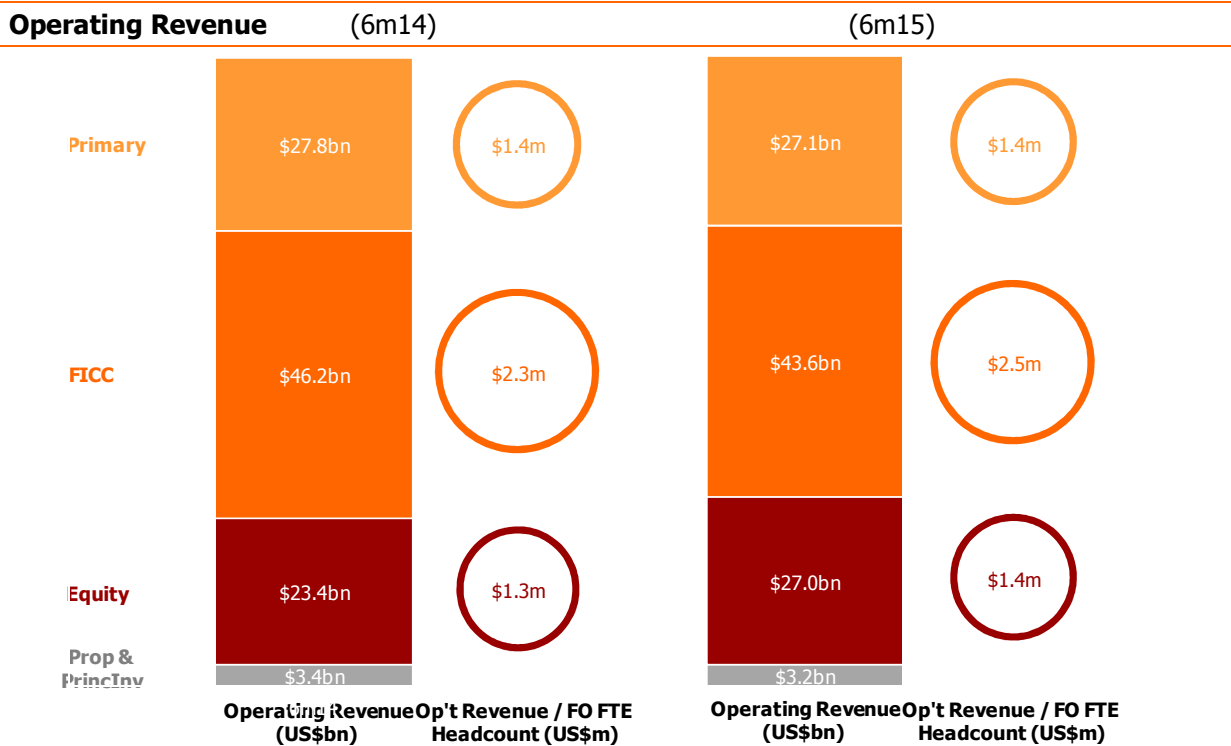
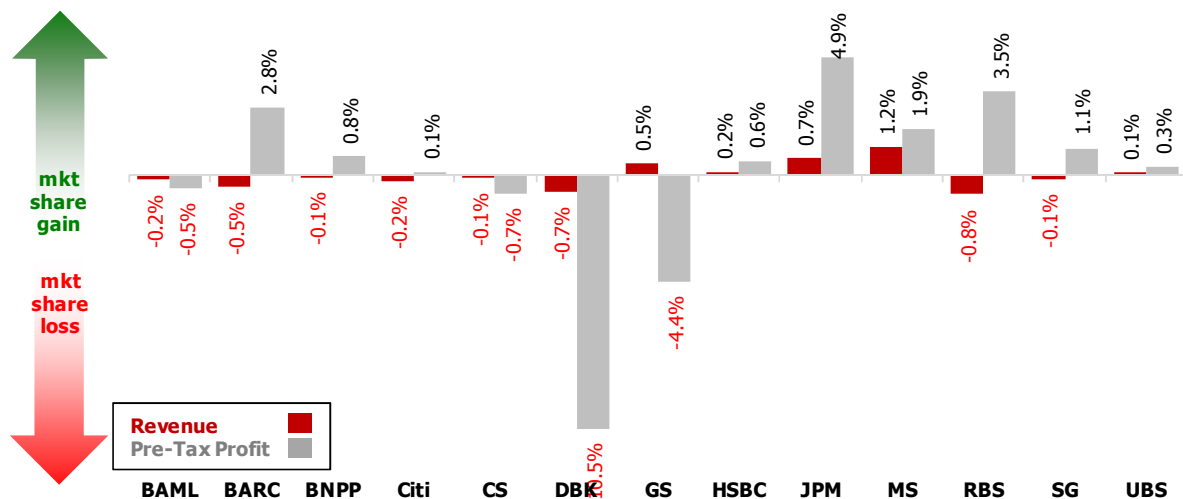


Capital Markets: Results Review 2Q15 / 6m15

- In 2Q15, Top 13 banks' capital markets revenue reached \$47bn, bringing the 1H15 total to \$101bn - exactly in line with 1H14, as Equities revenue compensated for the decline in FICC.
- Operating expenses totalled \$74bn in 1H15, in-line with 1H14. Primary activities and Equities increased expenditure, largely through performance-related comp, but a decrease in FICC costs compensated. Revenue/headcount productivity improved slightly as a result of a surge in equities revenue and continued trimming of FICC headcount. Our analysis includes large fines paid by Goldman Sachs and Deutsche Bank (which booked this item in Corporate Centre).
- The Fed's July-15 ruling on capital rules for large US banks addressed most of the concerns put forward by banks. Banks are now able to calculate the surcharge based on their own size, complexity and risk, without the need to consider peers' conduct, and will also utilise 3-year daily average FX translation. Citi is probably the greatest beneficiary, having received the 3.5% - instead of the expected 4% - surcharge requirement (see the Company Section).



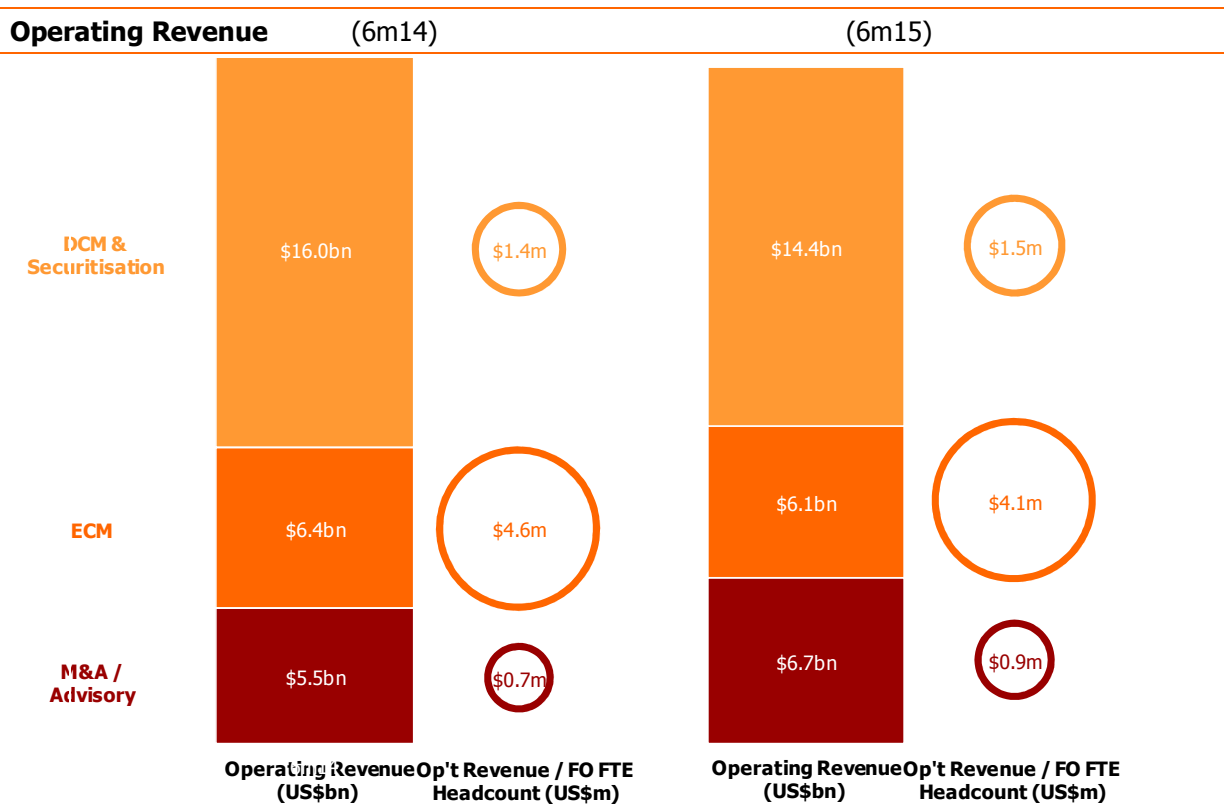
% change share of peer group operating revenue and pre-tax profit (6m15 / 6m14)



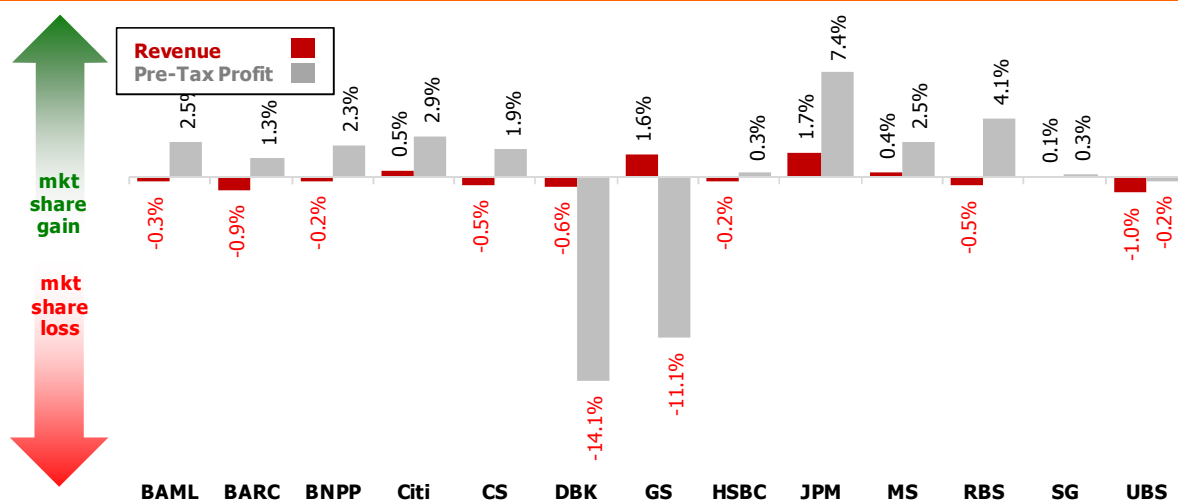
Notes: (1) Tricumen product definitions throughout. (2) Revenue is post-writedowns, excludes DVA/equivalent and one-offs. (3) Headcount: Front office full-time equivalent, adjusted for seniority. (4) Pre-tax profit excludes Prop & Principal Investments..

Primary issuance & Advisory

- DCM bonds had a difficult 2Q15. Regionally, in 1H15, fees grew only in Americas and even there, the volume of issuance (much of which is destined to finance the US companies' growing appetite for M&A) advanced faster than fees. HY issuance in APAC continues to grow strongly.
- In securitisation, RMBS and CMBS markets were subdued, tailing off towards the end of 2Q15. In Europe, the widening of ABS - especially in the periphery - suggests that investors do not believe that the ECB can revive the market. US issuers, though, continue to produce innovative instruments: June saw a \$400m ABS issue backed by loans for the purchase of washing machines; some estimate new issues of 'esoteric ABS' will reach \$25bn, the highest since 2008.
- In 2Q15, ECM fees for the leading players declined vs 2Q14; EMEA and Japan 1H15 fees fell the most; Americas was flat-ish and APAC ex-Japan grew strongly. Banks' hiring in the private placements is accelerating (see the Company Section).
- Low interest rates and growing business confidence pushed M&A/Advisory volume to near-2Q07 record. Americas and APAC ex-Japan outperformed; 1H15 fees jumped c.20% in both regions.



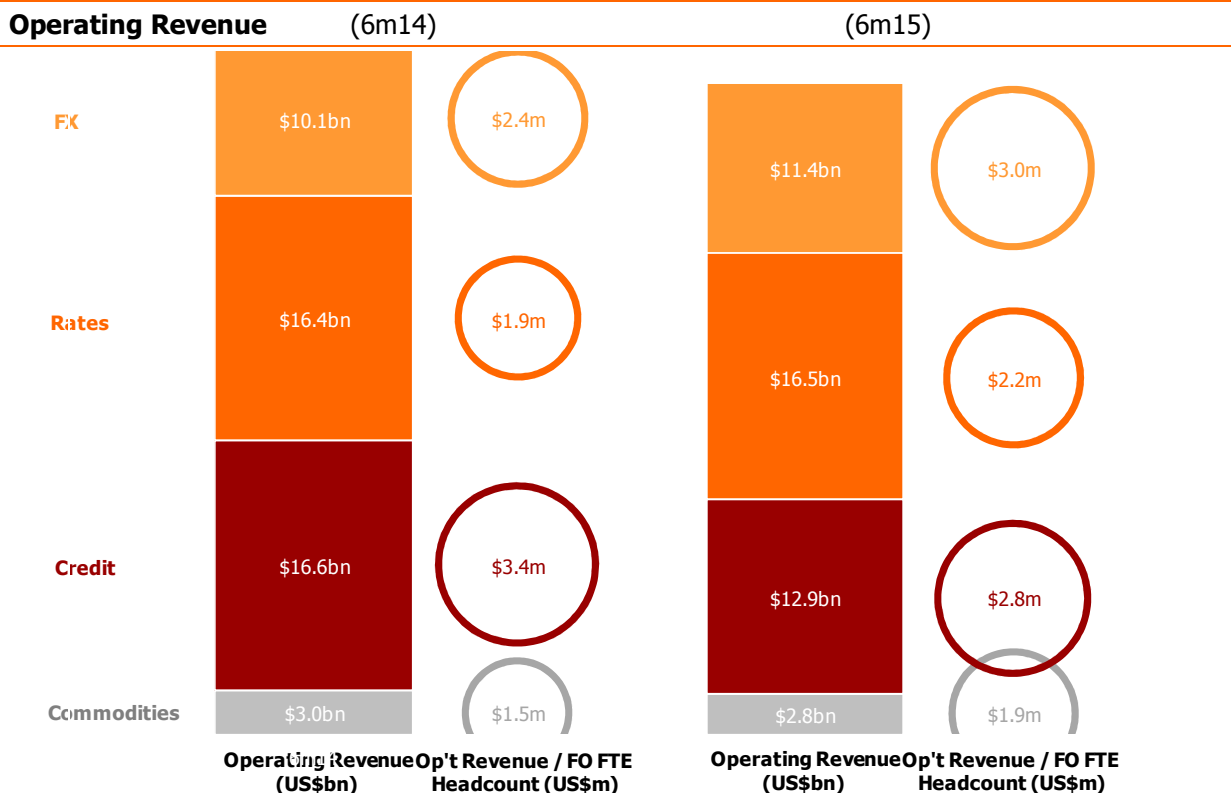
% change share of peer group operating revenue and pre-tax profit (6m15 / 6m14)



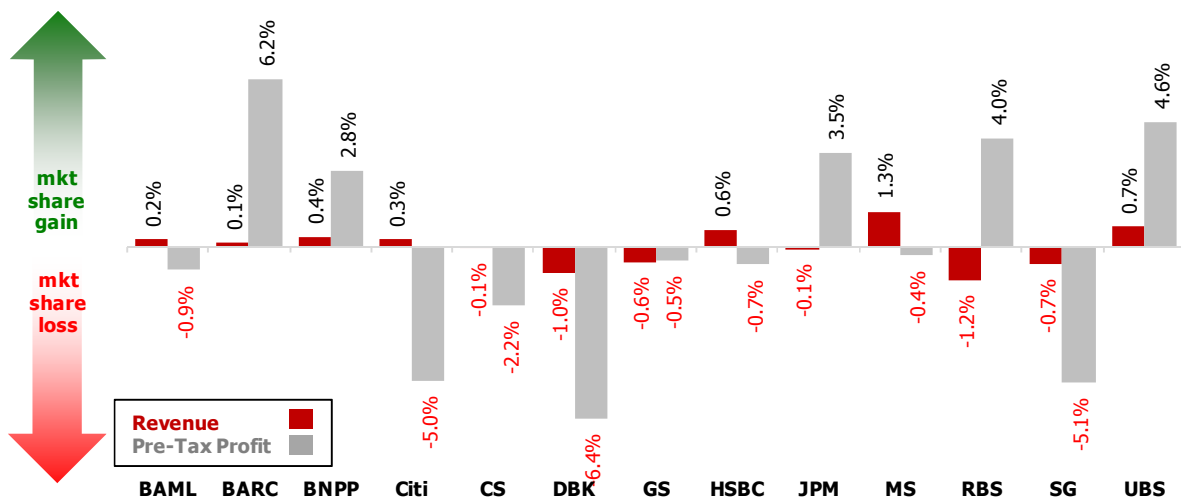
Notes: (1) Tricumen product definitions throughout. (2) Revenue is post-writedowns, excludes DVA/equivalent and one-offs. (3) Headcount: Front office full-time equivalent, adjusted for seniority. (4) Pre-tax profit excludes Prop & Principal Investments.

FICC

- The spot FX market advanced, but only in steady currency pairs (e.g. USD/EUR). In emerging markets, Brazil and Mexico fell.
- The US rates flow markets held steady in all areas except T-bills. In Europe, the short end remains depressed due to the actions of the ECB. European govies trading declined vs 2Q14, but this was more than offset by a growth in swap trading. International and eurozone regulators are looking at zero risk-weights for government bonds; we expect any change to be gradual.
- Credit trading was strong in the US, both in HG and HY. The European markets continued to grow; investors seem relaxed about the possibility of contagion from Greece. In the US, the arrival of Volcker rule - which limits banks' holdings of certain types of these securities - in July spurred sales of CLOs issued after Jan-14. In emerging markets, credit trading fell in LatAm and CEEMEA, but APAC more than compensated.
- In commodities, the flow energy markets were largely flat across the globe. Metals trading declined, however, especially in APAC and EMEA. The 3Q15 had a weak start.



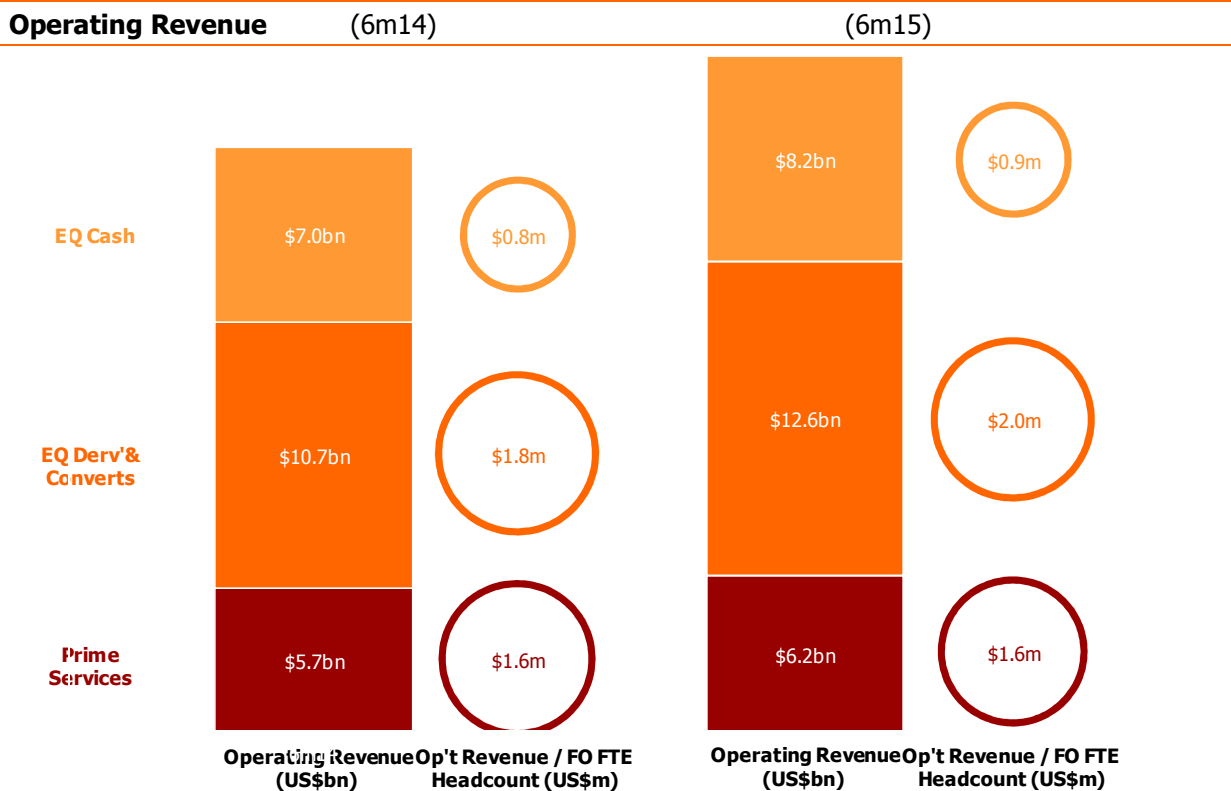
% change share of peer group operating revenue and pre-tax profit: (6m15 / 6m14)



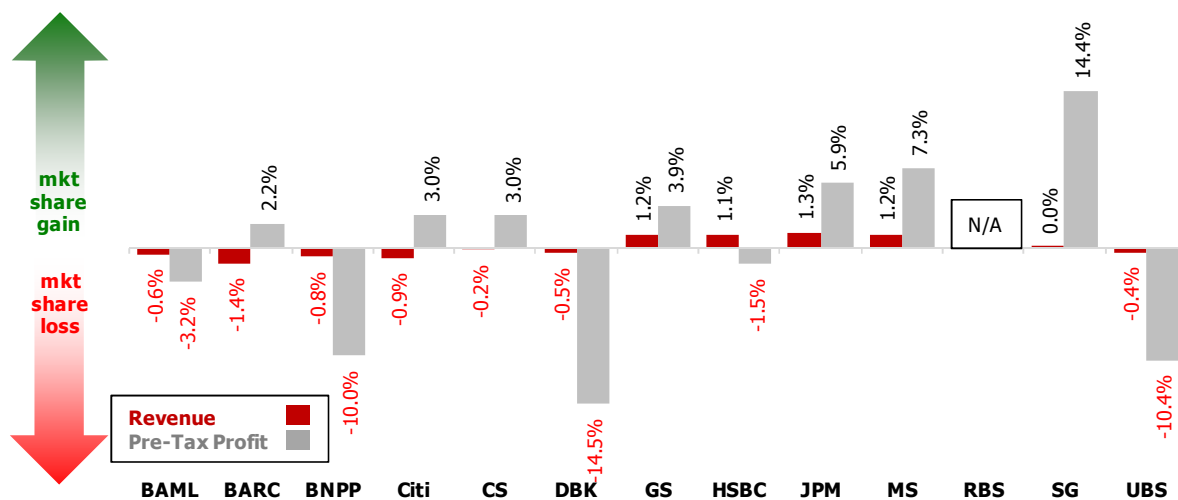
Notes: (1) Tricumen product definitions throughout. (2) Revenue is post-writedowns, excludes DVA/equivalent and one-offs. (3) Headcount: Front office full-time equivalent, adjusted for seniority. (4) Pre-tax profit excludes Prop & Principal Investments.

Equities

- In cash equities, revenues in Europe outperformed North America across both high touch and electronic markets. In Europe, regulators are considering capping the amount of trading of a company's stock that can be done in off-exchange dark pools. Due to various delays, details are yet to be announced - probably in September - but rumoured 'double cap' limits could, as they stand, ban trading in hundreds of European large-cap stocks. Market participants are already exploring alternatives, including the use of 'large-in-scale-waivers'.
- Equity derivatives did very well across the globe, with strong growth in both flow and structured products, and especially in APAC, where banks' earnings boomed.
- In prime services, US securities lending is now c.50% ahead of 2Q14, reflecting the growing confidence in the alternatives space and outpacing the growth in hedge funds' assets under management.



% change share of peer group operating revenue and pre-tax profit (6m15 / 6m14)



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

6m15 / 6m14 (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	↓	↓	→	↓	→	↓	↑	→	↑	↑	↓	↓	→	+3%	-3%
Primary	→	↓	↓	↑	→	↓	↑	↓	↑	→	↓	→	↓	+3%	-12%
DCM Bonds	↑	→	→	↑	↓	↓	↓	↓	↑	→	↓	→	↓	+4%	-19%
DCM Loans	↓	↑	↓	→	↓	→	↓	↑	→	↓	↓	↑	→	-10%	-27%
Securitisation	↓	↓	↓	→	↑	↓	→	↑	↑	↓	N/M	→	↓	-6%	-21%
ECM	→	↓	↓	↓	↓	↓	↑	↓	↑	→	N/M	→	↑	+1%	-20%
M&A / Advisory	→	↓	↓	↑	↓	↓	↑	↓	↑	→	N/M	→	↓	+28%	-2%
Secondary	↓	↓	→	↓	→	↓	→	↑	→	↑	↓	↓	↑	+4%	-4%
FX	↑	↓	→	↓	↓	↓	↑	→	→	→	↓	↓	↑	+28%	-5%
Rates	→	↑	↓	→	↑	↓	→	↓	↓	↑	↓	↓	→	+5%	-8%
Credit	↓	↓	→	↑	↓	→	↓	→	↓	→	N/M	↓	↑	-10%	-31%
Commodities	↓	↓	↑	→	↑	↓	↓	→	↓	↑	N/M	↓	→	-0%	-13%
EQ Cash	↓	↓	↓	↓	→	↓	↑	→	↑	↑	N/M	→	↓	+24%	+3%
EQ Derv & Converts	↓	↓	↓	↓	↓	→	→	↑	↑	↑	N/M	→	↑	+29%	+3%
Prime Services	↓	↓	↓	↓	↑	↓	↑	→	↓	→	N/M	→	↑	+9%	+3%
Prop Trading	N/M	↓	→	↓	↑	N/M	→	↑	↓	N/M	N/M	↓	N/M	-3%	-26%
Principal Investments	N/M	N/M	N/M	N/M	↓	N/M	↑	↓	N/M	→	N/M	N/M	N/M	-17%	-61%

2Q15 / 2Q14 (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	→	↓	↓	→	↑	↓	↓	↑	→	↑	↓	→	↓	-1%	-6%
Primary	→	↓	↓	→	→	↓	↑	↓	↑	→	↓	↑	↓	+1%	-16%
DCM Bonds	↑	→	→	→	↓	↓	↓	↓	↑	→	↓	↑	↓	-3%	-22%
DCM Loans	↓	↑	↓	→	↑	↓	→	↑	↓	→	↓	→	↓	+8%	-14%
Securitisation	↓	→	↓	↑	↑	↓	↓	↓	↓	↑	N/M	→	→	+1%	-14%
ECM	↓	↓	→	↓	↓	↓	↑	↓	→	↑	N/M	↑	→	-5%	-24%
M&A / Advisory	→	↓	↓	↑	↑	↓	↑	↓	→	↓	N/M	↓	→	+18%	-11%
Secondary	→	↓	↓	→	↑	↓	↓	↑	→	↑	↓	↓	→	+4%	-8%
FX	→	→	↑	→	→	↓	↓	↑	↓	↑	↓	↓	↓	+5%	-12%
Rates	→	→	↓	→	N/M	↓	↑	↑	↓	↑	↓	↓	↓	+5%	-18%
Credit	→	↓	→	↑	↓	→	↓	N/M	↓	→	N/M	↓	N/M	-18%	-53%
Commodities	→	↓	↑	↑	↓	↓	↓	→	↓	→	N/M	↓	↑	-7%	-43%
EQ Cash	↓	→	↓	↓	↑	↓	↓	↑	↑	→	N/M	→	↓	+41%	+11%
EQ Derv & Converts	↓	↓	↓	↓	→	→	↓	N/M	↑	↑	N/M	↑	→	+26%	-2%
Prime Services	↓	→	↓	↓	↓	↓	↑	→	↓	→	N/M	↑	↑	+10%	+4%
Prop Trading	N/M	↓	↓	→	↑	N/M	↑	↓	↓	N/M	N/M	→	N/M	-0%	-17%
Principal Investments	N/M	N/M	N/M	N/M	↓	N/M	↑	→	N/M	↓	N/M	N/M	N/M	-38%	-67%

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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