

CIB Results Review 3Q24 / 9m24

Capital Markets: Overview

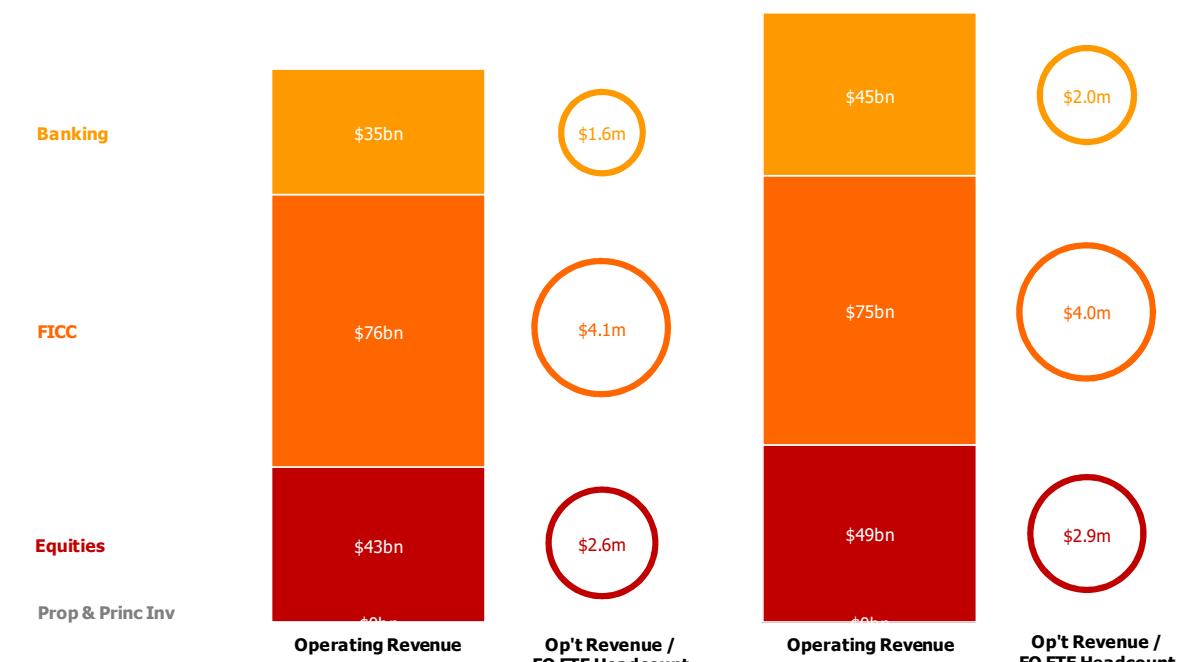
The aggregate operating revenue for the banks in this report topped \$169bn in 9m24; 10% ahead of the prior-year period, primarily due to strong recovery in Banking fees. In Markets, strong growth in FICC in 3Q24 – especially in EMEA FX and Credit - offset some of the weakness seen in 1H24. Equities revenue jumped, driven by derivatives and cash.

In 9m24, pre-tax profit for the whole group grew 14% y/y. EMEA-headquartered banks outperformed their AMER peers in both revenue growth and cost control, in 3Q24 and 9m24.

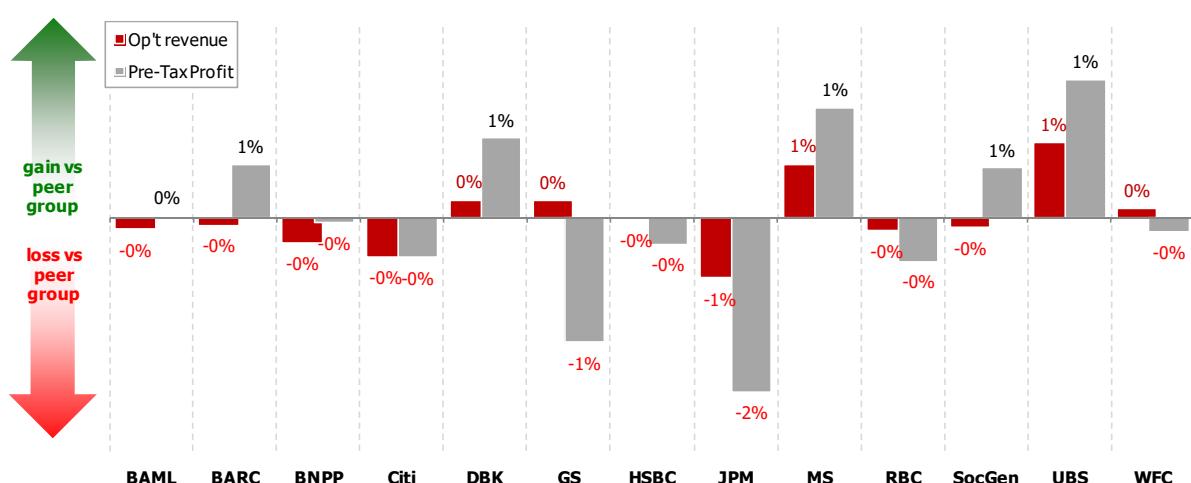
During 3Q24, two more banks in this report abolished the EU's populist bonus cap for UK-based material risk takers. The size of banks' own bonus caps varies widely between banks (6-25x). However, clawbacks and deferrals, mandated by the Bank of England from 2016, are still in place.

Revenue & productivity (9m23)

(9m24)



% change share of peer group operating revenue and pre-tax profit (9m24 / 9m23)



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

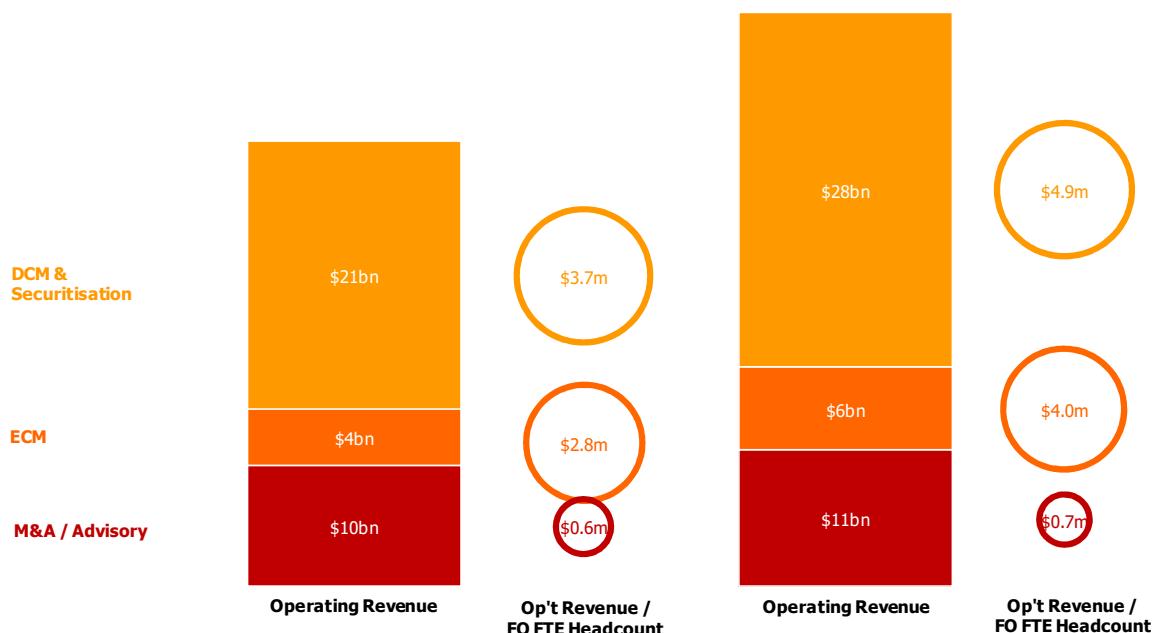
Year-to-date DCM fees surged to multi-year records across high grade, high yield, international (including emerging markets) and green issuance. Most industry sectors saw strong increases: financials, healthcare, media and retail outperformed. Banks continue to launch private credit platforms alongside their traditional leveraged lending operations. Securitisation jumped.

ECM jumped, led by IPOs and APOs in the US and, to a lesser extent, Europe. By contrast, APAC excl. G2, fell to a decade low; and in China, year-to-date ECM volumes dropped 60% y/y. Several banks expressed confidence that the recovery will continue: despite the pick-up in recent quarters, ECM volumes are still 25% below the 10-year average, and IPOs even lower than that. Also, for the first time since GFC, the pace of investments is outpacing fundraising. Finally, a decline in interest rates and stable/rising market valuations will, we expect, support strong activity from private equity.

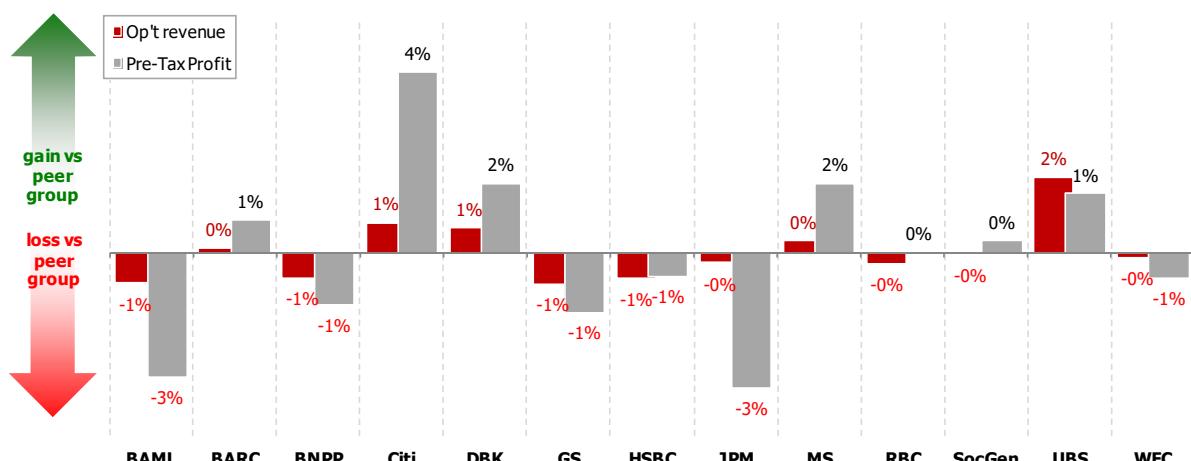
M&A/Advisory had a strong 3Q24, due to strong activity in the US and Europe, especially in mega deals. Private equity-backed volumes surged 40% y/y in 9m24.

Revenue & productivity (9m23)

(9m24)



% change share of peer group operating revenue and pre-tax profit (9m24 / 9m23)



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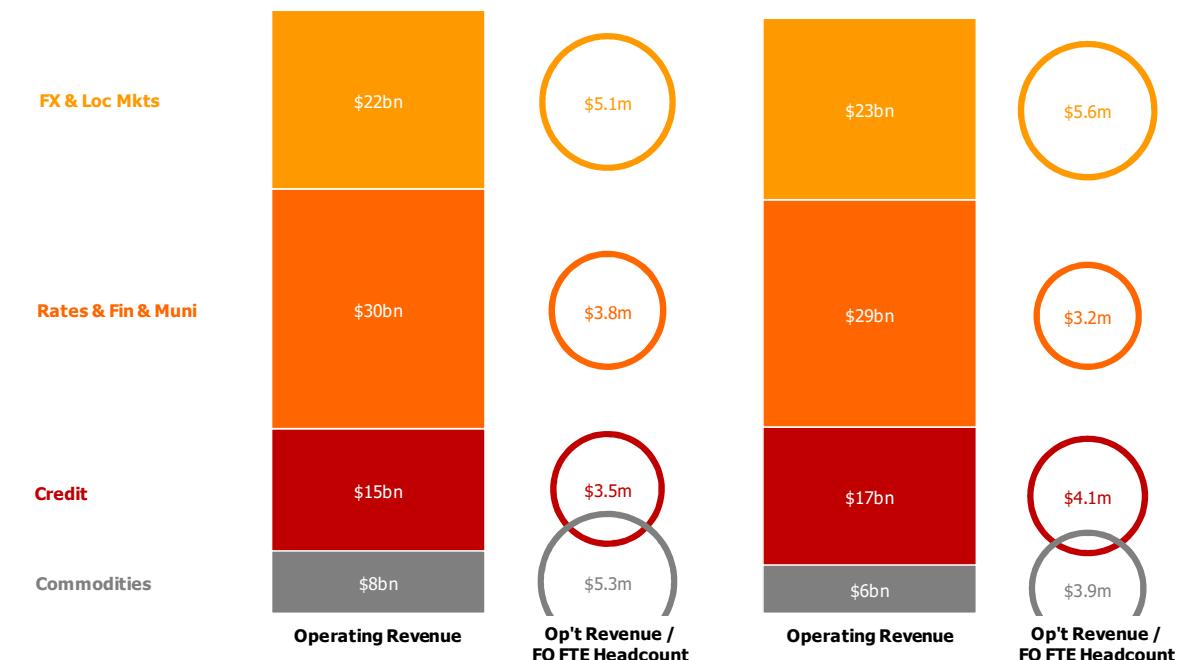
Capital Markets (cont.): FICC

Macro revenue was unchanged as weakness in Rates offset the strong FX revenue. Munis jumped; one of the highlights were sales of bonds for infrastructure projects, which were driven by the stabilisation of interest rates and a plunge in pandemic-era state aid, which pushed state and local governments to increase borrowing. In FX, banks are increasingly deploying mark-out tools in FX long-dated forwards markets; unlike FX spot, though, forwards are less liquid, so progress will probably not be linear. In the run-up to the US elections, Cboe started publishing intraday values for its 20+ Year Treasury Bond Volatility Basis Point Index (VIXTLT).

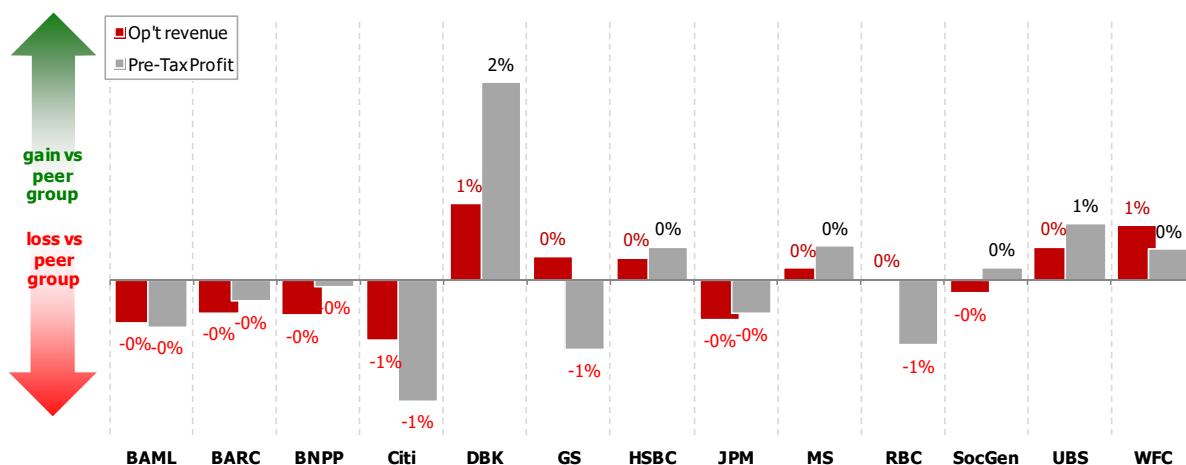
Credit jumped: most banks saw sharp increases across distressed, flow and emerging markets. In the US, CDS clearing rates hit new records, primarily driven by Europe high grade instruments.

Commodities declined, partly reflecting lower volatility, especially in gas markets. Major commodities specialists are hiring in metals markets.

Revenue & productivity (9m23)



% change share of peer group operating revenue and pre-tax profit: (9m24 / 9m23)



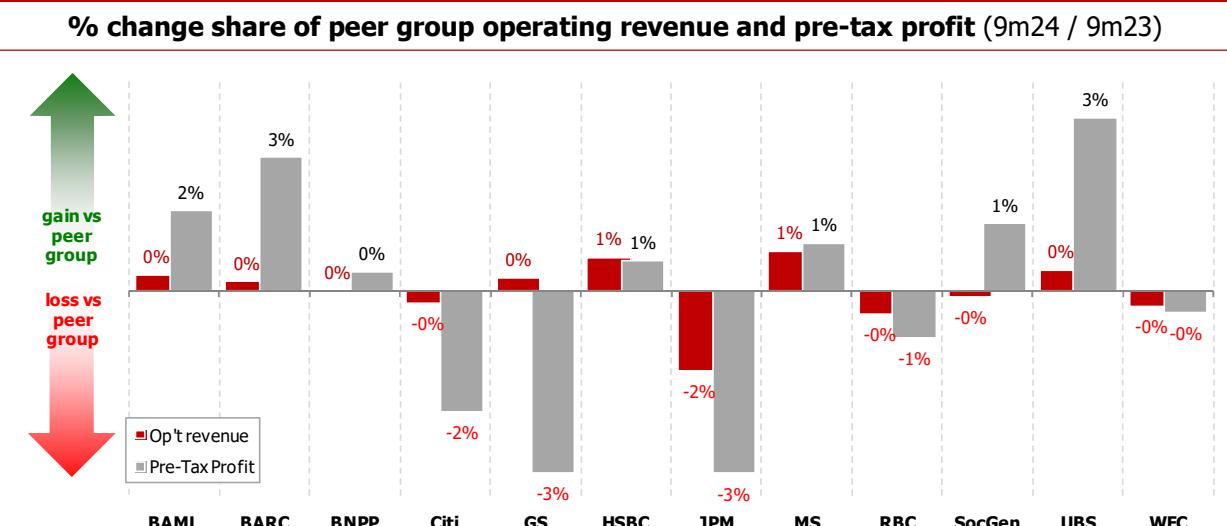
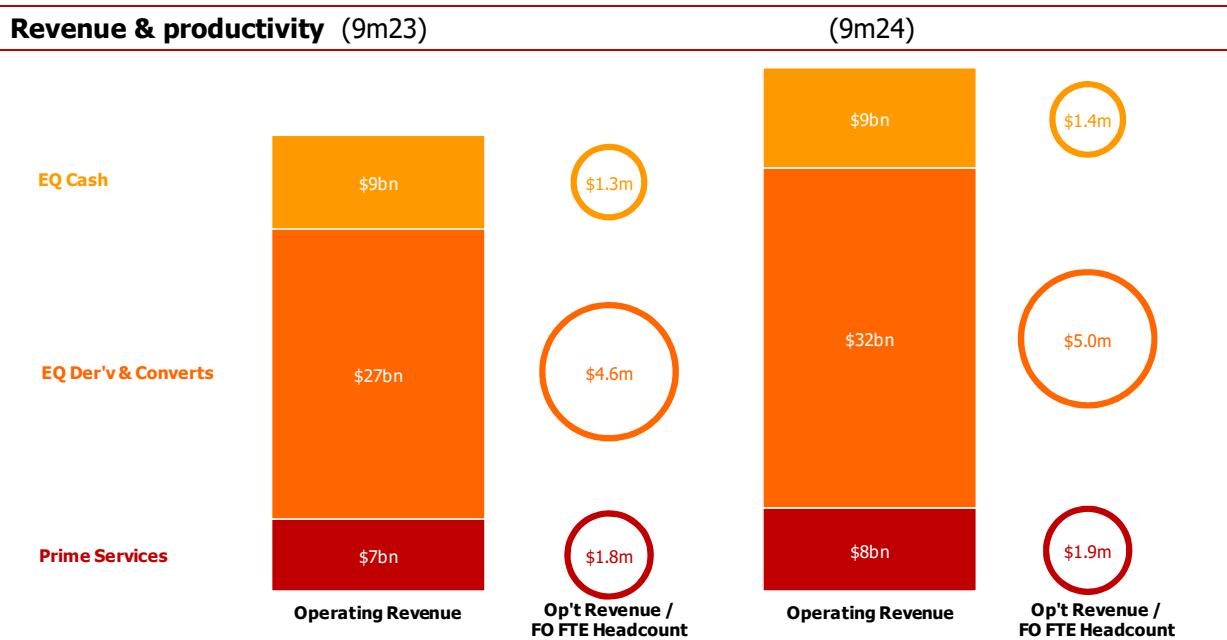
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Capital Markets (cont.): Equities

Cash equity revenue advanced strongly, especially in the US and, for several banks, APAC. The short-lived spike in volatility in early August was driven by deleveraging and thin volumes.

In equity derivatives, strong demand for flow products easily offset a decline in revenue from exotic products. In Europe, mindful of the upcoming election in the US, traders shifted focus from VSTOXX futures to short-term options. AMER outperformed.

Prime services also jumped, driven by same factors seen in 2Q24: political upheaval in Europe and the upcoming elections in the US. Megafunds are still increasing their already dominant position. Multi-strategy funds and emerging markets specialists are investors' current favourites.

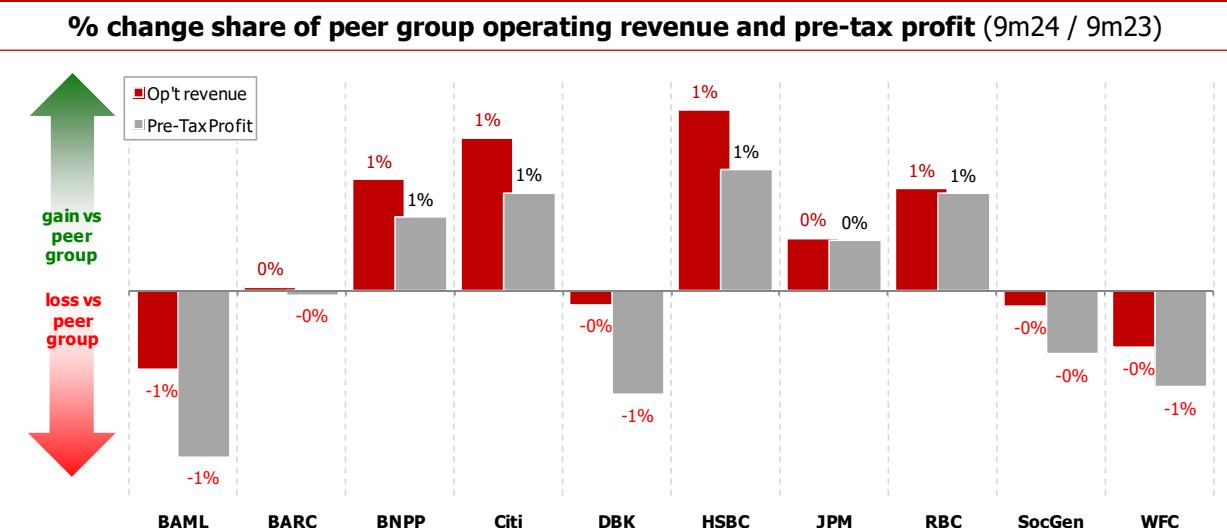
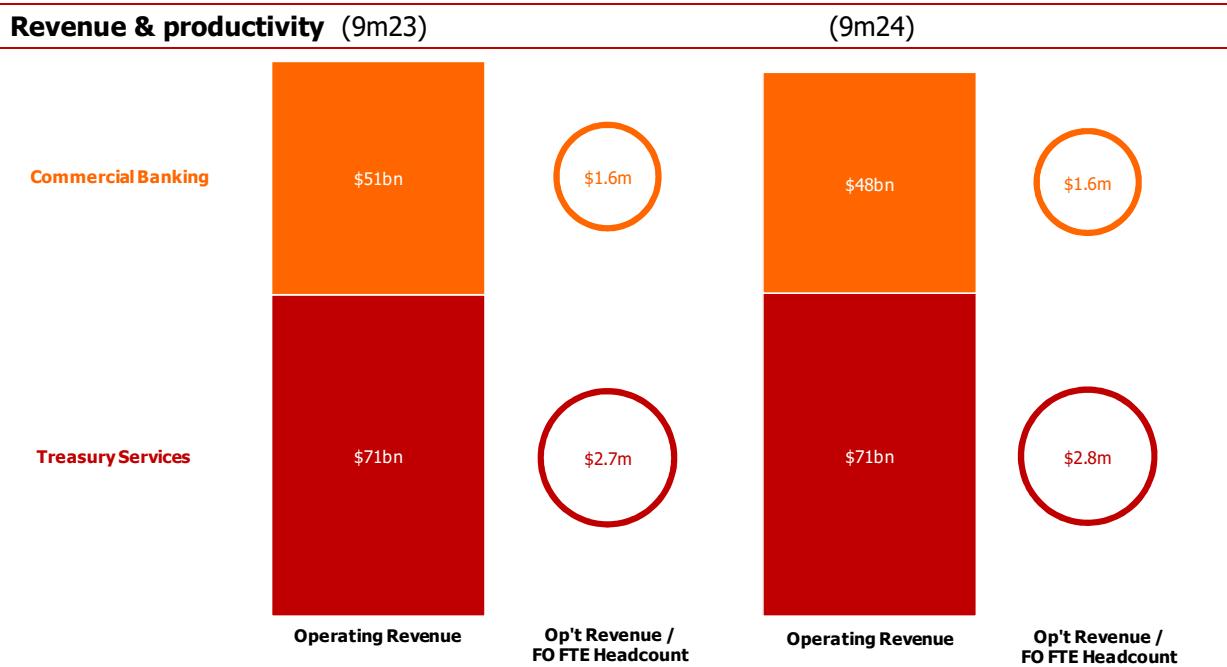


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Commercial Banking & Treasury Services

Net interest income remains under pressure: 'normalisation' of deposit margins and a soft demand for loans – partly due corporates' higher engagement in capital markets – were the most significant headwinds. Income from liquidity pools declined.

The 2025 outlook for net interest income is not positive. A decline in base rates may accelerate the demand for loans, but the effect will likely be muted by elevated cost of deposits. Unsurprisingly, banks are focused on increasing non-interest income in their current markets and, in several cases, significant geographic expansion; as a result, we expect that costs will continue to outpace revenue, driven by higher comp and technology investments.



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

9m24/9m23 (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	↓	↑	↑	↑	↓	↑	↑	↑	↑	↑	↑	↑	↓

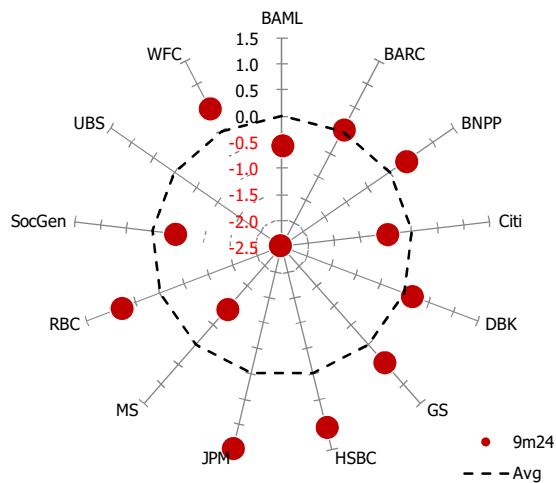
3Q24/3Q23 (Operating revenue, % change, US\$)

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Credit	↑	↑	↑	↑	↑	↑	↑	↑	↑	↑	↓	↑	↑
Commodities	↓	↑	↑	↑	↑	↑	↑	↑	↑	↑	↑	↑	↑
Equities	↑	↑	↑	↑	↑	↑	↑	↑	↑	↑	↑	↑	↑
EQ Cash	↑	↑	↑	↑	↑	↑	↑	↑	↑	↑	↑	↑	↑
EQ Der'v & Conv't	↑	↑	↑	↑	↑	↑	↑	↑	↑	↑	↑	↑	↑
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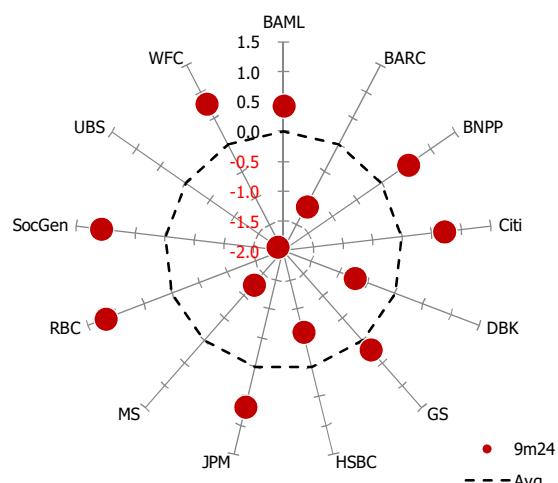
Source: Tricumen. Notes: (1) Tricumen product definitions throughout. (2) Arrows show % change in revenue vs peers. Up-/down-arrows: top-/bottom-quartile. (3) Operating revenue is post-writedowns, excludes DVA/equivalent and one-offs. (4) Commercial/Transaction Banking includes Large Cap/MNC and Mid-Cap/SMEs. (5) outliers are excluded.

Pre-tax profit margin (US\$)

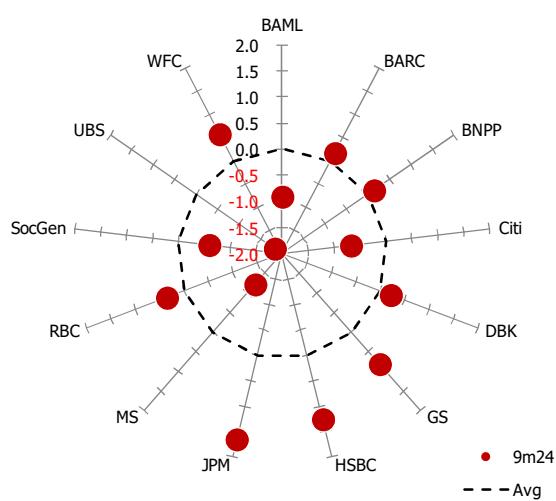
Capital Markets



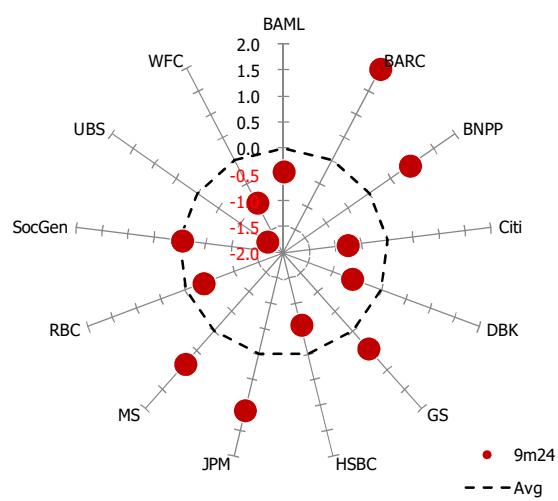
Banking



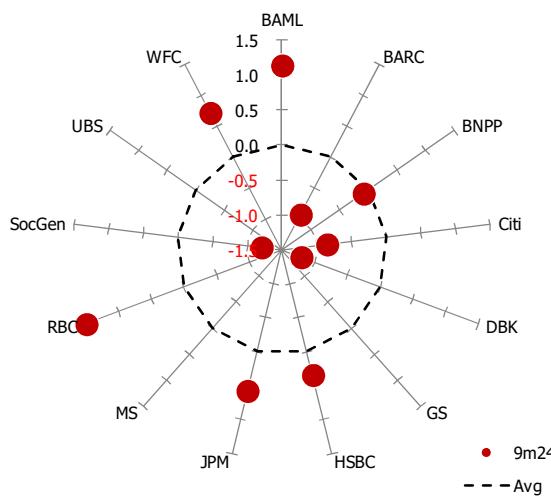
FICC



Equities



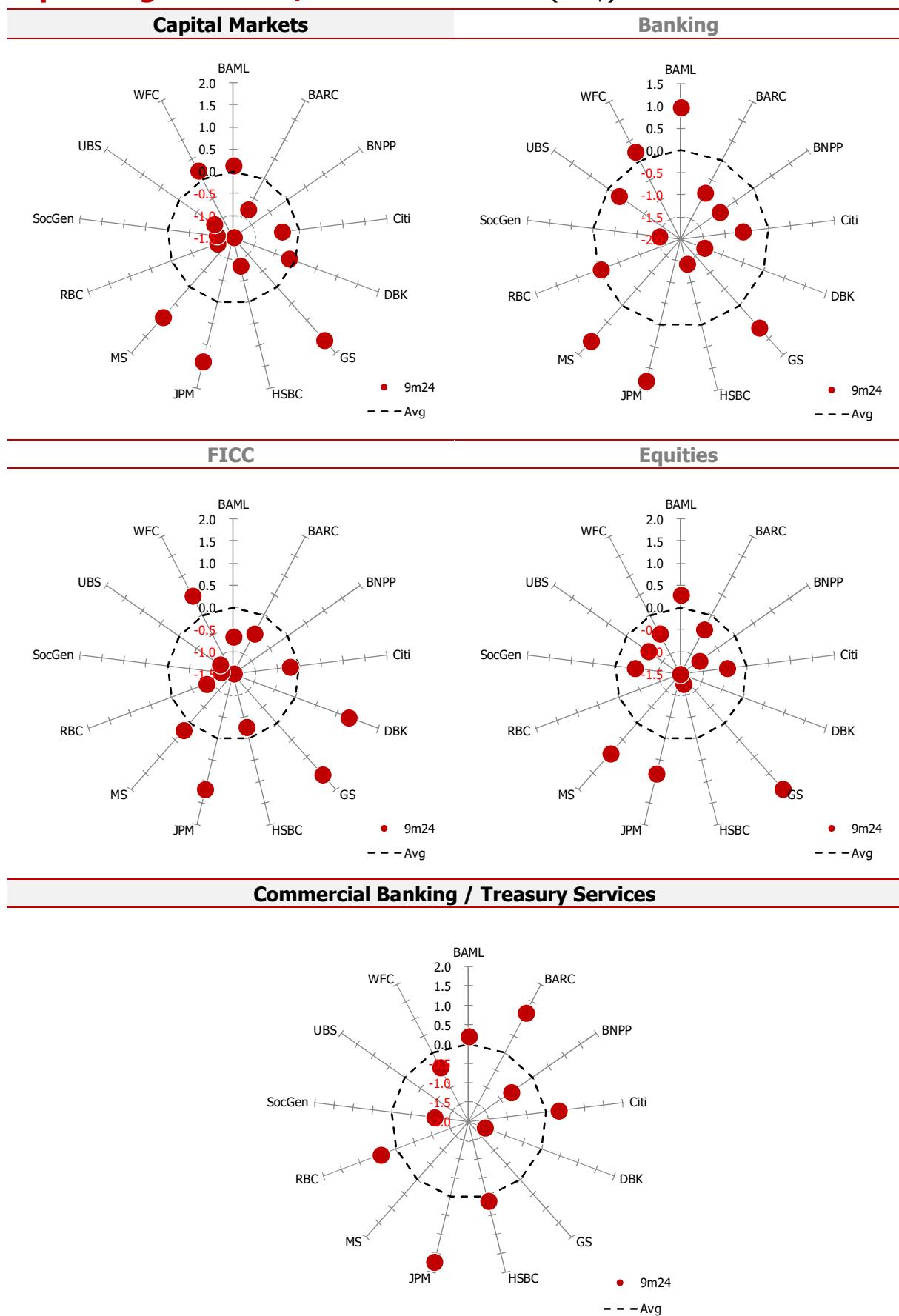
Commercial Banking / Treasury Services



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\$)



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 the 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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