2013 Greenwich Leaders: European Corporate Banking

February 2013

The European sovereign debt crisis has created a two-tiered market in corporate banking and cash management: Banks from troubled "periphery" nations are struggling under the weight of concerns about their financial strength while banks from the European "core" and the United Kingdom benefit from extremely low funding rates. Looming in the background for banks and companies alike is the knowledge that conditions could soon change as European banks begin to incur the costs of shoring up capital reserves to meet new Basel III requirements.

Breadth of Capabilities Gives Deutsche Bank Advantage

The results of Greenwich Associates annual European Large Corporate Banking Study show that Deutsche Bank took full advantage of this situation to further cement its position as the leading corporate bank in Europe. Deutsche Bank's status as the European leader derives from its strength in corporate banking, cash management and in the area of debt capital markets, which has emerged as a critical source of capital for European companies in the post-crisis marketplace.

Between 50% and 55% of all large European companies use Deutsche Bank and/or BNP Paribas for corporate banking. Both banks are tied for first place by market penetration. They are followed by RBS and HSBC, which are tied with market penetration scores of 46-47%, and Citi at 41%. These banks are the 2013 Greenwich Share Leaders in European Corporate Banking. Four of these firms, Barclays, Citi, Deutsche Bank and RBS, also share the title of 2013 Greenwich Quality Leader.

In cash management, Deutsche Bank shares the top spot with BNP Paribas and HSBC, each of which is used as a cash management provider by 30% of large European companies. RBS and Citi round out the top five with market penetration of 28-29%. These banks are the 2013 Greenwich Share Leaders in Large Corporate Cash Management. The 2013 Greenwich Quality Leaders in this category are BNP Paribas and Deutsche Bank. "Also receiving quality scores comparable with those of the market leaders was Bank of America Merrill Lynch, which gets high ratings from the companies included in its much more limited European customer base," says Greenwich Associates consultant Jan Lindemann.

Deutsche Bank creates some separation between itself and its pan-European rivals through its market-leading position in debt capital markets, in which it claims a commanding 35% market penetration. HSBC and Barclays tie for second with market penetration of 28%, followed by BNP Paribas, J.P. Morgan and RBS, which are tied with market penetration of 23-25%. These banks are the 2013 Greenwich Share Leaders in European Debt Capital Markets. Deutsche Bank claims the title of the 2013 Greenwich Quality Leader in European Debt Capital Markets.

Greenwich Leaders by Country

All major European corporate banks have as their foundations strong franchises in their home country markets. What sets the region's largest banks apart from other competitors is their ability to find success in other European countries as well. For example, BNP Paribas has established itself as a top corporate bank in Italy. With a market penetration of 80%, the bank ranks third overall, behind only Intesa SanPaolo at 96% and UniCredit at 86%. BNP Paribas also ranks third in large corporate cash management in Spain. In the domestic Swiss market, Deutsche Bank ranks third after Credit Suisse and UBS, with two-thirds of large companies in the country using Deutsche Bank for corporate banking.

"The strong performance of banks like BNP Paribas and Deutsche Bank in European countries outside their own home markets can be attributed to their commitment to building local presences capable of meeting companies' basic banking and cash management needs, and to the fact that these large players can bring to bear capabilities in debt capital markets and other areas that can't always be matched by local competitors," says Greenwich Associates consultant Dr. Tobias Miarka. This is particularly true in the Eurozone countries as U.K. and Nordic banks have aggressively protected their home markets.

Credit Conditions Improving, Bank Solvency Concerns Ebbing, Basel III Looming

Greenwich Associates research shows that large European companies are cutting back on the number of banks they use. During the financial crisis, concerns about bank counterparty risk and the need for credit prompted companies to expand and diversify their lists of bank providers. Over the past 12 months, company's concerns about bank counterparty risk have abated considerably — at least for banks not located in Europe's periphery countries. At the same time, credit conditions have been improving for most large European companies.

These two developments have allowed companies to resume efforts at creating efficiencies in banking and cash management by consolidating their business with a smaller number of banks. As they do so, Greenwich Associates is urging large European companies to consider each bank relationship carefully. The reason: Although most large European companies report improved access to credit, conditions could change as European banks begin moving to comply with Basel III capital rules. The implementation of stricter capital reserve requirements on European banks will increase the costs of bank credit. Furthermore, in response to the new rules, many large banks are altering their strategies. As part of this process, some banks will pull back from broad "market share" strategies and become more selective about when and to whom they will allocate capital and provide credit. "European companies should be aware of and be taking steps to prepare for structural changes that could increase costs and decrease the availability of bank credit," says Greenwich Associates consultant John Colon.

European companies have made one main change in corporate finance practices over the past several years: They have become much bigger users of the debt capital markets. Disruptions in bank credit supply during the financial crisis and historically low interest rates ushered in a period of record-breaking bond issuance by European companies. While this diversification of funding sources has been a positive for European companies as a whole, the development could contribute to the further bifurcation of the region's corporate finance markets. "With the implementation of Basel III," says Jan Lindemann, "companies in the stronger core markets of Europe are able to use bond issues to supplement or even replace loans if bank credit becomes too expensive. However, companies in periphery countries, which are far more likely to face disruptions in bank credit, might not have that same flexibility, particularly those with a high exposure to their domestic economies."

Consultants John Colon, Jan Lindemann and Dr. Tobias Miarka specialize in corporate and investment banking in Europe.

Methodology

Greenwich Associates conducted 3,125 interviews with financial officers (e.g., CFOs, finance directors and treasurers) at corporations and financial institutions with sales in excess of €500 million, including 1,625 with sales of at least €2 billion. Interviews were conducted throughout Belgium, Denmark, Finland, France, Germany, Italy, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, and the United Kingdom. Interviews took place from September through November 2012. Subjects covered included bank credit capabilities, domestic and cross-border advisory capabilities and equity underwriting capabilities. Cash management and debt capital markets capabilities were examined in separate interviews with corporate treasurers.

The findings reported in this document reflect solely the views reported to Greenwich Associates by the research participants. They do not represent opinions or endorsements by Greenwich Associates or its staff. Interviewees may be asked about their use of and demand for financial products and services and about investment practices in relevant financial markets. Greenwich Associates compiles the data received, conducts statistical analysis and reviews for presentation purposes in order to produce the final results.

Greenwich Share Leaders — 2013

European Large Corporate Banking Market Penetration

Bank	Market Penetration[1]	Statistical Rank
BNP Paribas	54%	1T
Deutsche Bank	53%	1T
The Royal Bank of Scotland	47%	3T
HSBC	46%	3T
Citi	41%	5

Note: Based on 595 respondents from top-tier companies.

European Large Corporate Cash Management Market Penetration

Bank	Market Penetration[2]	Statistical Rank
BNP Paribas	30%	1T
HSBC	30%	1T
Deutsche Bank	30%	1T
The Royal Bank of Scotland	29%	4T
Citi	28%	4T

Note: Based on 652 respondents from top-tier companies.

European Debt Capital Markets Market Penetration

Bank	Market Penetration[3]	Statistical Rank
Deutsche Bank	35%	1
HSBC	28%	2T
Barclays	28%	2T
BNP Paribas	25%	4T
J.P. Morgan	24%	4T
The Royal Bank of Scotland	23%	4T

Note: Based on 378 respondents.

Eurozone Large Corporate Banking Market Penetration

Bank	Market Penetration[1]	Statistical Rank
BNP Paribas	60%	1T
Deutsche Bank	59%	1T
UniCredit	46%	3
Commerzbank	43%	4T
HSBC	43%	4T

Note: Based on 372 respondents from top-tier companies.

Eurozone Large Corporate Cash Management Market Penetration

Bank	Market Penetration[2]	Statistical Rank
BNP Paribas	38%	1
Deutsche Bank	34%	2
UniCredit	32%	3
Commerzbank	29%	4
Citi	27%	5T
HSBC	25%	5T

Note: Based on 398 respondents from top-tier companies.

Note: Proportion of companies interviewed that consider each bank an important provider of: [1]corporate banking services; [2]corporate cash management services; [3]investment banking services. Top-tier companies include those with revenue and/or market capital in excess of €2.0 billion and larger foreign subsidiaries. Leaders are based on top 5 banks including ties. Source: 2012 European Large Corporate Banking Study, 2012 European Large Corporate Cash Management Study and 2012 European Debt Capital Markets Study

Greenwich Quality Leaders — 2013

European Large Corporate Banking Quality

Bank
Barclays
Citi
Deutsche Bank
The Royal Bank of Scotland

Note: Based on 595 respondents from top-tier companies.

European Large Corporate Cash Management Quality

Bank
Deutsche Bank
BNP Paribas

Note: Based on 652 respondents from top-tier companies.

European Debt Capital Markets Quality

Bank
Deutsche Bank

Note: Based on 378 respondents.

Eurozone Large Corporate Banking Quality

Bank
Deutsche Bank

Note: Based on 372 respondents from top-tier companies.

Eurozone Large Corporate Cash Management Quality

Bank
Deutsche Bank

Note: Based on 398 respondents from top-tier companies.

Note: Top-tier companies include those with revenue and/or market capital in excess of €2.0 billion and larger foreign subsidiaries. Leaders are cited in alphabetical order including ties. Source: 2012 European Large Corporate Banking Study, 2012 European Large Corporate Cash Management Study and 2012 European Debt Capital Markets Study

Greenwich Share and Quality Leaders — 2013

European Large Corporate Banking by Country

European Large Corporate Banking Market Penetration	Market Penetration	Statistical Rank
Belgium/Luxembourg (85)		
BNP Paribas	92%	1
ING	87%	2
KBC Bank	69%	3
Denmark (48)		
Nordea	88%	1T
Danske	85%	1T
SEB	42%	3
Finland (81)		
Nordea	96%	1
Danske	89%	2T
Pohjola	88%	2T
Germany (237)		
Commerzbank	84%	1T
Deutsche Bank	84%	1T
UniCredit	65%	3
Italy (103)		
Intesa SanPaolo	96%	1
UniCredit	86%	2
BNP Paribas	80%	3
The Netherlands (117)		
ING	80%	1
Rabobank	72%	2
ABN AMRO	68%	3
The Nordics[1] (398)		
Nordea	89%	1
SEB	67%	2T
Danske	65%	2T
Norway (124)		
DNB	88%	1
Nordea	86%	2
SEB	67%	3
Spain (26)		
Santander	92%	1
BBVA	85%	2
la Caixa	73%	3
Sweden (145)		
Nordea	87%	1
SEB	81%	2
Handelsbanken	70%	3
Switzerland (55)		
Credit Suisse	80%	1
UBS	75%	2
Deutsche Bank	66%	3
United Kingdom (206)		
The Royal Bank of Scotland	85%	1
Barclays	78%	2
HSBC	73%	3

European Large Corporate Banking Quality
Belgium/Luxembourg (85)
BNP Paribas
Denmark (48)
Nordea
Finland (81)
Nordea
Germany (237)
Deutsche Bank
Italy (103)
Intesa SanPaolo
The Netherlands (117)
ABN AMRO
ING
Rabobank
The Nordics[1] (398)
Nordea
Norway (124)
DNB
Spain (26)
BBVA
la Caixa
Santander
Sweden (145)
SEB
Switzerland (55)
Citi
Credit Suisse
UBS
Zürcher Kantonalbank (ZKB)
United Kingdom (206)
Barclays
HSBC
Lloyds
The Royal Bank of Scotland

Note: Numbers in parentheses reflect number of respondents. Market Penetration is the proportion of companies interviewed that consider each bank an important provider of corporate banking services. Country leaders are based on top 3 leading banks with sales of at least €500 million including ties. Quality leaders are cited in alphabetical order including ties. [1]Meaningful presence in three of the four Nordic countries was required for consideration. Source: 2012 European Large Corporate Banking Study

Greenwich Share and Quality Leaders — 2013

European Large Corporate Cash Management by Country

Greenwich Share Leader 2013

Greenwich Quality Leader 2013

European Large Corporate Cash Management Market Penetration	Market Penetration	Statistical Rank
Belgium/Luxembourg (88)		
BNP Paribas	75%	1
ING	65%	2
KBC Bank	49%	3
Denmark (48)		
Nordea	81%	1T
Danske	77%	1T
SEB	21%	3
Finland (82)		
Nordea	93%	1
Danske	70%	2
Pohjola	59%	3
Germany (236)		
Commerzbank	67%	1
Deutsche Bank	64%	2
UniCredit	44%	3
Italy (103)		
Intesa SanPaolo	82%	1
UniCredit	71%	2
BNP Paribas	58%	3
The Netherlands (134)		
ING	58%	1T
The Royal Bank of Scotland	55%	1T
ABN AMRO	42%	3T
Rabobank	39%	3T
The Nordics[1] (437)		
Nordea	66%	1
Danske	38%	2
SEB	34%	3
Norway (147)		
DNB	68%	1
Nordea	50%	2
Danske	27%	3
Sweden (160)		
Nordea	64%	1
SEB	58%	2
Handelsbanken	43%	3
United Kingdom (242)		
The Royal Bank of Scotland	63%	1
HSBC	55%	2
Barclays	50%	3

European Large Corporate Cash Management Quality
Belgium/Luxembourg (88)
BNP Paribas
KBC Bank
Denmark (48)
Danske
Nordea
Finland (82)
Nordea
SEB
Germany (236)
Deutsche Bank
Italy (103)
BNP Paribas
Deutsche Bank
Intesa SanPaolo
The Netherlands (134)
ABN AMRO
ING
The Nordics[1] (437)
SEB
Norway (147)
DNB
Sweden (160)
SEB
United Kingdom (242)
HSBC

Note: Numbers in parentheses reflect number of respondents. Market Penetration is the proportion of companies interviewed that consider each bank an important provider of corporate cash management services. Country leaders are based on top 3 banks with sales of at least €500 million including ties. Quality leaders are cited in alphabetical order including ties. [1]Meaningful presence in three of the four Nordic countries was required for consideration. Source: 2012 European Large Corporate Cash Management Study

The Greenwich Quality Leader℠ and Greenwich Share Leader℠ designations are determined entirely by the results of the interviews described above and do not represent opinions or endorsements by Greenwich Associates or its staff. Such designations are a product of numerical scores in Greenwich Associates' proprietary studies that are generated from the study interviews and are based on a statistical significance confidence level of at least 80%. No advertising, promotional or other commercial use can be made of any name, mark or logo of Greenwich Associates without the express prior written consent of Greenwich Associates.

GREENWICH ASSOCIATES

6 High Ridge Park Stamford CT 06905 USA

Tel: +1 203.625.5038/+1 800.704.1027 Fax: +1 203.625.5126 email: ContactUs@greenwich.com www.greenwich.com