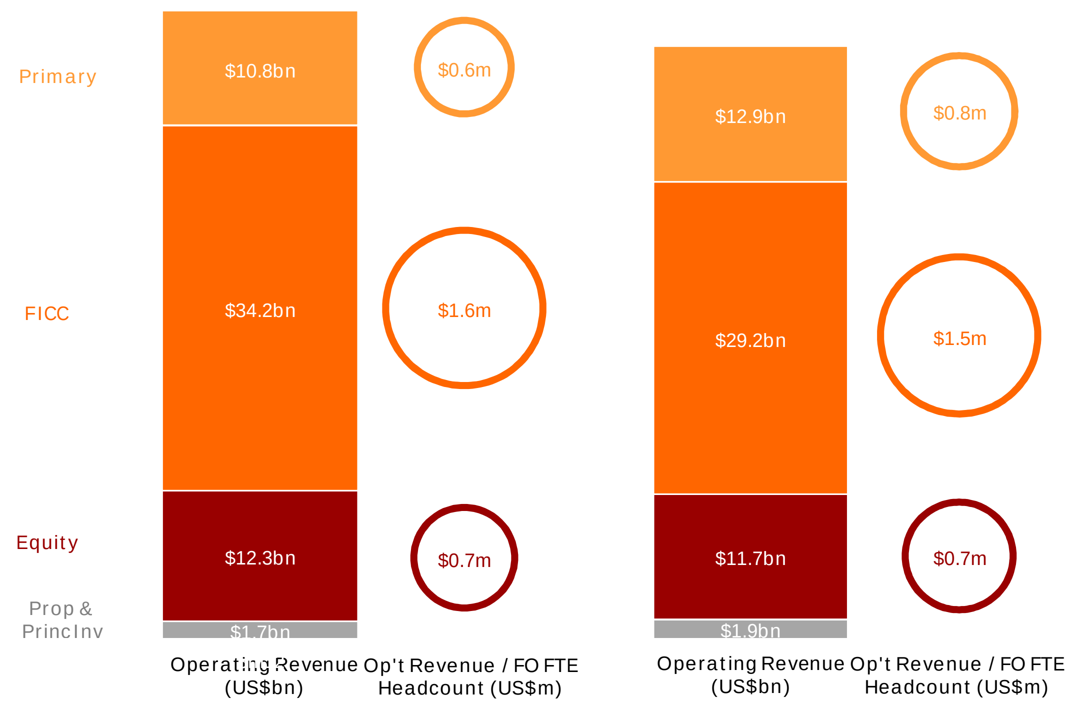
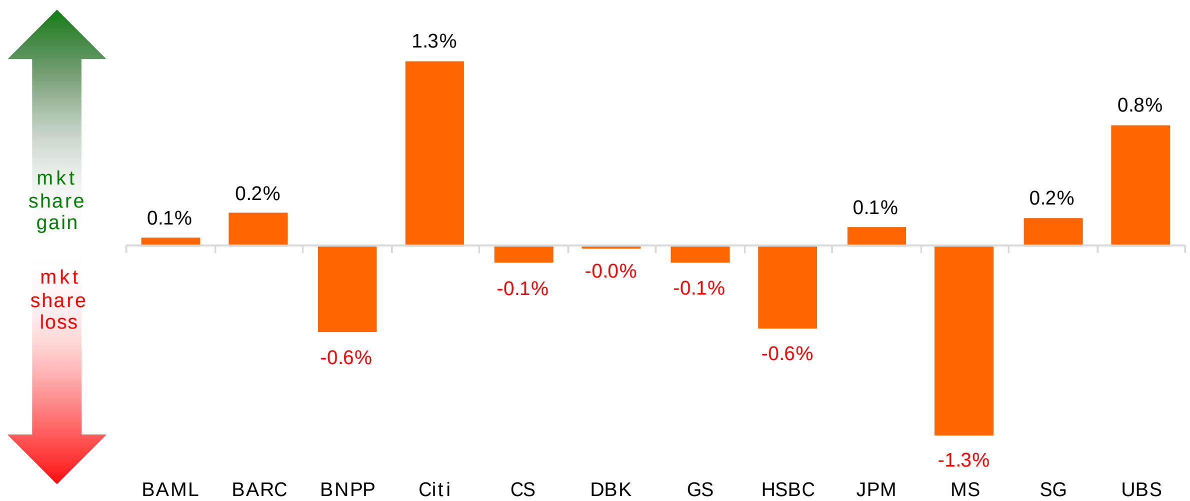
Results Review: 1Q13

- Capital markets 1Q13 revenue of top 12 banks totalled $56bn, 6% below 1Q12. Primary fee activities grew strongly, with the top 3 banks gaining market share in DCM bonds, securitisation, and ECM. In sales & trading, FICC declined from a very strong 1Q12; and in equities the initial optimism proved unfounded as the overall revenue opportunity declined relative to 1Q12.
- As layoffs announced in late 2012 continued into this 1Q13, the overall revenue/front office headcount productivity grew in primary activities and equities. FICC productivity declined, however: barring an upturn in revenues, we expect 'our' banks will trim their staffing levels further.
- Citi's share of the overall revenue grew on comparably strong FICC revenues. UBS recorded a more modest gain, but the bank's 1Q13 results were well received, not least due to its strong FICC showing (see our 'UBS Restructured' note, 2-May-13). Morgan Stanley lost more ground, especially in FICC.

1Q12 | 1Q13



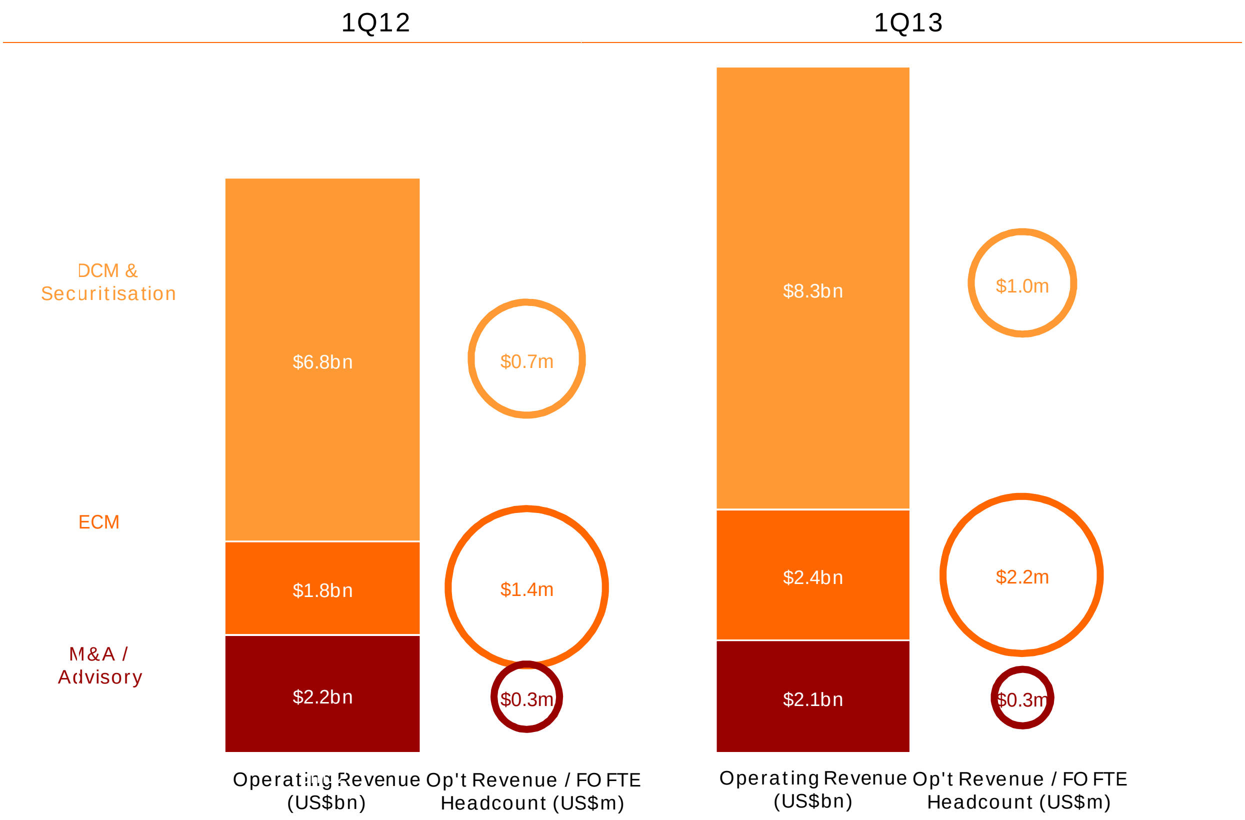
% change share of peer group operating revenue (1Q13 / 1Q12)

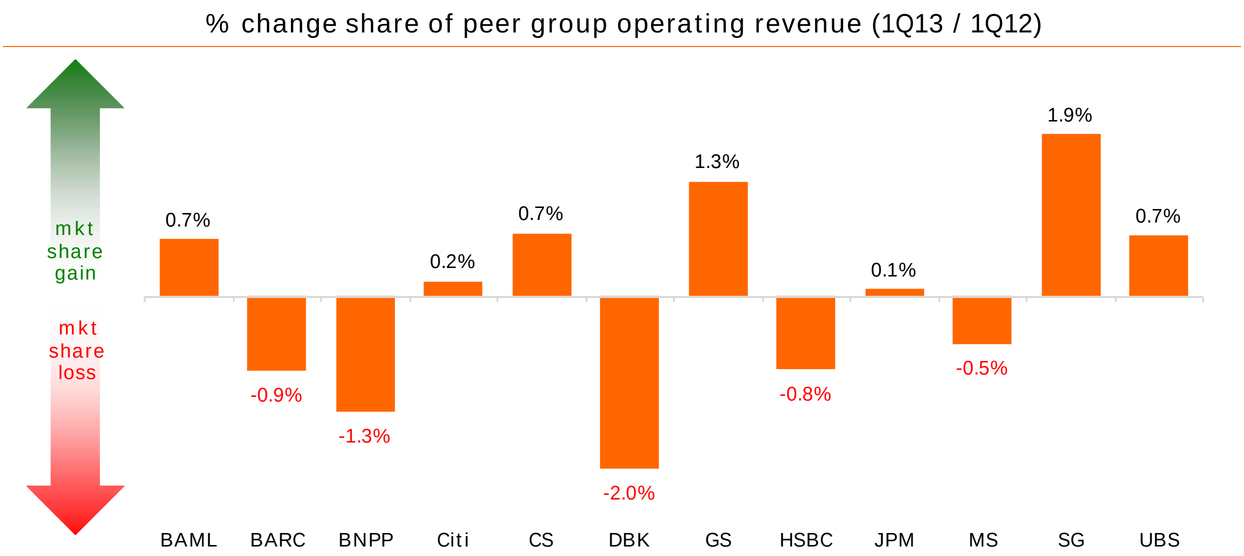


Notes: (1) Tricumen product definitions throughout. (2) Revenue is post-writedowns, excludes CVA/DVA/equivalent and one-offs. (3) Headcount: Front office full-time equivalent, adjusted for seniority.

Primary issuance & Advisory

- DCM fees grew versus 1Q12, driven by strong performance in non-US HY bonds and emerging markets. Declining margins in other areas, however, cancelled some of these gains.
- Securitisation also had a strong 1Q13, and the outlook appears bright. In the US, ABS volumes continued growing, relative to both 1Q12 and 4Q12. In Europe, there are signs that regulators (including the ECB) are supporting the use of securitisation to aid the SME sector. CMBS revenues outperformed versus 1Q12 as loan originators grew more confident that the rally seen in 2H12 would continue; some even now forecast that the market will almost double in 2013.
- ECM fees jumped on strong US, EMEA IPO, and convertibles volumes. Top Tier banks extended their market share lead over Tier 2 peers.
- M&A saw a modest decline compared to 1Q12. Financial sponsors outperformed.

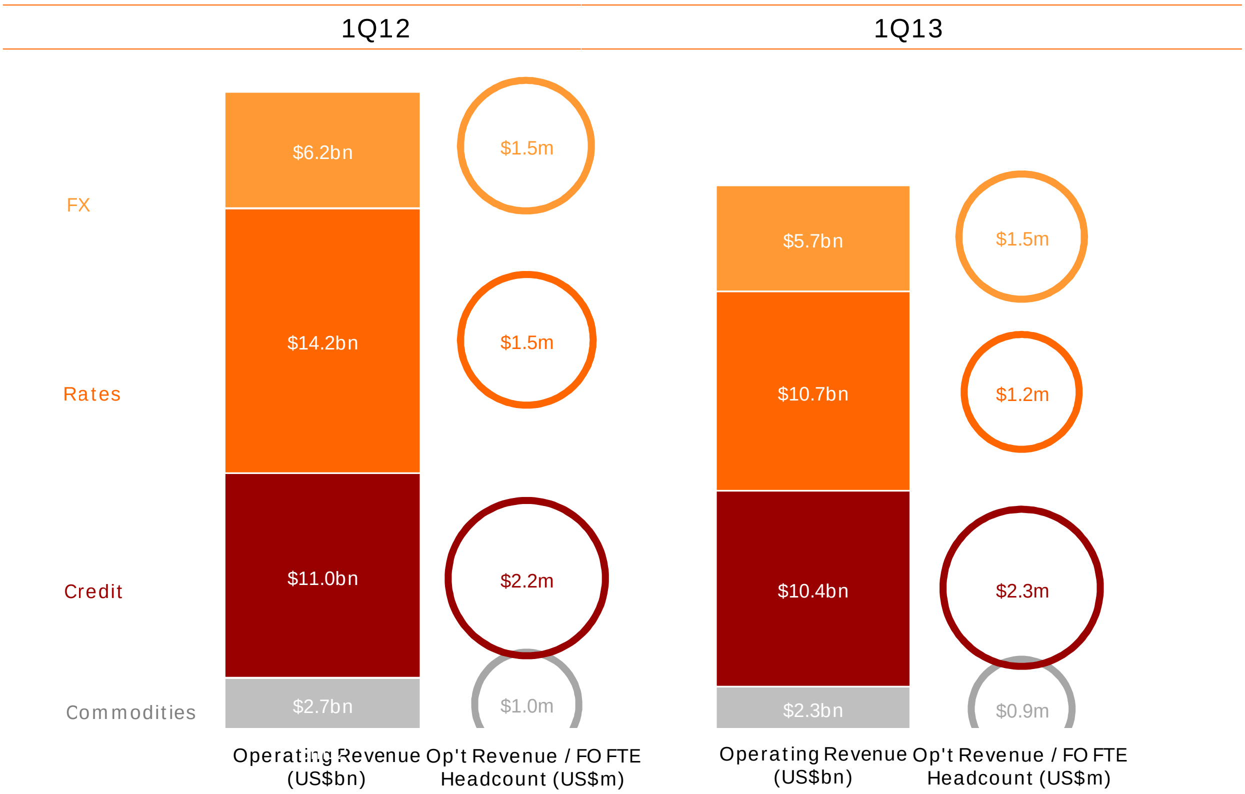




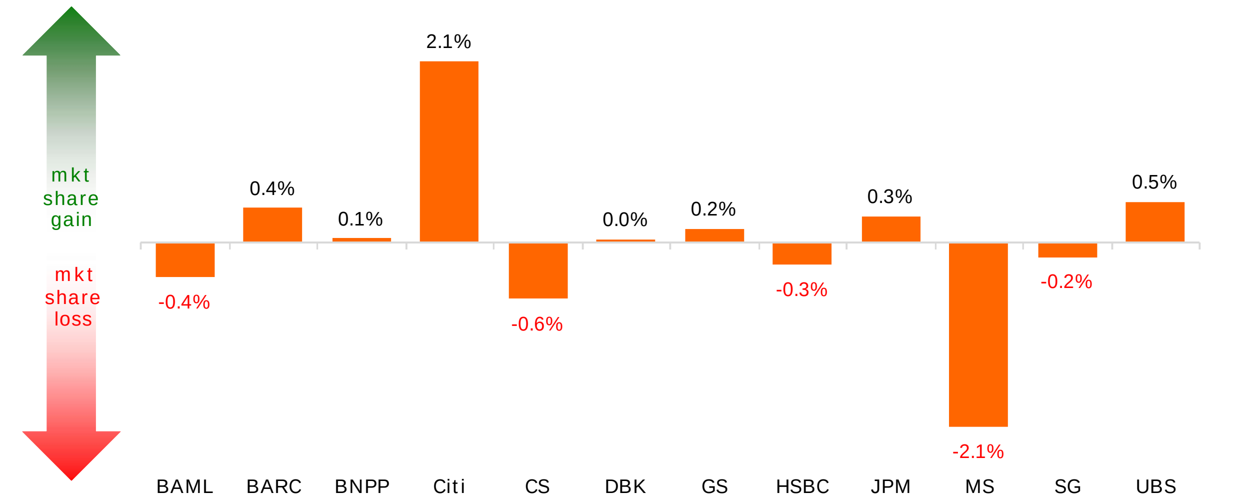
Notes: (1) Tricumen product definitions throughout. (2) Revenue is post-writedowns, excludes CVA/DVA/equivalent and one-offs. (3) Headcount: Front office full-time equivalent, adjusted for seniority.

FICC

- FX revenues declined, due to continued margin pressure in G10 spot/forwards and APAC FX; January, however, may have been the nadir. Strong demand in FX options was a high point for the product, prompting hiring in that area.
- Rates revenues were down significantly relative to 1Q12 as margin compression continued to afflict flow products. However, both structured rates and inflation continued to grow, the latter fuelled by pension solutions. The outlook for flow products remains bleak, not least as the incoming swaps regulations are expected to push more business to the listed markets.
- Credit trading declined modestly versus 1Q12; flow credit trading - driven by investors' demand for HY paper - lightly structured products and distressed debt markets all had a good 1Q13.
- Relative to 1Q12, commodity revenues grew in APAC, but this was more than offset by weakness in other regions. Some of Top 12 banks are selectively investing, however.



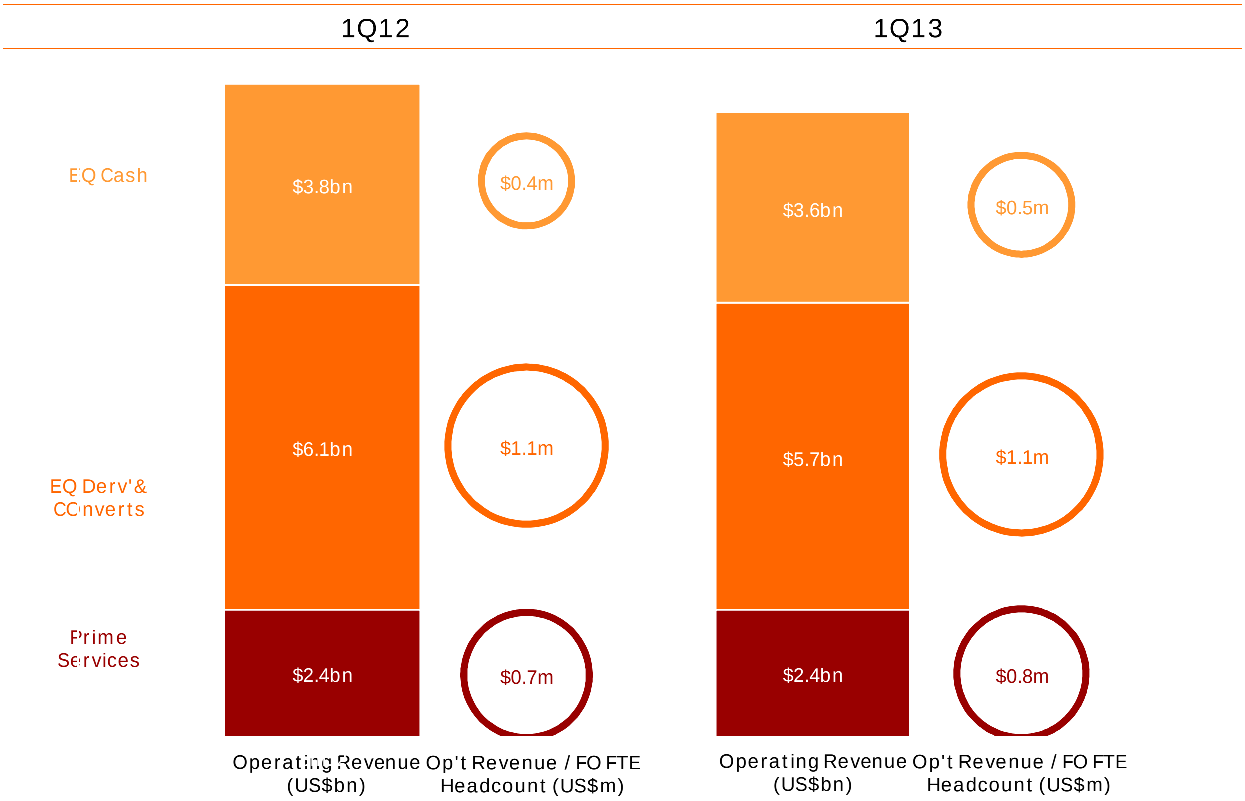
% change share of peer group operating revenue: FICC total (1Q13 / 1Q12)

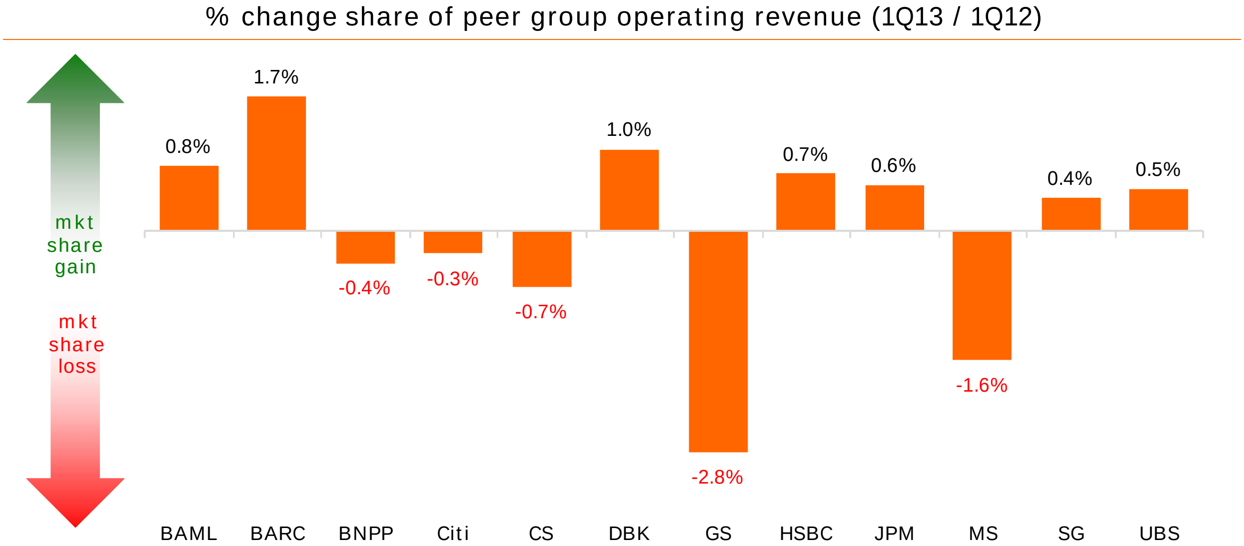


Notes: (1) Tricumen product definitions throughout. (2) Revenue is post-writedowns, excludes CVA/DVA/equivalent and one-offs. (3) Headcount: Front office full-time equivalent, adjusted for seniority.

Equities

- Despite early optimism, cash equities revenue declined slightly from 1Q12, as strong electronic trading and APAC revenues were offset by weak high-touch. Top players lost some ground to their smaller peers. We see more layoffs as likely.
- A modest decline in equity derivatives revenues masks great variations in performance across the peer group: broadly speaking, banks with a greater focus on APAC, the institutional client base and corporate derivatives fared better. Synthetic financing for prime service clients continued to gain prominence.
- Prime services were essentially flat versus 1Q12 as the market consolidated around established relationships.





Notes: (1) Tricumen product definitions throughout. (2) Revenue is post-writedowns, excludes CVA/DVA/equivalent and one-offs. (3) Headcount: Front office full-time equivalent, adjusted for seniority.

Product Revenue: Momentum*

1Q13/1Q12 (TRIC product definitions, post-writedowns, % change, Global Level 1 estimate)

	BAML	BARC	BNPP	Citi	CS	DBK	GS	HSBC	JPM	MS	SG	UBS	Top 25%	Bottom 25%
Total capital markets	⇨	⇨	⇩	⇧	⇩	⇩	⇩	⇩	⇨	⇩	⇧	⇧	-2%	-9%
Primary	⇨	⇩	⇩	⇨	⇨	⇩	⇧	⇩	⇩	⇩	⇧	⇧	28%	5%
DCM Bonds	⇨	⇩	⇨	⇩	N/M	⇧	⇧	⇩	⇨	⇩	⇧	⇩	37%	-4%
DCM Loans	⇨	⇨	⇩	⇩	N/M	⇩	⇩	⇩	⇩	⇧	⇧	⇧	73%	-1%
Securitisation	⇧	⇩	⇩	⇨	⇧	⇩	⇨	⇩	⇧	⇨	N/M	⇩	67%	-48%
ECM	⇩	⇨	⇩	⇧	⇨	⇨	⇧	⇩	⇩	⇧	⇩	N/M	37%	0%
M&A / Advisory	⇧	⇧	⇩	⇧	⇩	⇩	⇨	⇩	⇨	⇨	⇩	⇩	6%	-43%
Secondary	⇨	⇧	⇩	⇧	⇩	⇨	⇩	⇩	⇨	⇩	⇩	⇧	-9%	-19%
FX	⇧	⇩	⇧	⇨	⇩	⇧	⇨	⇨	⇩	⇩	⇩	⇩	-5%	-13%
Rates	⇧	⇨	⇧	⇧	⇩	⇩	⇩	⇩	⇨	⇩	⇨	⇩	-14%	-38%
Credit	⇩	⇧	⇩	⇧	⇨	⇩	⇨	⇧	⇩	⇩	⇨	N/M	5%	-18%
Commodities	⇨	⇩	⇩	⇧	⇩	⇩	⇨	⇨	⇧	⇩	⇩	⇧	0%	-25%
EQ Cash	⇧	⇧	⇨	⇩	⇨	⇧	⇩	⇨	⇨	⇩	⇩	⇩	4%	-12%
EQ Derv & Converts	⇨	⇨	⇩	⇩	⇩	⇧	⇩	⇧	⇩	⇩	⇨	⇧	8%	-19%
Prime Services	⇩	⇧	⇩	⇩	⇨	⇩	⇩	⇨	⇨	⇧	⇧	⇩	5%	-4%
Prop Trading	N/M	⇨	⇩	N/M	⇧	N/M	⇨	⇧	⇩	N/M	⇩	N/M	-37%	-64%
Principal Inv	N/M	⇧	N/M	⇩	⇨	N/M	⇧	⇩	N/M	N/M	N/M	N/M	-26%	-69%

Source: Tricumen analysis. * Arrows show % change in revenue vs peers. Up-/down-arrows: top-/bottom-quartile. One-off and extraordinary items, as described in the Company Section, are excluded.

About Tricumen

Tricumen was founded in 2008. It quickly become a strong provider of diversified market intelligence across the capital markets and has since expanded into transaction and corporate banking coverage. Tricumen's data has been used by many of the world's leading investment banks as well as strategy consulting firms, investment managers and 'blue chip' corporations.

Situated near Cambridge in the UK, Tricumen is almost exclusively staffed with senior individuals with an extensive track record of either working for or analysing banks; and boasts what we believe is the largest capital markets-focused research network of its peer group.

Caveats

Tricumen Limited has used all reasonable care in writing, editing and presenting the information found in this report. All reasonable effort has been made to ensure the information supplied is accurate and not misleading. For the purposes of cross- market comparison, all numerical data is normalised in accordance to Tricumen Limited's proprietary product classification. Fully-researched dataset may contain margin of error of +/-10%; for modelled datasets, this margin may be wider.

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