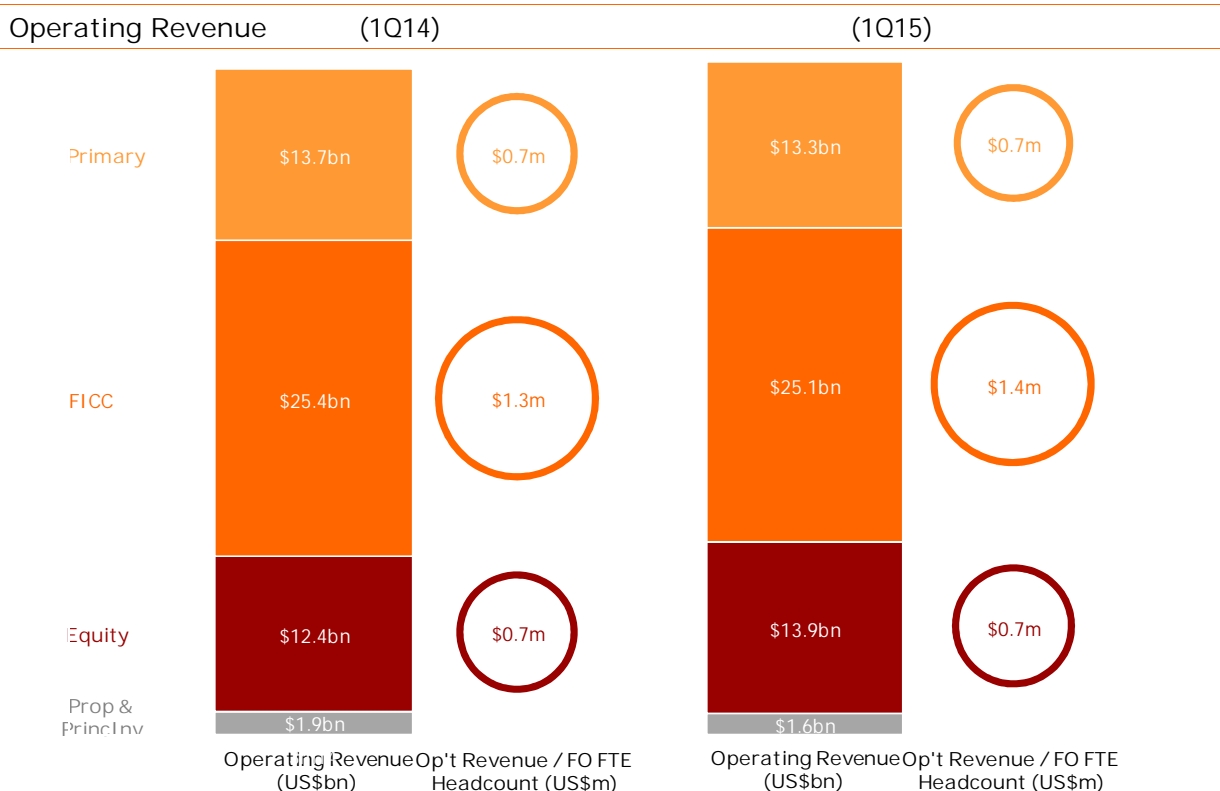
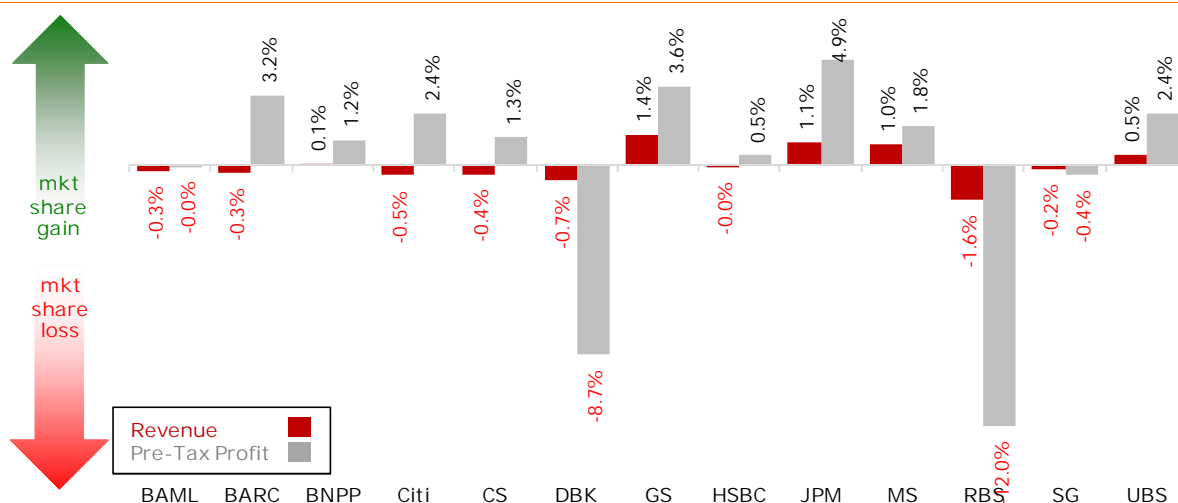


Capital Markets: Results Review 1Q15

- 1Q15 operating revenue totalled \$54bn, slightly ahead of \$53bn in a prior-year period. M&A, FX and equities put in a strong performance, but this was partly offset by weak DCM loans, credit and mortgages.
- Operating expenses grew 4%, from \$38bn in 1Q14 to \$39bn in 1Q15. Much of the increase was due to litigation charges at Deutsche Bank and RBS, which we allocated to front-line product units; excluding these items, most of the banks in this report increased their operating efficiency.
- In March, a member of the ECB's Executive Board, Yves Mersch (a central banker by training, without any appreciable commercial banking experience), called for the consolidation in the European banking sector, stating that it would result in efficiency gains. That may be, but we doubt this is a good idea in the current environment, characterised by ever-increasing capital and regulatory requirements, fear of 'too big to fail' and country-level protectionism. Elsewhere on the regulatory front, the Fed seems ready to introduce even tougher CCAR stress tests.



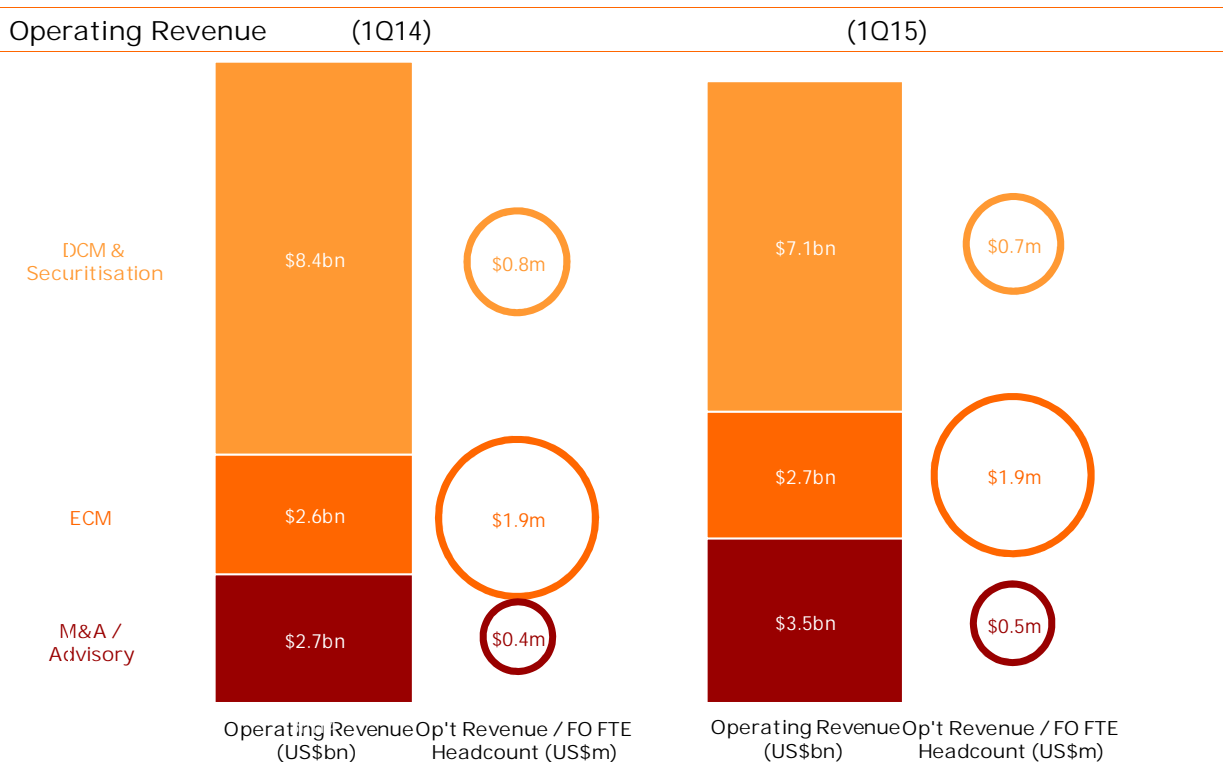
% change share of peer group operating revenue and pre-tax profit (1Q15 / 1Q14)



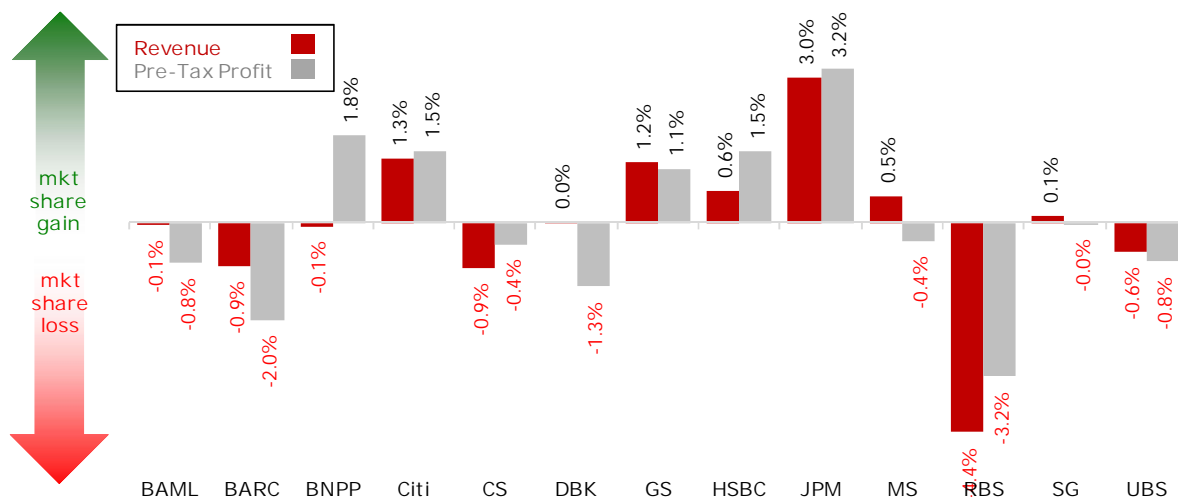
Notes: (1) Tricumen product definitions throughout. (2) Revenue is post-writedowns, excludes DVA/equivalent and one-offs. (3) Headcount: Front office full-time equivalent, adjusted for seniority. (4) Pre-tax profit excludes Prop & Principal Investments..

Primary issuance & Advisory

- In DCM, Europe pared gains seen in 4Q14, though high-yield bond sales had a strong start in 2015, with investors seeking higher yields. In Americas, Japan and MEA fee revenue jumped by 15-40% vs 1Q14. The loan market, however, dropped 35-50% in main regions, with margins declining even faster than volumes. Only MEA (by far the smallest market) registered a gain in fees.
- 1Q15 was a tough quarter for ECM, as banks proved unable to translate healthy volume growth in Americas, Europe and APAC ex-Japan into fee gains. Global volumes surged c.20% (led by Americas), while the banks included in this report grew fee revenue by only 6% vs 1Q14 – largely due to dearth of IPOs.
- M&A/Advisory volumes strengthened in Americas and APAC ex-Japan vs 1Q14, but were flat in Europe and declined sharply in Japan. Fees, however, advanced only in Americas; consequently, all US banks included in this report reported a sharp increase in fees, while European banks (whose results were also depressed by the strong US dollar) suffered a decline in revenue.



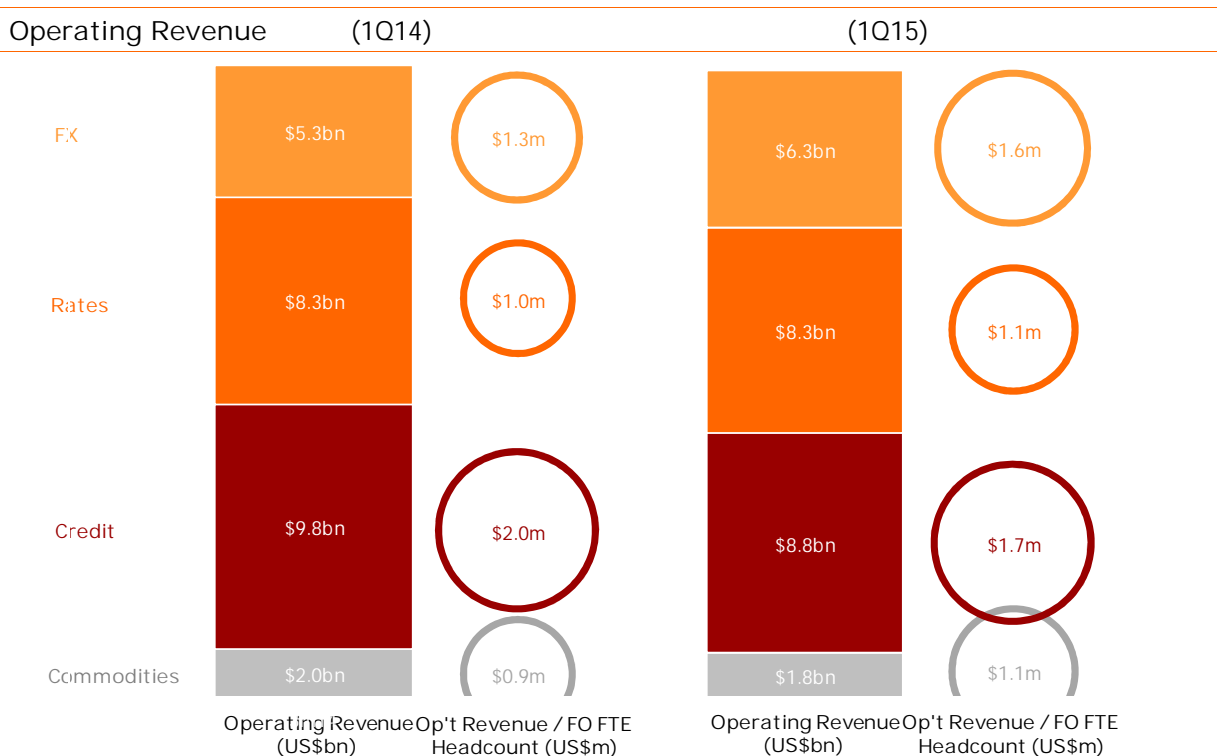
% change share of peer group operating revenue and pre-tax profit (1Q15 / 1Q14)



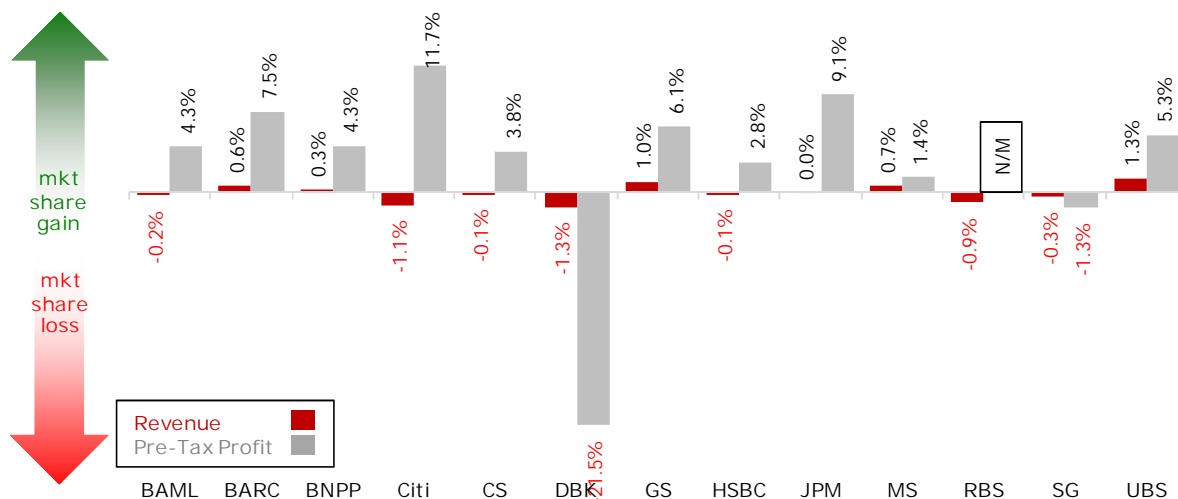
Notes: (1) Tricumen product definitions throughout. (2) Revenue is post-writedowns, excludes DVA/equivalent and one-offs. (3) Headcount: Front office full-time equivalent, adjusted for seniority. (4) Pre-tax profit excludes Prop & Principal Investments.

FICC

- **FX** revenues were strong, with the market benefiting from a strong increase in volatility and client business. The spot market continued to grow, especially in USD/EUR trading; FX options were also ahead of 1Q14. Trading in Latin America and APAC, by contrast, was soft. Several banks in this report sustained positioning losses on SNB's Jan-15 decision to end the cap on the franc (which prompted speculation that Denmark might do the same) while others made sizeable gains.
- The short-end **rates** market continued to be blighted by low interest rates. In the US, cash markets did well in USTs and TIPS, and swaps advanced relative to 4Q14. In Europe, rate markets were flat, with a strong 1Q15/1Q14 growth in swaps offset by a fall in government securities.
- In **credit**, the US high-grade and high-yield bond trading both benefited from investors' bias, but single-name and index CDS suffered, pressured by regulations. In Europe and the US, the new corporate bond trading platform, Bondcube, went live in Apr-15. The platform is a bond-crossing network and utilises an equities-style trading model instead of the traditional request-for-quote structure.



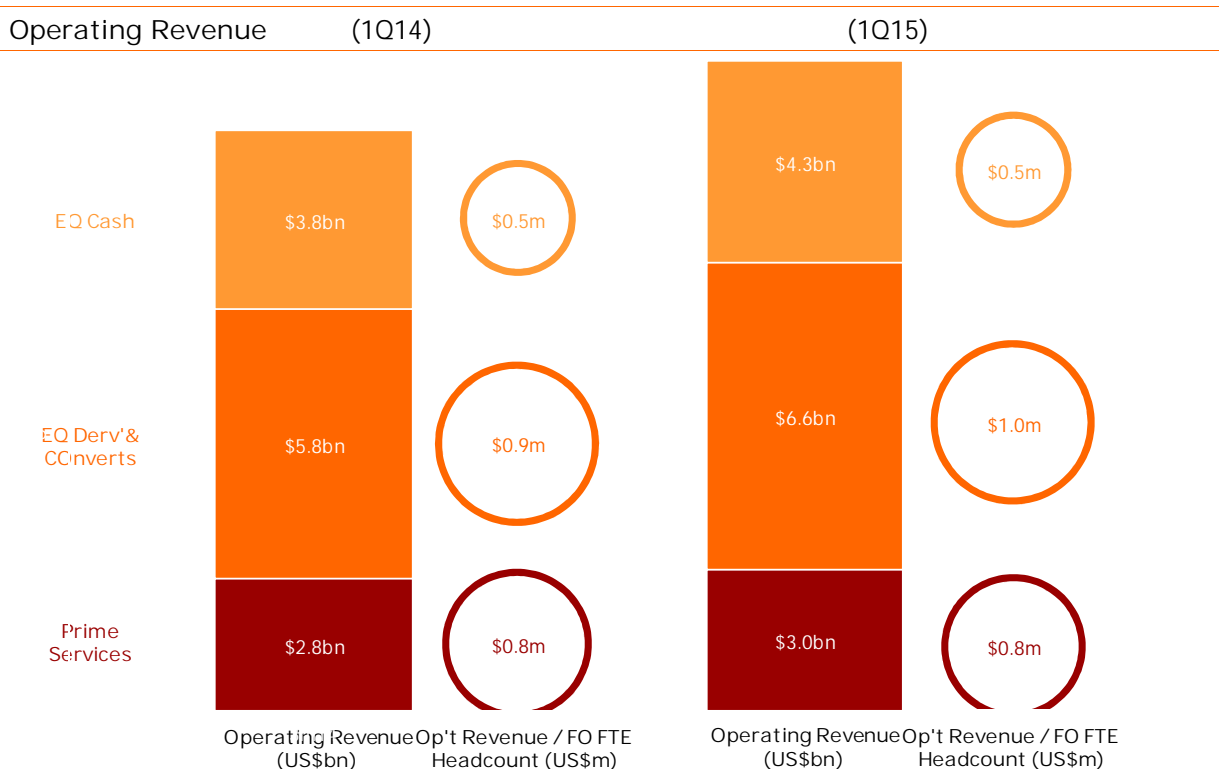
% change share of peer group operating revenue and pre-tax profit: (1Q15 / 1Q14)



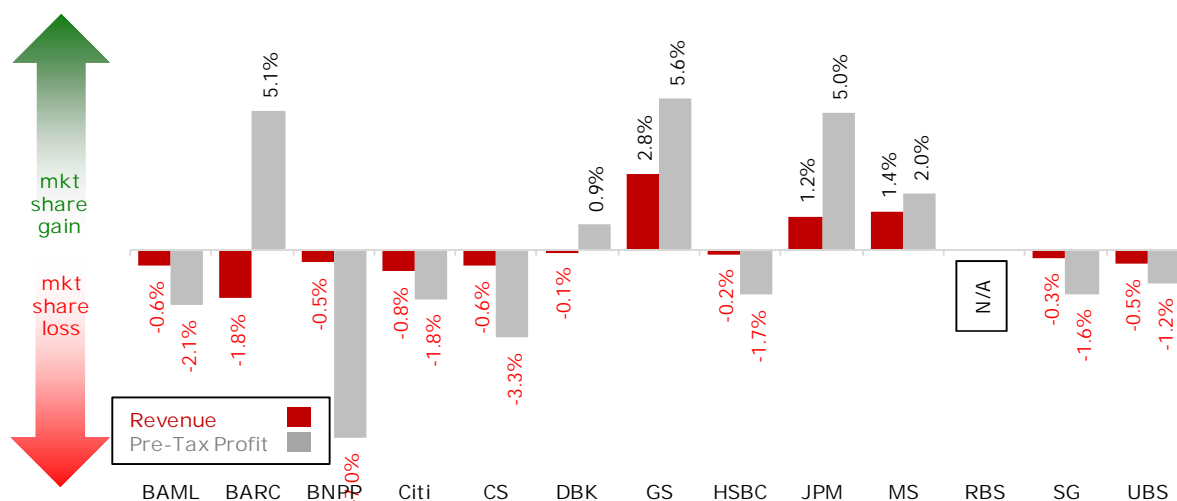
Notes: (1) Tricumen product definitions throughout. (2) Revenue is post-writedowns, excludes DVA/equivalent and one-offs. (3) Headcount: Front office full-time equivalent, adjusted for seniority. (4) Pre-tax profit excludes Prop & Principal Investments.

Equities

- In cash equities, Europe outperformed other regions, with strong performance in both hi-touch and electronic markets. The US and APAC ex-Japan also enjoyed a strong growth vs 1Q14.
- Relative to 1Q14, flow equity derivatives markets jumped in Americas but declined in APAC, mainly due to the severe weakness in Korea.
- On the whole, prime services revenues for banks in this report were flat in 1Q15/1Q14. Although US securities lending grew and there was continued improvement in hedge fund AuM, regulatory pressures caused many banks to either trim their focus on the business or cull client lists.



% change share of peer group operating revenue and pre-tax profit (1Q15 / 1Q14)



Notes: (1) Tricumen product definitions throughout. (2) Revenue is post-writedowns, excludes DVA/equivalent and one-offs. (3) Headcount: Front office full-time equivalent, adjusted for seniority. (4) Pre-tax profit excludes Prop & Principal Investments.

Revenue dynamics

1Q15 / 1Q14 (Operating revenue, % change, US\$, Global Level 1)

	BAML	BARC	BNPP	Citi	CS	DBK	GS	HSBC	JPM	MS	RBS	SG	UBS	Top 25%	Bottom 25%
Capital Markets: Total	→	↓	→	↓	↓	↓	↑	→	→	↑	↓	↓	↑	+10%	-4%
Primary	↓	↓	↓	↑	↓	→	→	↑	↑	→	↓	→	↓	+6%	-12%
DCM Bonds	↓	↑	→	↑	↓	↓	↓	→	↑	→	↓	→	↓	+9%	-12%
DCM Loans	↓	↓	→	→	↓	→	↓	↑	→	↓	↓	↑	↑	-17%	-63%
Securitisation	↓	↓	↑	↓	↑	↓	→	→	↑	↓	↓	→	↓	+5%	-33%
ECM	↑	↓	↓	↓	↓	↓	↑	→	→	↓	N/M	→	↑	+13%	-4%
M&A / Advisory	↑	↓	↓	↑	↓	↓	→	→	↑	→	N/M	↓	↓	+41%	+10%
Secondary	↓	→	→	↓	→	↓	↑	↓	→	↑	↓	↓	↑	+7%	-4%
FX	↑	→	→	↓	↓	↓	↑	→	↓	→	↓	↓	↑	+38%	-4%
Rates	↓	↑	↓	↓	↑	↓	→	↓	→	→	↓	→	↑	+12%	-2%
Credit	↓	↑	→	↓	↓	↓	↓	↑	→	→	N/M	↓	↑	-3%	-13%
Commodities	↓	→	→	↓	→	↓	↓	→	↓	↑	N/M	↓	↑	+4%	-16%
EQ Cash	→	↓	→	↓	↓	↓	↑	↓	↑	↑	N/M	→	↓	+19%	-1%
EQ Derv & Converts	↓	↓	↓	↓	↓	→	↑	↓	↑	↑	N/M	→	↑	+24%	+2%
Prime Services	↓	↓	↓	→	↑	↓	↑	↓	→	→	N/M	↓	↑	+9%	+2%
Prop Trading	N/M	↓	→	↓	↑	N/M	↓	↑	↓	N/M	N/M	→	N/M	+9%	-13%
Principal Investments	N/M	N/M	N/M	N/M	↓	N/M	→	↓	N/M	↑	N/M	N/M	N/M	+1%	-62%

Source: Tricumen. Notes: (1) Tricumen product definitions throughout. (2) Arrows show % change in revenue vs peers. Up-/down-arrows: top-/bottom-quartile. (3) Revenue is post-writedowns, excludes DVA/equivalent and one-offs, as described in the Company Section.

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Tricumen was founded in 2008. It quickly became 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.

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