Wealth Management & Private Banking Review 3Q23 / 9m23

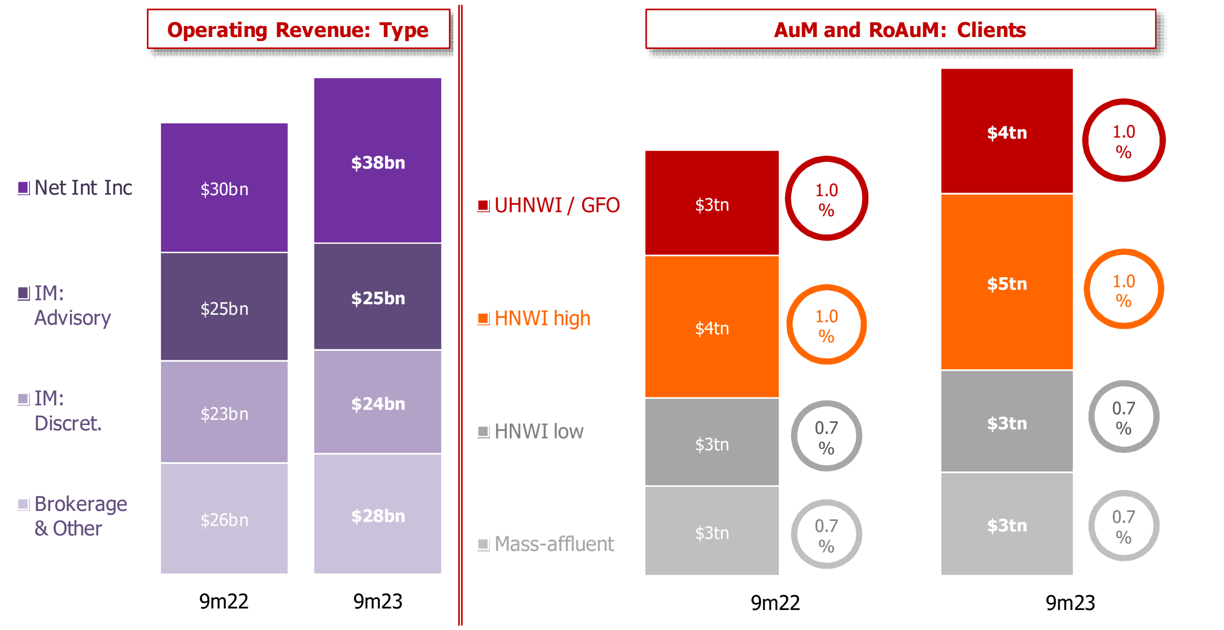
The aggregate revenue of the banks in this report reached $114bn in 9m23 and $39bn in 3Q23, 10% ahead of the comparable prior-year periods. AuM – especially from $10m+ clients – and operating costs, however, grew faster than revenue, depressing pre-tax profit margins and productivity indicators.

Reflecting the increased investment from most in-scope banks, UHNWI/GFO segment of the market grew revenue slightly faster than other segments, while the revenue growth in EMEA and APAC outstripped AMER. The competition for top-level clients is heating up: Blackrock, for example, is improving its GFO offering.

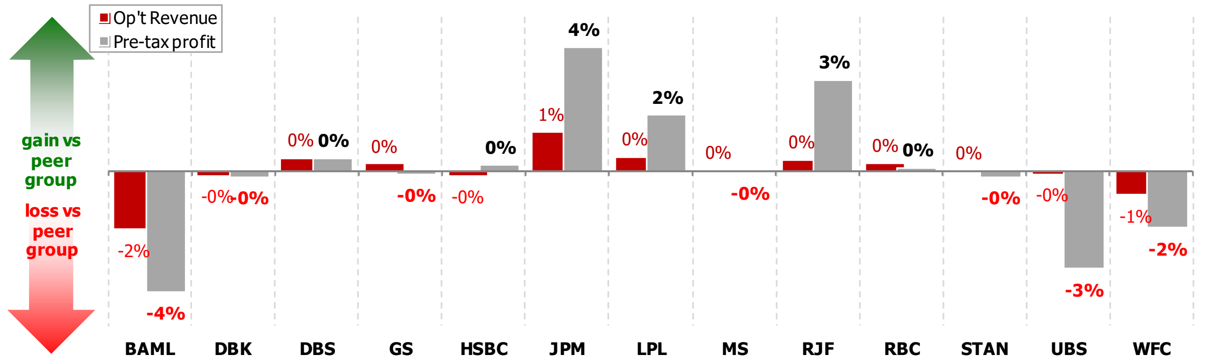
Almost 80% of revenue growth in 9m23 (40% in 3Q23) was from net interest income, and this will likely taper off in the coming quarters. However, clients are (slowly) returning to the markets: following a slow 1H23, investment management and transactional fees grew 8-10% y/y in 3Q23.

In APAC, reacting to the worsening geopolitical situation and an already-evident migration of HNWI+ clients, banks (especially those domiciled in the US) are shifting focus and senior management away from China and to South and Southeast Asia – most significantly, Australia, Singapore - and the Middle East. However, the outbreak of the hostilities in Israel and the potential for it spreading to other Gulf countries presents the banks – several of which made sizeable investments in the region in recent times - with a difficult balancing act.

Revenue & productivity



% change share of peer group operating revenue and pre-tax profit (9m23 / 9m22)



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 (US$m)

	Rank 9m23	9m23 / 9m22 (movement)
MS	**#1**	↓
JPM	**#2**	↗
BAML	**#3**	↓
UBS	**#4**	↓
RJF	**#5**	↑
WFC	**#6**	↓
GS	**#7**	↓

Pre-tax profit margin (%)

	Rank 9m23	9m23 / 9m22 (movement)
JPM	**#1**	↘
DBS	**#2**	↓
GS	**#3**	↘
RJF	**#4**	↑
HSBC	**#5**	↘
MS	**#6**	↘
BAML	**#7**	↓

Operating revenue / FO FTE

	Rank 9m23	9m23 / 9m22 (movement)
DBS	**#1**	↗
STAN	**#2**	↓
GS	**#3**	↘
JPM	**#4**	↑
LPL	**#5**	↓
HSBC	**#6**	↓
BAML	**#7**	↘

Operating revenue / AuM (eop)

	Rank 9m23	9m23 / 9m22 (movement)
RBC	**#1**	↘
WFC	**#2**	↘
STAN	**#3**	↗
LPL	**#4**	↗
BAML	**#5**	↓
DBS	**#6**	↑
DBK	**#7**	↓

NNM (eop)

	Rank 9m23	9m23 / 9m22 (movement)
JPM	**#1**	↑
HSBC	**#2**	↓
GS	**#3**	↘
LPL	**#4**	↓
RBC	**#5**	↘
BAML	**#6**	↘
DBK	**#7**	↓

eop NNM % eop AuM

	Rank 9m23	9m23 / 9m22 (movement)
STAN	**#1**	↑
RBC	**#2**	↘
HSBC	**#3**	↓
GS	**#4**	↗
LPL	**#5**	↓
JPM	**#6**	↑
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.

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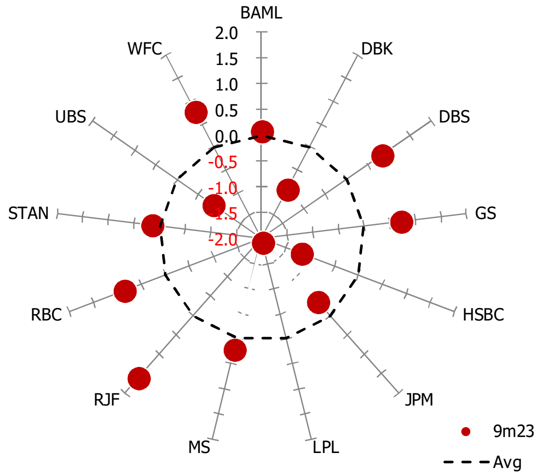
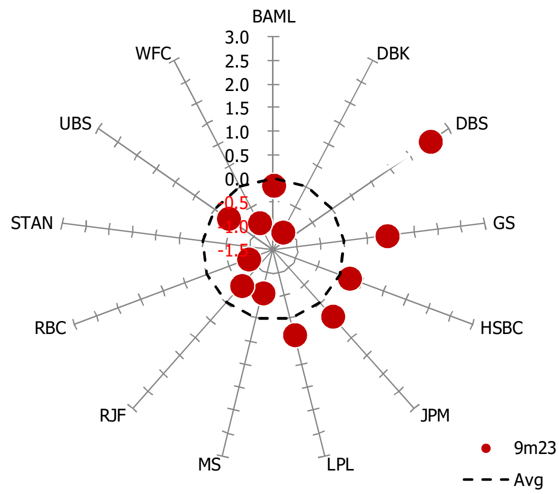
Profitability & productivity

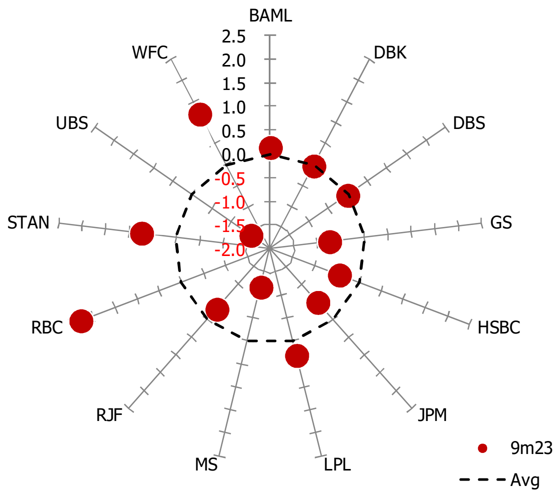
Net Interest Income % (Loans + Deposits)



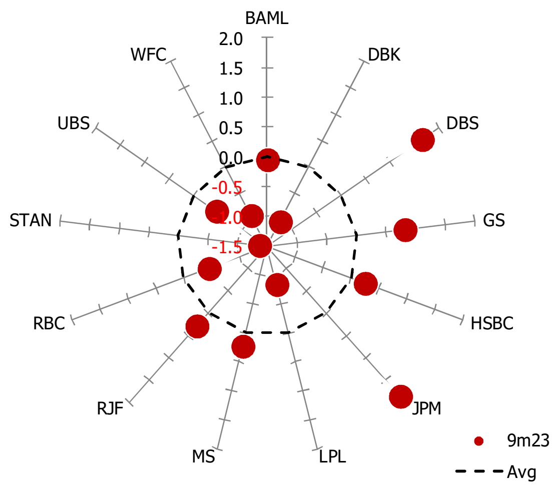
Operating Revenue / Front Office FTE



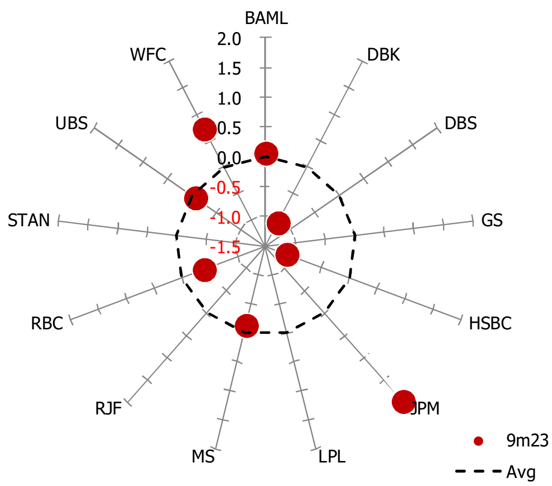
Operating Revenue / AuM



Pre-tax profit margin



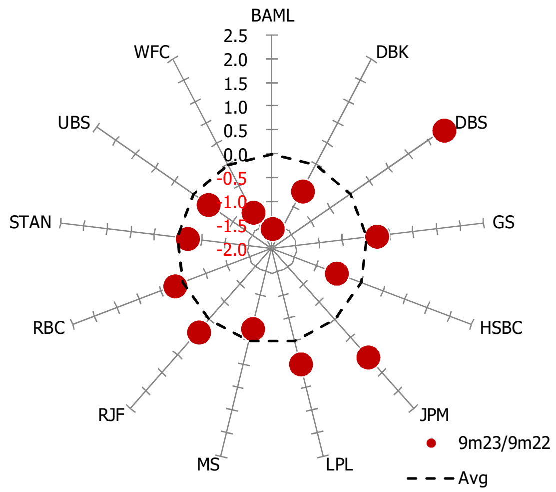
RoAE



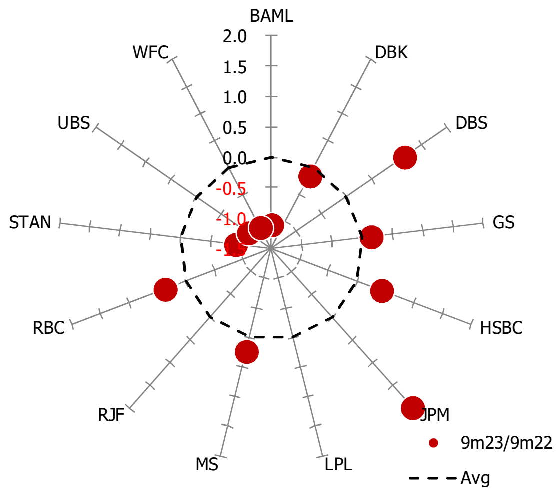
Notes: (1) Tricumen-normalised product definitions and allocations apply. (2) Operating revenue and pre-tax profit exclude one-offs and credit expense/recovery/NPL provisions. Capital expenditure is included as accrued. All financials are shown in US$. (3) In-scope: clients with AuM in excess of $200k. (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

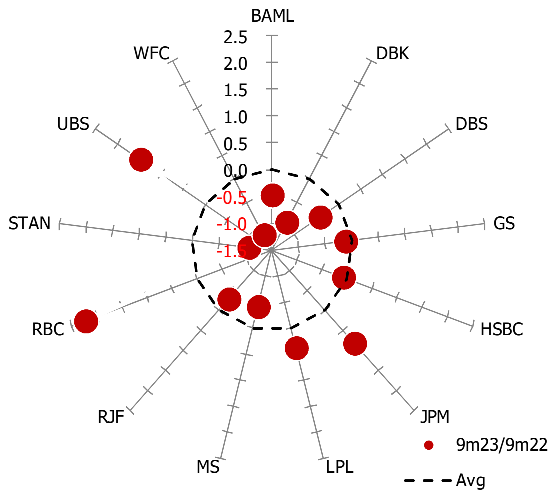
Operating Revenue



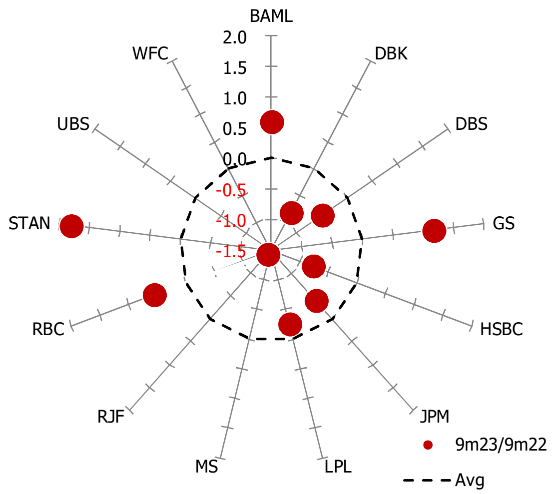
Pre-tax Profit



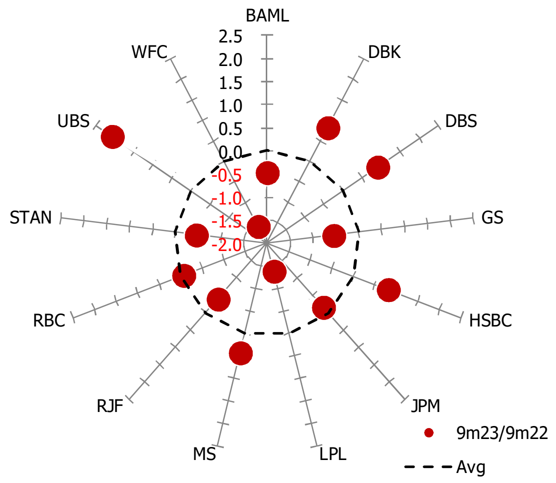
AuM



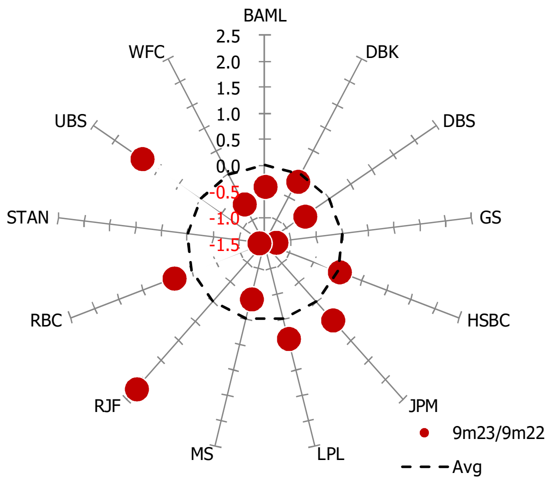
Net New Money



Deposits



Loans



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