

# The Great Recovery, and Resignation!

## Performance, Pay and Talent Trends in Banking

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# Banking Performance & Reward: Yesterday, Today and Tomorrow

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## Looking Back YE '20

- Industry profits down materially on provisions and Covid-driven headwinds
  - Firm differences: IBs > Universals; US banks harder hit by provisions (CECL)
  - Strong markets and I- Banking activity driven by government stimulus and volatility
  - Wide variances in pay trends across firms and regions
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## Today This Year

- Record YTD profits on bounce back year, reversal of provisions, I-Banking activity
  - High turnover
  - Return to office headlines/policies create noise in talent market (arbitrage?)
  - Salary spend up above merit budgets
  - Firms assessing competitive positioning to establish the right starting point
  - Pay will be up for the majority of roles – question is how much?
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## Tomorrow 2021+

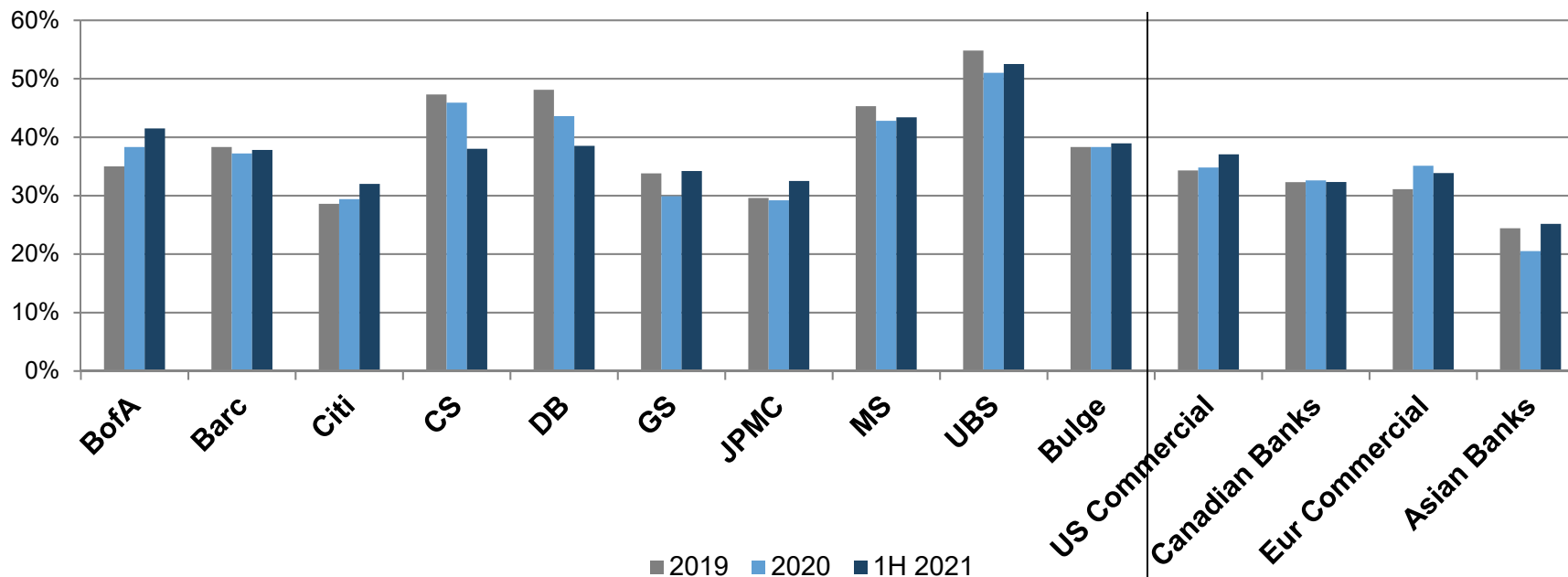
- 2021 global growth will to be strong, but caution remains
- Evaluating the optimal future working model across functions, roles and individuals
- Total Rewards importance grows
- Increased focus on People Analytics

# First Half Financial Results for Banks Show Significant Rebound YOY (and Q3 from early reporting firms indicate the trend will continue)

	1H 2021 vs 1H 2020		YTD ROE	Avg ROE 2018/2019	2020 ROE
	Revenue	Profit			
<b>Bulge</b>	↑	↑ ↑ ↑	<b>13% median</b> (exceptions below/above)	<b>9.2%</b>	<b>5.7%</b> (universals) <b>11.0%</b> (IB's)
<b>US Commercial Banks</b>	↑	↑ ↑ ↑	<b>12% median</b> (90% firms above 10%)	<b>11.5%</b>	<b>7.1%</b>
<b>Canadian Banks</b>	↑	↑ ↑	<b>12 – 18%</b>	<b>14.5%</b>	<b>11.4%</b>
<b>European Commercial</b>	↑	↑ ↑	<b>9% median</b>	<b>6.8%</b>	<b>2.1%</b> (negative ROE by 1/3 <sup>rd</sup> firms)
<b>Asian</b>	↑	↑ ↑	<b>10% at median</b>	<b>11.0%</b>	<b>7.5%</b>

# Per Capita Accruals up Materially on Favorable Performance

## Compensation & Benefits Expense as a % of Revenue



YTD Per Capita Revs	-8%	n/a	-13%	5%	10%	44%	1%	12%	13%	8%	3%	6%	8%	5%
YTD Per Capita C&B	13%	n/a	1%	-8%	1%	40%	9%	10%	9%	9%	11%	6%	6%	10%

\* 9mo C&B Chg: 11%      2%      27%      5%      6%

## Banking & Capital Markets Performance – A Tale of Three Divisions









2021 YTD Reported Revenues vs 2020										
	BofA*	Barc	Citi*	CS	DB	GS*	JPMC*	MS*	UBS	Median
<b>Investment Banking</b>	<b>23%</b>	<b>27%</b>	<b>26%</b>	<b>53%</b>	<b>22%</b>	<b>65%</b>	<b>42%</b>	<b>60%</b>	<b>58%</b>	<b>42%</b>
Advisory	36%	59%	57%	1%	74%	104%	84%	105%	79%	74%
Underwriting	19%	20%	19%	73%	16%	48%	31%	46%	50%	31%
ECM	33%	90%	67%	132%	131%	74%	54%	71%		73%
DCM	11%	0%	-2%	34%	-3%	19%	16%	13%		12%
<b>Equities</b>	<b>23%</b>	<b>38%</b>	<b>34%</b>	<b>-21%</b>		<b>30%</b>	<b>30%</b>	<b>17%</b>	<b>0%</b>	<b>27%</b>
<b>Fixed Income</b>	<b>-9%</b>	<b>-37%</b>	<b>-19%</b>	<b>-18%</b>	<b>10%</b>	<b>-10%</b>	<b>-20%</b>	<b>-10%</b>	<b>-46%</b>	<b>-18%</b>
<b>Total BCM</b>	<b>8%</b>	<b>-7%</b>	<b>-4%</b>	<b>1%</b>	<b>13%</b>	<b>23%</b>	<b>5%</b>	<b>18%</b>	<b>-4%</b>	<b>5%</b>

\* 9mo revenues used. Other firms reflect 1st half published

Pay will be tempered vs revenue trends as firms consider that all ships rise with the tide, and the favorable environment and firm platform was a key contributor to performance

Paying Rain Makers, not Rain Catchers!

# 2021 Early View on Year-End Pay

Division	Median Total Compensation Change (Same Store)	
Investment Banking		Up 15 – 25%
Fixed Income		Flat to down 10%
Equities		Up 10 – 20%
Research		Up 5 – 15%
Corporate / Commercial Bkg		Up 3 – 6%
Transaction Banking		Up 4 to 5% in TB (flat to up 5% Sec Svcs)
Infrastructure (exc. Tech)		Up 3 – 6%
Technology		Up 3 to 8%

*Trends are reflective of the largest global banks*