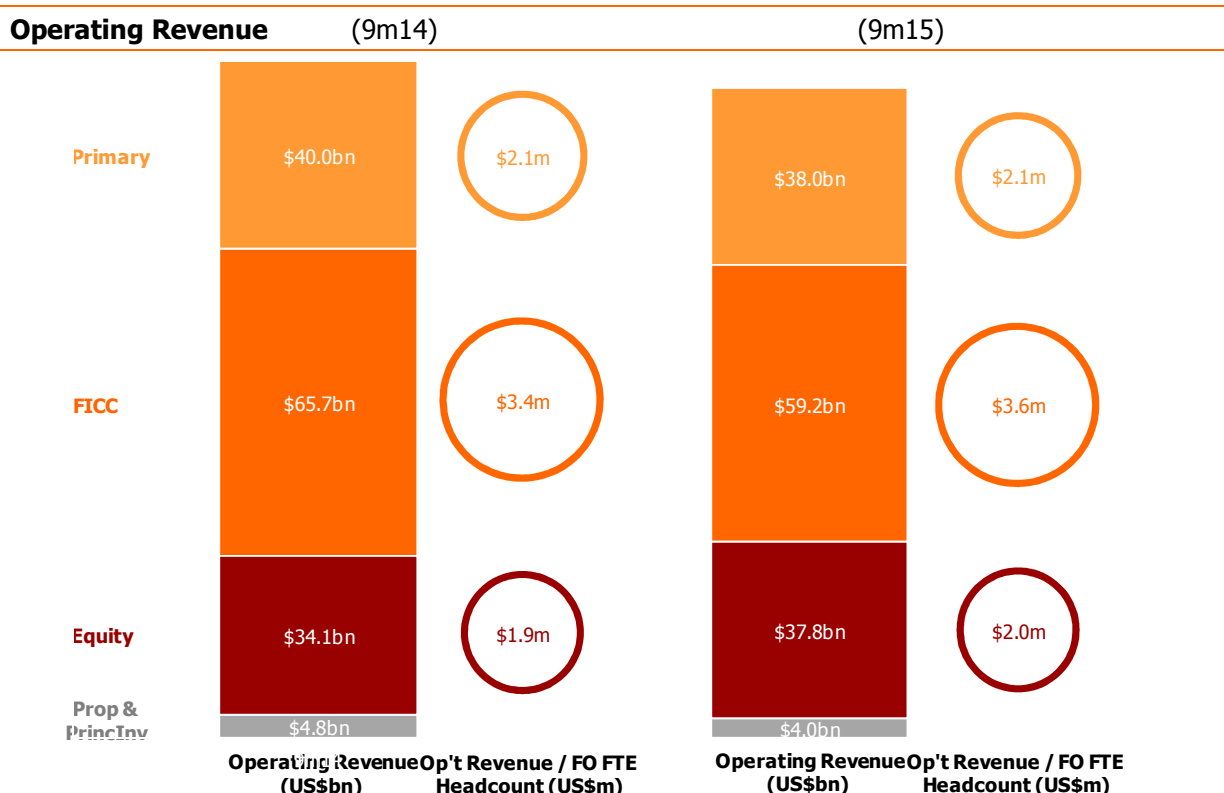
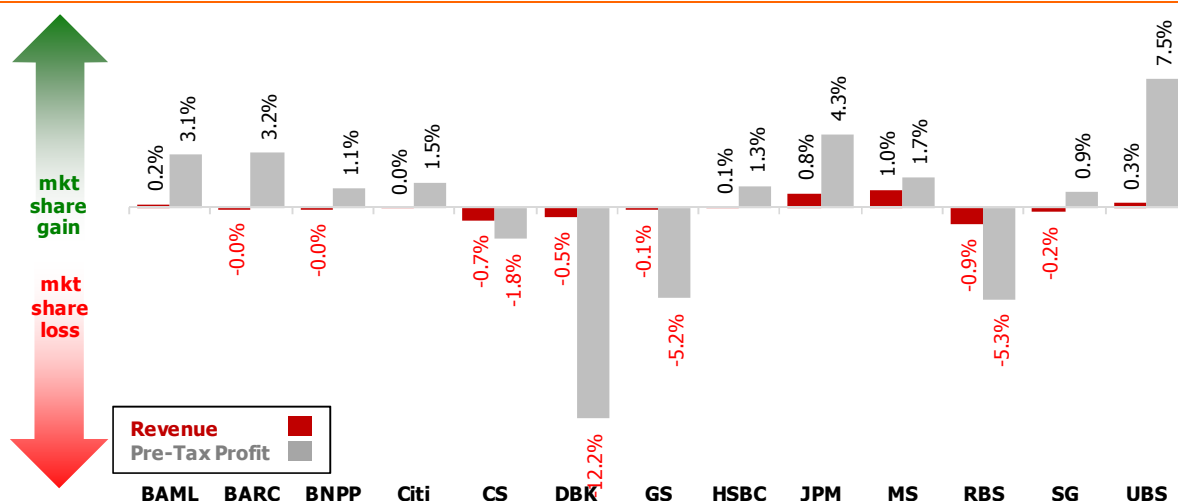


Capital Markets: Results Review 3Q15 / 9m15

- In 3Q15, capital market revenue for 13 banks in this report reached \$37bn, 12% below 3Q14; equity revenues grew slightly y/y, but issuance and advisory and particularly FICC dropped. The 9m15 revenue totalled \$139bn, 4% below 9m14.
- Banks maintained tight cost controls, especially in comp & benefits, but - partly due to ongoing litigation charges - were unable to fully offset a decline in revenue. The 9m15 pre-tax profit declined by 6% overall. Primary activities suffered the most, followed by FICC; equities, by contrast, grew their pre-tax profit considerably.
- European banks were in focus in 3Q15. Deutsche Bank is embarking on 'Strategy 2020', Barclays on 'Strategy Refresh', Credit Suisse is 'right-sizing' and BNP Paribas will filter clients via 'big data'; details are in the Company section. In the UK, the regulators seem determined to ringfence 'risky' and 'traditional' banking (for Barclays, the cost may total £1bn+ in 2016-2018); in contrast, the EU recently ruled out mandatory separation in favour of more capital. Prop trading will likely be banned throughout EU.



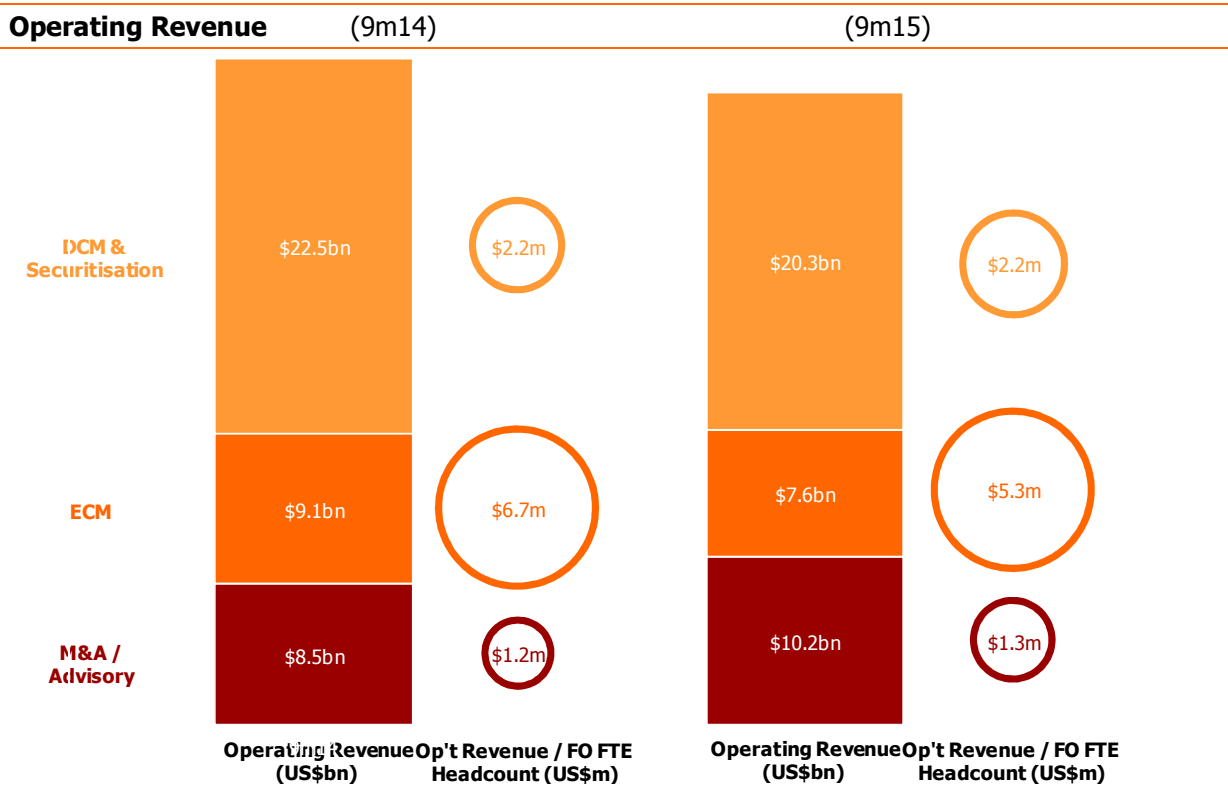
% change share of peer group operating revenue and pre-tax profit (9m15 / 9m14)



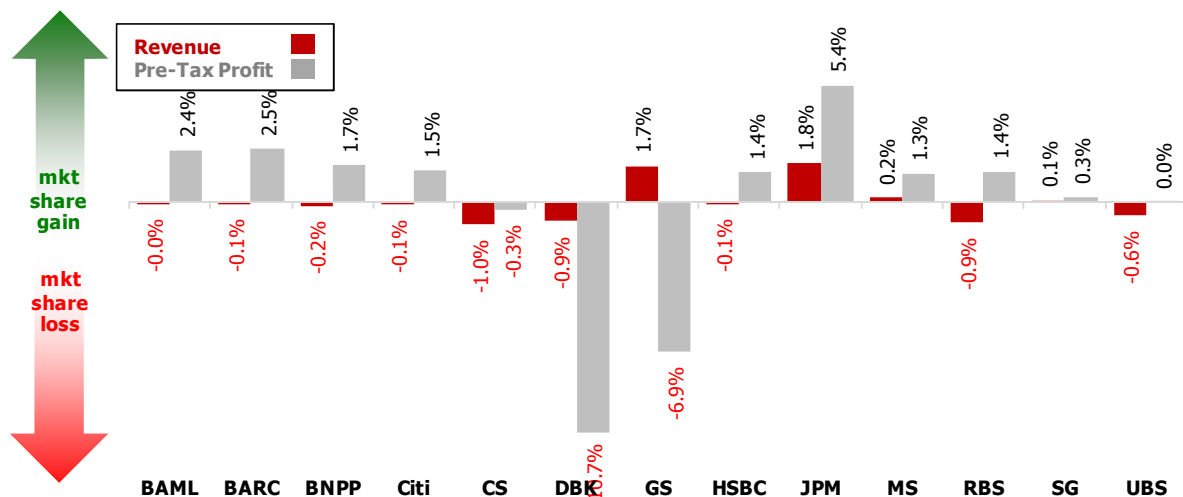
Notes: (1) Tricumen product definitions throughout. (2) Revenue is post-writedowns, excludes DVA/equivalent and one-offs. (3) Headcount: Front office full-time equivalent, adjusted for seniority. (4) Pre-tax profit excludes Prop & Principal Investments..

Primary issuance & Advisory

- **DCM** bond fees in 3Q15 were 10% below 3Q14 for Top 13 banks, but with wide variations between banks. Global volumes declined by c.15% in both bonds and loans, but fees margins held fairly firm in both EMEA and Americas and, in bonds, in APAC as well. In **securitisation**, SG's CEO Oudea expressed (justifiable, in our view) doubts that EU proposals to revive the market (and raise funds to spur economic growth) will increase the volumes.
- **ECM** fees, badly impacted by market volatility, almost halved 3Q15/3Q14. Regionally, to end-9m15, fees grew only in APAC ex-Japan, and that only by a modest 10% vs 9m14; Americas and EMEA fees fell 10% and 35%, respectively, with margins in both dropping far faster than volumes.
- **M&A/Advisory** enjoyed a bumper 3Q15 amid a flurry of megadeals (the combined value of \$10bn+ deals in 9m15 exceeded the previous 2009 record) and APAC volumes hitting an all-time high. Banks' margins shrank, however: the total 3Q15 fee intake for banks in this reports was 16% ahead of the prior-year period, far below 35% growth in global volumes; banks grew fees by c.20% in Americas, but suffered a 5-10% contraction in EMEA and APAC.



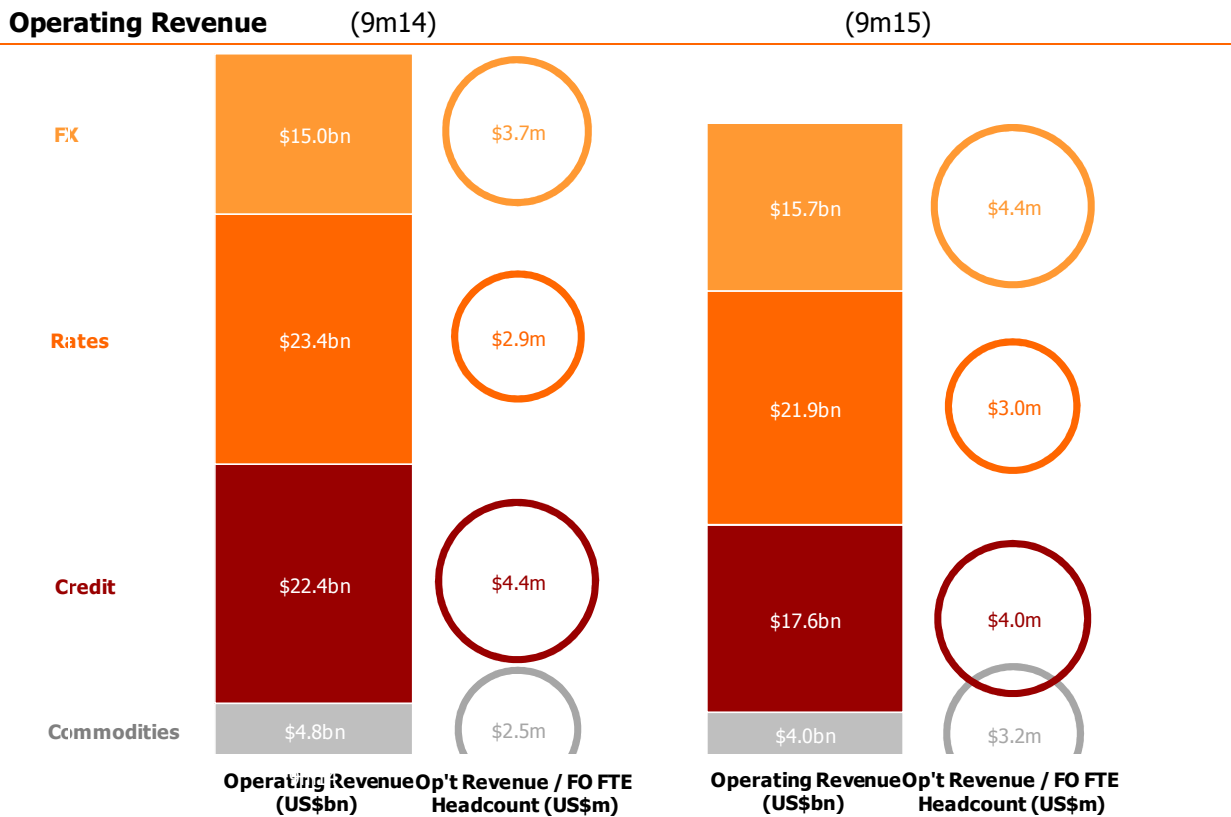
% change share of peer group operating revenue and pre-tax profit (9m15 / 9m14)



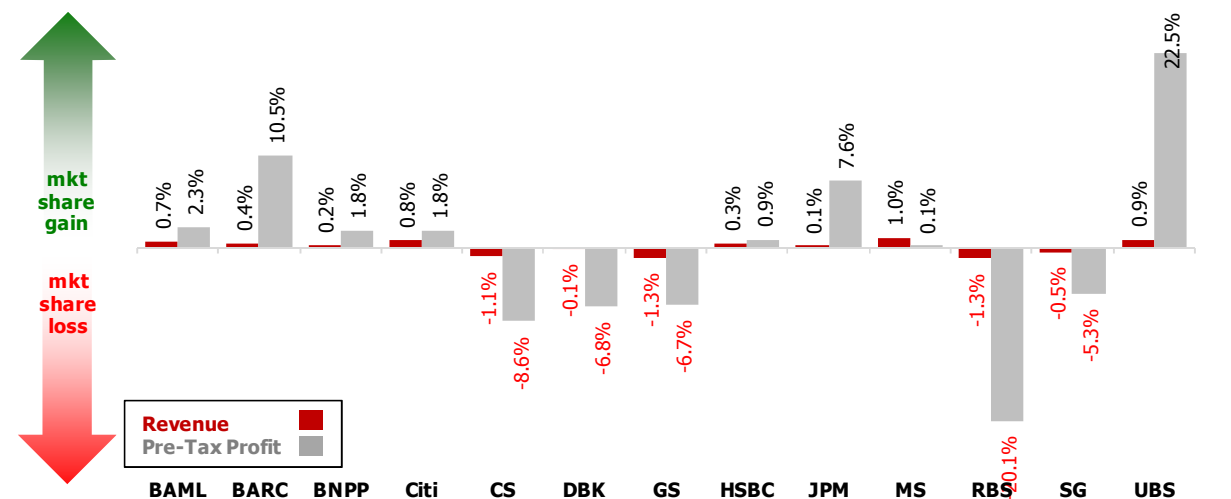
Notes: (1) Tricumen product definitions throughout. (2) Revenue is post-writedowns, excludes DVA/equivalent and one-offs. (3) Headcount: Front office full-time equivalent, adjusted for seniority. (4) Pre-tax profit excludes Prop & Principal Investments.

FICC

- In 3Q15, FX spot markets saw a healthy increase in the 'client wallet' revenue opportunity. Swaps market was subdued, however, and FX options were essentially unchanged vs 3Q14. Institutional eFX registered modest falls in both spot and forwards.
- Rates markets remained depressed by the combination of the weakness in emerging markets and ever-stricter capital constraints imposed by regulators (CS is dropping its primary dealer role in European and UK sovereigns; it will remain a primary dealer in USTs.) The short-end US market benefited from improved rates, countered by falls in overnight and term repo; Europe did slightly better. Unusually, muni markets registered a sharp drop. Trading in Latin America surged y/y.
- The revenue opportunity in US high grade credit markets grew at steady pace, but high yield weakened; European trading was down, to a degree. CDO issuance had a difficult summer.
- Commodities 3Q15 revenue extended a decline seen in 1H15 despite a relatively healthy trading activity in metals and flow energy. APAC revenues, however, declined versus the prior-year period.



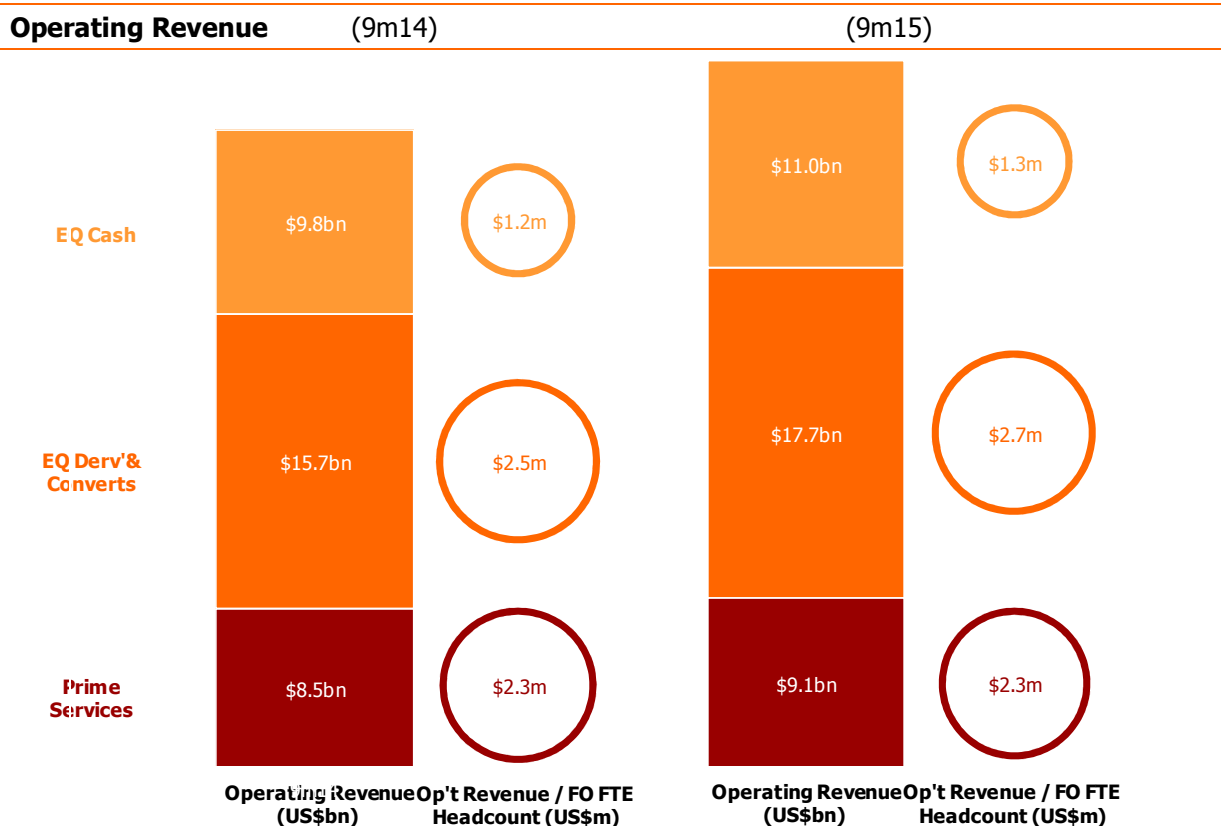
% change share of peer group operating revenue and pre-tax profit: (9m15 / 9m14)



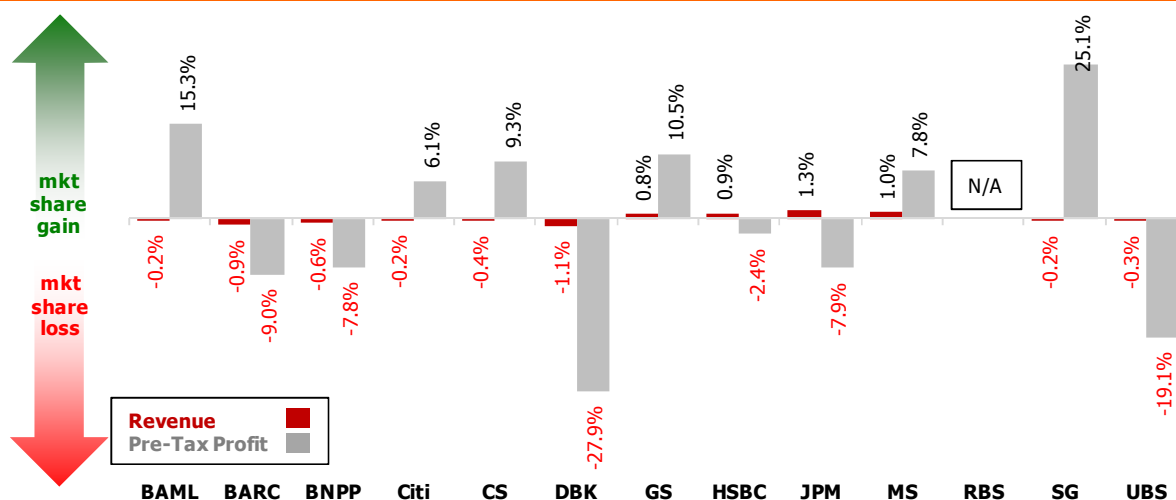
Notes: (1) Tricumen product definitions throughout. (2) Revenue is post-writedowns, excludes DVA/equivalent and one-offs. (3) Headcount: Front office full-time equivalent, adjusted for seniority. (4) Pre-tax profit excludes Prop & Principal Investments.

Equities

- Cash equity volumes in electronic and hi-touch markets advanced in 3Q15, both in the US and Europe. In APAC ex-Japan, a surge in the early summer was followed by a sharp slowdown in August and September, reversing some of the growth spurred by the Mutual Market Access between mainland China and Hong Kong.
- Flow equity derivatives enjoyed, on the whole, strong July and August. Structured issuance grew strongly in Europe, and APAC was slightly ahead of both 3Q14 and 2Q15.
- Prime services extended steady gains seen in 1H15; in the US, 3Q15 securities lending is 55% ahead of 3Q14 (+4% sequentially). The leading US providers - Goldman Sachs, Morgan Stanley and J.P.Morgan - are winning market share from their European counterparts (especially from Deutsche Bank and Credit Suisse), mostly because the latter are more impacted by Basel 3 leverage rules. The US banks are also known to be increasing the fees for their prime services, tailoring them for individual clients' size of the fund and the overall volume of business.



% change share of peer group operating revenue and pre-tax profit (9m15 / 9m14)



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

9m15 / 9m14 (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	→	→	↓	→	↓	↓	↓	→	↑	↑	↓	↓	↑	-2%	-9%
Primary	→	→	↓	→	↓	↓	↑	↓	↑	→	↓	↑	↓	-3%	-14%
DCM Bonds	↑	↑	→	→	↓	→	↓	↓	↑	↓	↓	→	↓	+3%	-26%
DCM Loans	↓	↑	↓	→	↓	↓	→	↑	→	↓	↓	↑	→	-0%	-23%
Securitisation	↓	↓	↓	→	↑	↓	↓	→	↑	↓	N/M	↑	→	-8%	-20%
ECM	↓	↓	↓	↓	↓	↓	↑	→	→	→	N/M	↑	↑	-9%	-27%
M&A / Advisory	→	↓	↓	→	↓	↓	↑	↓	↑	↑	N/M	→	↓	+26%	-1%
Secondary	→	→	↓	→	↓	↓	↓	↑	→	↑	↓	↓	↑	+1%	-9%
FX	↑	→	→	↓	↓	↓	↑	↓	→	→	↓	↓	↑	+20%	-9%
Rates	→	↑	↓	→	↑	↓	↓	↓	→	↑	↓	↓	→	+2%	-13%
Credit	↓	→	↑	↑	↓	→	↓	→	↓	→	↓	↓	↑	-13%	-27%
Commodities	↓	↓	↑	↑	↑	↓	↓	→	↓	→	N/M	↓	→	-0%	-17%
EQ Cash	→	↓	↓	→	↓	↓	↑	↓	↑	↑	N/M	→	↓	+14%	+5%
EQ Derv & Converts	→	↓	↓	↓	↓	↓	→	↑	↑	↑	N/M	↓	↑	+16%	+4%
Prime Services	↓	↓	↓	→	↑	↓	↓	↓	→	→	N/M	↑	↑	+8%	+4%
Prop Trading	N/M	↓	→	↓	↑	N/M	→	↑	↓	N/M	N/M	↓	N/M	-5%	-35%
Principal Investments	N/M	N/M	N/M	N/M	↓	N/M	→	↓	N/M	↑	N/M	N/M	N/M	-3%	-54%

3Q15 / 3Q14 (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	↑	↑	→	→	↓	↓	↓	↓	→	→	↓	↓	↑	-4%	-22%
Primary	→	↑	↓	↓	↓	↓	↑	↑	→	↓	↓	→	→	+2%	-25%
DCM Bonds	→	↑	→	↓	↓	↓	→	↓	↑	↓	↓	→	↑	+6%	-26%
DCM Loans	→	↑	↓	↑	↓	↓	↑	→	→	↓	↓	→	↓	+0%	-17%
Securitisation	→	↑	↓	↓	↓	↓	↓	↓	→	→	N/M	↑	↑	-12%	-21%
ECM	→	→	↓	↓	↓	↓	↓	↑	→	↓	N/M	↑	↑	-29%	-47%
M&A / Advisory	↑	→	↑	↓	→	↓	↑	↓	→	↑	N/M	↓	↓	+22%	+1%
Secondary	↑	↑	↓	→	↓	→	↓	↓	→	→	↓	↓	↑	-2%	-25%
FX	→	→	↑	→	↓	↑	↓	↓	→	↓	↓	↓	↑	+2%	-22%
Rates	↑	→	↓	↑	N/M	→	↓	↓	→	→	↓	↓	↑	-8%	-33%
Credit	→	↑	↑	→	↓	↓	→	N/M	↓	↓	→	↓	N/M	+2%	-28%
Commodities	↓	↓	→	↑	↑	↓	↓	→	↓	↓	N/M	→	↑	-5%	-30%
EQ Cash	→	↓	↓	↑	↑	↓	↑	↓	→	↓	N/M	↓	→	+17%	-8%
EQ Derv & Converts	→	→	↓	↑	↓	↓	↓	N/M	↑	→	N/M	↓	↓	+15%	-8%
Prime Services	→	↓	→	↑	↓	↓	↓	↓	↑	→	N/M	↑	↓	+6%	-2%
Prop Trading	N/M	↓	→	→	↑	N/M	↓	↓	↓	N/M	N/M	→	N/M	+0%	-21%
Principal Investments	N/M	N/M	N/M	N/M	→	N/M	↓	↓	N/M	↑	N/M	N/M	N/M	+28%	-53%

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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