



For Immediate Release

UPHEAVAL IN BANK BRANDING HIERARCHY AS TOP 500 FALL US\$218BN IN VALUE

Brand Finance plc, in association with The Banker Magazine, today launches the third edition of the BrandFinance® Global Banking 500 – a review of the top financial services brands in the world measured by both brand strength and brand value, as of 31st December 2008.

The overall drop in the top 500's brand value is US\$218.1 billion (down 32%) and the drop in market capitalisation is US\$3.9 trillion (down 51%). 209 of the brands present in last year's study have fallen out of the new 500. Notable exits include the bailed Fannie Mae and the bust Lehman Brothers whilst the salvaged Merrill Lynch (Brand Rating: BBB) and Wachovia (BBB) plummet by 30 and 59 places respectively. The five largest collapsed brands (Fannie Mae, Freddie Mac, Lehman Brothers, Northern Rock and Bear Stearns) had a combined market capitalisation of US\$109 billion and a brand value of US\$14.3 billion in last year's study.

HSBC's brand value fell 40% to US\$25.4 billion in 2009. Benefiting from being a truly global brand with a AAA+ Brand Rating, the geographic split of the 'World's Local Bank' has buffered its exposure to the credit crisis, spreading risk both globally and across all revenue streams.

Of the biggest risers in the league table, emerging market brands of India, South Korea and Turkey dominate. This highlights the global trend where banks from emerging markets such as Brazil, Russia, India and China seem less exposed to the global financial crisis than established markets.

David Haigh, CEO of Brand Finance commented:

"The World Bank in January 2008 said 'resilient emerging markets are cushioning the global economy amid the downturn'. Emerging market brands have significantly outperformed world brands in 2008. Many of the best known developed world banks have died in 2008. Some are walking dead awaiting a silver bullet before they finally go. Governments hold the gun. Strong brands can help some of the zombie brands return from the dead in 2009."

The Banker's editor Brian Caplen said:

"The financial crisis has obviously taken its toll on bank brand values and will make major international institutions focus heavily on their branding. Banks from key emerging markets have fared well and are starting to chase some of the traditional names of banking."

To download the BrandFinance® Global Banking 500, please [click here](#)

To download the full report please visit www.brandfinance.com

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EDITORS NOTES

Methodology Overview

The methodology employed by Brand Finance in the BrandFinance® Global Banking 500 uses a discounted cash flow (DCF) technique to discount estimated future royalties, at an appropriate discount rate, to arrive at a net present value (NPV) of the trademark and associated intellectual property: the brand value. The steps in this process are:

1. Obtain brand-specific financial and revenue data. The revenue is then segmented into the following revenue streams: retail banking, commercial banking, wholesale banking, insurance, asset management and credit cards.
2. Model the market to identify market demand and the position of individual banks in the context of all other market competitors. Three forecast periods are used:
 - Estimated financial results for 2008 using Institutional Brokers Estimate System (IBES) consensus forecast.
 - A five-year forecast period (2009-2013), based on three data sources (IBES, historic growth and GDP growth).
 - Perpetuity growth, based on a combination of growth expectations (GDP and IBES).
3. Establish the royalty rate for each bank. This is done by:
 - Calculating brand strength – on a scale of 0 to 100 – for each product and service area, according to a number of attributes such as brand presence, emotional connection, market share and profitability, among others.
 - Determining the royalty rate for each of the revenue streams mentioned in step 1.
4. Calculate future royalty income stream.
5. Calculate the discount rate specific to each bank, taking account of its size, geographical presence, reputation, gearing and brand rating (see below).
6. Discount future royalty stream (explicit forecast and perpetuity periods) to a net present value – ie: the brand value.

Royalty Relief Approach

Brand Finance uses the 'relief from royalty' methodology that determines the value of the brand in relation to the royalty rate that would be payable for its use were it owned by a third party. The royalty

rate is applied to future revenue to determine an earnings stream that is attributable to the brand. The brand earnings stream is then discounted back to a net present value.

The 'relief from royalty' approach is used for two reasons: it is favoured by tax authorities and the courts because it calculates brand values by reference to documented, third-party transactions; and it can be done based on publicly available financial information.

Brand Ratings

These are calculated using Brand Finance's BrandBeta® analysis, which benchmarks the strength, risk and future potential of a brand relative to its competitors on a scale ranging from AAA to D. It is conceptually similar to a credit rating.

The data used to calculate the ratings comes from various sources including Bloomberg, annual reports and Brand Finance research.

About Brand Finance plc

Brand Finance plc is the leading independent valuation advisory firm, which advises strongly branded organizations on how to maximize shareholder value through effective management of their intangible assets. Since it was founded in 1996, Brand Finance has performed thousands of brand valuations with an aggregate value in excess of US\$10 trillion.

Valuations are used for a wide variety of business purposes:

Technical:

- Balance sheet
- Tax
- Litigation
- Securitisation
- Licensing

Commercial:

- Strategy Formulation
- Budget Allocation
- Portfolio Management
- Brand Transition
- Brand Scorecards
- M&A / IPO
- Investor Relations

Our clients include international brand owners, tax authorities such as the IRS and HMRC, IP lawyers and investment banks. Our work is frequently peer-reviewed by the big four audit practices and our approach has also been accepted by the UK Takeover Panel.

Brand Finance is headquartered in London and has a network of international offices in Amsterdam, Athens, Bangalore, Barcelona, Cape Town, Colombo, Dubai, Geneva, Helsinki, Hong Kong, Istanbul, Madrid, Moscow, New York, Paris, Sao Paulo, Sydney, Singapore, Toronto and Zagreb.

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