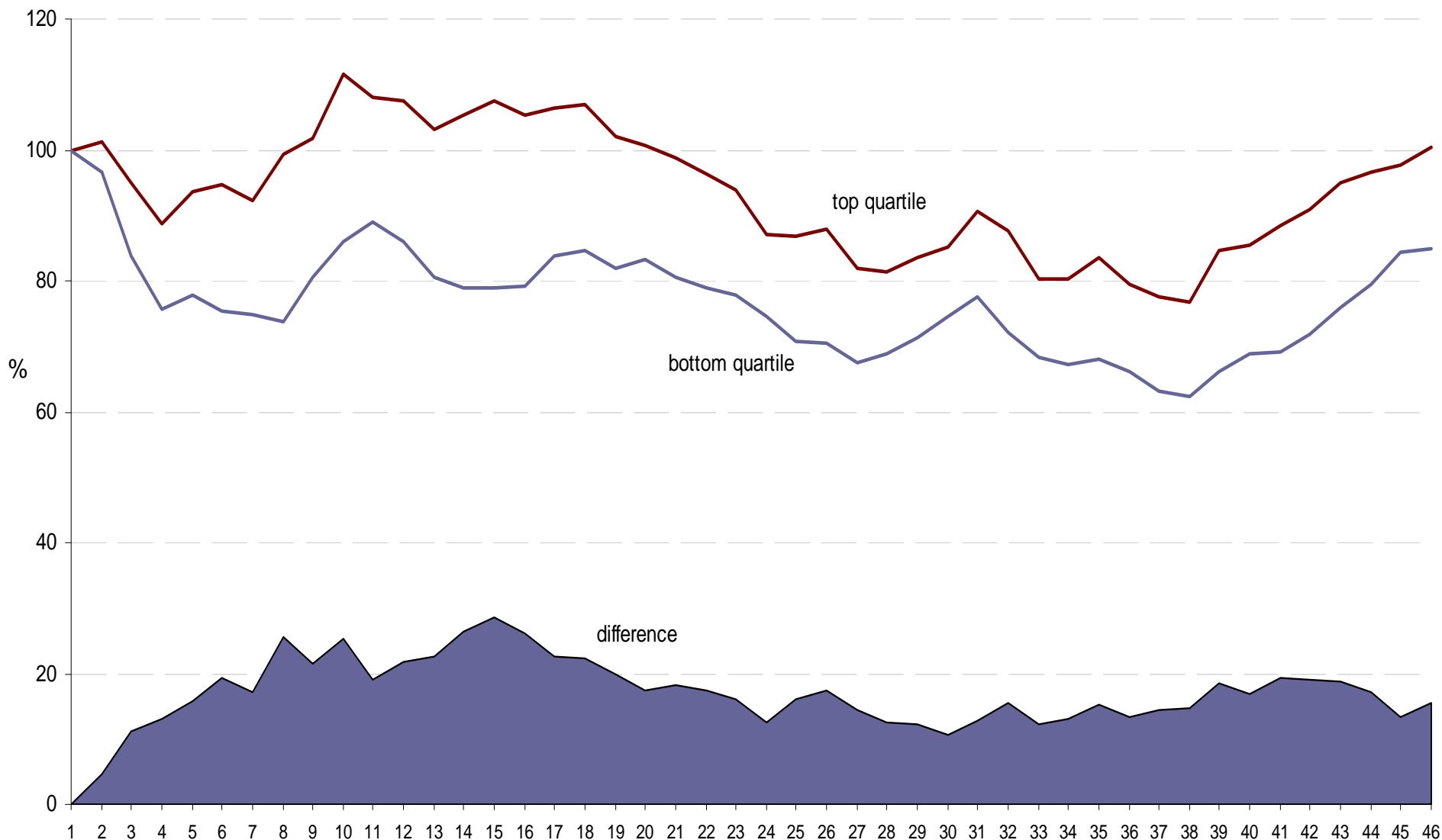
High ESG Risk and Leveraged Loans as % of Total Loan Volume



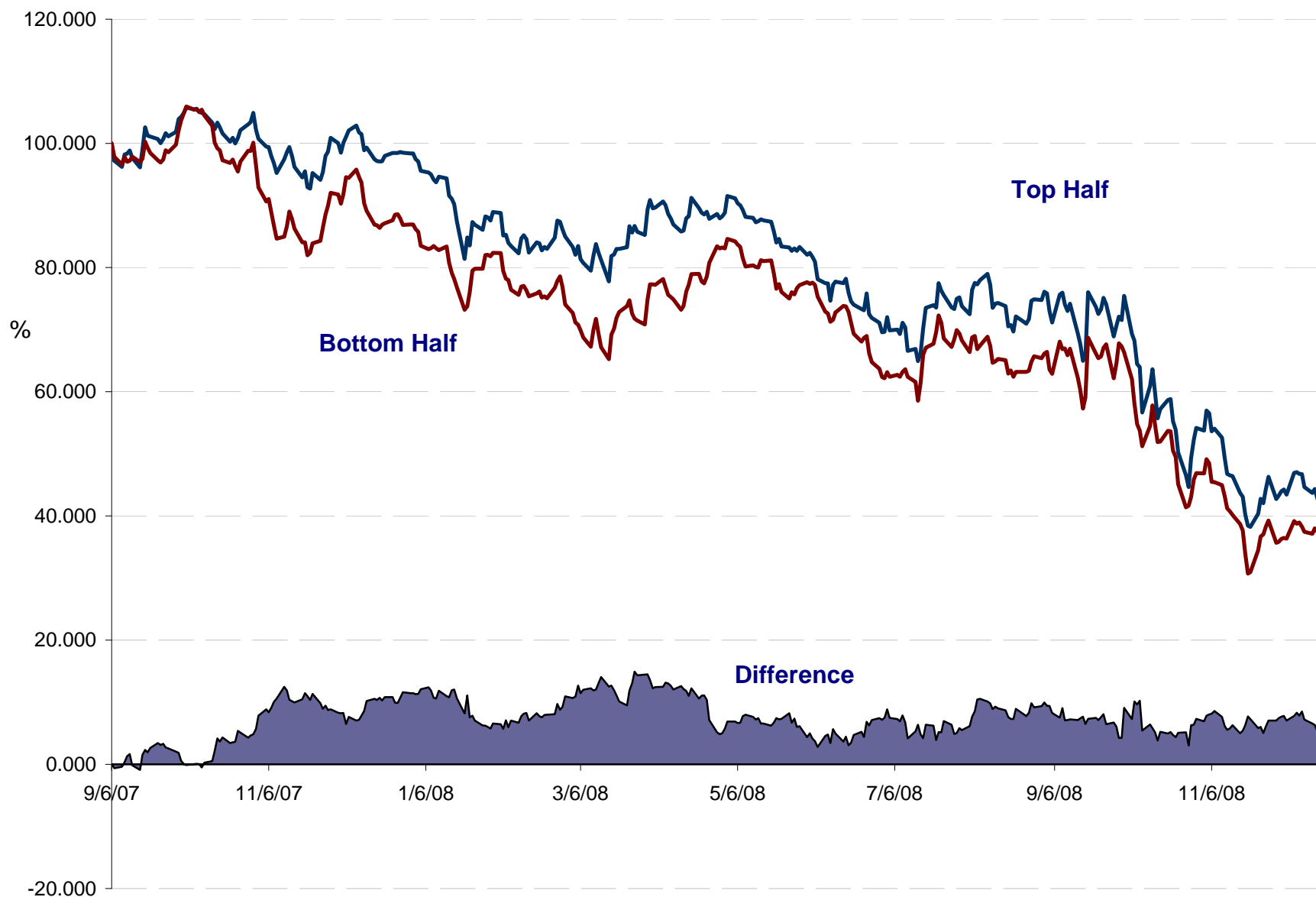
Total High ESG Risk Assets as % of Tier 1 Capital



Equity Yield Since 2009 Rating



Equity yield since 2008 rating



Please use the chat feature in the lower right corner of the screen to submit questions

For additional questions please contact:
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