

# ARKESDEN COMPENSATION REPORT 2018/19

# Welcome to the 2018 Investment Banking Report

## How has M&A Performed in 2018 Globally?

Last year we struck a cautious note of optimism for the London and European M&A market. It was therefore good to see that Investment Banking M&A teams did enjoy a good year in 2018 overall in London. CEO confidence was driven by many factors but some of the marquee ones included:

- A relatively robust U.S. market - tax reductions, equity market performance (until October at least), really strong M&A deal flow in 2018
- Improving signs from ongoing China-US trade discussions in the latter part of the year
- Ongoing low interest rates globally – FED and ECB showing little need to increase rates
- Huge Sponsor appetite from Private and Institutional investors for acquisitions and disposals
- Burgeoning Private Credit market ensuring plenty of alternative liquidity for deals

We note that there were a number of strong sector performances in 2018. Healthcare, Technology and Leveraged Finance/ Sponsors to name a few.

## European M&A

On a more micro basis, the spectre of Brexit hung over UK and European decision makers in 2018. In terms of affecting M&A decisions, we do note that specific UK businesses (UK Mid Market Banking and UK Real Estate funds etc) did not enjoy the spoils of others in 2018. However, the overarching trend from Partners and CEO's at our international clients is that Brexit is a consideration but not a key decision driver.

## Effects of Brexit on M&A Hiring in London

As we go to print in late March, we are often asked about the build out of Investment Banks in European financial hubs in light of Brexit. The answer is that in 2018 almost every bank has continued to take steps to create small, country specific front office M&A teams in key financial districts away from London. It should be noted that locations like Dublin and Luxembourg continue to expand rapidly for middle or back office Banking roles.

However, the numbers of M&A bankers moving are relatively small for now and whilst there is every chance of this growing over the coming years, London remains by a considerable margin the go-to Banking hub for M&A in Europe. It should also be noted that on this subject, we have completed many mandates sourcing international candidates into London over 2018 with little or no demand from European banking candidates to return to the Continent for reasons pertaining to Brexit. Most of our clients are for the time being doing all their hiring in London.

Should there be a significant delay to Brexit, the effects of that on the London M&A banking community are unclear. However, the most logical scenario based on 2018 hiring is a status quo for our clients having their most significant presence in London and business as usual based here but with the outlier teams executing local deals should they need to.

Adam Cairns  
Founder & Managing Partner, Arkesden Partners

# Compensation Trends for 2018

## • Mean Compensation Trends

We are reporting a slight year on year increase on mean total compensation for Analyst, Associate and VPs which is reflective of the global performance of M&A in 2018 compared to 2017. This increase is also demonstrated in the graphs on pages 16 and 17 showing the changes to mean total compensation over the last 4 years 2014-2018.

## • Associates Fared the Best

US houses did push their compensation for Associates higher. Early and mid-level banking Associate erosion was high in 2018 in London, mostly to Private Equity, Institutional and or Credit Funds. The banks are again reacting to this issue. We also know that U.S. banks on Wall Street have led an internal review of compensation given the war for talent with technology giants has increased this year again. This along with attrition rates have made Associates the front line of compensation focus.

## • Shortened Analyst Cycle

The Analyst cycles continue to trend towards being shortened to either 2 or 2.5 year cycles rather than the historic 3. Goldmans Sachs and BAML for example now have a 2 year programme therefore the total years to VP has come down to 5.5 years. However some, in line with this, have extended the Associate level so it remains 6 or 6.5 years to VP. The European banks are indicating that they are looking at their Analyst programmes in response to this.

## • Top Performers

Banks looking after top performers is not new. But at both the Associate and VP levels we saw some really high one off t-comp from some individuals in 2018. Our sense was that these were either for individuals in really thinly staffed teams, or where there had been erosion of Associate talent and so there was an offset of bonus to good performers available.

## • Goldman VP Base Salaries

We note that Goldman have adjusted their VP base salaries downwards in London in 2018 compared to 2017 which led to VP mean total compensation being down. However mean total compensation was still slightly up across the Analyst and Associate levels. Not one factor has been given for this, however any reduction in a fixed cost by a bank is not exactly an unsurprising requirement in the pursuit of efficiency.

## • European Banks Competing

We pointed out last year that when it came to mean t-comp numbers, the European banks were, in part, competing with the bigger US banks. This year we can see from the data that, particularly at the Associate class, the likes of UBS are now paying comparable mean t-comp to the U.S. bulge brackets.

## Analyst, Associate & Vice President – Fixed Compensation 2019 Onwards

LEVEL	Analyst 1		Analyst 2		Analyst 3		Associate 0/1		Associate 1/2		Associate 2/3		Associate 3/4		VP 1		VP 2		VP 3	
	17/18	18/19	17/18	18/19	17/18	18/19	17/18	18/19	17/18	18/19	17/18	18/19	17/18	18/19	17/18	18/19	17/18	18/19	17/18	18/19
JP Morgan	£50K	£50K	£55K	£55K	£60K	£60K	£80K	£90K	£90K	£90K	£105K	£105K	£120K	£120K	£135K	£135K	£155K	£155K	£155K	£155K
Goldman Sachs	£50K	£50K	£60K	£60K	£60K	N/A	£80K	£80K	£91K	£91K	£106K	£106K	£122K	£122K	£134K	£128K	£143K	£134K	£160K	£146K
Morgan Stanley	£50K	£50K	£55K	£55K	£60K	N/A	£80K	£80K	£98K	£98K	£111K	£111K	£123K	£123K	£170K	£170K	£170K	£170K	£170K	£170K
BAML	£50K	£50K	£55K	£55K	£60K	N/A	£80K	£90K	£90K	£90K	£105K	£105K	£120K	£120K	£150K	£150K	£150K	£150K	£150K	£150K
CITI	£50K	£50K	£55K	£55K	£60K	£60K	£80K	£80K	£90K	£90K	£105K	£105K	£120K	£120K	£135K	£135K	£150K	£150K	£150K	£150K
Barclays	£50K	£50K	£55K	£55K	£60K	£60K	N/A	N/A	£90K	£90K	£105K	£105K	£115K	£115K	£135K	£135K	£145K	£145K	£155K	£155K
Deutsche Bank	£50K	£50K	£55K	£55K	£60K	N/A	N/A	N/A	£90K	£90K	£105K	£105K	£120K	£120K	£140K	£140K	£155K	£155K	£170K	£170K
Credit Suisse	£50K	£50K	£55K	£55K	£60K	£60K	£80K	£80K	£90K	£90K	£105K	£105K	£120K	£120K	£150K	£150K	£150K	£150K	£150K	£150K
UBS	£50K	£50K	£55K	£58K	£62K	£62K	N/A	N/A	£95K	£95K	£110K	£110K	£122K	£122K	£135K	£150K	£150K	£150K	£150K	£150K

## Changes to Analyst and Associate Promotion Cycles 2019 Onwards

BANK	Bonus Cycle	Analyst 1	Analyst 2	Analyst 3	Associate 0	Associate 1	Associate 2	Associate 3	Associate 4	Total Years to VP
JP Morgan	Summer	1 year	1 year	1 year	6 months	1 year	1 year	1 year	N/A	6.5 years
Goldman Sachs	Summer	1 year	1 year	N/A	N/A	6 months	1 year	1 year	1 year	5.5 years
Morgan Stanley	Summer	1 year	1 year	N/A	N/A	1 year	1 year	1 year	1 year	6 years
BAML	Summer	1 year	1 year	N/A	6 months	1 year	1 year	1 year	N/A	5.5 years
CITI	Summer	1 year	1 year	1 year	6 months	1 year	1 year	1 year	N/A	6.5 years
Barclays	Winter	6 months	1 year	1 year	N/A	1 year	1 year	1 year	N/A	5.5 years
Deutsche Bank	Winter	1 year	1 year	N/A	6 months	1 year	1 year	1 year	1 year	6.5 years
Credit Suisse	Winter	1 year	1 year	1 year	6 months	1 year	1 year	1 year	N/A	6.5 years
UBS	Winter	6 months	1 year	1 year	N/A	1 year	1 year	1 year	N/A	5.5 years

## Analyst 1 - 2018 Starters

BANK	Bonus Cycle	2017/2018 Fixed	2018/2019 Fixed	2017/2018 Upper Bonus	2018/2019 Upper Bonus	2017/2018 Mean Bonus	2018/2019 Mean Bonus	2017/2018 Mean Total Comp	2018/2019 Mean Total Comp
JP Morgan	Summer	£50,000	£50,000	£44,000	Not Announced	£32,000	Not Announced	£82,000	N/A
Goldman Sachs	Summer	£50,000	£50,000	£46,000	Not Announced	£31,000	Not Announced	£81,000	N/A
Morgan Stanley	Summer	£50,000	£50,000	£48,000	Not Announced	£29,000	Not Announced	£79,000	N/A
BAML	Summer	£50,000	£50,000	£46,000	Not Announced	£28,000	Not Announced	£78,000	N/A
*CITI	Summer	£50,000	£50,000	N/A	Not Announced	£12,500 stub	Not Announced	£62,500	N/A
Barclays	Winter	£50,000	£50,000	N/A	N/A	£10,000 stub	£13,000 stub	£60,000	£63,000
Deutsche Bank	Winter	£50,000	£50,000	N/A	N/A	£16,000 stub	£16,000 stub	£66,000	£66,000
Credit Suisse	Winter	£50,000	£50,000	N/A	N/A	£17,500 stub	£18,000 stub	£67,500	£68,000
UBS	Winter	£50,000	£50,000	N/A	N/A	£15,000 stub	£10,000 stub	£65,000	£60,000

\*Citi has moved its Analyst from the Winter bonus cycle to Summer

## Analyst 2 - 2017 Starters

BANK	Bonus Cycle	2017/2018 Fixed	2018/2019 Fixed	2017/2018 Upper Bonus	2018/2019 Upper Bonus	2017/2018 Mean Bonus	2018/2019 Mean Bonus	2017/2018 Mean Total Comp	2018/2019 Mean Total Comp
JP Morgan	Summer	£55,000	£55,000	£55,000	Not Announced	£38,000	Not Announced	£93,000	N/A
Goldman Sachs	Summer	£60,000	£60,000	£54,000	Not Announced	£39,000	Not Announced	£99,000	N/A
Morgan Stanley	Summer	£55,000	£55,000	£52,000	Not Announced	£40,000	Not Announced	£95,000	N/A
BAML	Summer	£55,000	£55,000	£56,000	Not Announced	£41,000	Not Announced	£96,000	N/A
CITI	Summer	£55,000	£55,000	£50,000	Not Announced	£36,000	Not Announced	£91,000	N/A
Barclays	Winter	£55,000	£55,000	£45,000	£45,000	£34,000	£35,000	£89,000	£90,000
Deutsche Bank	Winter	£55,000	£55,000	£42,000	£44,000	£34,000	£34,000	£89,000	£89,000
Credit Suisse	Winter	£55,000	£55,000	£55,000	£46,000	£38,000	£37,000	£93,000	£92,000
UBS	Winter	£55,000	£58,000	£42,000	£48,000	£35,000	£36,000	£90,000	£94,000

## Analyst 3 - 2016 Starters

BANK	Bonus Cycle	2017/2018 Fixed	2018/2019 Fixed	2017/2018 Upper Bonus	2018/2019 Upper Bonus	2017/2018 Mean Bonus	2018/2019 Mean Bonus	2017/2018 Mean Total Comp	2018/2019 Mean Total Comp
JP Morgan	Summer	£60,000	£60,000	£66,000	Not Announced	£46,000	Not Announced	£106,000	N/A
Goldman Sachs	Summer	£60,000	N/A	£64,000	Not Announced	£47,000	Not Announced	£107,000	N/A
Morgan Stanley	Summer	£60,000	£60,000	£62,000	Not Announced	£49,000	Not Announced	£109,000	N/A
BAML	Summer	£60,000	£60,000	£65,000	Not Announced	£48,000	Not Announced	£108,000	N/A
CITI	Summer	£60,000	£60,000	£62,000	Not Announced	£44,000	Not Announced	£104,000	N/A
Barclays	Winter	£60,000	£60,000	£48,000	£52,000	£40,000	£43,000	£100,000	£103,000
Deutsche Bank	Winter	£60,000	£60,000	£40,000	£55,000	£36,000	£37,000	£96,000	£97,000
Credit Suisse	Winter	£60,000	£60,000	£60,000	£64,000	£45,000	£46,000	£105,000	£106,000
UBS	Winter	£62,000	£62,000	£62,000	£65,000	£45,000	£47,000	£107,000	£109,000



## Associate 0/1 - 2015 Starters

BANK	Summer Fixed & Level 2018	Summer 2018 Associate Sign On	Fixed January 2019	January 2019 Stub/Sign on	Upper Bonus Range (Inc. when paid)	Mean Bonus Range (Inc. when paid)
JP Morgan	£90,000 Associate 0	£22,000	£90,000 Associate 1	£21,500	£64,000 Summer 2018	£55,000 Summer 2018
Goldman Sachs	£80,000 Associate 1	N/A	£91,000 Associate 2	£22,000	£65,000 Summer 2018	£56,000 Summer 2018
*Morgan Stanley	£80,000 Associate 1	N/A	£80,000 // £98,000 Associate 1	£33,000	£62,000 Summer 2018	£54,000 Summer 2018
BAML	£90,000 Associate 0	\$40,000	£90,000 Associate 1	£35,000	£85,000 Summer 2018	£56,000 Summer 2018
**CITI	£80,000 Associate 0	£25,000	£90,000 Associate 1	£20,000	£30,000 Summer 2018	£25,000 Summer 2018
Barclays	N/A	N/A	£90,000 Associate 1	£11,000	£60,000 January 2019	£49,000 January 2019
Deutsche Bank	N/A	N/A	£80,000 Associate 1	N/A	£60,000 January 2019	£47,000 January 2019
Credit Suisse	£80,000 Associate 0	£25,000	£90,000 Associate 1	N/A	£62,000 January 2019	£52,000 January 2019
UBS	N/A	N/A	£85,000 Associate 1	N/A	£64,000 January 2019	£53,000 January 2019

Due to changes across the banks over the last 6-12 months this is as it stands currently for those at the Associate 0 / 1 level. As a result of these changes we have not compared them to previous years.

\*Newly promoted Associates (Analyst 2015) have gone straight to £98,000 whilst new Associates (Analyst 2016) will go to £80,000

\*\*Due to the changes in the Analyst cycle this bonus was for a 6 month period

## Associate 1/2 - 2014 Starters

BANK	2017/2018 Fixed	2018/2019 Fixed	2017/2018 Upper Bonus	2018/2019 Upper Bonus	2017/2018 Mean Bonus	2018/2019 Mean Bonus	2017/2018 Mean Total Comp	2018/2019 Mean Total Comp
JP Morgan	£90,000	£90,000	£92,000	£102,000	£72,000	£77,000	£162,000	£167,000
Goldman Sachs	£91,000	£91,000	£110,000	£115,000	£76,000	£79,000	£167,000	£170,000
Morgan Stanley	£98,000	£98,000	£83,000	£98,000	£62,000	£68,000	£160,000	£166,000
BAML	£90,000	£90,000	£112,000	£125,000	£74,000	£76,000	£164,000	£166,000
CITI	£90,000	£90,000	£86,000	£92,000	£65,000	£71,000	£155,000	£161,000
Barclays	£90,000	£90,000	£89,000	£90,000	£64,000	£66,000	£154,000	£156,000
Deutsche Bank	£90,000	£90,000	£92,000	£88,000	£61,000	£64,000	£151,000	£154,000
Credit Suisse	£90,000	£90,000	£88,000	£92,000	£69,000	£68,000	£159,000	£158,000
UBS	£95,000	£95,000	£85,000	£95,000	£68,000	£73,000	£163,000	£168,000

## Associate 2/3 - 2013 Starters

BANK	2017/2018 Fixed	2018/2019 Fixed	2017/2018 Upper Bonus	2018/2019 Upper Bonus	2017/2018 Mean Bonus	2018/2019 Mean Bonus	2017/2018 Mean Total Comp	2018/2019 Mean Total Comp
JP Morgan	£105,000	£105,000	£100,000	£122,000	£81,000	£87,000	£186,000	£192,000
Goldman Sachs	£106,000	£106,000	£122,000	£125,000	£83,000	£85,000	£189,000	£191,000
Morgan Stanley	£111,000	£111,000	£115,000	£118,000	£68,000	£76,000	£179,000	£187,000
BAML	£105,000	£105,000	£120,000	£128,000	£88,000	£87,000	£193,000	£192,000
CITI	£105,000	£105,000	£105,000	£106,000	£78,000	£79,000	£183,000	£184,000
Barclays	£105,000	£105,000	£95,000	£100,000	£75,000	£76,000	£180,000	£181,000
Deutsche Bank	£105,000	£105,000	£110,000	£105,000	£81,000	£73,000	£186,000	£178,000
Credit Suisse	£105,000	£105,000	£110,000	£110,000	£85,000	£77,000	£190,000	£182,000
UBS	£110,000	£110,000	£100,000	£112,000	£83,000	£79,000	£193,000	£189,000

## Associate 3/4 - VP 2019 Promotes

BANK	2017/2018 Fixed	2018/2019 Fixed	2017/2018 Upper Bonus	2018/2019 Upper Bonus	2017/2018 Mean Bonus	2018/2019 Mean Bonus	2017/2018 Mean Total Comp	2018/2019 Mean Total Comp
JP Morgan	£120,000	£120,000	£125,000	£160,000	£95,000	£106,000	£215,000	£226,000
Goldman Sachs	£120,000	£122,000	£135,000	£142,000	£97,000	£101,000	£217,000	£223,000
Morgan Stanley	£123,000	£123,000	£145,000	£146,000	£88,000	£91,000	£211,000	£214,000
BAML	£120,000	£120,000	£155,000	£170,000	£102,000	£108,000	£222,000	£228,000
CITI	£120,000	£120,000	£126,000	£135,000	£95,000	£97,000	£215,000	£217,000
Barclays	£115,000	£115,000	£130,000	£132,000	£82,000	£86,000	£197,000	£201,000
Deutsche Bank	£120,000	£120,000	£125,000	£126,000	£85,000	£84,000	£205,000	£204,000
Credit Suisse	£120,000	£120,000	£136,000	£142,000	£96,000	£102,000	£216,000	£222,000
UBS	£123,000	£123,000	£135,000	£140,000	£89,000	£93,000	£212,000	£216,000

## VP 1 - 2018 Promotes

BANK	2017/2018 Fixed	2018/2019 Fixed	2017/2018 Upper Bonus	2018/2019 Upper Bonus	2017/2018 Mean Bonus	2018/2019 Mean Bonus	2017/2018 Mean Total Comp	2018/2019 Mean Total Comp
JP Morgan	£140,000	£140,000	£165,000	£185,000	£122,000	£128,000	£262,000	£268,000
Goldman Sachs	£134,000	£128,000	£170,000	£172,000	£131,000	£125,000	£265,000	£253,000
Morgan Stanley	£170,000	£170,000	£175,000	£170,000	£93,000	£96,000	£263,000	£266,000
BAML	£150,000	£150,000	£175,000	£185,000	£121,000	£122,000	£271,000	£272,000
CITI	£150,000	£150,000	£135,000	£180,000	£115,000	£119,000	£265,000	£269,000
Barclays	£135,000	£140,000	£150,000	£170,000	£111,000	£115,000	£246,000	£255,000
Deutsche Bank	£140,000	£140,000	£145,000	£146,000	£109,000	£109,000	£249,000	£249,000
Credit Suisse	£150,000	£150,000	£160,000	£168,000	£115,000	£118,000	£265,000	£268,000
UBS	£135,000	£135,000	£165,000	£170,000	£114,000	£117,000	£249,000	£252,000

## VP 2 - VP 2017 Promotes

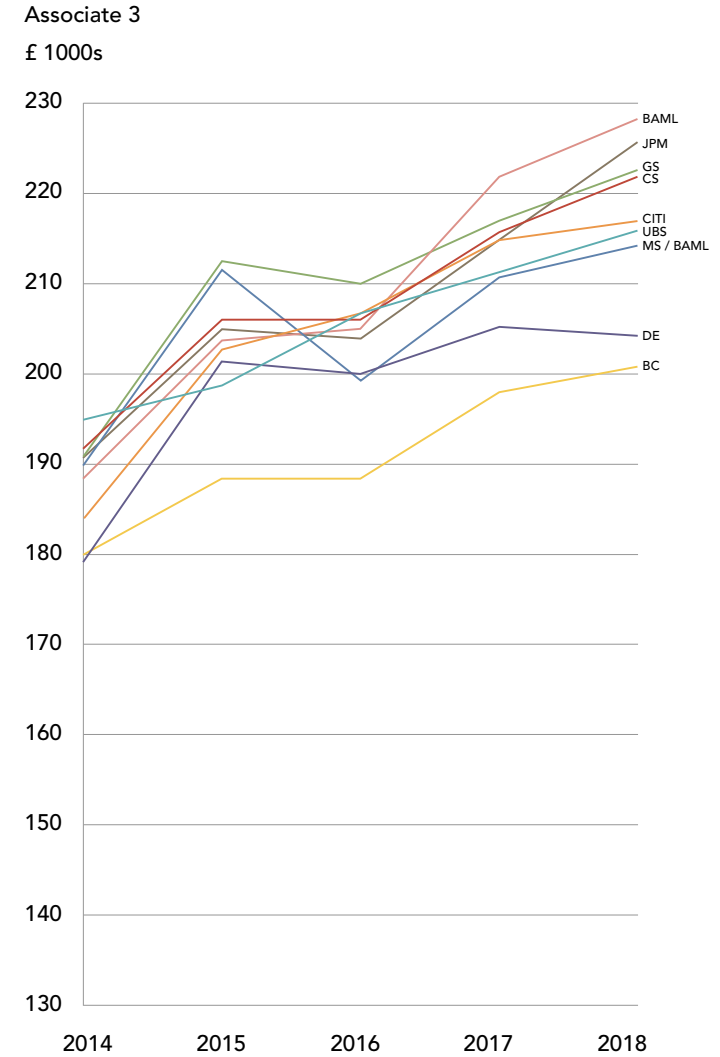
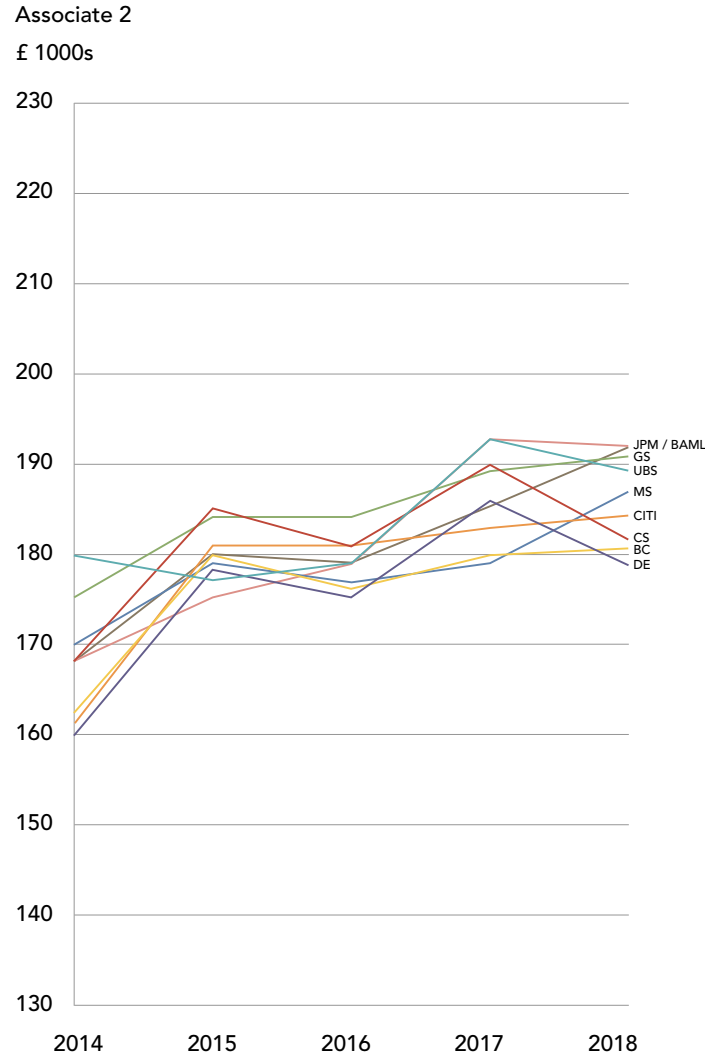
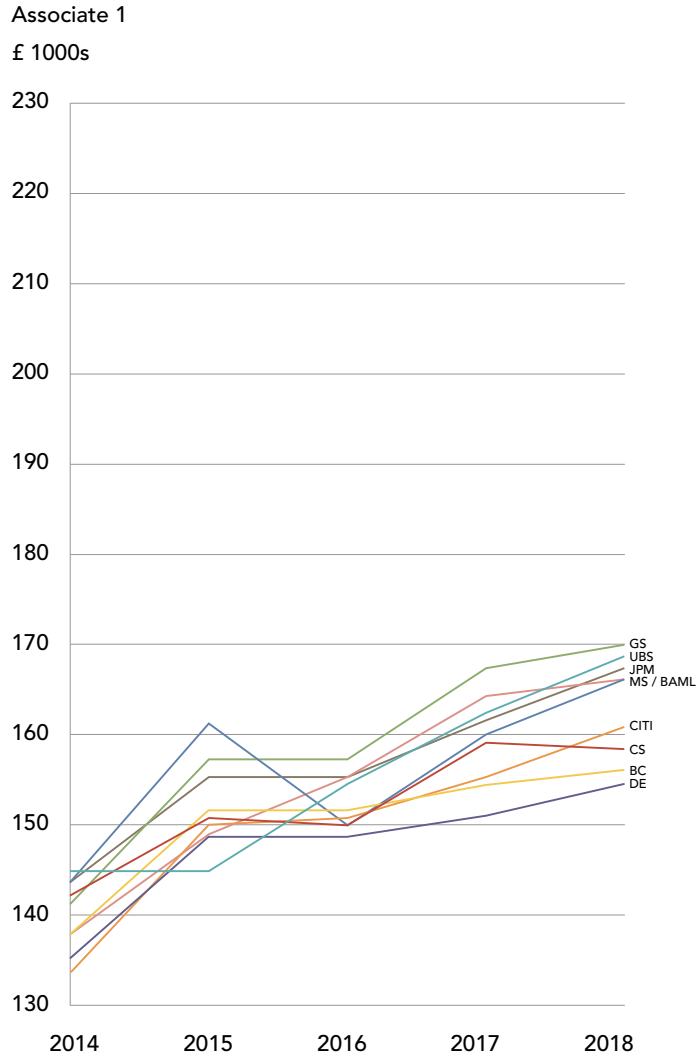
BANK	2017/2018 Fixed	2018/2019 Fixed	2017/2018 Upper Bonus	2018/2019 Upper Bonus	2017/2018 Mean Bonus	2018/2019 Mean Bonus	2017/2018 Mean Total Comp	2018/2019 Mean Total Comp
JP Morgan	£155,000	£155,000	£215,000	£235,000	£152,000	£157,000	£307,000	£312,000
Goldman Sachs	£146,000	£134,000	£228,000	£230,000	£152,000	£151,000	£298,000	£285,000
Morgan Stanley	£170,000	£170,000	£210,000	£220,000	£114,000	£119,000	£284,000	£289,000
BAML	£150,000	£150,000	£232,000	£238,000	£144,000	£145,000	£294,000	£295,000
CITI	£150,000	£150,000	£230,000	£236,000	£139,000	£142,000	£289,000	£292,000
Barclays	£145,000	£145,000	£205,000	£200,000	£132,000	£126,000	£277,000	£271,000
Deutsche Bank	£155,000	£155,000	£200,000	£202,000	£121,000	£120,000	£276,000	£275,000
Credit Suisse	£150,000	£150,000	£220,000	£225,000	£136,000	£141,000	£286,000	£291,000
UBS	£150,000	£150,000	£245,000	£240,000	£135,000	£138,000	£285,000	£288,000

## VP 3 - VP 2016 Promotes

Bank	2017/2018 Fixed	2018/2019 Fixed	2017/2018 Upper Bonus	2018/2019 Upper Bonus	2017/2018 Mean Bonus	2018/2019 Mean Bonus	2017/2018 Mean Total Comp	2018/2019 Mean Total Comp
JP Morgan	£155,000	£155,000	£262,000	£315,000	£172,000	£183,000	£327,000	£338,000
Goldman Sachs	£160,000	£134,000	£270,000	£290,000	£174,000	£176,000	£334,000	£310,000
Morgan Stanley	£170,000	£170,000	£248,000	£255,000	£156,000	£161,000	£326,000	£331,000
BAML	£150,000	£150,000	£340,000	£315,000	£184,000	£180,000	£334,000	£330,000
CITI	£150,000	£150,000	£260,000	£275,000	£172,000	£175,000	£322,000	£325,000
Barclays	£155,000	£155,000	£240,000	£245,000	£152,000	£149,000	£307,000	£304,000
Deutsche Bank	£170,000	£170,000	£235,000	£238,000	£146,000	£145,000	£316,000	£315,000
Credit Suisse	£150,000	£150,000	£265,000	£272,000	£169,000	£172,000	£319,000	£322,000
UBS	£150,000	£150,000	£255,000	£260,000	£162,000	£158,000	£312,000	£308,000

## Associate Average Total Compensation for 2014 - 2018

- JP Morgan
- Goldman Sachs
- Morgan Stanley
- BAML
- CITI
- Barclays
- Deutsche
- Credit Suisse
- UBS

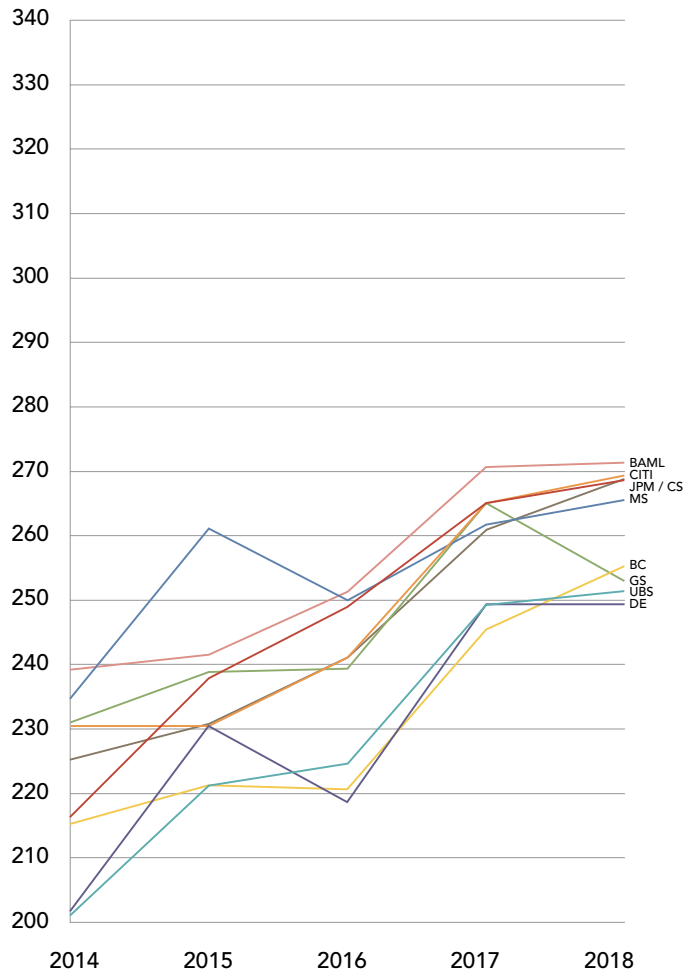




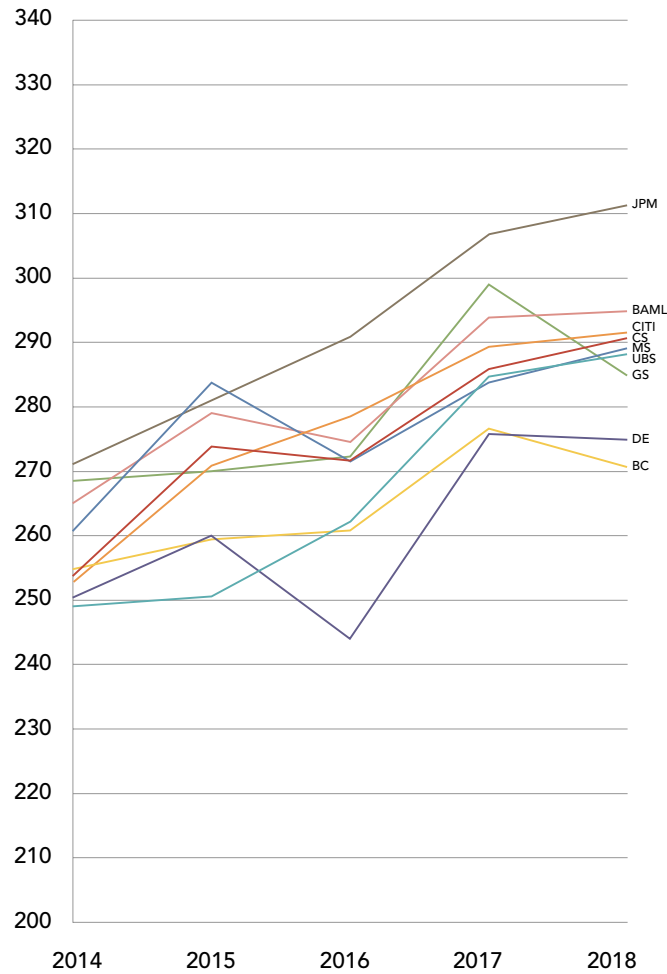
## VP Average Total Compensation for 2014 - 2018

- JP Morgan
- Goldman Sachs
- Morgan Stanley
- BAML
- CITI
- Barclays
- Deutsche
- Credit Suisse
- UBS

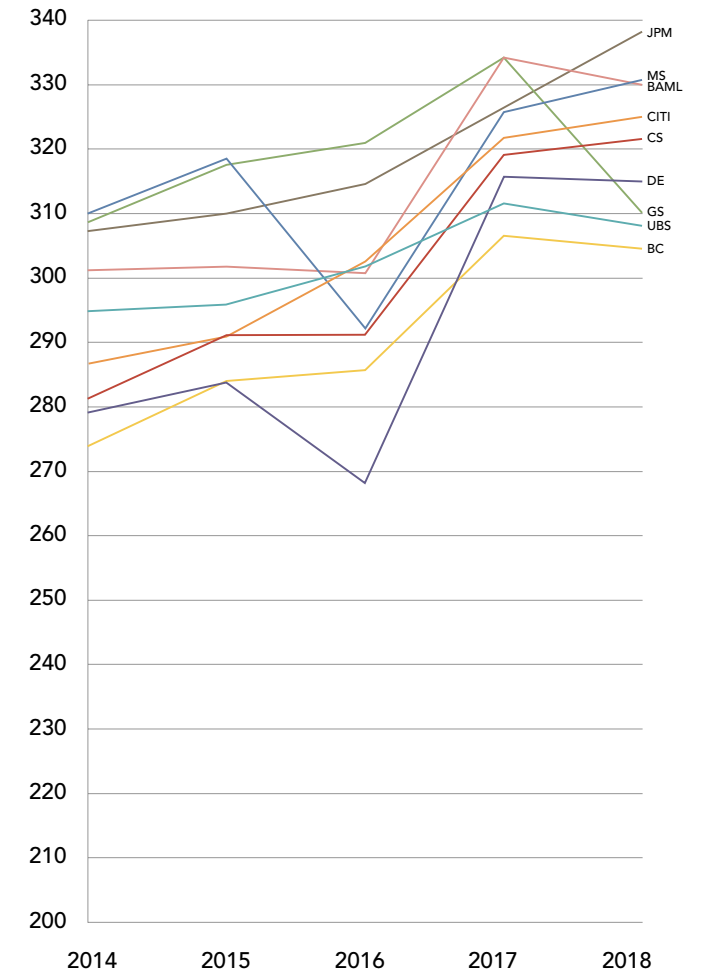
Vice President 1  
£ 1000s



Vice President 2  
£ 1000s



Vice President 3  
£ 1000s



## Arkesden

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- Restructuring
- Sector and Country Coverage
- Debt Advisory
- Leveraged Finance.

Arkesden Banking clients range from a select group of Tier 1, Tier 2, Independent Banks and Boutique Banks. Many of the relationships we hold have been developed over many years. Those relationships have often been strongest during economic downturns and indeed both our client and candidate community appreciate the continued support we offer them regardless of economic conditions. While sourcing individuals is a key part of what we do, we also provide market data and mapping services to our community.

## Our Approach

During our ten year history we have built a very wide ranging network of professionals within our five core markets. This has been built from real belief and understanding of the importance many people place on their careers. We always aim to offer sound medium term career advice. This approach has led us to be recommended many times to other professionals and clients alike to build fresh relationships.

To find out more about Arkesden Banking and the work we do please contact us.

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