

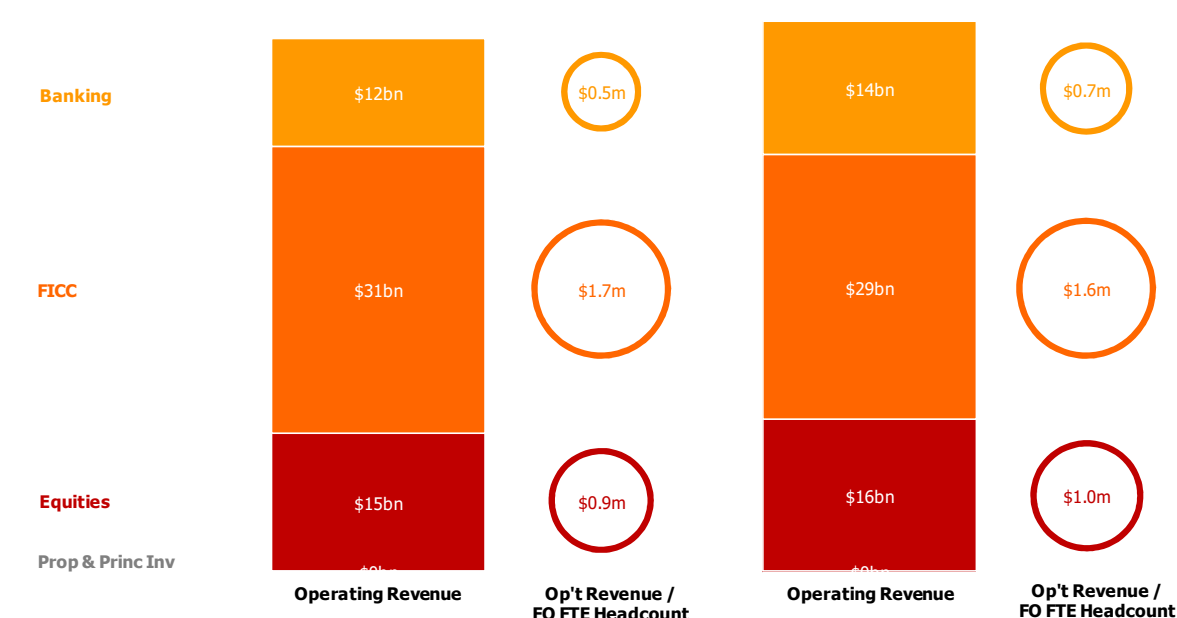
CIB Results Review 1Q24

Capital Markets: Overview

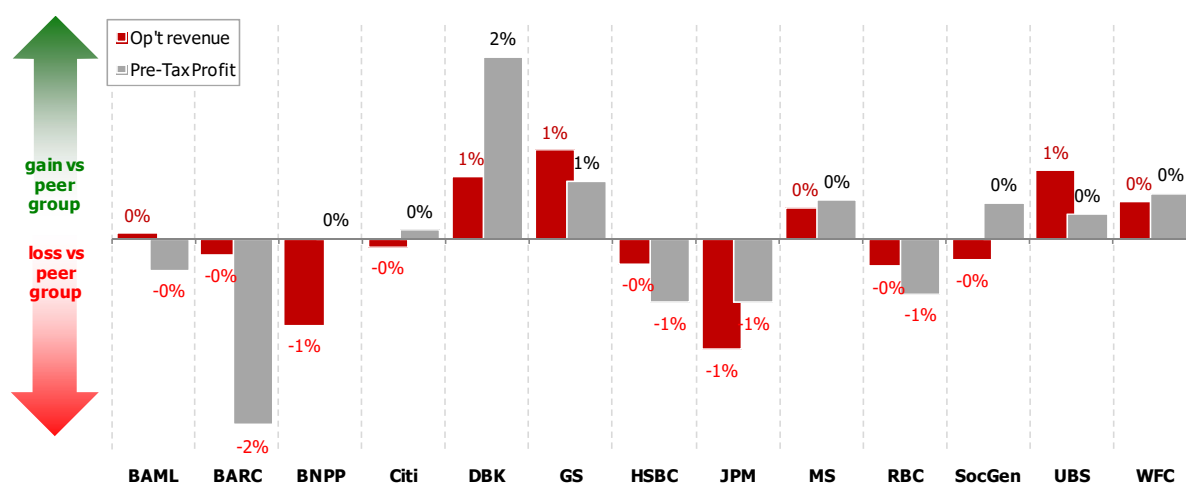
- The aggregated revenue of the banks in this report reached \$60bn in 1Q24, 3% ahead of 1Q23. Banking/issuance fees benefitted from excellent market conditions, which drove the growth in revenue and productivity. Several banks noted that significant deal volume was brought forward from later in the year. Equities derivatives made a meaningful contribution, too. However, FICC revenue declined: macro was impacted by low(er) volatility and client activity, and commodities dropped sharply across most banks.
- Banks matched costs to revenue, so pre-tax profits grew by 2% y/y, to \$24bn, with growth equally distributed, in percentage terms, between North American and European banks.
In the UK, one bank abolished the bonus cap. However, the executive comp is (again) under regulatory scrutiny in the US, from no fewer than six agencies, including FDIC and OCC.

Revenue & productivity (1Q23)

(1Q24)



% change share of peer group operating revenue and pre-tax profit (1Q24 / 1Q23)



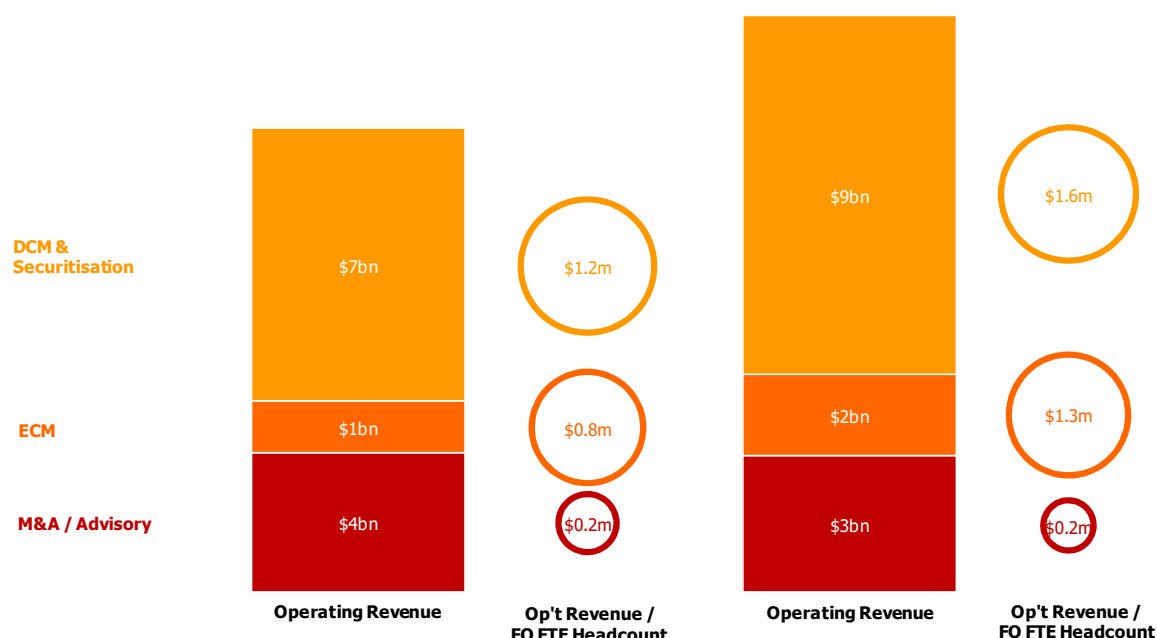
Notes: (1) Tricumen product definitions throughout. (2) Revenue is post-writedowns, excludes DVA/equivalent and one-offs. (3) Headcount: Front office full-time equivalent, adjusted for seniority. (4) Pre-tax profit excludes Prop & Principal Investments.

Capital Markets (cont.): Banking

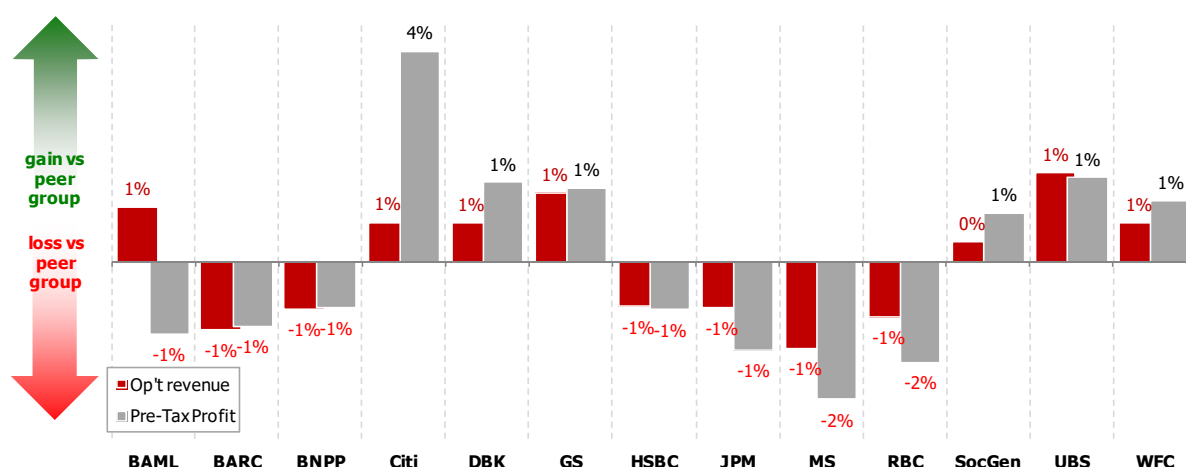
- DCM bond volumes jumped 15% y/y to the multi-decade record. High grade also hit record volumes and high yield almost doubled vs 1Q23. Volumes surged in the US, prompted by low spreads, corporates racing to beat the US election-related volatility, and investors moving their money from private funds to bond and loan markets. Loan syndication volumes dropped sharply in EMEA and APAC; but surged in AMER. Securitisation had a strong quarter.
- ECM fee revenue topped \$2bn, 60% up y/y, with several banks more than doubling their fee revenue. The growth was driven by the US: IPOs tripled y/y and APOs, block trades and converts all reported strong growth. EMEA fees also grew – albeit at a much slower pace – but APAC dropped 40% y/y.
- The momentum in M&A/Advisory remained weak; however, Financial Sponsors – for many, a reliable leading indicator – are becoming more engaged, and interest rates trajectory has become clearer in recent times.

Revenue & productivity (1Q23)

(1Q24)



% change share of peer group operating revenue and pre-tax profit (1Q24 / 1Q23)



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.

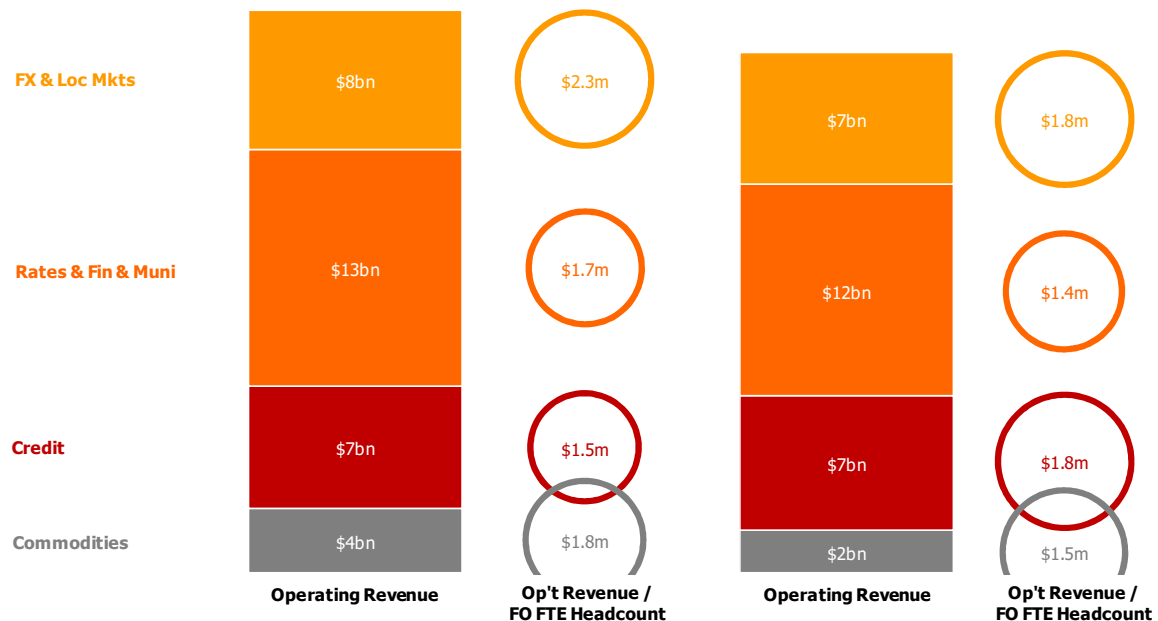
Capital Markets (cont.): FICC

- FX revenue declined due to low volatility in January and February; however, client activity picked up in March and April. Institutional investors are unwinding bets on local currency exposures. Cross-selling was an important differentiator between the winners and laggards.
- Low volatility and subdued client activity depressed rates revenue – even at European desks, which were already hit by losses in govies in 4Q23. In mid-April, an unexpectedly high inflation reading caused sizeable losses to several major players. The January rally in munis fizzled out, primarily due to high valuations.
- In credit, Basel 3 'endgame' is prompting banks to dispose of some of their loan portfolios; private debt giants are enthusiastically buying such loans and repackaging them into high-return securities.
- With a single exception, big players suffered sharp falls in their commodities revenue, even against an unexceptional prior-year period. Big banks are showing interest in carbon credit markets.

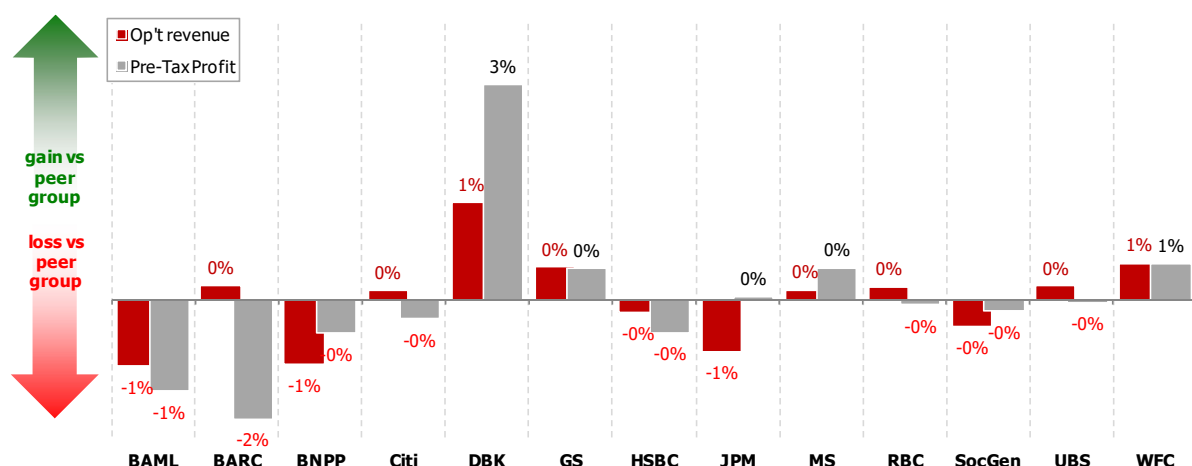
In April, the US and the UK blocked the trade of new aluminium, copper and nickel from Russia; the trade in existing stocks are unaffected. The price of all three jumped by mid-teens on the news before stabilising at +5-10%. Interest rate cuts in the US and Europe bodes well for commodities pricing, despite low volatility.

Revenue & productivity (1Q23)

(1Q24)



% change share of peer group operating revenue and pre-tax profit: (1Q24 / 1Q23)



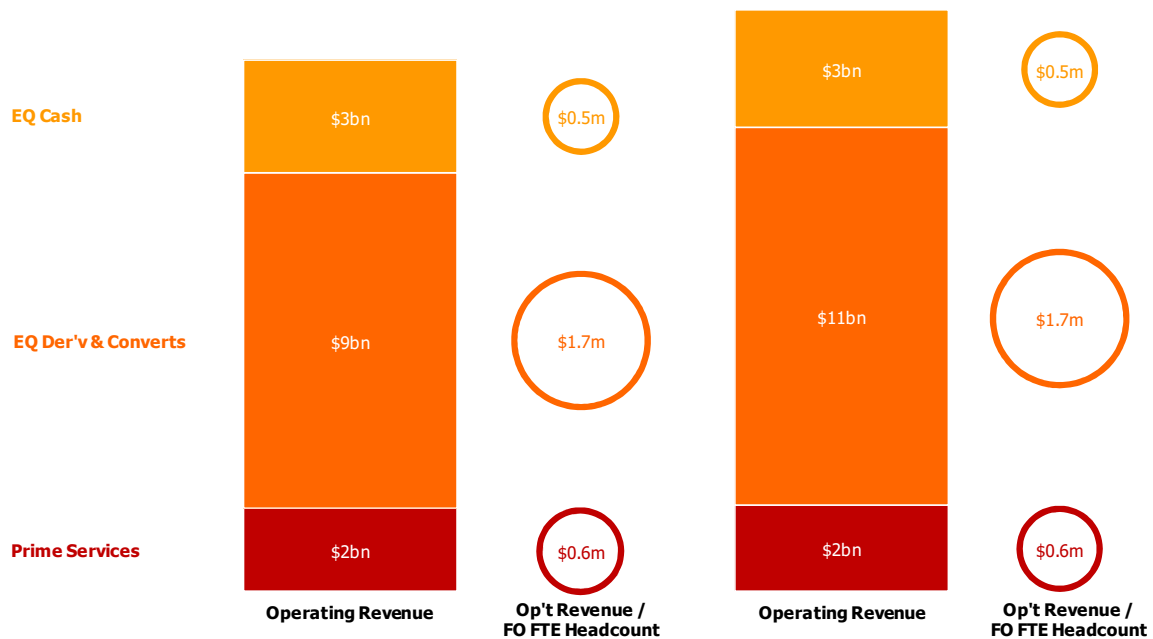
Notes: (1) Tricumen product definitions throughout. (2) Revenue is post-writedowns, excludes DVA/equivalent and one-offs. (3) Headcount: Front office full-time equivalent, adjusted for seniority. (4) Pre-tax profit excludes Prop & Principal Investments.

Capital Markets (cont.): Equities

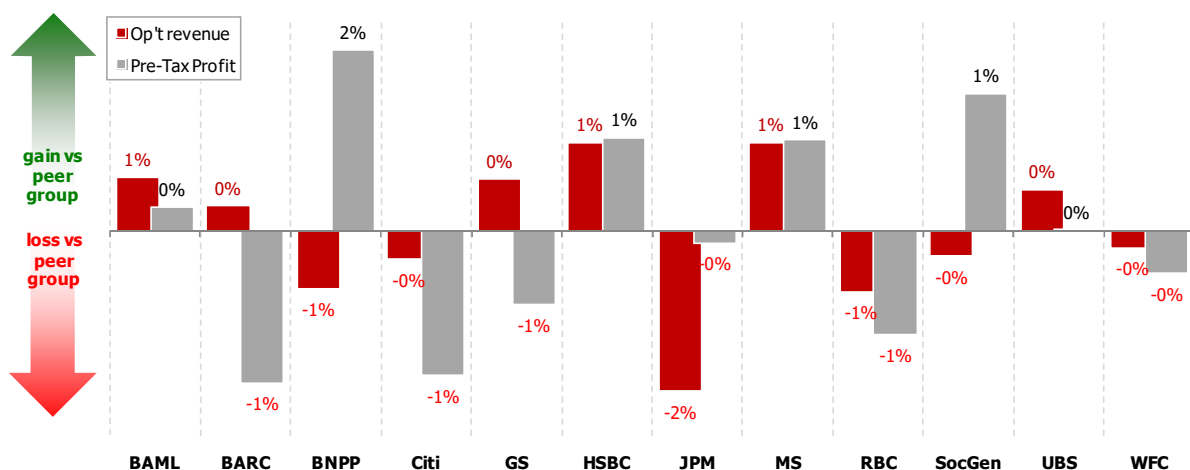
- Cash equity revenue was largely unchanged as high valuations and stronger clients' activity offset low volatility. Volatility picked up in April and valuations recovered from mid-April lows, indicating a strong 2Q24.
 - Equity derivatives outperformed, driven by equity futures.
 - In Prime services, weak financing spreads partly offset record average prime balances; aggregate revenues advanced, with most banks reporting solid results.
- Credit hedge funds are in vogue with allocators – an extension of 2023, when distressed and long/short credit funds were favourites.

Revenue & productivity (1Q23)

(1Q24)



% change share of peer group operating revenue and pre-tax profit (1Q24 / 1Q23)



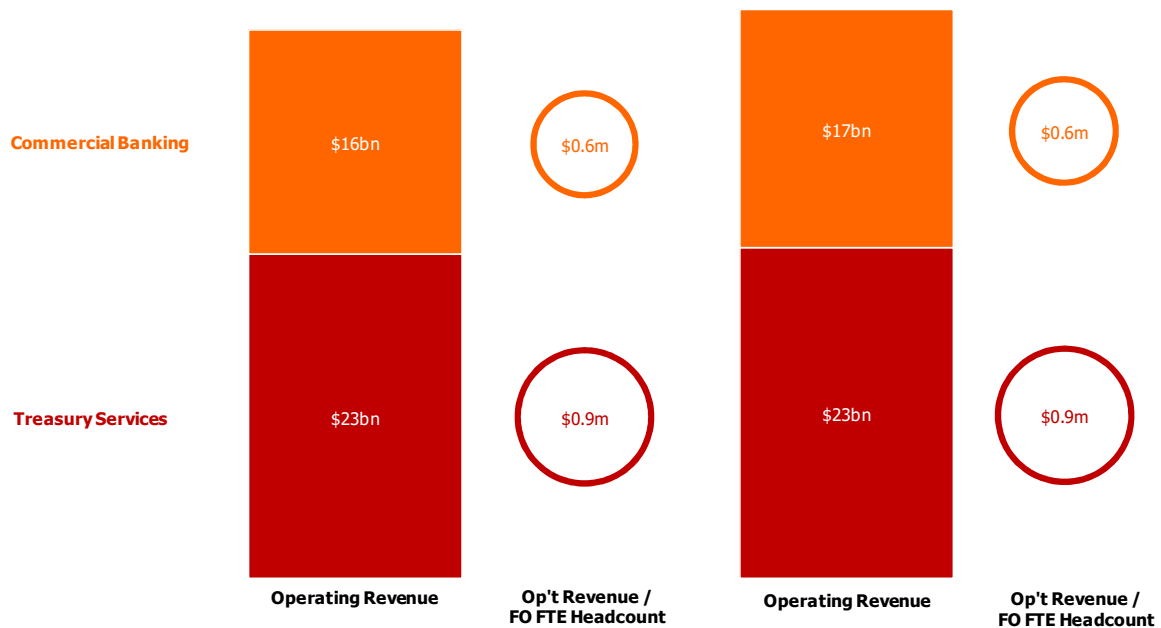
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Commercial Banking & Treasury Services

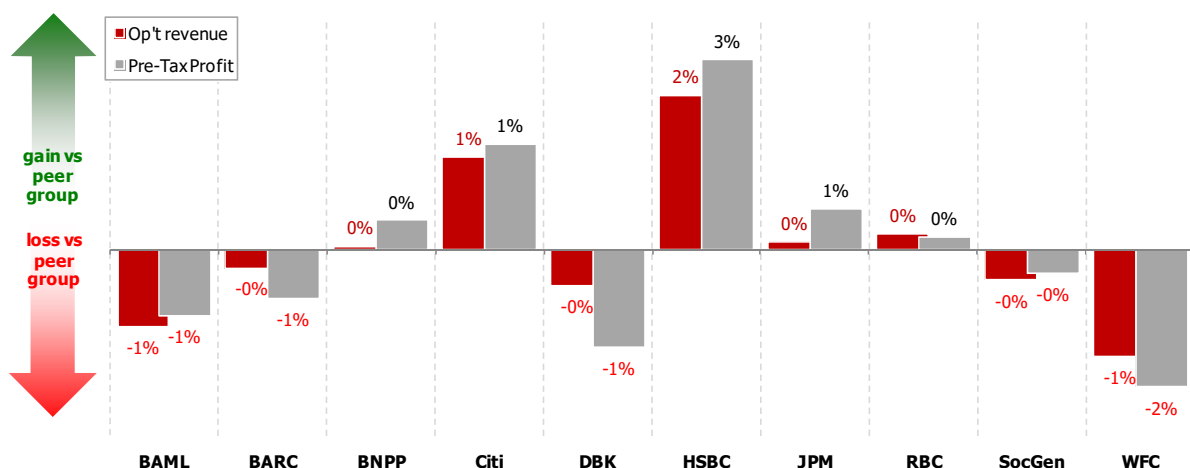
- In Commercial Banking, 1Q24 was marked by paydowns as US LMEs shifted their refinancing needs to capital markets. An increase on deposit rates was largely offset by higher fees, however; most banks also benefited from lower hedging costs and wider loan spreads. Despite ongoing investment, the aggregated pre-tax profit grew 10% y/y.
- Treasury Services clients moved to higher-yielding alternatives, depressing banks' margins; but fees rose, especially in cash management.

Revenue & productivity (1Q23)

(1Q24)



% change share of peer group operating revenue and pre-tax profit (1Q24 / 1Q23)



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

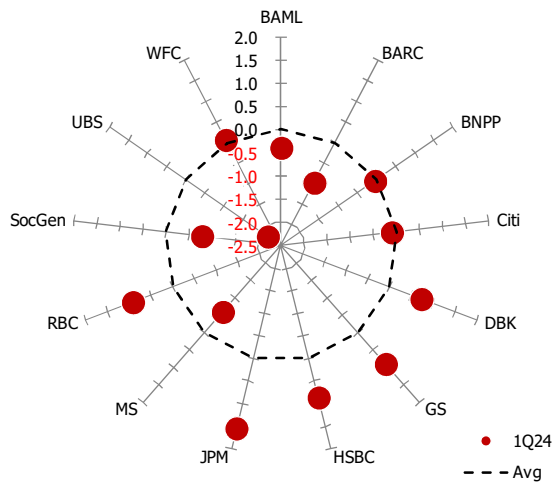
1Q24/1Q23 (Operating revenue, % change, US\$)

	BAML	BARC	BNPP	Citi	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 & Muni	↘	↗	↘	↘	↘	↗	↗	↘	↗	↗	↘	↗	↗
Credit	↘	↘	↘	↗		↗	↘	↘	↘	↘	↘	↘	↘
Commodities	↘		↗	↘		↗	↗	↘	↗	↗	↗	↘	↗
Equities	↘	↘	↘	↘	↘	↘	↗	↘	↘	↘	↘	↘	↘
EQ Cash	↗	↗	↘	↗		↗		↘	↗	↘	↗	↗	↘
EQ Der'v & Conv't	↗	↗	↘	↗	↗	↗		↘	↗	↘	↗	↗	↘
Prime Services	↘	↘	↗	↘		↘	↗	↘	↘	↘	↘	↘	↘
Prop & PI			↘				↗	↘					
Comm Bank / Treasury Services	↘	↘	↘	↗	↘		↗	↘		↗	↘		↘
Comm Bank	↘	↘	↘	↗	↘		↘	↗		↗	↘		↘
Treasury Services	↘	↘	↘	↘	↘		↗	↘		↘	↘		↘

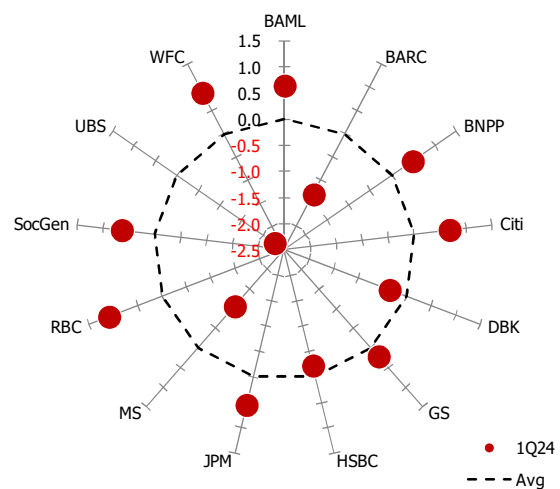
Source: Tricumen. Notes: (1) Tricumen product definitions throughout. (2) Arrows show % change in revenue vs peers. Up-/down-arrows: top-/bottom-quartile. (3) Operating revenue is post-writedowns, excludes DVA/equivalent and one-offs. (4) Commercial/Transaction Banking includes Large Cap/MNC and Mid-Cap/SMEs.

Pre-tax profit margin (US\$)

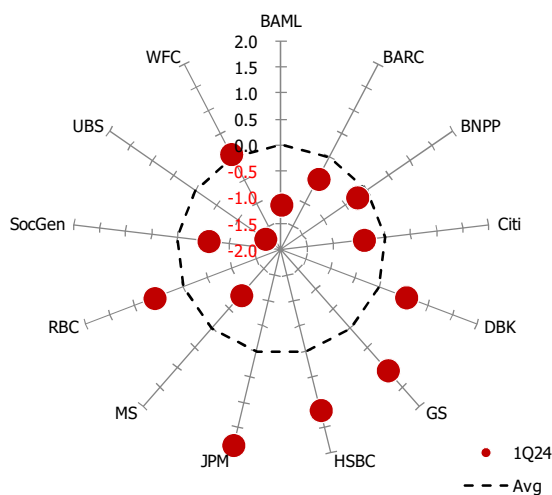
Capital Markets



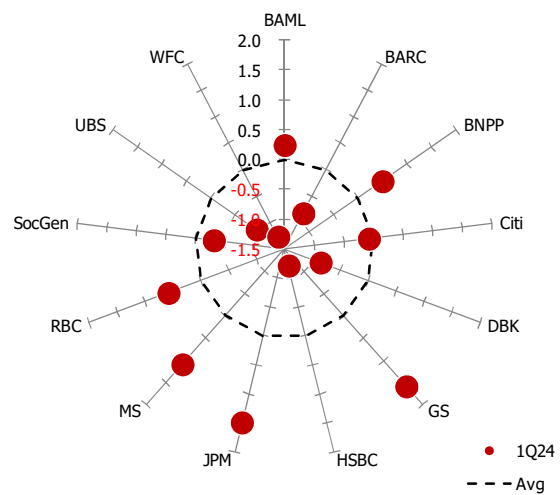
Banking



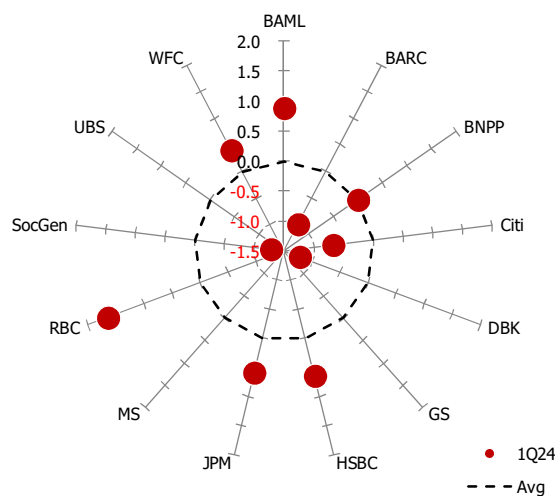
FICC



Equities



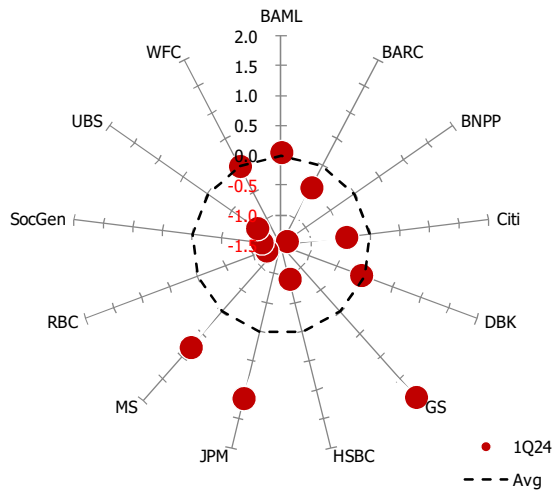
Commercial Banking / Treasury Services



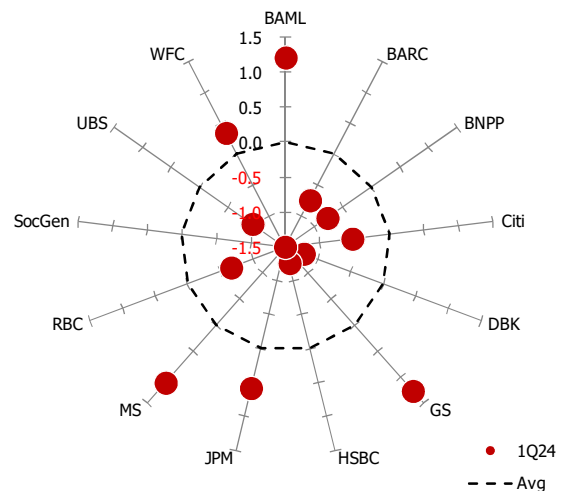
Source: Tricumen. Notes: (1) TRIC product definitions, standard deviation, product Level 1; (2) Operating expenses exclude one-off non-operational items, insurance-related benefits & claims, and credit expense/recovery/NPL provisions. Capital expenditure is included as accrued. Litigation expense is 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 the bank is not a significant competitor; (5) outliers are excluded.

Operating Revenue / Front Office FTE (US\$)

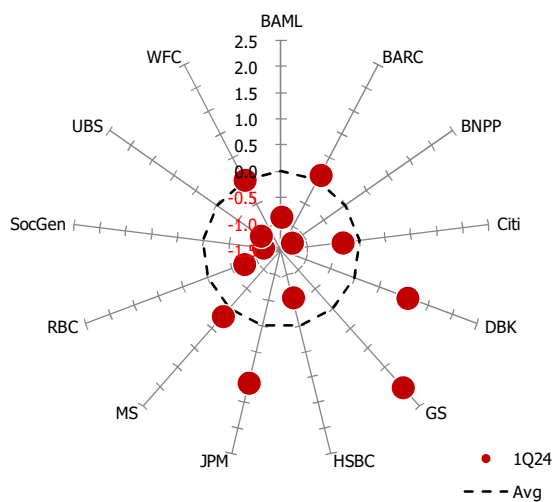
Capital Markets



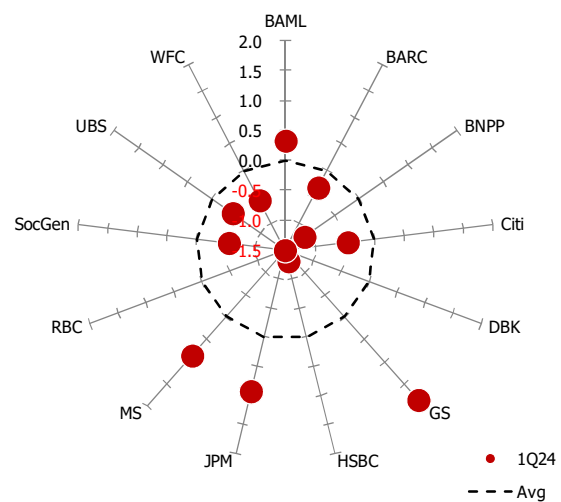
Banking



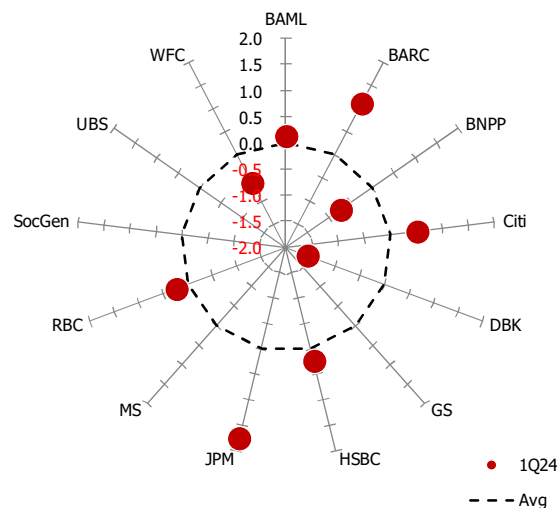
FICC



Equities



Commercial Banking / Treasury Services



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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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