Investment Banking APAC Total Compensation for 2012

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Total Compensation

Senior MD	750k – 2m+	(3m*)
Junior MD	600k – 1.25m	(1.9m*)
ED / Director	450k – 850k	(1m*)
VP 3	400k – 550k	(800k*)
VP 2	350k – 500k	
VP 1	250k – 450k	
Associate 3	250k – 350k	(425k*)
Associate 2	225k – 300k	
Associate 1	200k – 250k	

All numbers are in total comp USD inclusive of base and housing
** denotes top outliers for specific bands*

- Most of the major IBD businesses in Asia Pac paid within these ranges. We have indicated below where specific firms paid relative to these bands
- These numbers account for c. 80-90 per cent of individuals
- There were many examples of zero bonuses falling below these ranges in most banks, and at all levels

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Investment Banking APAC Base Salaries 2012

Base Salaries and Housing for Investment Banking in Asia Pac

MD	c. 400k – 500k	(housing typically ranges from 100k-150k depending on seniority of MD)
ED	290k - 320k	(housing typically ranges from 60k-80k)
VP 3	220k-235k	(housing typically ranges from 40k-50k at VP level)
VP 2	210k-225k	
VP 1	200k-220k	
3rd year Associate	185k-195k	(housing typically ranges from 28k-35k at Associate level)
2nd year Associate	170k-175k	
1st year Associate	165k-170k	

Associate promotion/sign-on bonus is a standard 40k

Stub year Associate	130k-135k	
3rd year Analyst	115k-120k	(housing typically is 25k at Analyst level)
2nd year Analyst	105k-110k	
1st year Analyst	90k-95k	

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Investment Banking compensation for 2012

Bank of America-Merrill Lynch: mid-high range

-BAML had a mixed year in Asia Pac IBD; DCM / Lev Fin had a good year and made more revenues than ECM and M&A combined
- Pay was decent and at the top of the second quartile, although behind Goldman Sachs and Citi
- Bonus pool was down, but so was headcount and costs by a similar amount (c. 20 per cent)
- Top performers were typically paid flat to up in high single digits (i.e. down relative to the same year group last year)
- Structure remains the same and relatively benign:
    - Straight cash and stock vesting over a three year period
    - Cash /stock split determined on a ratchet system based on total comp number; range between 60-90% cash vs 10-40% stock; Associates were included in the deferred stock scheme

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Investment Banking compensation for 2012

Citigroup: high range

- Citi had a decent year in Asia Pac IBD and performed well compared to the peer group, although revenues were still down on last year.
- Bonus pool number was down 20 per cent on 2011, but headcount was also down in high single digits
- Once again paid their bankers well, the third year in a row; only Goldman Sachs paid better
- At mid and junior levels, those we were '1' rated (i.e. top decile) were generally paid up in single digits on last year
- They tended to pay people within the bands with no zero bonuses; the redundancy round in Q4 2012 took out bottom quartile individuals who might have received one
- At the mid and junior levels, individuals are paid within global bands; in this structure HK bankers do well (due to housing allowance calculated on top of total comp) as do those in India (which is relatively discounted in other firms)
- Structure remains the same as previous years:
    - No cap on upfront cash in bonuses, and no deferred cash
    - Cash /stock split determined on a ratchet system based on total comp number; range between 60-80% cash vs 20-40% stock
    - Deferred stock vests over a three year period
    - MDs were being paid between 65-75% cash to 25-35% stock
- Communicated January week three; paid end January

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Investment Banking compensation for 2012

Credit Suisse: mid range

- CS had mixed year in Asia Pac IBD; although revenues were up 10 per cent on last year, it was very lumpy and based on a number of big fee events. Parts of the business such as China and ECM did not perform
- Paid reasonable headline numbers, and the top bankers we at the top of the range or beyond in one or two cases. Some in bottom quartile were some paid zero bonuses at various levels
- CS kept one of the more onerous deferral programmes; similar to last year's structure, although slightly lower portion of CDO-based 'Plus Bonds' relative to last year
    - Plus Bond awards are based on a trading portfolio of structured product securities, have a maturity of 3 1/2 years and will pay an annual coupon. While the instrument will make up part of bonuses for the top investment bankers, other employees can elect to receive it as well instead of share awards
    - Employees also received deferred stock awards, some of which can be clawed back, as well as the Plus Bonds
    - Cash retention awards will be paid out in full this year and can be reclaimed if, for example, an employee leaves the company or engages in detrimental conduct. The company can reclaim the full amount of the awards, reduced by 1/36 for every completed month from the date of the grant to the event triggering repayment
    - At VP level and below, comp was split between cash and stock (3 years vesting)
        - All cash until over total comp of USD250k after which 35% of bonus is deferred, moving up on a ratchet to 90% for anything over USD1m
- Communicated January week four; paid end January

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Investment Banking compensation for 2012

Deutsche Bank: mid range

- Deutsche Bank had a mixed year in IBD with lumpy performance dependent on a few specific deals. SE Asia performed well but China lagged expectations; DCM & Lev Fin performed relatively better than ECM & M&A
- Top ranked performers were paid in line with top quartile elsewhere, but the bands dropped off quickly and there was very wide differentiation. There were a handful of zero bonuses
- Deutsche Bank paid 3.2 billion euros in bonuses for 2012, down 11 percent from a year earlier
- Structure was slightly better than last year:
  - Imposed a 300,000 Euro (USD409,000) cap on cash bonuses being paid this year; anything above the cap was paid in stock vesting over three years; last year had a cap on immediate payouts of 200,000 Euros
  - Senior staff ('regulated' employees) received as much as 150,000 euros in cash, with the balance available in shares in August
  - Increased the vesting period for deferred bonuses for about 150 top executives to five years from three, and will make a single cliff-vesting payout after the deferral period ends rather than staggered payments every year

Investment Banking compensation for 2012

Goldman Sachs: beyond high range

- Goldman had a record year in terms of IBD revenues in Asia Pac; the business performed across the board and SE Asia in particular had a good year
- Paid significantly up on last year and well beyond the market, making them clear leaders for the 2012 comp round. Nevertheless, a number of bottom quartile performers will be paid zero bonuses, especially at more senior levels
- Given the unique Partnership structure at GS, it is worth noting that the Partners were all paid beyond the top of the band for Senior MDs at all the other banks – in some cases multiples more
- Structure similar to previous years:
  - No cap on upfront cash in bonuses and no deferred cash
  - Structure in bonuses has a ratchet between 80-60% cash and 20-40% stock; even senior Partners would be around 65% cash and 45% stock
  - Deferred stock vests over a three year period
- Communicated January week four; paid end January

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Investment Banking compensation for 2012

JP Morgan: mid range

- JP Morgan had a mixed year in Asia Pac IBD; DCM performed well but ECM struggled, especially in China. Revenues were down on previous year
- Bonus pool for Asia IBD was down 15% on last year
- Paid relatively well, both in total comp numbers and structure. They tended to pay people within the bands with only one or two zero bonuses
- At mid and junior levels, those we were 'E' rated (i.e. top quartile) were paid flat-to-up in single digits on last year
- Structure remains the same as in previous years:
  - Bonuses has a ratchet between 80-60% cash and 20-40% stock
  - Deferred stock vests over a three year period
  - No cap on upfront cash in bonuses and no deferred cash
- Communicated January week four; paid end January

Investment Banking compensation for 2012

Morgan Stanley: low range

- Morgan Stanley had a bad year in terms of revenues in Asia Pac, in particular due to the poor performance of China and ECM which have historically been market leaders
- Compensation was hit hard and in spite of aggressive differentiation at all levels, even the top of their bands came in at the bottom of their peer groups
- Conducted a redundancy round of 15 per cent in Asia Pac IBD only days before comp announcement; this accounted for c.50 bankers around the region
- Structure has changed from last year and become more onerous as MS deferred 100% of bonuses for its highest paid employees:
    - deferral policy applies to employees who make over $350,000 annually and whose bonus is at least $50,000
    - bonuses spread these cash-and-stock payments over a three-year period, comprised of 50% cash and 50% restricted stock units
    - The cash portion will vest in four increments, including May and December 2013, 25% in December 2014 and 25% in December 2015. The stock will vest in three installments with 25% coming at year-end 2013, 25% at the end of 2014 and 50% at year-end 2015
    - For 2011 compensation, the bonus deferral threshold affected employees who made at least $250,000 annually and the firm deferred bonuses of more than $125,000 until last December and December 2013
- Communicated January week three; paid end of Feb (although first cash portion only paid in May)

Investment Banking compensation for 2012

Standard Chartered: mid-high range

- SCB had a relatively average year in terms of pure IBD revenues, but mixes those in with Corporate Banking which allows them to subsidise bonuses in the SCCG group (i.e. coverage teams for country and / or sector); the Global Markets & Advisory businesses did not have such a good year and will be paid in different bands
- Pay for SCCG will be decent and well into the second quartile
- Top performers were typically paid flat to up in high single digits (i.e. down relative to the same year group last year)
- Structure remains the same and relatively benign:
    - Straight cash and stock vesting over a three year period
    - Cash /stock split determined on a ratchet system based on total comp number; range between 60-85% cash vs 15-40% stock; Associates were included in the deferred stock scheme

Investment Banking compensation for 2012

UBS: low-high range

- UBS had a good year in terms of Asia ex Australia IBD revenues in 2012, being up 30 per cent on 2011 with costs reduced by double digits
- The final cut has yet to be verified but it is facing severe headwinds from the macro position of the firm, the USD1.5bn fine, and the poor performance of the US and Europe; Asia will be forced to subsidise these to their detriment
- The likely outcome will be major differentiation, where very top performers are paid at the top or beyond the bands but the majority will suffer as a result. Most of those in the bottom half will be paid zero bonuses; worse than last year
- Structure is slightly different to last year:
  - At all levels, everything over USD250k of total comp was subject to deferral where 60 per cent was deferred stock with 3 year vesting
  - Part of bonus will be paid in Contingent Capital Bonds, which vest after five years. These will account for 40 percent of bonuses for executive board members and 30 percent for all other employees with total compensation of more than $250,000
  - for group executive board and others whose overall compensation is more than Sfr250,000, the bank has halved the maximum bonus that can be received in cash straight away from Sfr2m to Sfr1m. Any cash amount above this level will instead be converted into an award under the EOP
  - For executive board members, the EOP accounts for 40% of their performance-related bonus and vests in three installments between three and five years after the award. The deferred contingent capital portion also accounts for 40% of their bonus package and vests only after five years. For other senior staff, EOP awards vest between two and three years after they are granted, while the deferred contingent capital awards vest only after five years
- Communicated week 1 March; paid end March

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