



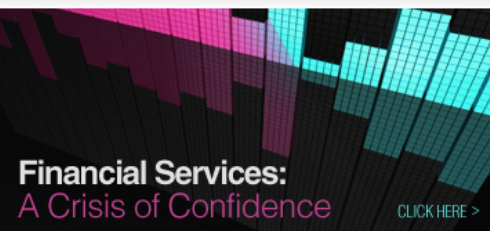
Moderated by:

*David Potterton, Global Head
of Research*

www.financial-insights.com

Financial Services A Crisis of Confidence

Webcast October 23, 2008



www.financial-insights.com

Webcast Logistics

- Audio lines are muted until Q&A session
- Submit your questions via the Live Meeting Chat window at any time (or audio at end)
- Slides available within 24 hours for Financial Insights clients
- All other requests:
 - Email sales@financial-insights.com
- Problems ?
 - Email dstark@financial-insights.com

Financial Insights Mission



- As the crisis continues to spread, Financial Insights' global team of analysts is tracking
 - How technology spending will be impacted as institutions merge, fail, or conserve capital to stay alive
 - The impact of future regulatory change on financial institutions and technology vendors
 - The bright spots in the industry
 - Steps financial institutions can take to learn from past mistakes

- FinSights Advisor Service Provides
 - Original, immediate, and pointed reviews of the current financial crisis as well as the other pressing technology and business challenges
 - Ongoing access to the analyst community

Today's Agenda



➤ Roundtable Discussion and Your Questions

- Global Perspective on Financial Crisis
- Implications: Banking, Capital Markets, Insurance
- Consequences for Technology Spending

➤ Introduction of Experts

➤ Banking Team

- Jeanne Capachin, VP Research, Banking
- Aaron McPherson, Practice Director, FinSights Advisor
- Patricia McGinnis, Research Director, Corporate Banking

➤ Capital Markets and Risk Mgt Team

- Dana Wiklund, Research Director, Risk Management
- Sean O'Dowd, Senior Analyst, Capital Markets

➤ Insurance Team

- Barry Rabkin, Senior Analyst, Insurance

➤ Regional Expertise

- Rob Burbach, Senior Analyst, Canadian Financial Services
- Michael Araneta, Research Manager, Asia/Pacific Banking
- Rachel Hunt, Research Manager, European Banking
- Trevor LaFleche, Senior Research Analyst, European Banking

Today's Global Roundtable Experts



Jeanne Capachin
VP Research
Banking



Aaron McPherson
Practice Director
Financial Services



Patricia McGinnis
Research Director
Corporate Banking



Dana Wiklund
Research Director
Risk Management



Sean O'Dowd
Senior Analyst
Capital Markets



Michael Araneta,
Senior Manager
Asia/Pacific
Banking & IT Benchmarking



Rob Burbach
Senior Analyst
Canada



Barry Rabkin
Senior Analyst
Insurance



Rachel Hunt
Research Manager
European Banking



Trevor LaFleche
Senior Research Analyst
European Banking

Introducing Our Moderator

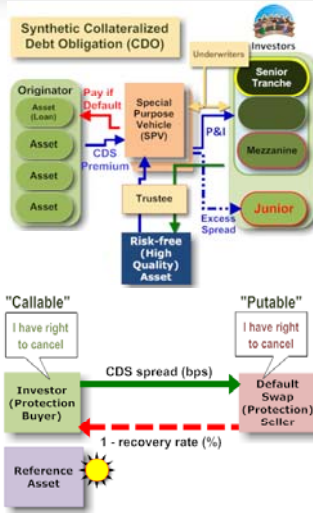
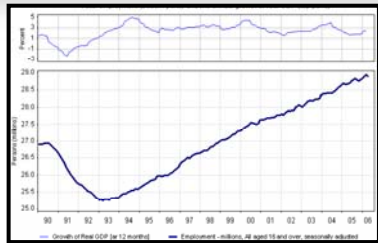


- David Potterton, Global Head of Research
 - Spearheads the research practices and drives Financial Insights' commitment to offering a balanced and reasoned analysis of the business, technology and operational issues within the financial services community
 - Experience in both domestic and wholesale banking, product development, business development, and product management
 - Extensive career at several high profile banks provides a practical and highly relevant perspective on the issues
 - JPMC, BankBoston, Wachovia, Bankers Trust, Manufacturer's Hanover Trust
 - Former Analyst at Meridien Research



And Now David Potterton

Sequence of events...



**Growing Economy
Wealth Effect**

**Increased
Homeownership
Speculation**

**Collateralized
Debt Obligations
Credit Default
Swaps**

**Economic
Slowdown
Overleveraged**

**Soft & Hard
Capital
Rationing**

Financial System

Expansion, competition, house values up, risk lapses, exotic securities, leverage, liquidity, insolvency

Human Nature

False wealth effect, increased consumption, money for nothing, record debt, bankruptcy

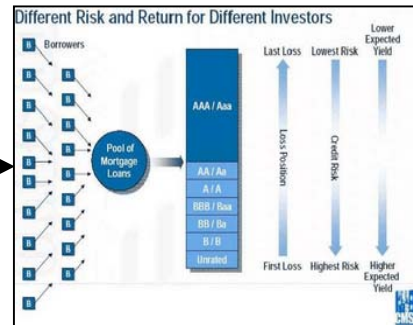
Governments Role

Low rates, Pressure on GSEs (government sponsored enterprises), lack of oversight, de-regulatory environment, capital pressure, bailout

Financial Crisis Cycle

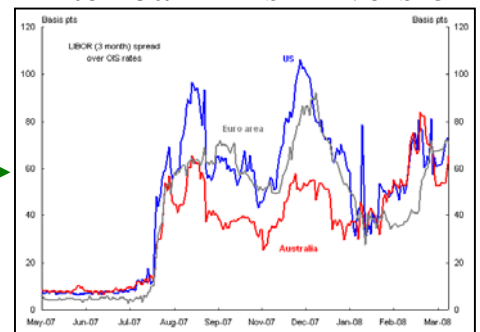
2. Higher Default Rates

Cash Flows with Securities

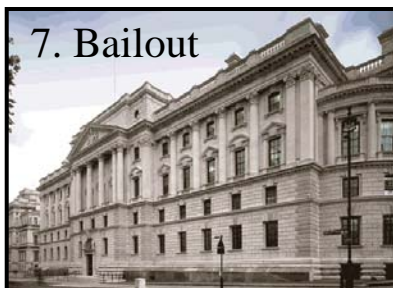


Mark to Market
Losses to Equity
Stress on funding

3. Bank Liquidity Issues
Bank Solvency Issues
Inter-bank Risk Aversion



Financial Injection
Banking System



7. Bailout

Equity Investments
Mid-Tier
Smaller
Banks

Lack of
Willingness & ability
to provide short term
funds

4. Credit Crunch
Liquidity Needs



Re-alignment
of funding sources

1. Leverage



Economically induced
Delinquency
Default

Tax Rebates
Stimulus

Securities
Devalued

Guarantying
Mergers
Acquisitions
Direct Lending

6. Recession – Payment Stress



Consumer
Payment
Pressure

5. Large
Corporations



5. Small Businesses



Working
Capital Pressure

Were there lapses in Risk Management?



- Consumers
Lead by market, consumers borrowed more than they could afford



- Banks
First line of defense on risk and credit policy



- Investment Banks
Significant financial leverage with exotic securities



- Regulators
Passive role over time with little reaction to massive run up in consumer debt



- Ratings Agencies
Gate keepers on bond ratings and underlying risk

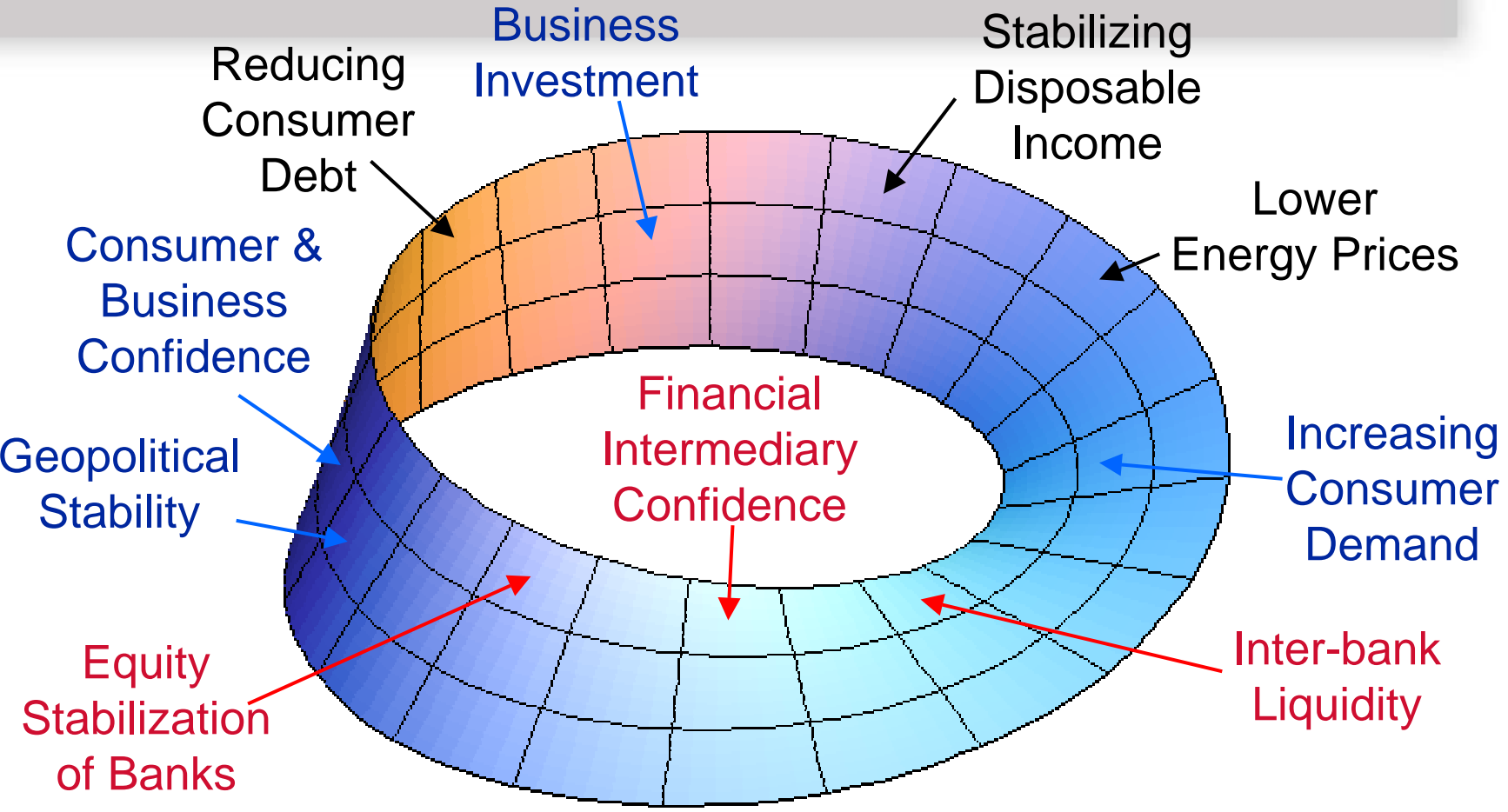


- Congress (U.S.)
Pressured GSEs (government sponsored enterprises) to increase volume with minimal regulatory capital



- Fannie Mae and Freddie Mac (GSEs)
Possessed analytic talent to understand the issues

What issues are priorities moving ahead?



The Möbius strip is a surface with only one side and only one boundary component. It has the mathematical property of being non-orientable.



Roundtable Discussion with the Team



Roundtable Discussion

1) Global Perspective on Financial Crisis

Roundtable Discussion

- 1) Global Perspective on Financial Crisis
- 2) Implications: Banking, Capital Markets, Insurance

Roundtable Discussion

- 1) Global Perspective on Financial Crisis
- 2) Implications: Banking, Capital Markets, Insurance
- 3) Consequences for IT spending



LIVE Questions? Chat Box or Audio



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VP Research
Banking



Aaron McPherson
Practice Director
Financial Services



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Research Director
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Senior Research Analyst
European Banking

Latest Research on the Credit Crisis

- Europe and APAC Implications from the U.S Credit Crisis
- Fight or Flight: The New Face of Banking and Its Impact on Spending
- The Impact on ICT Spending of the U.S. Financial System Meltdown
- Irrational Exuberance Turns to Irrational Despair: Merrill Lynch and Lehman Brothers
- Fannie Mae and Freddie Mac Takeover: A Short-Term Solution in an Industry with Longer-Term Issues
- CLS - Success Amid the Failure of Lehman Brothers
- Fannie Mae, Freddie Mac, and the Feds: What's Next for Mortgage Market Players?
- Improving Risk Management: Implementing a New Liquidity Management Solution
- New Regulations - The Impact on Institutions, Markets, and the FinTech Community
- The Bear Stearns Collapse and Implications in the U.S. Financial Services Industry

And Remember to Meet with Our Experts Onsite

- Financial Technology Insight Conference
 - Oct. 26-28 Jacksonville, FL
- FST Summit
 - Nov. 5-7 Miami, FL
- ISOTECH 2008
 - November 9-11, Las Vegas Rio All-Suite Hotel
- BAI Retail Delivery
 - Nov.18-20 Orlando, FL
- European IT Banking Summit
 - Nov. 12 Milan, Italy
- Road to Sustainability Briefing
 - Nov.13 New York City
- FinTech Asia 2009
 - Feb. 26-27 Singapore

Thank you for joining.

***Replay Link will be posted
within 24 hours***