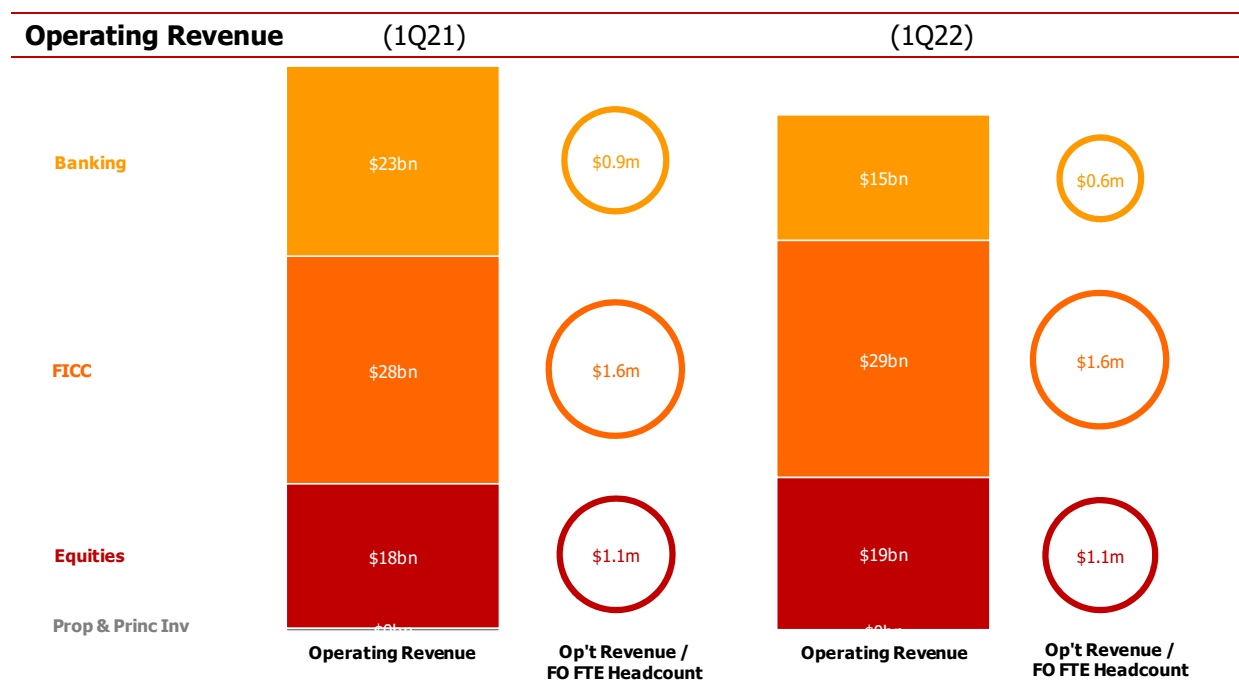


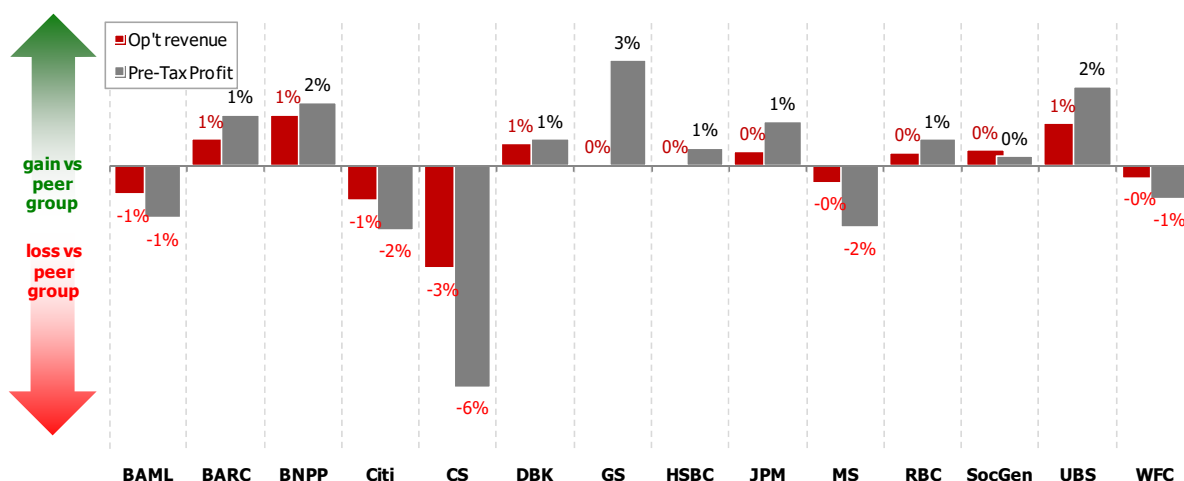
Results Review 1Q22

Capital Markets: Overview

- In aggregate, the banks generated \$63bn in operating revenue in 1Q22: 8% below 1Q21, but 26% ahead sequentially. FICC and Equities were broadly stable, but Banking was depressed by weak underwriting fees, across DCM (except high grade bonds) and ECM.
- Most banks – even those that typically ‘front-load’ comp and bonus accruals costs to the first half of the year - maintained strong cost control, particularly in comp.
It’s early days, but after extraordinarily profitable quarters in 2020/21, it’s fair to expect some tightening in comp in 2022. We expect that FY22 bonuses will be 20% down y/y in DCM and fixed income and 60% y/y or more in ECM; flat in M&A; and slightly higher in Equities.



% change share of peer group operating revenue and pre-tax profit (1Q22 / 1Q21)



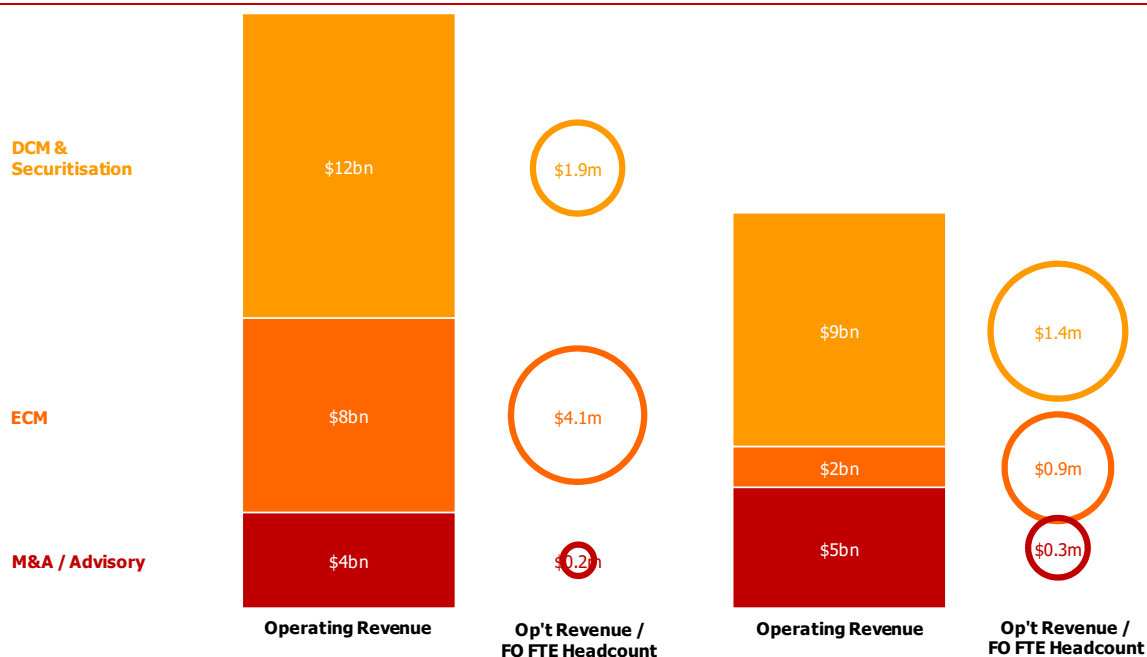
Notes: (1) Tricumen product definitions throughout. (2) Revenue is post-writedowns, excludes DVA/equivalent and one-offs. (3) Headcount: Front office full-time equivalent, adjusted for seniority. (4) Pre-tax profit excludes Prop & Principal Investments..

Capital Markets (cont.): Banking

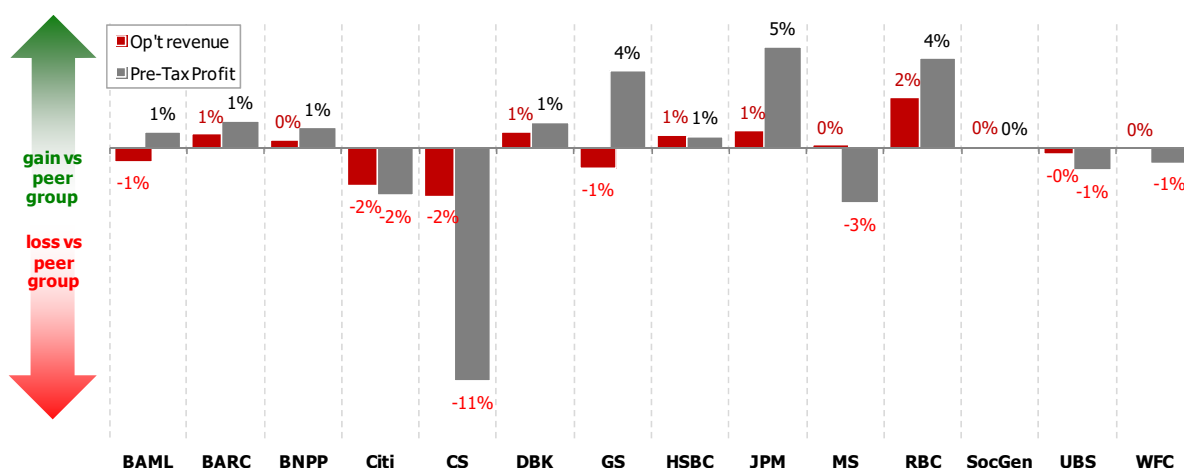
- High grade bond issuance volumes in the US reached \$200bn in March, the forth-highest month on record; globally, 1Q22 was the strongest quarter ever. However, high yield dropped 70% y/y. Loan syndication fees fell 40%, with EMEA and APAC weaker than the US. Hit by rising interest rates and investors' hunt for yield, securitisation dropped; issuance halved on weak corporate volumes.
- In ECM, the war derailed banks' optimistic expectations at the start of 2022: fees plunged 80% y/y to just \$1.6bn. IPOs dropped 60% y/y; with no new listings on NYSE (for the first time since 2008), US issuance disappeared; EMEA fees dropped 75% and APAC 40%. In view of the rising inflation, rate hikes and the war, a sharp recovery – especially in IPOs – seems unlikely in 2Q/3Q22. Investors' interest in SPACs is cooling, prompting some banks to cut their fees. However, hedge funds and private equity giants (e.g. Apollo) are stepping in to buy shares from investors looking to withdraw their investments. Regulators are on the case, too – SEC has proposed changes (subject to consultation) that aims to increase the reporting requirements, strengthen legal rights of investors over misleading projections against all parties involved in a deal, and shorten the time available to conclude a deal.
- M&A/Advisory had a slow start to 2022, but ended 1Q22 strongly: banks in this report grew fees by 25% y/y, while carefully controlling costs (+10% y/y). Leaders had an advantage: \$10bn+ deals surged 40% y/y, offsetting weakness in small(er) markets. Private equity volumes jumped.

Revenue & productivity (1Q21)

(1Q22)



% change share of peer group operating revenue and pre-tax profit (1Q22 / 1Q21)



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.

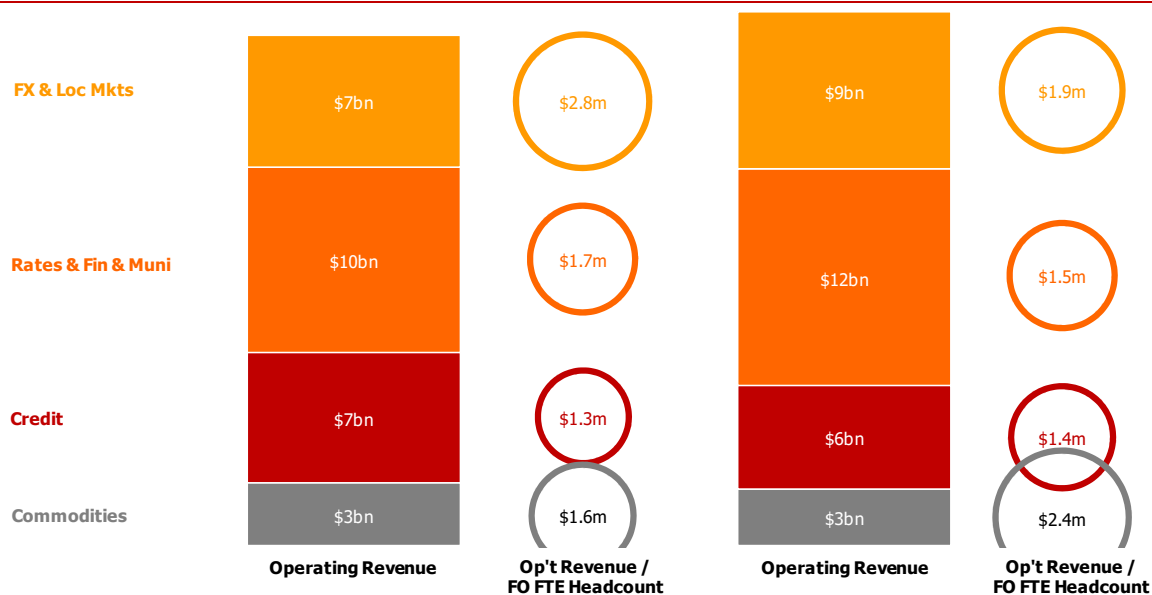
Capital Markets (cont.): FICC

- FX trading is back, with volatility driven by central banks' rate hikes, rising commodity prices (which favours energy, metals and foodstuffs exporters) and the war. The 2Q22 started well: April ADVs were c.10% down q/q, but that was still 35% up y/y, partly due to weak prior-year period.
- Emerging markets rates did well, but G10 rates produced outsized winners – and losers. In munis, a sequential surge in the number of average daily trades in April outpaced the growth in dollar value of trades, suggesting that retail investors are tiptoeing back into the market.
- In the first few weeks of the war, global bond markets fluctuated as investors looked for safe heavens and concerns that a surge in commodity prices will worsen the already elevated inflation. Also, there was a spike in the number of failed US corporate bond trades as sanctions amplified the complexity of settling the trades. Several banks invested heavily in corporate credit in Russia; most, though not all, reaped significant gains. Distressed credit surged in 1Q22 and into 2Q22.
- In commodities, the 40% surge in leaders' revenue – driven by metals, oil and hedging - was offset by a decline in smaller players' revenue. The y/y comparison, however, is complicated by the extraordinary gains/losses caused by the failure of the electrical grid in Texas.

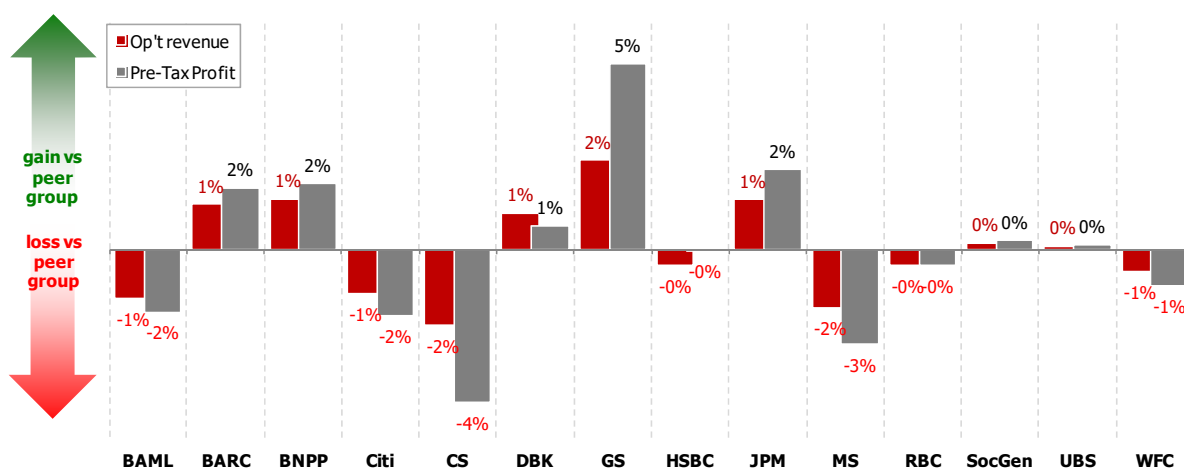
Brokers have sharply increased margin asks to cover increased risk, particularly in foodstuffs and energy. The price of gold increased less than many expected at the outset of the war, partly due to the pull of other assets – crypto and fixed income.

Revenue & productivity (1Q21)

(1Q22)



% change share of peer group operating revenue and pre-tax profit: (1Q22 / 1Q21)



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.

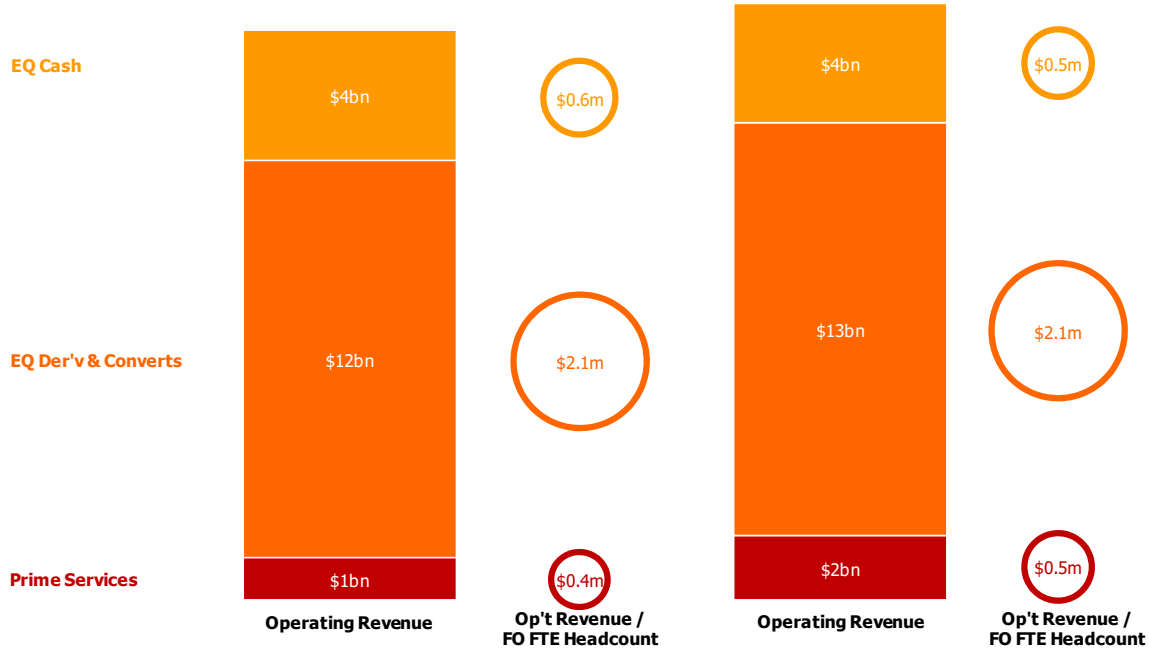
Capital Markets (cont.): Equities

- Derivatives and financing revenues advanced strongly, driven in particular by structured products and annuity-type financing.

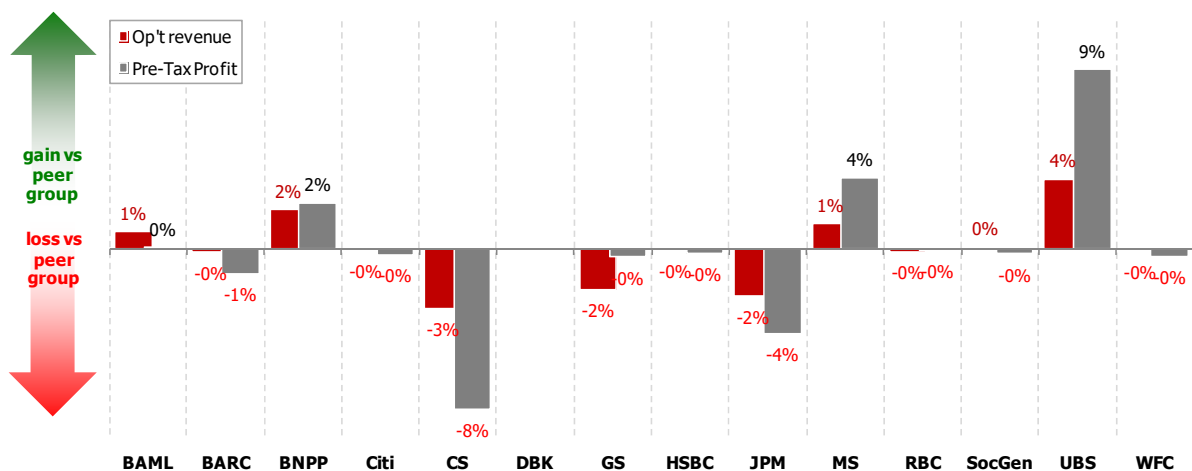
A spike in volatility, driven by inflation fears, rising interest rates and geopolitical tensions translated into an excellent quarter for hedge funds. Capital inflows reached \$20bn – the highest level since early 2015 – with macro and multi-strategy funds registering highest returns. More than 600 new hedge funds hit the market in 2021 – a four-year record – while only 527 were liquidated in the same year, the lowest number since 2004, when the industry’s capital totalled less than \$1tn, or barely a quarter of end-2021.

Revenue & productivity (1Q21)

(1Q22)



% change share of peer group operating revenue and pre-tax profit (1Q22 / 1Q21)



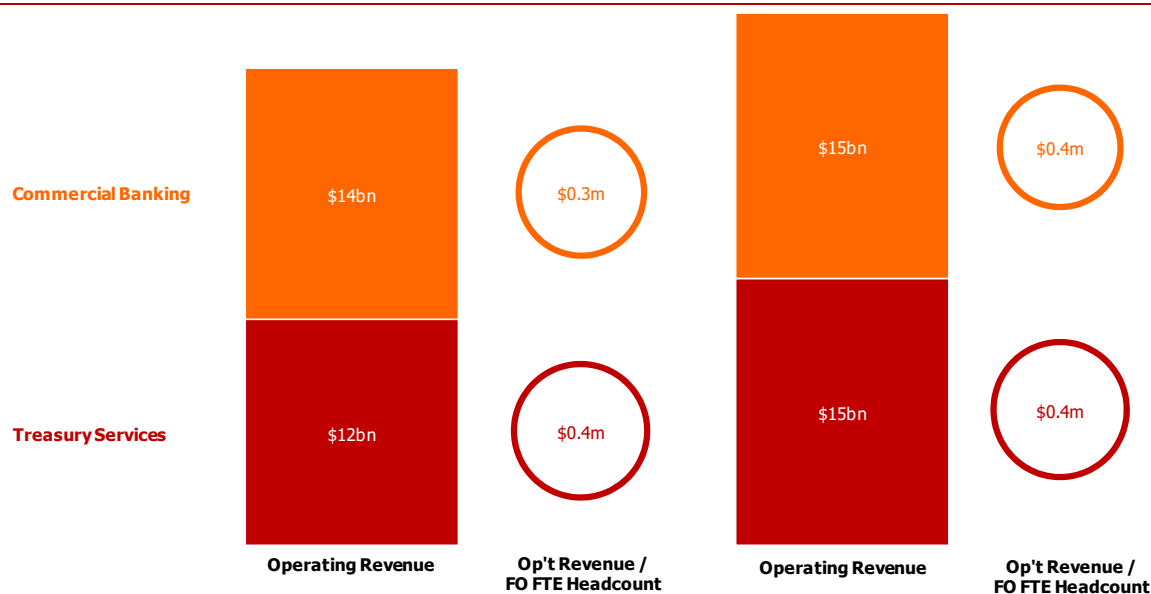
Notes: (1) Tricumen product definitions throughout. (2) Revenue is post-writedowns, excludes DVA/equivalent and one-offs. (3) Headcount: Front office full-time equivalent, adjusted for seniority. (4) Pre-tax profit excludes Prop & Principal Investments.

Commercial Banking & Treasury Services

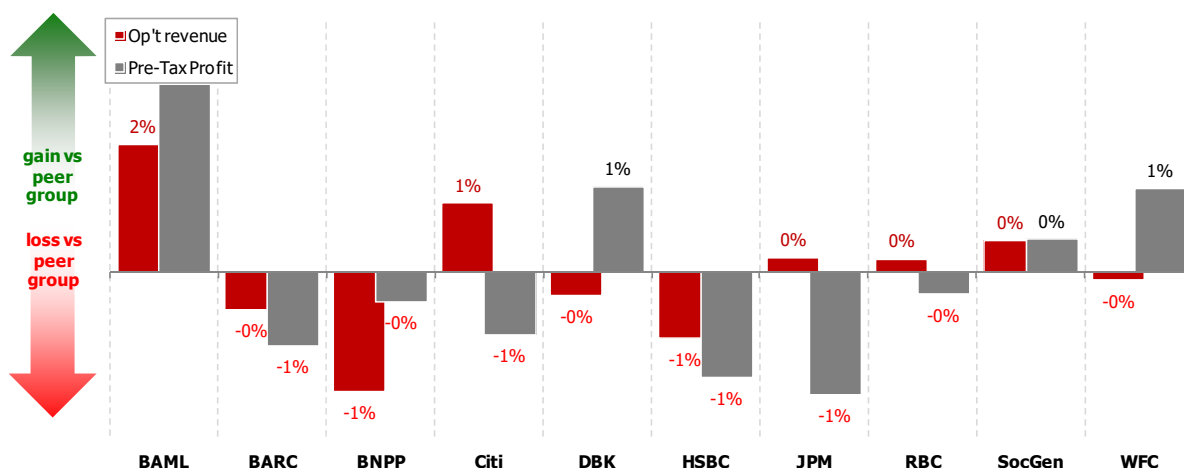
- Commercial banking revenue advanced, driven by strong demand for corporate cash management, as well as higher loan volumes and net interest income. Large Cap/MNCs were particularly strong. Costs increased, too, but at a slower pace, especially at EMEA banks. The aggregate pre-tax profit at banks in this report reached \$7bn, 6% ahead of 1Q21.
- Transaction banking benefited from improved margins, deposit growth and higher payment volumes.

Revenue & productivity (1Q21)

(1Q22)



% change share of peer group operating revenue and pre-tax profit (1Q22 / 1Q21)



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) In-scope: Large Cap/MNC and Mid-Cap/SMEs.

Revenue dynamics

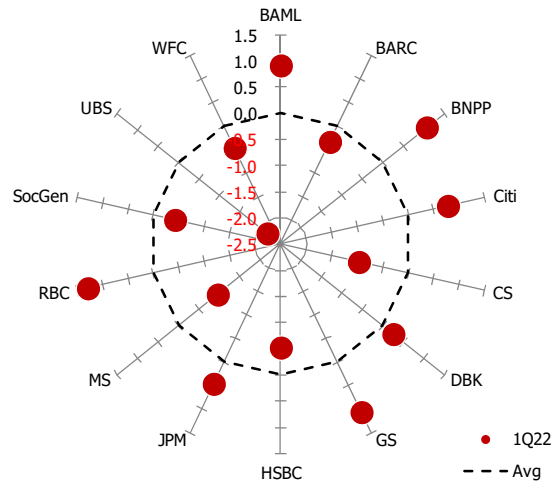
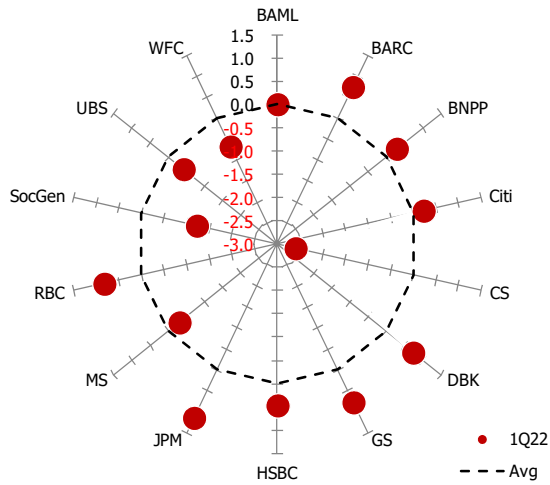
1Q22/1Q21 (Operating revenue, % change, US\$, Global Level 1)

	BAML	BARC	BNPP	Citi	CS	DBK	GS	HSBC	JPM	MS	RBC	SocGen	UBS	WFC
Capital Markets	↓	↓	↑	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓
Banking	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓
DCM Bonds	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓
DCM Loans	↑	↑	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓
Securitisation	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓
ECM	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓
M&A / Advis	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓
Markets	↓	↓	↑	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓
FICC	↓	↓	↑	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓
FX & Loc Mkts	↑	↑	↑	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓
Rates & Fin & Mur	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓
Credit	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓
Commodities	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓
Equities	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓
EQ Cash	↑	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓
EQ Der'v & Conv't	↑	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓
Prime Services	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓
Prop & PI	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓
Comm Bank / Treas Serv	↑	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓
Comm Bank	↑	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓
Treas Serv	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓

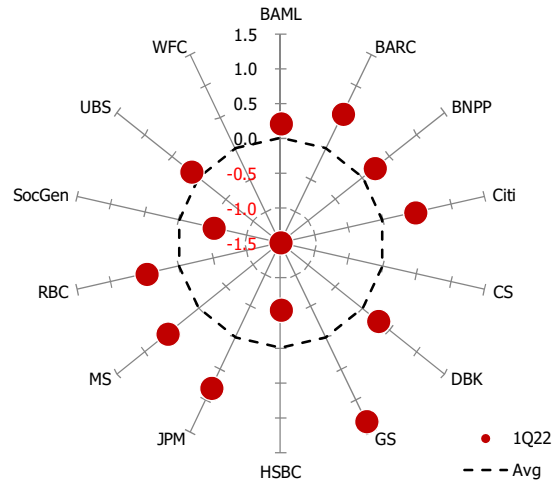
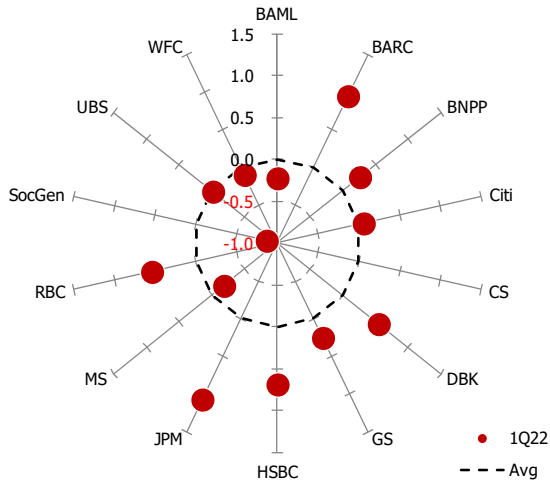
Source: Tricumen. Notes: (1) Tricumen product definitions throughout. (2) Arrows show % change in revenue vs peers. Up-/down-arrows: top-/bottom-quartile. (3) Operating revenue is post-writedowns, excludes DVA/equivalent and one-offs. (4) Commercial/Transaction Banking includes Large Cap/MNC and Mid-Cap/SMEs.

Pre-tax profit margin (US\$)

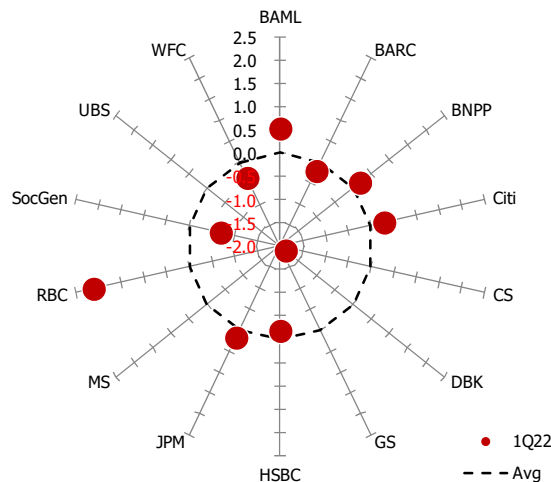
Capital Markets **Banking**



FICC **Equities**



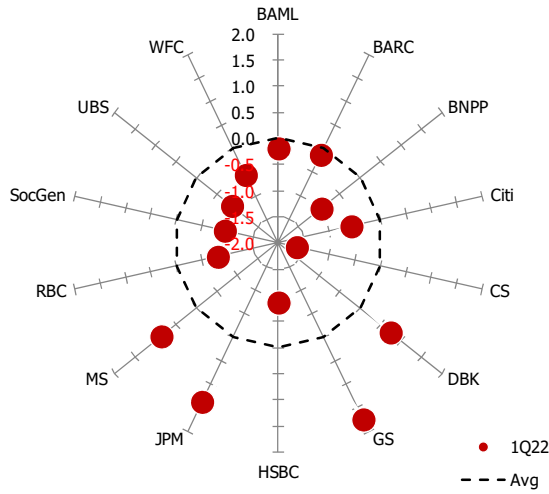
Commercial Banking / Treasury Services



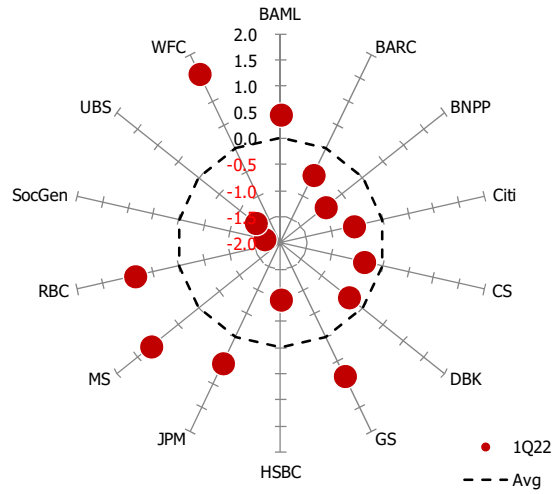
Source: Tricumen. Notes: (1) TRIC product definitions, standard deviation, product Level 1; (2) Operating expenses exclude one-off non-operational items, insurance-related benefits & claims, and credit expense/recovery/NPL provisions. Capital expenditure is included as accrued. Litigation expense is allocated to front-line units. (3) positive values = outperformance; negative values = underperformance, relative to the peer group featured in this report; (4) missing values = N/M; no Tricumen coverage; or a bank is not a significant competitor.; (5) outliers are excluded.

Operating Revenue / Front Office FTE (US\$)

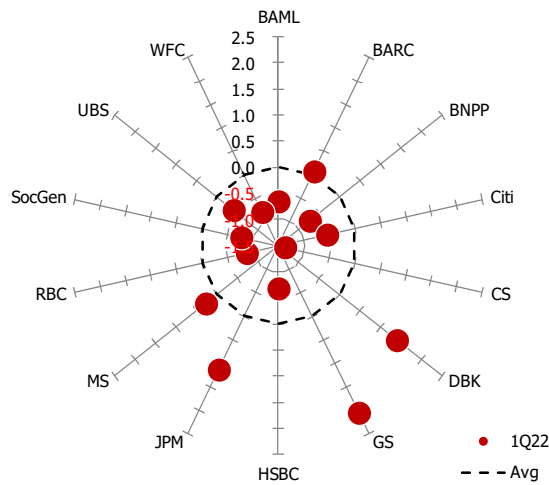
Capital Markets



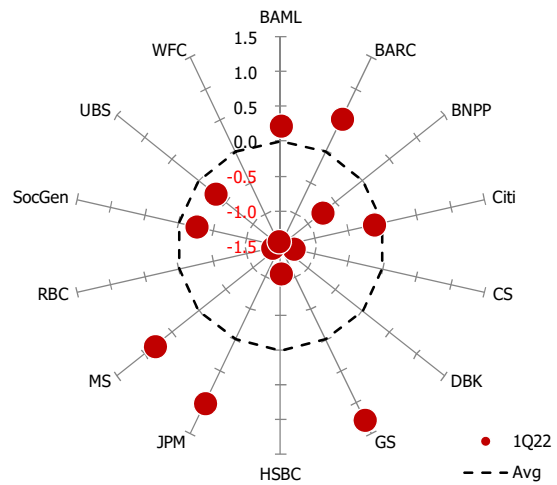
Banking



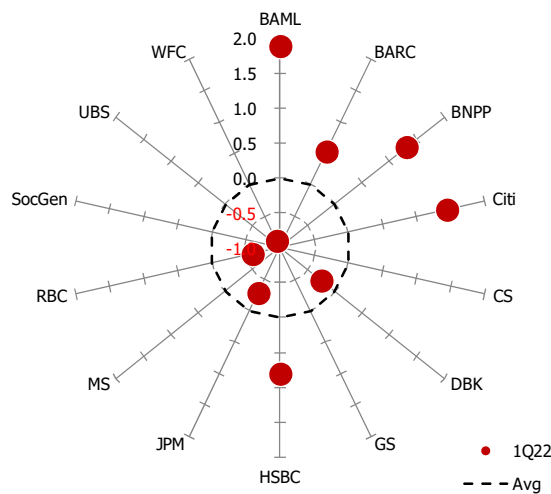
FICC



Equities



Commercial Banking / Treasury Services



Source: Tricumen. Notes: (1) TRIC product definitions, standard deviation, product Level 1; (2) positive values = outperformance; negative values = underperformance, relative to the peer group featured in this report; (3) missing values = N/M; no Tricumen coverage; or a bank is not a significant competitor; (4) outliers are excluded.

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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 financial markets-focused research network of its peer group.

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