

ARKESDEN COMPENSATION REPORT 2019/20

Welcome to the Arkesden Compensation Report for 2019/20

Whilst the annual Arkesden Compensation Report is designed to look back at the compensation structures for the past year in M&A, most people are looking to the year ahead given the significant and tumultuous times globally in the markets as we go to print.

At best it seems there is a significant slowdown ahead for the global economy and at worst a global recession to come. The direction of travel is ultimately still too early to call but with fiscal stimulus at a level not seen since 2008, there is clearly a huge damage limitation exercise in place. What is obvious is that the decade long bull market is most likely at an end and choppy waters lie ahead.

How this will ultimately play out for our many sell side clients is yet unclear. Certain sectors covered by the Banks are going to feel a great deal of pain as pricing and asset value adjustments take place. Yet the drop in asset values may lead to the need for industry and sector specific amalgamations driven by increasingly opportunistic sponsors' activity, bringing in restructuring and debt advisory work, alongside the need to access the leveraged and credit piece.

To strike a more positive note, the investment banks are perhaps able to form more of a part to the solution than 2008. They are well capitalised and regulated, with many M&A teams running lean already, and a historically large sponsors' war chest to help put to work. There is around \$2 trillion of LP equity awaiting opportunistic investment, it may not be too long before the markets find a bottom, fiscal stimulus can take effect and life can move towards a normalised system, whatever that may look like for us all.

We hope you enjoy this report, and to all of our readers and your families, wishing you a healthy few months ahead.

Adam Cairns
Founder, Arkesden Partners

Compensation Trends for 2019

• Mean compensation trends

From the data laid out in the report there has been a reduction in mean compensation on last year, particularly at the Associate and VP levels. This is reflective of the reduced M&A landscape over the last 12 months and an increased emphasis within banks to cut costs. Prominent reductions in mean compensation can be seen at Deutsche Bank and Barclays, with the former apparently reporting a bonus pool down between 30-35% on last year.

• Strong total compensation and changes in cycling for 2016/2017 starters

The trend of reducing the Analyst programmes has continued this year with Bank of America, Morgan Stanley, Goldman Sachs and Deutsche Bank amongst those running two-year Analyst cycles, in an attempt to retain junior talent. As such, this is the first year where we have seen the dividends of this, with the 2017 and 2016 classes seeing a considerable uplift in their total compensation compared to previous years having jumped to base salaries of £80,000 two years into their careers.

• Widening bonus ranges

A significant takeaway from this year's report is the greater spread of bonus ranges. Those top-ranked in their class can still see very strong compensation, whilst those at the bottom of the ranking tables have seen lower bonuses than usual for the same ranking. This trend comes from the general market conditions over the past year and banks' desire to retain their top talent, at the expense of those less favoured. The high 'upper' bonuses have served to, in some instances, increase the overall mean compensation we have provided. Looking ahead, this is a key trend to watch when considering how banks will look to adapt their team structures in what are bound to be uncertain times.

• Variable VP bases

In an ongoing trend of looking to compensate top performers, we've identified an increased propensity for variable VP bases at JP Morgan and Goldman Sachs. These can vary by as much as £15,000 for the same level and allows a higher level of total compensation. Subsequently, upon review of the report do bear this in mind as it has contributed to the increased bifurcation of total compensation within the same cohorts.

• Widening gap between European and US banks

Amongst the widening ranges within classes, this year we have also noted a growing gap between the European and US banks. This applies to mid-level Associates and above, and is a remarkable reversal compared to our previous reports. It is worth highlighting the consistently strong compensation paid out at Bank of America, as well as Credit Suisse for remaining within range of the Americans.

Analyst, Associate & Vice President – Fixed Compensation 2020 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	
	18/19	19/20	18/19	19/20	18/19	19/20	18/19	19/20	18/19	19/20	18/19	19/20	18/19	19/20	18/19	19/20	18/19	19/20	18/19	19/20
JP Morgan**	£50K	£50K	£55K	£55K	£60K	£60K	£90K	£90K	£90K	£90K	£105K	£105K	£120K	£120K	£135K	£145K	£155K	£155K	£155K	£160K
Goldman Sachs**	£50K	£50K	£60K	£60K	N/A	N/A	£80K	£80K	£91K	£91K	£106K	£106K	£122K	£122K	£128K	£128K	£134K	£134K	£146K	£150K
Morgan Stanley	£50K	£50K	£55K	£55K	N/A	N/A	£80K	£81K	£98K	£98K	£111K	£123K	£123K	£123K	£170K	£170K	£170K	£170K	£170K	£170K
BAML	£50K	£50K	£55K	£60K	N/A	N/A	£90K	£90K	£90K	£90K	£105K	£105K	£120K	£120K	£150K	£150K	£150K	£150K	£150K	£150K
CITI	£50K	£50K	£55K	£55K	£60K	£60K	£80K	£90K	£90K	£90K	£105K	£105K	£120K	£120K	£150K	£135K	£150K	£150K	£150K	£150K
Deutsche Bank	£50K	£50K	£55K	£55K*	N/A	N/A	£80K	£80K	£90K	£90K	£105K	£105K	£120K	£110/ 120K***	£140K	£140K	£155K	£155K	£170K	£155K
Barclays	£50K	£50K	£55K	£55K	£60K	£60K	N/A	N/A	£90K	£90K	£105K	£105K	£115K	£120K	£135K	£140K	£145K	£145K	£155K	£155K
Credit Suisse	£50K	£50K	£55K	£55K	£60K	£60K	£80K	£90K	£90K	£90K	£105K	£105K	£120K	£120K	£150K	£150K	£150K	£150K	£150K	£150K
UBS	£50K	£50K	£58K	£58K	£62K	£62K	N/A	N/A	£95K	£95K	£110K	£110K	£122K	£122K	£150K	£150K	£150K	£150K	£150K	£150K

* Top ranked Deutsche Bank Analyst 2's go to a £60,000 base halfway through their cycle

** Each VP level's base salary at these institutions can vary by £0 to £15,000, depending on performance

*** Deutsche run a four year associate programme, please see rest of the report for details

Changes to Analyst and Associate Promotion Cycles 2020 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	6 months	1 year	1 year	1 year	1 year	6.5 years
Morgan Stanley	Summer	1 year	1 year	N/A	1 year	6 months	1 year	1 year	1 year	6.5 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
Deutsche Bank	Summer	1 year	1 year	N/A	6 months	1 year	1 year	1 year	1 year	6.5 years
Barclays	Winter	6 months	1 year	1 year	N/A	1 year	1 year	1 year	N/A	5.5 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 - 2019 Starters

BANK	Bonus Cycle	2018/2019 Fixed	2019/2020 Fixed	2018/2019 Upper Bonus	2019/2020 Upper Bonus	2018/2019 Mean Bonus	2019/2020 Mean Bonus	2018/2019 Mean Total Comp	2019/2020 Mean Total Comp
JP Morgan	Summer	£50,000	£50,000	£46,000	Not Announced	£37,000	Not Announced	£87,000	N/A
Goldman Sachs	Summer	£50,000	£50,000	£46,000	Not Announced	£38,000	Not Announced	£88,000	N/A
Morgan Stanley	Summer	£50,000	£50,000	£35,000	Not Announced	£30,000	Not Announced	£80,000	N/A
BAML	Summer	£50,000	£50,000	£47,000	Not Announced	£38,000	Not Announced	£88,000	N/A
CITI	Summer	£50,000	£50,000	£46,000	Not Announced	£41,000	Not Announced	£91,000	N/A
Deutsche Bank	Summer	£50,000	£50,000	N/A	N/A	£16,000 stub	Not Announced	£66,000	N/A
Barclays	Winter	£50,000	£50,000	N/A	N/A	£13,000 stub	£13,000 stub	£63,000	£63,000
Credit Suisse	Winter	£50,000	£50,000	N/A	N/A	£18,000 stub	£18,000 stub	£68,000	£68,000
UBS	Winter	£50,000	£50,000	N/A	N/A	£10,000 stub	£10,000 stub	£60,000	£60,000

Analyst 2 - 2018 Starters

BANK	Bonus Cycle	2018/2019 Fixed	2019/2020 Fixed	2018/2019 Upper Bonus	2019/2020 Upper Bonus	2018/2019 Mean Bonus	2019/2020 Mean Bonus	2018/2019 Mean Total Comp	2019/2020 Mean Total Comp
JP Morgan	Summer	£55,000	£55,000	£50,000	Not Announced	£43,000	Not Announced	£98,000	N/A
Goldman Sachs	Summer	£60,000	£60,000	£45,000	Not Announced	£37,500	Not Announced	£97,500	N/A
Morgan Stanley	Summer	£55,000	£55,000	£36,000	Not Announced	£30,000	Not Announced	£85,000	N/A
BAML	Summer	£55,000	£60,000	£50,000	Not Announced	£35,000	Not Announced	£90,000	N/A
CITI	Summer	£55,000	£55,000	£52,000	Not Announced	£42,000	Not Announced	£97,000	N/A
Deutsche Bank	Summer	£55,000	£55,000	£38,000	Not Announced	£32,000	Not Announced	£87,000	N/A
Barclays	Winter	£55,000	£55,000	£45,000	£46,000	£35,000	£31,000	£90,000	£86,000
Credit Suisse	Winter	£55,000	£55,000	£46,000	£55,000	£37,000	£36,000	£92,000	£91,000
UBS	Winter	£58,000	£58,000	£48,000	£50,000	£36,000	£34,000	£94,000	£92,000

Analyst 3 / Associate 0 - 2017 Starters

BANK	Bonus Cycle	2018/2019 Fixed	2019/2020 Fixed	2018/2019 Upper Bonus	2019/2020 Upper Bonus	2018/2019 Mean Bonus	2019/2020 Mean Bonus	Sign on Bonus Summer 2019	Stub Bonus January 2020	2018/2019 Mean Total Comp	2019/2020 Mean Total Comp
JP Morgan	Summer	£60,000	£60,000	£75,000	Not Announced	£62,000	Not Announced	N/A	N/A	£122,000	N/A
Goldman Sachs*	Summer	£60,000	£80,000	£80,000	Not Announced	£60,000	Not Announced	N/A	£25,000	£120,000	N/A
Morgan Stanley*	Summer	£60,000	£81,000	£78,000	Not Announced	£59,000	Not Announced	£16,000	N/A	£139,000	N/A
BAML*	Summer	£60,000	£80,000	£65,000	Not Announced	£35,000	Not Announced	£30,000	£25,000	£115,000	N/A
CITI	Summer	£60,000	£60,000	£64,000	Not Announced	£54,000	Not Announced	N/A	N/A	£114,000	N/A
Deutsche Bank*	Summer	£60,000	£80,000	£60,000	£60,000	£45,000	£41,000	£22,500	N/A	£105,000	£143,500
Barclays	Winter	£60,000	£60,000	£52,000	£60,000	£43,000	£42,000	N/A	N/A	£103,000	£102,000
Credit Suisse	Winter	£60,000	£60,000	£64,000	£66,000	£46,000	£44,000	N/A	N/A	£106,000	£104,000
UBS	Winter	£62,000	£62,000	£65,000	£68,000	£47,000	£42,000	N/A	N/A	£109,000	£104,000

* These banks operate a two year Analyst cycle so do not have the Analyst 3 level

Associate 0/1 - 2016 Starters

BANK	Summer Fixed & Level 2019	Summer 2019 Associate Sign On	Fixed January 2020	January 2020 Stub	Upper Bonus Range (Inc. when paid)	Mean Bonus Range (Inc. when paid)
JP Morgan	£90,000 Associate 0	£25,000	£90,000 Associate 1	£25,000	£66,000 Summer 2019	£62,000 Summer 2019
Goldman Sachs	£80,000 Associate 0	N/A	£91,000 Associate 1	£25,000	£64,000 Summer 2019	£60,000 Summer 2019
Morgan Stanley	£81,000 Associate 1	£16,000	£98,000 Associate 2	£33,000	£62,000 Summer 2019	£54,000 Summer 2019
BAML	£90,000 Associate 0	£30,000	£90,000 Associate 1	£25,000	£65,000 Summer 2019	£56,000 Summer 2019
CITI	£90,000 Associate 0	£25,000	£90,000 Associate 1	£20,000	£64,000 Summer 2019	£54,000 Summer 2019
Deutsche Bank	£90,000 Associate 0	£22,500	£90,000 Associate 1	N/A	£65,000 Summer 2019	£41,000 Summer 2019
Barclays	£90,000 Associate 1	N/A	£90,000 Associate 1	N/A	£60,000 January 2020	£45,000 January 2020
Credit Suisse	£90,000 Associate 0	£25,000	£90,000 Associate 1	£30,000	£60,000 January 2020	£44,000 January 2020
UBS	£95,000 Associate 1	N/A	£95,000 Associate 1	N/A	£64,000 January 2020	£40,000 January 2020

Due to changes across the banks over the last 6-12 months this is how it currently stands for the 2016 class. As a result of these changes we have not compared them to previous years.

Associate 1/2 - 2015 Starters

BANK	2018/2019 Fixed	2019/2020 Fixed	2018/2019 Upper Bonus	2019/2020 Upper Bonus	2018/2019 Mean Bonus	2019/2020 Mean Bonus	2018/2019 Mean Total Comp	2019/2020 Mean Total Comp
JP Morgan	£90,000	£90,000	£102,000	£100,000	£77,000	£72,000	£167,000	£162,000
Goldman Sachs	£91,000	£91,000	£115,000	£105,000	£79,000	£73,000	£170,000	£164,000
Morgan Stanley	£98,000	£98,000	£98,000	£90,000	£68,000	£63,000	£166,000	£161,000
BAML	£90,000	£90,000	£125,000	£125,000	£76,000	£79,000	£166,000	£169,000
CITI	£90,000	£90,000	£92,000	£105,000	£71,000	£68,000	£161,000	£158,000
Deutsche Bank	£90,000	£105,000*	£88,000	£85,000	£64,000	£52,000	£154,000	£157,000
Barclays	£90,000	£90,000	£90,000	£85,000	£66,000	£62,000	£156,000	£152,000
Credit Suisse	£90,000	£90,000	£92,000	£90,000	£68,000	£63,000	£158,000	£153,000
UBS	£95,000	£95,000	£95,000	£95,000	£73,000	£65,000	£168,000	£160,000

* Deutsche Bank have 4 full years at Associate, therefore a higher base earlier compared to their peers at other banks but a longer progression to £120,000.

Associate 2/3 - 2014 Starters

BANK	2018/2019 Fixed	2019/2020 Fixed	2018/2019 Upper Bonus	2019/2020 Upper Bonus	2018/2019 Mean Bonus	2019/2020 Mean Bonus	2018/2019 Mean Total Comp	2019/2020 Mean Total Comp
JP Morgan	£105,000	£105,000	£122,000	£120,000	£87,000	£82,000	£192,000	£187,000
Goldman Sachs	£106,000	£106,000	£125,000	£124,000	£85,000	£81,000	£191,000	£187,000
Morgan Stanley	£111,000	£123,000	£118,000	£126,000	£76,000	£71,000	£187,000	£194,000
BAML	£105,000	£105,000	£128,000	£130,000	£87,000	£84,000	£192,000	£189,000
CITI	£105,000	£105,000	£106,000	£130,000	£79,000	£77,000	£184,000	£182,000
Deutsche Bank	£105,000	£110,000	£105,000	£100,000	£73,000	£67,000	£178,000	£177,000
Barclays	£105,000	£105,000	£100,000	£95,000	£76,000	£68,000	£181,000	£173,000
Credit Suisse	£105,000	£105,000	£110,000	£129,000	£77,000	£75,000	£182,000	£180,000
UBS	£110,000	£110,000	£112,000	£118,000	£79,000	£72,000	£189,000	£182,000

Associate 3/4 - 2013 Starters

BANK	2018/2019 Fixed	2019/2020 Fixed	2018/2019 Upper Bonus	2019/2020 Upper Bonus	2018/2019 Mean Bonus	2019/2020 Mean Bonus	2018/2019 Mean Total Comp	2019/2020 Mean Total Comp
JP Morgan	£120,000	£120,000	£160,000	£140,000	£106,000	£97,000	£226,000	£217,000
Goldman Sachs	£122,000	£123,000	£142,000	£160,000	£101,000	£96,000	£223,000	£219,000
Morgan Stanley	£123,000	£123,000	£146,000	£164,000	£91,000	£92,000	£214,000	£215,000
BAML	£120,000	£120,000	£170,000	£167,000	£108,000	£104,000	£228,000	£224,000
CITI	£120,000	£120,000	£135,000	£156,000	£97,000	£94,000	£217,000	£214,000
Deutsche Bank	£120,000	£120,000	£126,000	£120,000	£84,000	£82,000	£204,000	£202,000
Barclays	£115,000	£120,000	£132,000	£115,000	£86,000	£75,000	£201,000	£195,000
Credit Suisse	£120,000	£120,000	£142,000	£150,000	£102,000	£95,000	£222,000	£215,000
UBS	£123,000	£123,000	£140,000	£120,000	£93,000	£86,000	£216,000	£209,000

VP 1 - 2019 Promotes

BANK	2018/2019 Fixed	2019/2020 Fixed	2018/2019 Upper Bonus	2019/2020 Upper Bonus	2018/2019 Mean Bonus	2019/2020 Mean Bonus	2018/2019 Mean Total Comp	2019/2020 Mean Total Comp
JP Morgan*	£140,000	£140,000	£185,000	£170,500	£128,000	£121,000	£268,000	£261,000
Goldman Sachs*	£128,000	£128,000	£172,000	£195,000	£125,000	£119,000	£253,000	£247,000
Morgan Stanley	£170,000	£170,000	£170,000	£185,000	£96,000	£95,000	£266,000	£265,000
BAML	£150,000	£150,000	£185,000	£200,000	£122,000	£120,000	£272,000	£270,000
CITI	£150,000	£135,000	£180,000	£205,000	£119,000	£117,000	£269,000	£252,000
Deutsche Bank	£140,000	£140,000	£146,000	£140,000	£109,000	£104,000	£249,000	£244,000
Barclays	£140,000	£140,000	£170,000	£142,500	£115,000	£98,000	£255,000	£238,000
Credit Suisse	£150,000	£150,000	£168,000	£175,000	£118,000	£114,000	£268,000	£264,000
UBS	£135,000	£150,000	£170,000	£155,000	£117,000	£112,000	£252,000	£262,000

* Base salaries at these institutions vary by £0 - £15,000 based on performance.

VP 2 - 2018 Promotes

BANK	2018/2019 Fixed	2019/2020 Fixed	2018/2019 Upper Bonus	2019/2020 Upper Bonus	2018/2019 Mean Bonus	2019/2020 Mean Bonus	2018/2019 Mean Total Comp	2019/2020 Mean Total Comp
JP Morgan*	£155,000	£155,000	£235,000	£200,000	£157,000	£145,000	£312,000	£300,000
Goldman Sachs*	£134,000	£134,000	£230,000	£215,000	£151,000	£143,000	£285,000	£277,000
Morgan Stanley	£170,000	£170,000	£220,000	£218,000	£119,000	£130,000	£289,000	£300,000
BAML	£150,000	£150,000	£238,000	£220,000	£145,000	£142,000	£295,000	£292,000
CITI	£150,000	£150,000	£236,000	£220,000	£142,000	£137,000	£292,000	£287,000
Deutsche Bank	£155,000	£155,000	£202,000	£160,000	£120,000	£112,000	£275,000	£267,000
Barclays	£145,000	£145,000	£200,000	£180,000	£126,000	£114,000	£271,000	£259,000
Credit Suisse	£150,000	£150,000	£225,000	£205,000	£141,000	£138,000	£291,000	£288,000
UBS	£150,000	£150,000	£240,000	£160,000	£138,000	£129,000	£288,000	£279,000

* Base salaries at these institutions vary by £0 - £15,000 based on performance.

VP 3 - 2017 Promotes

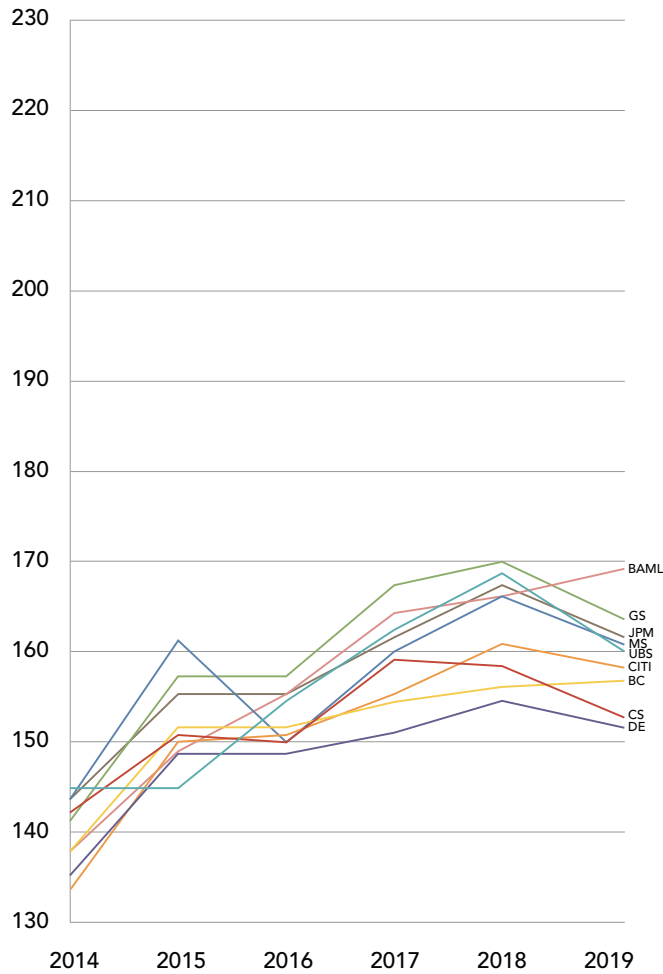
Bank	2018/2019 Fixed	2019/2020 Fixed	2018/2019 Upper Bonus	2019/2020 Upper Bonus	2018/2019 Mean Bonus	2019/2020 Mean Bonus	2018/2019 Mean Total Comp	2019/2020 Mean Total Comp
JP Morgan*	£155,000	£160,000	£315,000	£260,000	£183,000	£169,000	£338,000	£329,000
Goldman Sachs*	£134,000	£150,000	£290,000	£270,000	£176,000	£159,000	£310,000	£309,000
Morgan Stanley	£170,000	£170,000	£255,000	£275,000	£161,000	£161,000	£331,000	£331,000
BAML	£150,000	£150,000	£315,000	£285,000	£180,000	£174,000	£330,000	£324,000
CITI	£150,000	£150,000	£275,000	£270,000	£175,000	£162,000	£325,000	£312,000
Deutsche Bank	£170,000	£155,000	£238,000	£200,000	£145,000	£145,000	£315,000	£300,000
Barclays	£155,000	£155,000	£245,000	£217,500	£149,000	£137,000	£304,000	£292,000
Credit Suisse	£150,000	£150,000	£272,000	£235,000	£172,000	£160,000	£322,000	£310,000
UBS	£150,000	£150,000	£260,000	£210,000	£158,000	£154,000	£308,000	£304,000

* Base salaries at these institutions vary by £0 - £15,000 based on performance.

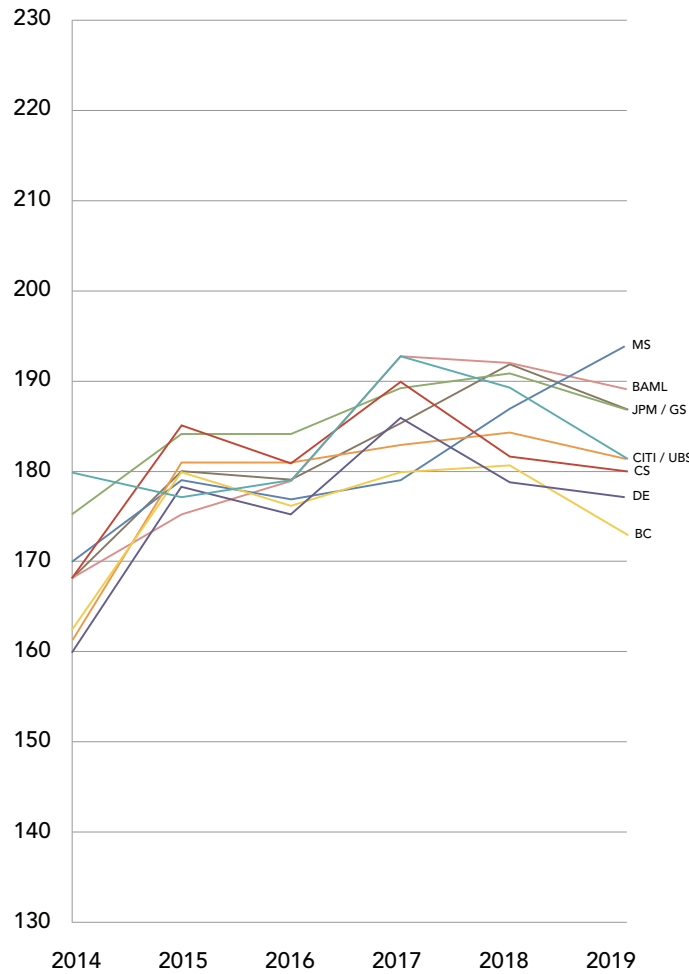
Associate Average Total Compensation for 2014 - 2019

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

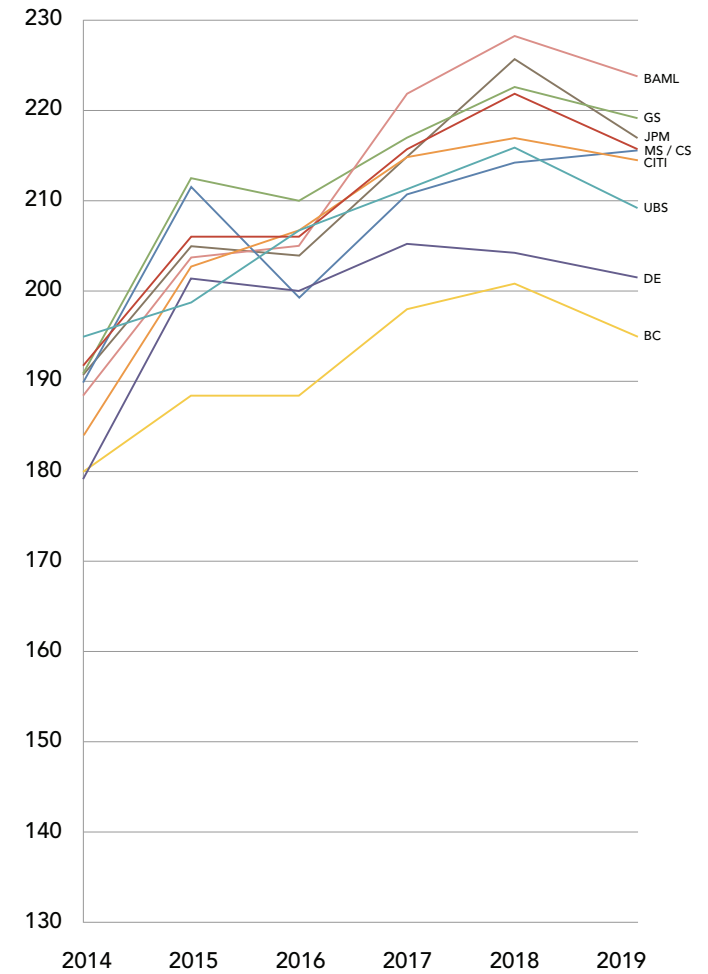
Associate 1
£ 1000s



Associate 2
£ 1000s



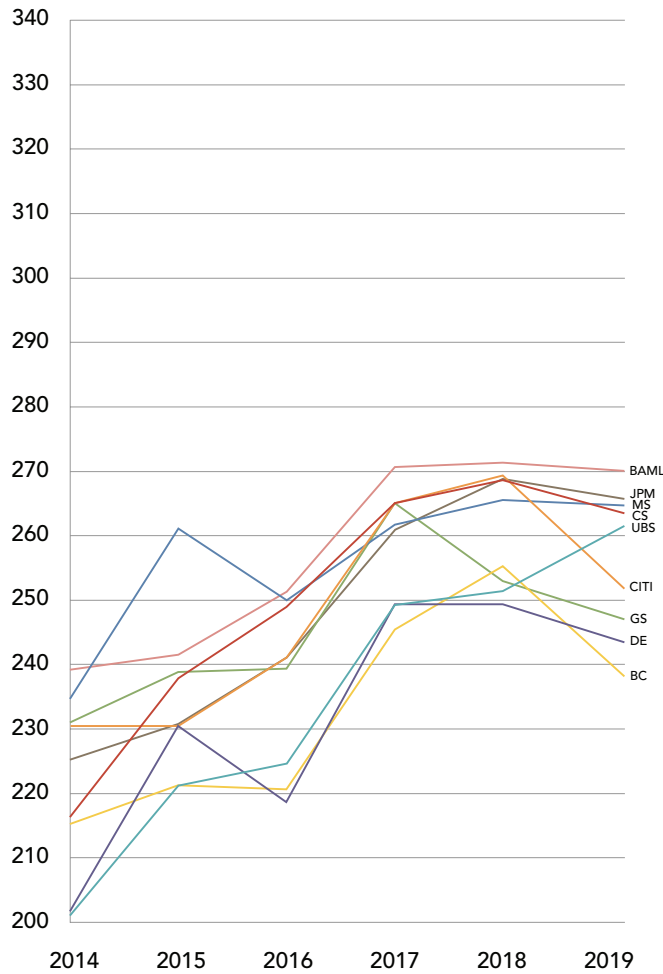
Associate 3
£ 1000s



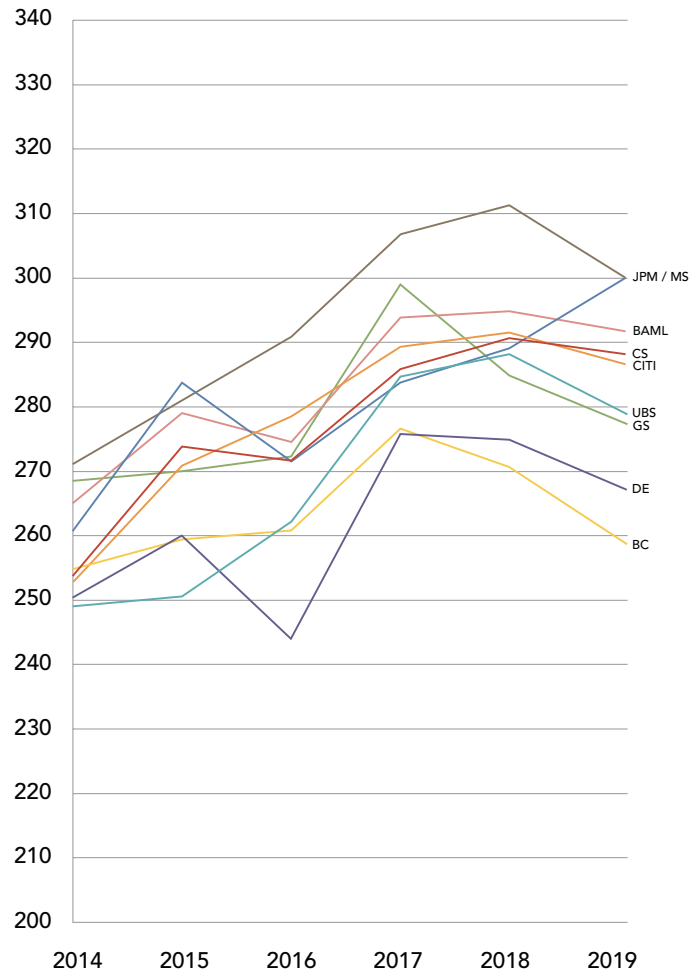
VP Average Total Compensation for 2014 - 2019

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

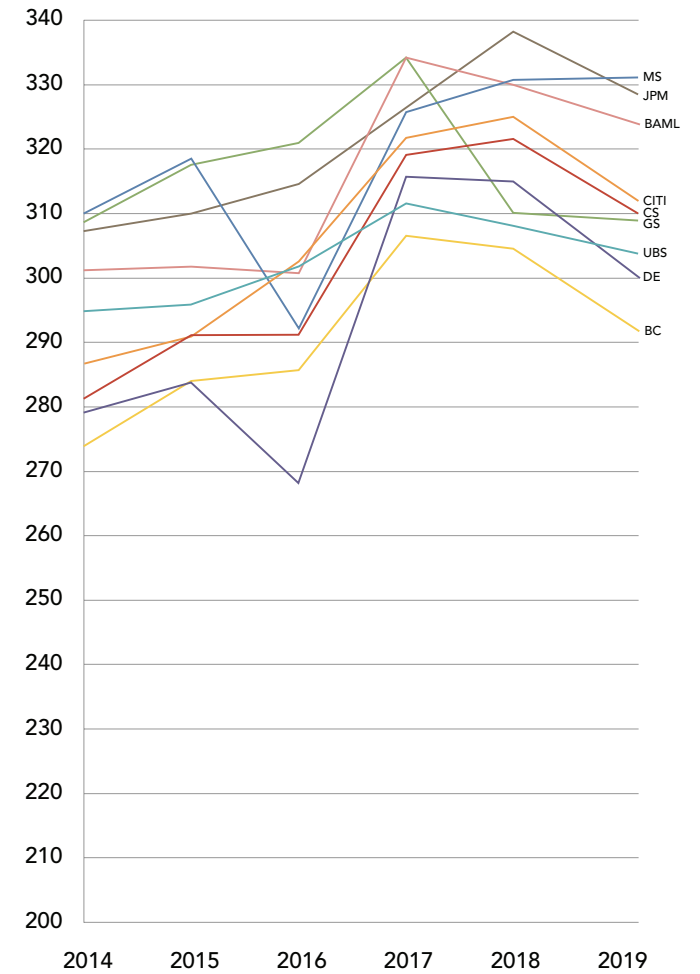
Vice President 1
£ 1000s



Vice President 2
£ 1000s



Vice President 3
£ 1000s



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Typical Sector Coverage:

- Infrastructure
- Transport
- Power & Utilities
- Renewable Energy
- Chemicals & Industrials
- Oil & Gas
- Metals & Mining

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.

Contact us

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

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