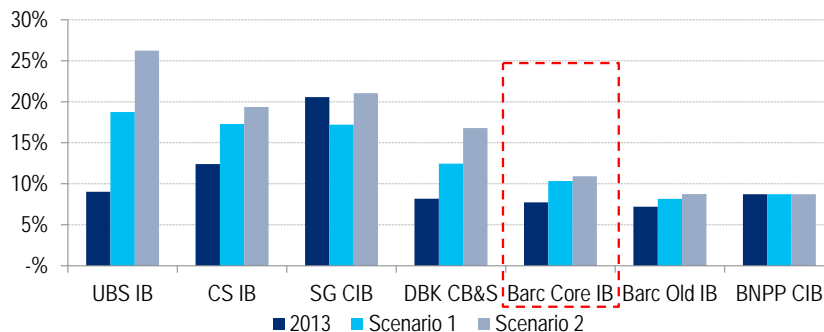


The Great FICCx Continues

Funding Weekly – Read-through from Barclays Strategy Update

- **Barclays Blinks in FICC** — Following its [recent strategic update](#), Barclays has shifted >50% of FICC RWAs to Non-Core. This includes elements of commodities, emerging-markets, fixed income financing, and securitised products – typically where Barclays had sub-scale positions (Figure 2). Indeed >80% (£90bn) of Barclays' Non-Core RWAs come from the IB.
- **Up to 10% Market Share Shift to Top 5** — In [FICC Tail Wags The Dog](#) (01-Apr-14), we highlighted our *To The Winners, The Spoils* theme. Barclays Non-Core FICC revenue represents a further c2% of global FICC market share and follows a c7% market share gain for top 5 players between end-2013 and end-2006 (Figure 4).
- **Compounding Pressure on CS** — We believe this move from Barclays will add further significant pressure on other banks – notably CS – to sharpen the focus, especially in Macro. From a starting point of more than double CS' FICC RWAs, Barclays' 'strategic' commitment will now be comparable in size.

Figure 1. Comparative IB Returns – Impact of Non-Core Wind-down, Incl. Barclays' New Core IB vs. Old IB (Pre-Restructuring)



Note: 1. Barclays Core IB excludes Africa IB, previously included for Barclays Old IB scenarios. 2. Scenario 1 assumes two-thirds decline in Non-Core drag; Scenario 2 assumes run off of Non-Core with residual 'stranded' costs equating to c25% of 2013 Non-Core cost base. Source: Company Reports and Citi Research Estimates

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Figure 2. Wholesale Banks – Investment Banking Product Strength Matrix (2013)

Total Leadership Positions, 2013	JPM	GS	BAC	MS	DBK	CS	UBS	BARC	BNPP
And Change On 2012 Positions	15	8	5	5	4	2	2	1	0

Origination & Advisory

Bond Underwriting				↑	↑	↓		↓	n/a
Loan Syndication	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
ECM	↑	↓					↓		n/a
M&A		↓			↓	↓			n/a
USD Clearing	↑		↑		↑				

FICC

G10 Rates				↑					n/a
G10 Credit	↑		↓	↓	↓			↑	n/a
G10 Foreign Exchange	↑							↓	n/a
Securitisation	↓			↑				↓	n/a
Emerging Markets					↓				n/a
Commodities		↓	↑	↓		↓			n/a
Municipal Finance	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Equities

Cash Equities									n/a
Derivatives & Convertibles		↑	↓		↓	↑	↓		n/a
Prime Brokerage	↑				↓				n/a
Futures & Options			↓		↓				n/a

Key

Top 3	
2nd Tier	
3rd Tier	

Source: Company Reports (JP Morgan 2014 Investor Day, CIB Presentation), Citi Research Estimates

Note: 1. Arrows indicate change in position on 2012. 2. BNPP is a new entry so no comparison on 2012. 3. Loan syndication and Municipal Finance are new disclosures so no comparison on 2012.

Figure 3. Wholesale Banks – Estimated Change In Investment Banking Leadership Positions (2012-2013)

2012	Top 3	2nd Tier	3rd Tier	Weighted	2013	Top 3	2nd Tier	3rd Tier	Weighted	YoY (%)
JP Morgan	28%	4%	-%	18.1%	JP Morgan	31%	2%	-%	19.3%	1.2%
Goldman Sachs	18%	10%	3%	14.2%	Goldman Sachs	18%	11%	3%	14.3%	0.2%
Bank of America	10%	14%	7%	11.1%	Bank of America	11%	18%	3%	12.3%	1.2%
Deutsche Bank	10%	14%	7%	11.1%	Deutsche Bank	9%	18%	5%	11.2%	0.0%
Barclays	5%	14%	14%	8.7%	Barclays	2%	18%	10%	7.7%	(1.1%)
Morgan Stanley	10%	8%	17%	10.3%	Morgan Stanley	11%	4%	13%	9.3%	(1.0%)
Credit Suisse	8%	12%	14%	9.7%	Credit Suisse	4%	7%	17%	6.3%	(3.3%)
UBS	3%	10%	24%	7.0%	UBS	4%	4%	18%	5.8%	(1.2%)
Nomura	-%	-%	-%	-%	Nomura	-%	-%	-%	-%	-%
BNP Paribas	-%	-%	-%	-%	BNP Paribas	-%	7%	20%	4.0%	4.0%
Total	100%	100%	100%	100.0%		100%	100%	100%	100.0%	-%

Note: assumes weightings that Top 3 is twice 2nd Tier, which in turn is three times 3rd Tier. Source: Company Reports (JP Morgan 2014 Investor Day, CIB Presentation), Citi Research Estimates

Figure 4. FICC Market Shares – By Underlying Revenue, 2006-1Q14

Pro Forma	2006	2007	1H08	2009	2010	2011	2012	2013	1Q14	2013 vs. 2006
Deutsche Bank	8.3%	9.7%	11.8%	8.5%	10.5%	11.8%	10.5%	9.6%	11.3%	130 bps
JP Morgan	8.8%	8.5%	7.2%	9.4%	10.2%	12.8%	11.6%	13.2%	10.9%	447 bps
Bank of America	10.0%	10.0%	8.8%	9.1%	9.8%	8.3%	9.6%	9.4%	10.2%	-57 bps
Goldman Sachs	9.6%	11.5%	12.3%	13.9%	10.5%	8.5%	9.0%	9.0%	9.8%	-63 bps
Barclays	10.3%	14.7%	15.0%	11.1%	10.2%	9.7%	10.0%	8.7%	7.1%	-157 bps
Credit Suisse	5.6%	5.4%	4.1%	5.2%	5.1%	4.6%	5.8%	5.7%	6.2%	10 bps
HSBC	3.6%	3.2%	4.8%	4.7%	4.7%	4.7%	5.0%	5.7%	6.1%	209 bps
Morgan Stanley	6.8%	6.7%	5.9%	4.8%	5.7%	6.3%	5.1%	4.2%	5.7%	-262 bps
RBS	10.9%	9.7%	5.4%	7.4%	6.4%	5.9%	6.0%	5.2%	5.2%	-563 bps
BNP Paribas	2.8%	3.5%	3.6%	6.2%	5.6%	6.3%	5.1%	4.8%	4.7%	206 bps
Nomura	3.5%	2.6%	2.7%	1.5%	2.2%	3.2%	3.9%	4.2%	3.6%	66 bps
Soc Gen	2.1%	1.9%	2.9%	2.9%	2.5%	2.7%	3.1%	3.2%	2.5%	113 bps
Credit Agricole	2.3%	2.0%	1.5%	1.8%	1.7%	1.8%	1.8%	1.8%	2.0%	-49 bps
UBS	4.8%	2.4%	1.6%	1.5%	3.7%	2.5%	1.7%	1.7%	1.5%	-308 bps
US	45.9%	44.8%	46.5%	49.2%	47.5%	46.9%	47.1%	49.3%	49.8%	343 bps
Europe	50.6%	52.6%	50.8%	49.3%	50.3%	49.9%	49.0%	46.5%	46.7%	-409 bps
Top 5	47.4%	47.9%	52.3%	52.9%	52.3%	52.4%	52.5%	54.7%	55.4%	735 bps
Rest	52.6%	52.1%	47.7%	47.1%	47.7%	47.6%	47.5%	45.3%	44.6%	-735 bps

Note: JPM adjusted for tax equivalent adjustment component; JPM, BoA, Barclays & Nomura pro-forma for acquisitions of Bear Stearns, Merrill Lynch & Lehman Bros respectively. Source: Company Reports, Citi Research

Appendix A-1

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<i>Data current as of 31 Mar 2014</i>						
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