

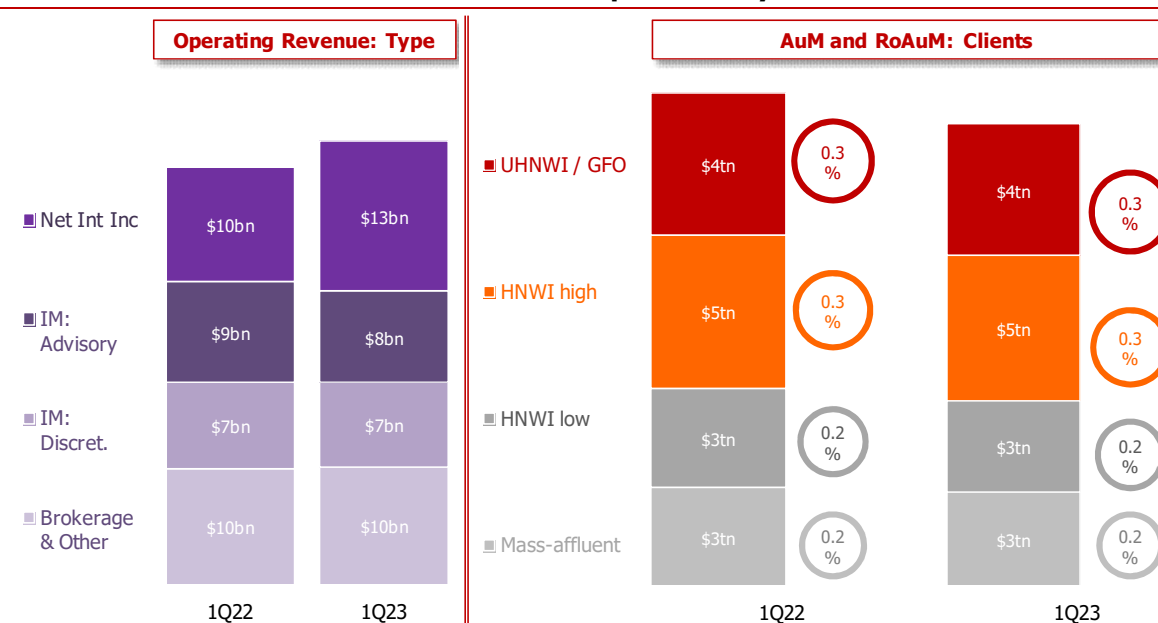
## Wealth Management & Private Banking Review 1Q23

The 14 banks in this note reported revenue of \$38bn in 1Q23, 6% ahead of 1Q22, with growth spread evenly between UHNWI/GFO and lower-end client segments. This is a strong result, but entirely driven by net interest income in high-rate environment; fees declined, especially in brokerage and client-directed/advisory services. A recent survey by Schroders revealed that two-thirds of US retail investors currently keep a third of their retirement savings in cash, rather than invested in the market.

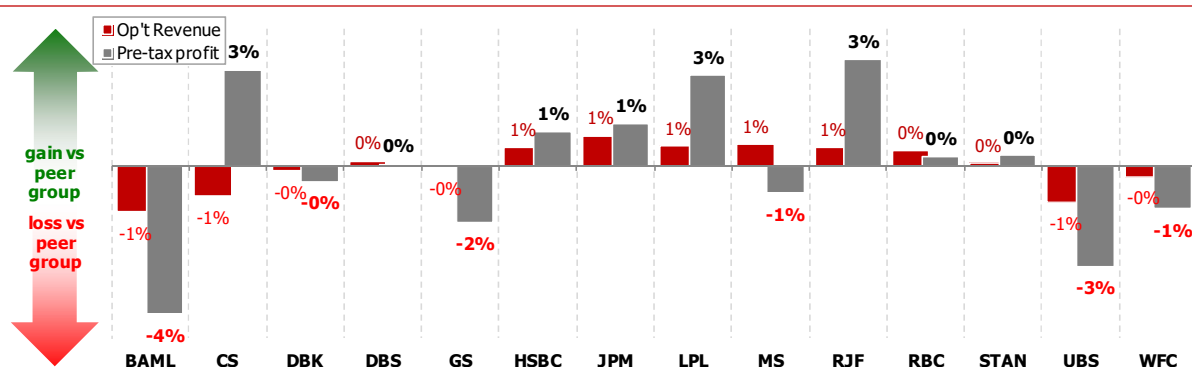
Costs grew, but slower than revenue and only slightly faster than the rate of front office hiring. The aggregated pre-profit grew 16% y/y, with strong growth in AMER and APAC more than offsetting a slight decline in EMEA.

Fears of banking contagion, triggered by the collapse of SVB and Signature Bank, seriously impacted valuations of (semi-)specialised wealth managers. On the whole, however, the crisis benefitted big banks in 1Q23. As a group, they lost 6% of their deposits during the quarter: less than expected, and in part driven by clients' drive to pay down the loans. Excluding Credit Suisse, new money inflows comfortably exceeded \$200bn, largely offsetting a negative market impact and limiting a decline in overall AuM.

### Revenue & productivity



### % change share of peer group operating revenue and pre-tax profit (1Q23 / 1Q22)



Notes: (1) Tricumen-normalised product definitions and allocations apply. (2) Operating revenue and pre-tax profit excludes one-offs. (3) IM = Investment Management fees. Advisory = client-led; Discretionary = advisor-led. (4) Clients: Mass-affluent = \$200k-\$1m AuM; HNWI Low = \$1-10m AuM; HNWI High = \$10-25m; UHNWI & GFO = \$25m+. (5) RoAuM = year-to-date operating revenue / end-of-period AuM.

## Rankings: Operational performance

Pre-tax profit			Pre-tax profit margin (%)		
	Rank 1Q23	1Q23 / 1Q22 (movement)		Rank 1Q23	1Q23 / 1Q22 (movement)
MS	#1	↘	DBS	#1	↘
JPM	#2	↗	JPM	#2	↗
BAML	#3	↓	DBK	#3	↗
UBS	#4	↓	RJF	#4	↑
RJF	#5	↑	HSBC	#5	↗
HSBC	#6	↘	MS	#6	↘
WFC	#7	↓	GS	#7	↓

Operating revenue / FO FTE			Operating revenue / AuM (eop)		
	Rank 1Q23	1Q23 / 1Q22 (movement)		Rank 1Q23	1Q23 / 1Q22 (movement)
STAN	#1	↘	RBC	#1	↗
DBS	#2	↘	WFC	#2	↑
HSBC	#3	↑	STAN	#3	↓
GS	#4	↓	LPL	#4	↑
LPL	#5	↓	BAML	#5	↓
JPM	#6	↗	DBK	#6	↗
BAML	#7	↓	RJF	#7	↑

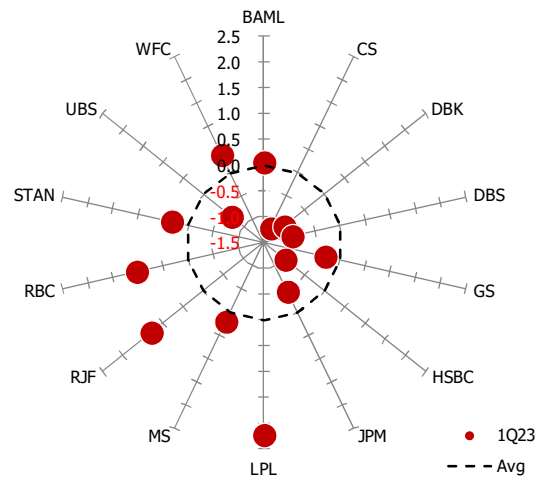
  

NNM (eop)			eop NNM % eop AuM		
	Rank 1Q23	1Q23 / 1Q22 (movement)		Rank 1Q23	1Q23 / 1Q22 (movement)
GS	#1	↘	RBC	#1	↓
JPM	#2	↑	GS	#2	↘
HSBC	#3	↘	HSBC	#3	↗
RBC	#4	↘	JPM	#4	↑
BAML	#5	↓	LPL	#5	↓
LPL	#6	↓	DBK	#6	↓
DBK	#7	↓	DBS	#7	↓

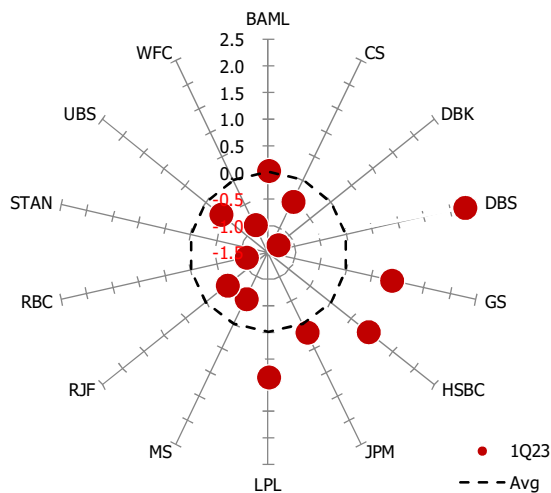
Notes: (1) Tricumen-normalised product definitions and allocations apply. Revenue and pre-tax profit exclude one-offs. All financials are shown in US\$. (3) In-scope: clients with AuM in excess of \$200k. (4) FO FTE = Front Office Full-Time Equivalent; (5) NNM = net new money. Includes funds from new and existing clients less funds withdrawn by existing and former clients, at period end. Includes inter-Group transfers.

## Profitability & productivity

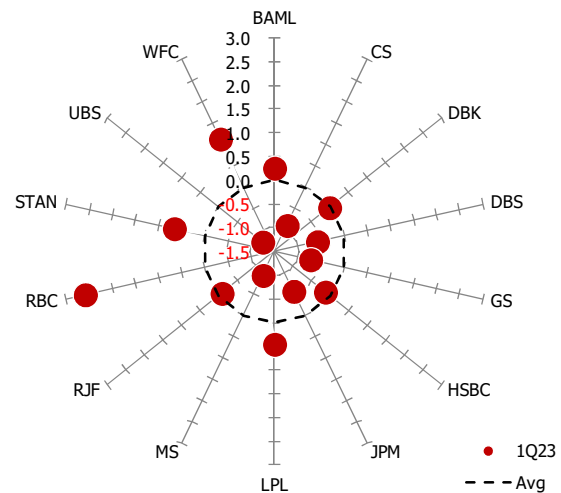
### Net Interest Income % (Loans + Deposits)



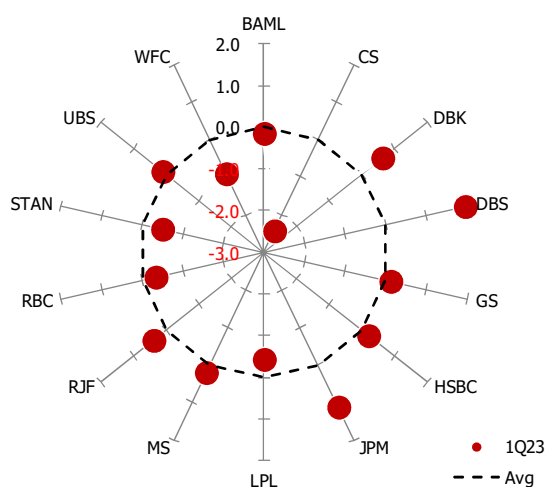
### Operating Revenue / Front Office FTE



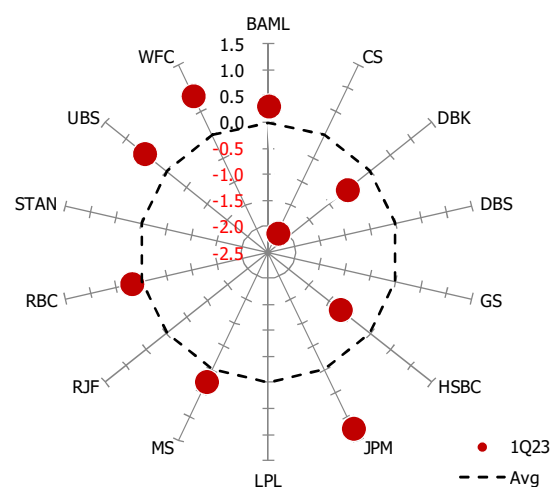
### Operating Revenue / AuM



### Pre-tax profit margin

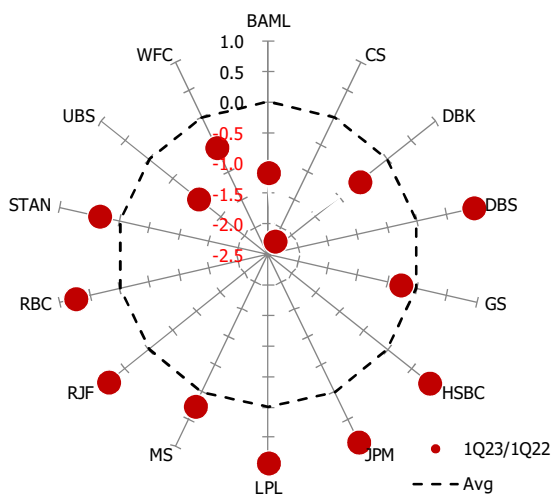
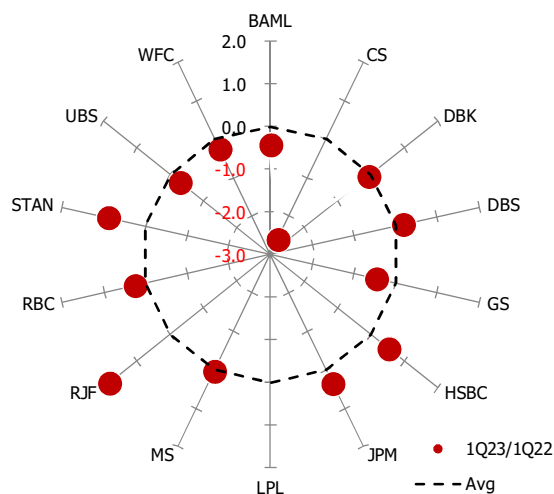
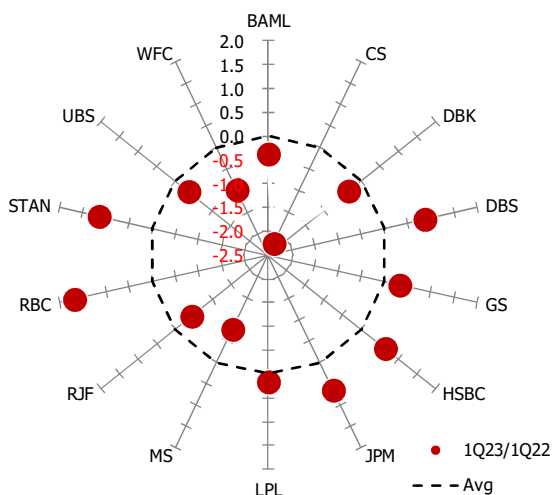
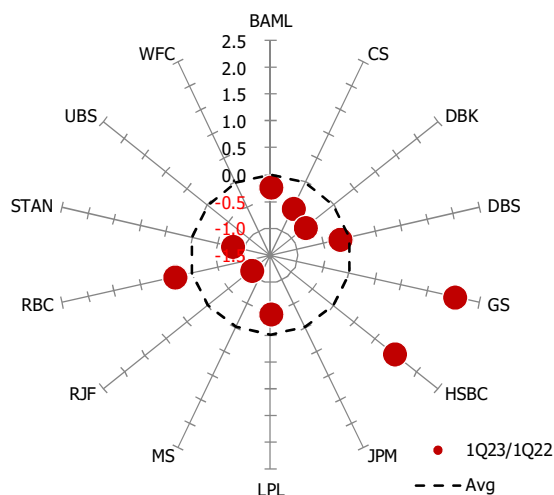
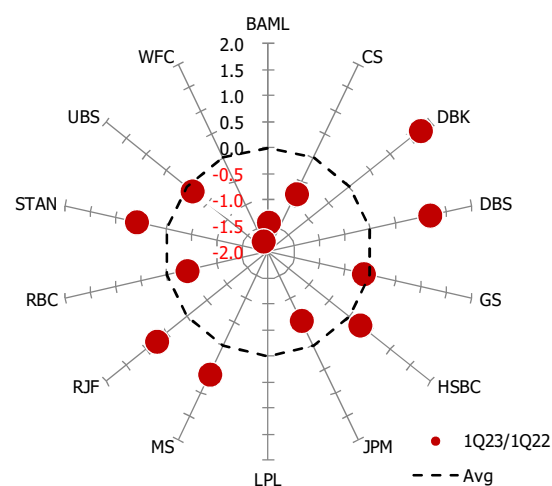
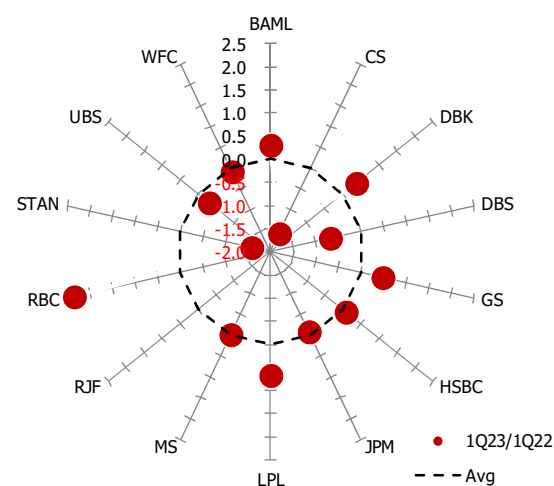


### RoAE



Notes: (1) Tricumen-normalised product definitions and allocations apply. (2) Operating revenue and pre-tax profit exclude one-offs and credit expense/recovery/NPL provisions. Capital expenditure is included as accrued. All financials are shown in US\$. (3) In-scope: clients with AuM in excess of \$200k. (4) RoAE = Net Profit/Allocated Equity. (4) Positive values = outperformance; negative values=underperformance; missing values = N/M; an outlier; no Tricumen coverage, or not a significant competitor.

## Y/Y dynamics

**Operating Revenue**

**Pre-tax Profit**

**AuM**

**Net New Money**

**Deposits**

**Loans**


Notes: (1) Tricumen-normalised product definitions and allocations apply. (2) Operating revenue and pre-tax profit exclude one-offs and credit expense/recovery/NPL provisions. Capital expenditure is included as accrued. All financials are shown in US\$. (3) In-scope: clients with AuM in excess of \$200k. (4) RoAE = Net Profit/Allocated Equity. (5) Positive values = outperformance; negative values=underperformance; missing values = N/M; an outlier; no Tricumen coverage, or not a significant competitor. (6) Net new money includes funds from new and existing clients less funds withdrawn by existing and former clients, at period end. Includes inter-Group transfers. Loans include clients' brokerage receivables.

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