



Products & Regions: FY11/FY10 trends

Our initial 'Ground Europe' 4Q11/FY11 Results Update, published on 18-Feb-12, outlined our high-level forecasts for what we believe will be the key areas in 2012. This report details FY11/FY10 product and regional revenue trends for 21 'Level 2' products¹. Highlights:

- The FX client-related revenue benefited from healthy volumes during 1Q-3Q11, though this was partly offset by tighter margins in 4Q11. Top players maintained their lead.
- US Treasuries had a mixed 2011: volumes – which peaked in 3Q11, despite weak investor interest in short-end in that particular quarter - were comfortably above FY10. The Tips market grew c.50% versus 2010. In EMEA, clients were active in the government bond market, with some seeing client revenues up 25%+. Not surprisingly, given the Eurozone crisis, gilts were particularly in demand. Several banks had difficulties managing risk and booked trading losses.
- Defying gloomy predictions, the muni market held up well and was one of the few areas to see (modest) headcount growth. A slight decline in trading volumes was partially offset by the increasing importance of retail investors. Many banks now have distribution agreements with retail brokers or private banks: e.g. JPM with UBS and Charles Schwab; Morgan Stanley and Citi (for now) with Smith Barney; Barclays Capital with Pershing; and Goldman Sachs with Incapital.
- The US flow credit market was similar to 2010. Unusually, though, the client revenue probably peaked in 3Q11, assisted by wider spreads and the Eurozone crisis driving investors to US\$-denominated debt. Client flow then tailed off in the last two months of 2011 in both the high grade and high yield markets.
- The CDO market almost doubled y/y to US\$14bn at end-FY11. Arbitrage CDOs grew the most; notably, though, in 4Q11 balance sheet CDOs almost reached pre-crisis levels as financial institutions prepare for Basel 3. The exotic credit derivatives leaders recorded modest growth; for now, the market remains characterised by a limited number of significant participants.
- In securitisation, FY11 revenues in US Agency MBS were slightly down versus FY10. The CMBS market moved in fits and starts; several of 'our' banks recorded significant rise in revenues. The European ABS market, however, was very active, with issuance exceeding pre-2008 peaks.
- In Europe and the USA commodities, base and precious metals were the key revenue drivers; new markets – e.g. coal and iron ore – also did well, though several players had risk management issues, especially in late 2011. Other products areas were comparatively muted: corporate business remained highly competitive and demand from hedge funds dwindled in 4Q11; and the flow business suffered from tighter spreads. In APAC, the main revenue contributors were pension and sovereign wealth fund investors; and Australian, Indonesian and Chinese markets.
- The Life and Pension market is growing, supported by the rising popularity of longevity swaps and Total Return Swap (TRS) solutions, new solutions to variable annuity hedging, and continued principal pension investments by banks. Goldman Sachs remains the clear market leader.
- The growth in electronic equity trading volumes in APAC was, in our view, one of the focus areas of 2011. In Europe, the electronic leaders Credit Suisse and Citi find themselves increasingly challenged by the new arrivals (including some of 'our' banks featured in this report). Globally, the trend was for smaller lots sizes and larger volumes.
- In equity derivatives, APAC growth was boosted by retail structured products (note: Taiwan reopened) offering simpler but customized structures; in APAC, the 2011 winners offered risk diversification and technology solutions for private bankers, and tailored hedges (especially those focused on volatility) to institutions. Deutsche Bank lost market share in the region as a result of a trading ban in South Korea and scandals in Taiwan and Hong Kong.
- Many of 'our' banks extended integration of execution, clearing and settlement offerings for asset managers and hedge funds. Deutsche Bank's DBClear now challenges the leaders, Citi and JPM.

¹ 'Level 3' revenue dataset maps 60 products (excl. Corporate Banking and Transaction Banking) in 7 regions and for 13 banks.

Product Revenue: Momentum* - GLOBAL

FY11/FY10 (TRIC product definitions, post-writedowns, % change in US\$, Level 1 & 2 estimate)

	BAC/MER	BARC	BNPP	Citi	CS	DBK	GS	JPM	MS	SG	UBS	Top3Avg	Mini3Avg
Total capital markets	↓	↑	→	↓	↓	→	↓	↑	↑	↓	→	-3%	-25%
Primary	↑	↓	→	↓	↓	↑	→	→	↑	↓	↓	5%	-28%
DCM	→	↓	→	↓	↑	↓	↑	↓	↑	→	↓	-14%	-46%
Loan Orig & Synd	↓	↓	↓	→	→	↓	↑	↑	↑	↓	→	78%	-9%
Securitisation	→	→	↑	↓	↑	N/M	↓	↓	↓	N/M	N/M	-18%	-54%
ECM	↑	↑	↑	↓	→	→	↓	↓	→	↓	↓	6%	-45%
M&A	↑	↓	↑	↓	↓	→	↓	→	→	↓	↑	27%	-7%
Secondary	↓	→	↓	↓	↓	→	↓	↑	↑	→	↑	2%	-28%
FX	↓	↑	→	↓	↓	→	↓	→	↑	↑	↓	10%	-17%
Spot & Fwds	↓	↑	→	↓	↓	→	↓	↓	↑	↑	→	13%	-17%
Options & Exot	↓	↑	↓	→	↓	→	↓	↑	↑	→	↓	13%	-23%
Other/Corp	N/M	↑	N/M	↓	N/M	↓	N/M	↑	N/M	N/M	N/M	N/M	N/M
Rates	↓	↓	↓	→	↓	↓	→	↑	↑	N/M	↑	19%	-50%
Flow	↓	↓	↑	→	↓	↓	↓	↑	↑	→	↑	18%	-32%
Structured	→	↓	↑	↓	↑	↓	→	↑	→	↓	↓	40%	-40%
Other	N/M	↑	N/M	↓	N/M	↓	N/M	→	N/M	N/M	→	N/M	N/M
Credit	↓	↑	→	↓	↓	→	↓	↑	↓	N/M	↑	-5%	-51%
Flow	↓	↓	→	→	↓	↑	↓	↑	↓	N/M	↑	-10%	-57%
Structured	↓	↑	↓	↓	N/M	↓	↓	→	↑	↑	→	179%	-58%
Other	↓	↓	→	→	↑	↓	↓	↑	↓	↑	→	31%	-53%
Commodities	→	↓	↑	↓	↓	↑	↓	→	↓	↑	N/M	95%	-35%
EQ Cash	↑	↓	↑	↓	↓	↓	→	↓	↑	→	→	29%	-28%
EQ Derv&Conv't	↓	↑	→	↓	↓	↓	↑	→	↑	→	↓	9%	-21%
Flow	↓	↑	↓	↓	↑	↓	→	→	↑	→	↓	16%	-15%
Structured	↓	↑	→	↓	↓	↓	→	→	↑	↑	↓	-2%	-39%
Prime services	↓	↑	↓	→	↓	↓	→	→	↑	↓	↑	23%	-26%
Prop Trading	↓	↑	→	N/M	↓	N/M	↓	→	↓	→	↑	74%	-72%
Principal Inv	N/M	↑	↑	→	↑	↓	↓	N/M	↓	↑	N/M	-16%	-63%

Source: Tricumen analysis. * Arrows show FY11/FY10 % change in revenue vs peers. Up-/down-arrows: top-/bottom-quartile.

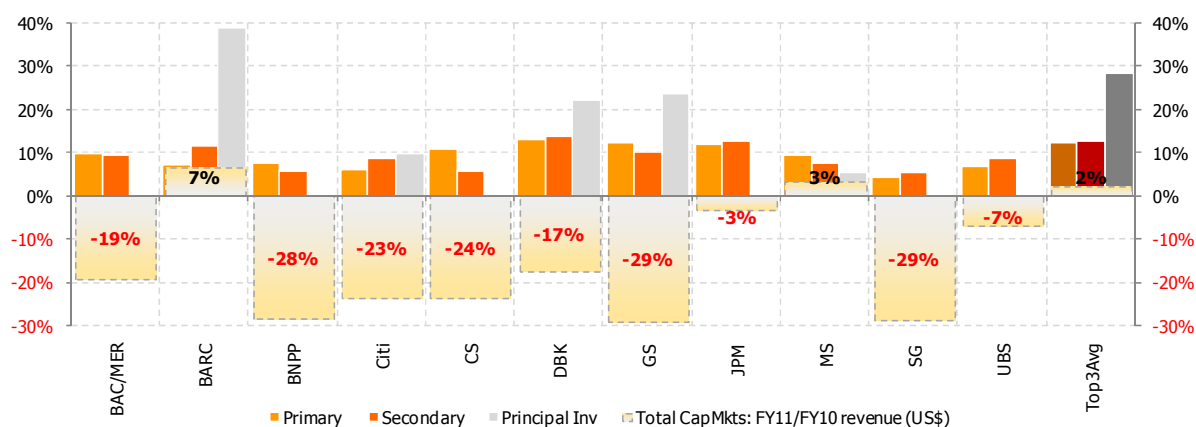
Product Revenue: Momentum - Europe Middle East Africa (EMEA)

FY11/FY10 (TRIC product definitions, post-writedowns, % change in US\$, Level 1 & 2 estimate)*

	BAC/MER	BARC	BNPP	Citi	CS	DBK	GS	JPM	MS	SG	UBS	Top3Avg	Mini3Avg
Total capital markets	→	↑	↓	↓	↓	→	↓	↑	↑	↓	→	2%	-29%
Primary	↑	↑	→	↓	↓	→	→	↓	↑	↓	↓	11%	-26%
DCM	↑	↓	→	→	↓	↓	↑	↓	↑	→	↓	-15%	-52%
Securitisation	↓	↑	→	N/M	N/M	N/M	N/M	↓	N/M	N/M	→	71%	-30%
ECM	→	↑	↑	↓	↑	→	↓	↓	→	↓	↓	30%	-38%
M&A	↑	↑	→	↓	↓	↑	↓	→	→	↓	↓	99%	-10%
Secondary	↓	↑	↓	→	↓	→	↓	↑	↑	↓	→	5%	-30%
FX	↓	↑	→	↓	↓	→	↓	→	↑	↑	↓	12%	-17%
Spot & Fwds	↓	↑	→	↓	↓	→	↓	↓	↑	↑	→	14%	-17%
Options & Exot	↓	↑	→	↓	↓	→	↓	↑	↑	→	↓	15%	-23%
Other/Corp	N/M	↑	N/M	N/M	N/M	↓	N/M	N/M	N/M	N/M	N/M	N/M	N/M
Rates	↓	↓	N/M	→	↓	↓	→	↑	↑	↓	↑	23%	-29%
Flow	↓	↓	N/M	→	↓	→	↓	↑	↑	↓	↑	22%	-40%
Structured	↓	↓	↑	↓	↑	↓	→	↑	→	→	↓	64%	-43%
Other	N/M	↑	N/M	↓	N/M	↓	N/M	N/M	N/M	N/M	↑	N/M	N/M
Credit	↓	↑	→	↓	↓	↑	↓	↑	↓	N/M	→	9%	-49%
Flow	→	↓	→	↓	↓	↑	↓	↑	↓	N/M	↑	-14%	-57%
Structured	↓	N/M	↓	→	N/M	→	↓	↑	↓	↑	→	12%	-42%
Other	↓	↓	→	→	↑	↓	↓	↑	↓	↑	↑	30%	-54%
Commodities	↓	↓	↑	→	↓	↑	↓	→	↓	↑	N/M	96%	-35%
EQ Cash	↑	↓	↑	↓	↓	↓	↑	↓	→	→	→	35%	-28%
EQ Derv & Converts	↓	↑	→	↓	↓	↓	↑	→	↑	→	↓	10%	-26%
Flow	↓	↑	↓	↓	→	→	↑	↓	↑	→	↓	16%	-18%
Structured	↓	↓	↓	↓	↓	↓	↓	↓	↑	↓	↓	-3%	-43%
Prime services	↓	↑	→	↓	→	↓	→	↓	↑	↓	↑	23%	-24%
Prop Trading	↓	↑	→	↓	→	N/M	↓	↓	N/M	→	↑	97%	-79%
Principal Inv	N/M	↑	N/M	→	N/M	→	↓	N/M	↓	N/M	N/M	-35%	-61%

Source: Tricumen analysis. * Arrows show FY11/FY10 % change in revenue vs peers. Up-/down-arrows: top-/bottom-quartile.

Revenue: FY11 % peer group & FY11/FY10 momentum (TRIC definitions, post-writedowns)



Source: Tricumen analysis.

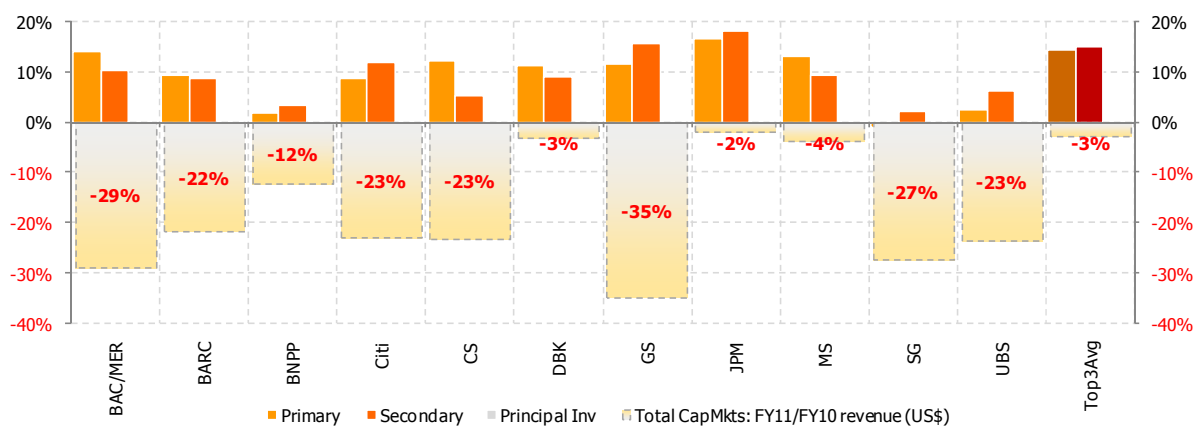
Product Revenue: Momentum - Americas

FY11/FY10 (TRIC product definitions, post-writedowns, % change in US\$, Level 1 & 2 estimate)*

	BAC/MER	BARC	BNPP	Citi	CS	DBK	GS	JPM	MS	SG	UBS	Top3Avg	Mini3Avg
Total capital markets	↓	→	→	→	↓	↑	↓	↑	↑	↓	↓	-3%	-30%
Primary	→	↓	→	↓	↑	N/M	→	↓	↑	N/M	↓	-7%	-39%
DCM	↓	→	→	↓	↑	↓	↓	↓	↑	↑	→	2%	-44%
Securitisation	→	→	↑	↓	↑	N/M	↓	↓	↓	N/M	N/M	-23%	-61%
ECM	→	↑	↑	↓	→	↓	→	↓	↓	↓	↑	28%	-50%
M&A	→	↓	→	→	↓	↓	↓	→	↑	→	↑	33%	-21%
Secondary	↓	→	→	↓	↓	↓	↓	↑	↑	↑	→	6%	-33%
FX	↓	↑	→	↓	↓	→	↓	↑	↑	→	↓	6%	-18%
Spot & Fwds	↓	↑	→	↓	↓	→	↓	↓	↑	↑	→	10%	-19%
Options & Exot	↓	↑	↓	→	↓	→	↓	↑	↑	→	↓	12%	-26%
Other/Corp	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M
Rates	↓	↓	↑	→	↓	↓	↓	↑	↑	→	→	29%	-36%
Flow	↓	↓	→	→	↓	↓	↓	↑	↑	↑	→	28%	-35%
Structured	→	↓	↑	↓	↑	↓	→	↑	→	↓	↓	69%	-43%
Other	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M
Credit	↓	→	→	↓	↓	→	↓	↑	↓	↑	↑	-1%	-57%
Flow	↓	↓	→	→	↓	↑	↓	↑	↓	↑	→	1%	-57%
Structured	↓	↑	→	↓	N/M	↓	↓	→	N/M	↑	→	17%	-69%
Other	→	↓	N/M	→	↑	↓	↓	↑	↓	↑	↑	25%	-51%
Commodities	→	↓	↑	↓	↓	↑	↓	→	↓	↑	N/M	89%	-37%
EQ Cash	↑	↓	↑	↓	↓	↓	→	↓	↑	N/M	→	25%	-28%
EQ Derv & Converts	↓	↑	↓	↓	↓	→	→	→	↑	↑	↓	15%	-23%
Flow	↓	→	↓	↓	↓	↑	→	↑	↑	→	↓	21%	-16%
Structured	↓	↓	↓	↓	↓	↓	↓	↓	↑	→	↓	11%	-43%
Prime services	↓	↓	↓	→	↓	↓	↑	→	↑	N/M	↑	23%	-22%
Prop Trading	↓	→	↓	N/M	→	N/M	↓	→	↓	↑	↑	51%	-66%
Principal Inv	N/M	↑	N/M	→	N/M	→	↓	N/M	↓	N/M	N/M	-3%	-70%

Source: Tricumen analysis. * Arrows show FY11/FY10 % change in revenue vs peers. Up-/down-arrows: top-/bottom-quartile.

Revenue: FY11 % peer group & FY11/FY10 momentum (TRIC definitions, post-writedowns)



Source: Tricumen analysis.

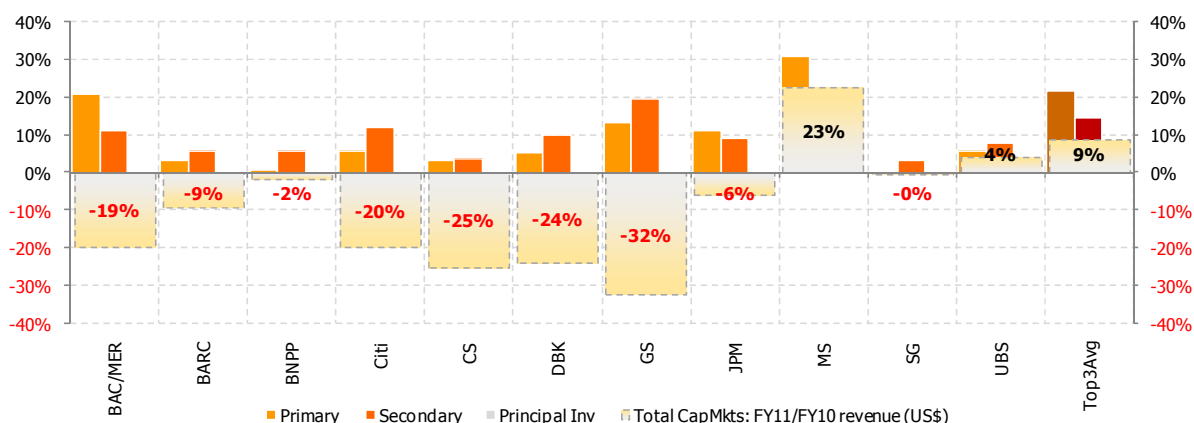
Product Revenue: Momentum - APAC Japan

FY11/FY10 (TRIC product definitions, post-writedowns, % change in US\$, Level 1 & 2 est.)*

	BAC/MER	BARC	BNPP	Citi	CS	DBK	GS	JPM	MS	SG	UBS	Top3Avg	Mini3Avg
Total capital markets	↓	→	→	↓	↓	↓	↓	→	↑	↑	↑	9%	-27%
Primary	→	↑	↓	↓	→	N/M	↓	↓	↑	N/M	↑	72%	-55%
DCM	→	→	↓	↓	↑	↓	↑	↓	↑	→	↓	94%	-53%
Securitisation	↑	N/M	N/M	N/M	↓	N/M	→	N/M	↓	N/M	N/M	N/M	N/M
ECM	↑	N/M	N/M	↓	N/M	→	↓	↓	↑	N/M	→	5%	-92%
M&A	↑	N/M	N/M	↓	↑	↓	→	↑	↓	N/M	N/M	-14%	-62%
Secondary	↓	↓	→	→	↓	↓	↓	↑	↑	↑	→	7%	-26%
FX	↓	↑	→	↓	↓	→	↓	↑	↑	→	↓	25%	-17%
Spot & Fwds	↓	↑	↑	↓	↓	↓	→	→	↑	↓	→	41%	-14%
Options & Exot	↓	↑	→	↓	↓	→	↓	↑	↑	→	↓	21%	-21%
Other/Corp	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M
Rates	↓	↓	→	→	↓	↓	↓	↑	↑	↑	→	32%	-40%
Flow	↓	↓	→	→	↓	↓	↓	↑	↑	↑	→	36%	-40%
Structured	↓	↓	↑	↓	↑	↓	→	↑	→	→	↓	69%	-41%
Other	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M
Credit	↓	↓	→	↓	↑	→	↓	↑	↓	↑	→	0%	-46%
Flow	→	↓	→	↓	↓	↑	↓	↑	↓	↑	→	4%	-54%
Structured	→	↓	→	→	N/M	↓	↓	↑	N/M	↑	↓	-7%	-45%
Other	→	N/M	N/M	→	N/M	N/M	↓	↑	↓	N/M	N/M	-25%	-52%
Commodities	N/M	↓	N/M	↓	N/M	↑	↓	↑	→	N/M	N/M	16%	-21%
EQ Cash	↑	↓	↑	↓	↓	↓	↑	↓	→	N/M	→	22%	-26%
EQ Derv & Converts	→	→	↓	↓	↓	↓	↑	↑	↑	→	↓	15%	-18%
Flow	→	↓	↓	↓	↑	→	→	↑	↑	↓	↓	18%	-14%
Structured	↓	↓	↓	↓	↓	↓	↓	↓	↑	↓	↓	13%	-40%
Prime services	↓	→	N/M	↓	↓	↓	→	N/M	↑	N/M	↑	28%	-27%
Prop Trading	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M
Principal Inv	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M

Source: Tricumen analysis. * Arrows show FY11/FY10 % change in revenue vs peers. Up/down-arrows: top-/bottom-quartile.

Revenue: FY11 % peer group & FY11/FY10 momentum (TRIC definitions, post-writedowns)



Source: Tricumen analysis.

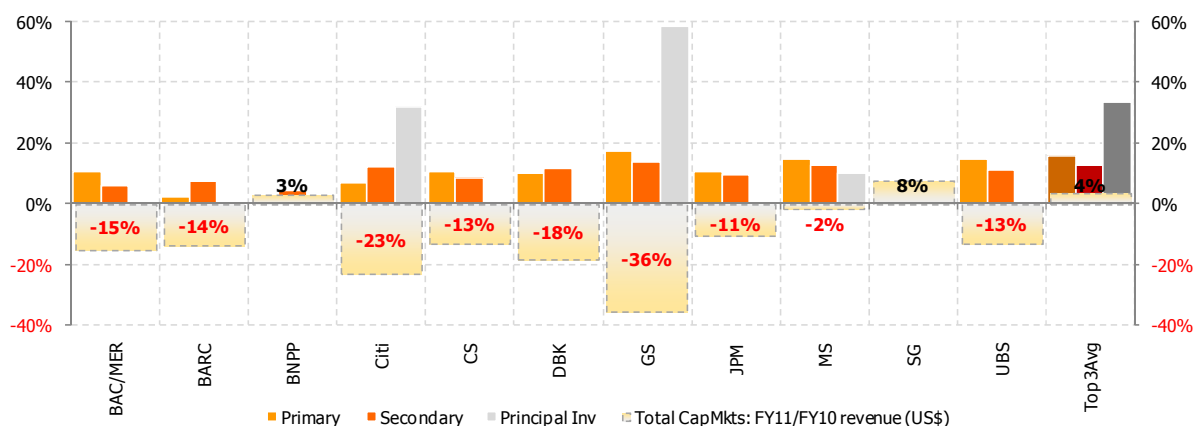
Product Revenue: Momentum - APAC ex-Japan

FY11/FY10 (TRIC product definitions, post-writedowns, % change in US\$, Level 1 & 2 estimate)*

	BAC/MER	BARC	BNPP	Citi	CS	DBK	GS	JPM	MS	SG	UBS	Top3Avg	Mini3Avg
Total capital markets	↓	↓	↑	↓	→	↓	↓	→	↑	↑	→	3%	-26%
Primary	↑	↓	↓	↓	→	N/M	↑	↓	→	N/M	↓	-17%	-40%
DCM	↑	↑	→	→	↑	↓	↓	↓	↓	↑	↓	6%	-58%
Securitisation	N/M	↓	N/M	N/M	N/M	N/M	N/M	↑	N/M	N/M	N/M	N/M	N/M
ECM	↑	N/M	N/M	↓	N/M	↑	→	↓	↑	N/M	↓	-35%	-64%
M&A	↓	↓	N/M	→	↓	↑	→	↑	↓	N/M	↑	73%	-14%
Secondary	↓	↓	↑	↓	→	↓	↓	→	↑	↑	→	11%	-25%
FX	↓	↑	↑	↓	↓	↓	↓	→	↑	→	→	8%	-17%
Spot & Fwds	↓	→	↑	↓	↓	→	↓	↓	↑	→	↑	11%	-16%
Options & Exot	↓	↑	↓	→	↓	→	→	↑	↑	↓	↓	15%	-23%
Other/Corp	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M
Rates	↓	↓	→	↓	↓	↓	→	↑	↑	↑	→	41%	-34%
Flow	↓	↓	↑	→	↓	↓	↓	→	↑	↑	→	42%	-40%
Structured	↓	↓	↑	↓	↑	↓	→	↑	→	→	↓	91%	-41%
Other	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M
Credit	↓	→	↓	→	↑	↓	↓	↑	↓	↑	→	11%	-45%
Flow	→	↓	→	↓	↓	↑	↓	↑	↓	↑	→	9%	-56%
Structured	↓	↑	↓	↓	N/M	↓	→	↑	→	↑	↓	514%	-37%
Other	→	N/M	N/M	→	N/M	N/M	↓	↑	↓	N/M	N/M	46%	-44%
Commodities	→	↓	N/M	↓	↓	↑	→	↑	↓	N/M	N/M	23%	-32%
EQ Cash	→	↓	↑	↓	↓	↓	↑	→	↑	↓	→	27%	-21%
EQ Derv & Converts	↓	↑	→	↓	→	↓	↑	↓	↑	→	↓	36%	-22%
Flow	→	↑	↑	↓	↓	→	→	↓	↑	↓	↓	53%	-7%
Structured	↓	→	↓	↓	↓	↓	↓	↓	↑	→	↓	17%	-40%
Prime services	↓	↑	→	↓	↓	↓	↓	→	↑	N/M	↑	29%	-10%
Prop Trading	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M
Principal Inv	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M

Source: Tricumen analysis. * Arrows show FY11/FY10 % change in revenue vs peers. Up/down-arrows: top-/bottom-quartile.

Revenue: FY11 % peer group & FY11/FY10 momentum (TRIC definitions, post-writedowns)



Source: Tricumen analysis.

Notes & Caveats

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