



THE OUTLOOK FOR 2016

Front office banking and asset management



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Introduction

As we approach 2016 we look back on a 2015 which was, as predicted, a somewhat difficult year: for the UK, a decisive election result steadied the City's nerves but a very mixed global economic outlook, particularly given China's slowing growth and continuing depressed commodities prices, combined with increased regulation to slow the growth in hiring, particularly in front office / origination roles. This was despite a overall positive outlook for Financial Services in the UK and the City of London, in particular.

Increased regulation has continued to see sustained growth in the number of governance / compliance and risk roles being created across all areas from Investment Banks, Corporate Banks and Asset Managers. This growth in non-revenue generating roles has resulted in an increased burden of cost that the front office teams have to mitigate in terms of increased revenue, all at a time when the bank's risk appetite is more limited and margins are being squeezed.

In the mid-market lending space, the shift from bank's corporate and leveraged lending towards debt funds is looking to be a sustained, permanent shift, which will result in a very different landscape in this space. Looked at in combination with the exit from M&A of many mid-market banks, with the gap in the market being taken up by corporate finance boutiques, then we see a potentially generational move away from 'big co' to 'small co' in all but the largest transactions.

The crowd-funders continue to be high-profile in the SME lending market but there remain question marks over sustainability of the funding model with many relying on institutional investors to be viable, and the ultimate profitability of the business model unproven.

So how does this affect compensation?

Generally speaking in banks we are anticipating bonus pots to be down 30% on last year with the best employees taking home the same as last year, leaving the least favoured penalised twice, with both the reduction in bonus pot and the need to keep the top performers happy meaning some will see a more than 50% reduction. Very few will see an increase in bonus.

Consequently the focus on hiring only the 'best in the market' is a strong one, equalled only by teams desire to retain their top performers although, typically, this desire often only manifests itself when counter-offering a departing candidate.

At Analyst 2 to Associate 3, there remains a scarcity of candidates, particularly for bulge bracket banks in their M&A, DCM and Leveraged Finance teams where the work / life balance remains very poor, despite external pressure to the contrary.

At an Exec level (director and above) many teams have bolstered their origination teams in terms of quality, if not always increased headcount; popular sectors include industrials, TMT (technology in particular), consumer and FIG. This is across the corporate and investment banking spectrum. The increasing focus on having more female candidates at a mid and senior level has benefited us and our target to increase the number of female candidates on short lists for retained search: Page Group is a member of the '30% Club' and has been recognised with industry awards for its own diversity initiatives including 'Woman at Page'.

With many banks including Deutsche, RBS, Standard Chartered and Unicredit on record as planning large-scale cost-cutting and restructuring, 2016 will be a difficult year for many. However, this is not the whole story, and with many new entries to the market from challenger banks, debt funds and Asian financial institutions looking to start up in London, we remain positive that there will be opportunities for many in 2016.

Hot topics in 2015/2016

Diversity

PageGroup strive to reflect diversity at all levels and is proud of many of its initiatives including:

- **Global Mentoring Programme:** we currently mentor 80+ female PageGroup staff members in the UK.
- **Benchmarking:** we were awarded Silver in the 'Opportunity Now' benchmarking awards for our work around gender diversity in the UK.
- **The 30% Club:** we have been added to the list of signatories for The 30% Club Voluntary Code of Conduct for Executive Search Firms. The purpose of The 30% Club is to encourage businesses to increase the percentage of women on corporate boards to at least 30%.
- **Awards:**
 - We are finalists for 'Best Diversity Initiative' Award by CIPD " People Management Awards
 - We won the **Global Diversity award 2014** and were highly commended for the 'Working Families Award' 2014 from **enei**.
 - We received a Commendation Award from **Top Employers for Working Families for the 'Best for all stages of motherhood' Award**.
 - We have been shortlisted for Personnel Today's 'Diversity & Inclusion' Award 2014.
 - We have been awarded **The Payroll Giving Platinum Award** by the Charities Aid Foundation in recognition of our commitment to fostering a culture of philanthropy and committed giving in the workplace.

See more: <http://www.michaelpage.co.uk/employer-centre/legal-updates/preventing-discrimination-and-promoting-diversity>

Developing Future Leaders

As an employer, leadership development is crucial for your organisation and is a key aspect of management that all employers must engage in. Without effective leadership development practices in place, your organisation may well be facing an uncertain future, as key skills are lost and invaluable experience fails to be shared and passed on.

In a recent article in HR magazine, former Olympic Delivery Authority human resources director, Wendy Cartwright, called for managers to "build foundations early in executive education for our future leaders".

The following advice highlights some of the key strategies in leadership development once you have hired and identified your own future leaders.

- Business exposure
- Job rotation
- Challenging programmes
- Support systems
- Mentoring and coaching
- Feedback

See more at <http://www.michaelpage.co.uk/employer-centre/development-and-retention-advice/how-to-develop-your-future-leaders>

Bonus Deferrals for Code Staff

Individuals defined as Code Staff or Key Risk Takers are experiencing a significant change in the way they are compensated, with banks and funds implementing the Codes in different ways.

In some banks all of their MDs are considered to be Code Staff, in others a proportion of their MDs and in some banks even some of their Director or ED level staff are considered to be Code Staff.

Bonuses are being deferred from 3 to 7 years (and subject to 10 year clawback provisions), with some banks providing a "role-based allowance" to provide a cushion for the reduction in take home annual compensation.

These allowances can amount to millions of pounds – for instance, Barclays' new chief executive has been offered an RBA of £1.15m per year.

The PRA has recently issued firm instructions to banks to either stop paying RBAs, or to treat them as bonuses which means they will be limited by the cap, the payments will be deferred over several years, and they will be subject to clawback

In 2016 and beyond this will be a very contentious issue with many senior bankers wondering "is it worth it?" and contemplating moving into investment management roles where annual take-home cash compensation can be higher or contemplating entirely different careers.

See more at: <https://www.the-fca.org.uk/remuneration#sthash.Je4KoKXU.dpuf>

Corporate and Financial Institutions Coverage

Corporate Coverage

There continues to be a strong demand for relationship bankers with strong market contacts, sector expertise and client relationships. This year we have seen recruitment for relationship managers who specialise in infrastructure, TMT, real estate, FIG and diversified corporates. Stating the obvious, the quieter areas where we have seen banks downsize include oil & gas, metals & mining etc on the industry sector teams and Russia, CIS and CEE on the country teams.

In teams focused on larger corporates or multinationals, investment banking product expertise is becoming increasingly important. In corporate banks we have seen banks looking to combine their corporate coverage and IB coverage in one team.

In mid-market corporate banking teams, strong relationship management, sector knowledge, product knowledge and credit skills remain the key requirements. Bonus levels for top performers in origination teams have remained constant with banks focused on keeping continuity by keeping “the face of the bank”. Mid-performers’ bonus levels have continued to suffer while low performers are regularly “managed out”.

Financial Institutions Coverage / Solutions

There has been a continued focus on the financial institutions coverage and solutions divisions, with many corporate and investment banks building or upskilling teams with product focused candidates with strong technical skills. Candidates with securitisation/ABS, capital markets, derivatives, rates, DCM and M&A backgrounds are highly sort after for solutions teams. Candidates with banks, insurance and asset management/hedge fund expertise are the most in demand.

Corporate Banking

| Role | Salary (£) | Bonus (%'age) |
|--------------------------|-----------------|---------------|
| Graduate/analyst | 35000 - 55000 | 10 – 50 |
| Senior analyst/executive | 45000 – 65000 | 20 – 50 |
| Associate/manager | 55000 – 80000 | 20 – 70 |
| VP/AD | 70000 – 120000 | 30 – 100 |
| Director | 120000 – 270000 | 50 – 150 |
| MD | 170000 – 350000 | 100 - 200 |

Financial Institutions Coverage and Solutions

| Role | Salary (£) | Bonus (%'age) |
|--------------------------|-----------------|---------------|
| Graduate/analyst | 35000 - 60000 | 20 – 50 |
| Senior analyst/executive | 45000 – 65000 | 30 – 70 |
| Associate/manager | 65000 – 100000 | 20 – 70 |
| VP/AD | 90000 – 150000 | 50 – 100 |
| Director | 130000 – 270000 | 50 – 150 |
| MD | 180000 – 350000 | 100 - 200 |

Syndications

Generally speaking, recruitment in the syndication origination market in 2015 has been relatively flat, with the exception of replacement hiring or hiring to improve a team's capabilities, eg. high yield. We have seen a number of Directors & MDs from syndication teams in corporate banks "upskilled" with investment banking candidates.

Recruitment in distribution / sales teams has had some growth (particularly at VP & director levels) as it is becoming increasingly important for the banks to de-lever their books quickly to ensure their capital allocation is kept within agreed limits.

There is a continuing demand for sales people with high yield bond, leveraged finance and renewable energy expertise. Some banks have also hired sales VPs and Directors who focus on ABS and emerging markets.

Distribution candidates who have strong institutional contacts in the UK, Northern Europe (Switzerland in particular) are highly sort after, as a result German, French, Nordic and Dutch language skills are.

Strong technical skills are essential as institutional investors demand a deep understanding of the products being sold. As a result candidates who have syndication origination or desk analyst backgrounds are often sort after for sales roles.

Syndications

| Role | Experience | Salary (£) | Bonus (%' age) |
|-----------|--------------|----------------|----------------|
| Analyst | 1 - 3 years' | 45000-70000 | 20-70 |
| Associate | 3 - 5 years' | 65000-110000 | 50-100 |
| VP/AD | | 85000-150000 | 50-150 |
| Director | | 130000-270000 | 50-200 |
| MD | | 180000-400000+ | 50-200 |

Real Estate

Real Estate Debt

After years of little growth in the real estate sector we have started to see a few glimmers of hope in 2015, particularly in direct lending and direct investment focused on commercial properties. Banks have also started to hire selectively, with the main focus very strong origination candidates with track records in the UK and Western Europe (Germany & Benelux in particular). Candidates with strong hotels and other operating assets are also of interest to banks, advisors and funds, as a result strong technical skills are key.

Real Estate Debt

| Role | Experience | Salary (£) | Bonus (%' age) |
|-----------|--------------|---------------|----------------|
| Analyst | 1 - 3 years' | 40000-65000 | 10-50 |
| Associate | 3 - 5 years' | 55000-75000 | 20-70 |
| VP/AD | | 70000-120000 | 30-100 |
| Director | | 120000-250000 | 50-150 |
| MD | | 180000-400000 | 70-200 |

Real Estate Private Equity

The real estate private equity market took off in 2015 with many funds adding Investment Analysts. Candidates came from consulting firms, Big 4 TS or corporate finance teams and the investment banks M&A teams. The majority, however, took candidates from consulting firms and the Big 4 because of the value for money.

Candidates from Real Estate Asset Management backgrounds continued to target investment roles. This move proved challenging and only worked where the employer was able to train the individual in the role rather than needing someone who could hit the ground running.

Sector focus was evenly spread and we saw the emergence of assisted living as a major focus of some funds.

Real Estate

| Role | Experience | Salary (£) | Bonus (%' age) |
|-----------|--------------|---------------|----------------|
| Analyst | 1 - 3 years' | 35000-55000 | 10-50 |
| Associate | 3 - 5 years' | 45000-75000 | 20-70 |
| VP/AD | | 65000-120000 | 30-100 |
| Director | | 120000-250000 | 50-150 |
| MD | | 180000-400000 | 70-200 |

Leveraged Finance/High Yield

Leveraged Finance, High Yield and Direct Lending

After strong deal flow in 2014, 2015 has been slower than expected and competition between banks and direct lenders is very high. Corporate banks who do not have a track record in high yield have found it difficult to compete with investment banks on larger deals, hence many have moved towards mid-market transactions. We have continued to see deterioration in bonus percentages in 2015, however as base salaries are higher total compensation has been relatively flat from 2013 to 2015. Salaries and bonuses for people in High Yield continue to be higher than those in Leveraged Finance and, although generally speaking, we anticipate bonus pots to be down between 10% and 35% in 2015.

The highest turnover within leveraged finance / direct lending origination teams continues to be at analyst and associate levels, and as a result their compensation is disproportionately higher than more experienced members in the team. Competition between banks is extremely high, hence having a dedicated person or team focused on managing sponsor relationships is essential and many banks are planning to hire in this area in 2016. Many team heads also feel that they need at least three directors to run multiple bids on transactions to improve their chances of being in deals, as a result we expect to see new director mandates in 2016. The demand for Western European languages is high (German, Dutch, French and Nordics in particular), however this is heavily outweighed by recent and relevant deal experience.

The trend towards buy-outs/guarantees has reduced in 2015 with many banks and most funds having a “no buyout” policy. To get candidates on board many banks have compensated new joiners by offering significant increases in their base salaries and / or verbally promising floor bonuses in the next round.

Most candidates from MD to Analyst levels are focused on moving to direct lenders, investment managers or private equity, although these opportunities are limited and highly competitive. Candidates are often disappointed by the lower compensation in these roles and often have to take a drop in their base salary to make the move. However better work-life balance, less bureaucracy and the potential of earning carry often provides enough motivation to make the move despite the potential short-term income loss.

Recruitment by direct lenders continues, however it is at a slower pace than 2014/15. Most mandates are VP and below, although we have seen a number of new direct lending platforms recently hire new heads and they will build new teams in 2016.

Leveraged finance origination

| Role | Experience | Salary (£) | Bonus (%' age) |
|-----------|--------------|----------------|----------------|
| Analyst | 1 - 3 years' | 45000-70000 | 30-70 |
| Associate | 3 - 5 years' | 65000-110000 | 50-100 |
| VP/AD | | 80000-150000 | 50-150 |
| Director | | 130000-270000 | 50-200 |
| MD | | 200000-500000+ | 50-200 |

High yield origination and execution

| Role | Experience | Salary (£) | Bonus (%' age) |
|-----------|--------------|----------------|----------------|
| Analyst | 1 - 3 years' | 45000-70000 | 30-100 |
| Associate | 3 - 5 years' | 70000-120000 | 50-100 |
| VP/AD | | 90000-150000 | 70-150 |
| Director | | 140000-300000 | 100-200 |
| MD | | 200000-500000+ | 100-200 |

Mergers and Acquisitions/Equity Capital Markets

M&A / IBD Coverage

2015 saw the themes of 2014 continue: a polarised recruitment landscape with the continued chronic candidate shortage in the Analyst and Associate market juxtapose with many teams addressing their surplus and downsizing in the Director/MD space. In terms of sector focus, the search market accurately reflected the M&A market with downsizing / teams being cut in natural resources focused teams reflecting the weak commodities market ; some banks coming close to exiting mining & metals on a global basis.

In IBD Coverage, naturally, Russia and the former CIS saw teams reducing. In terms of growth, FIG (particularly insurance) continues to be a growth area from Analyst to MD and beyond, with the best candidates receiving multiple offers and, in turn, buybacks from firms who realise how difficult it is to replace top talent.

On the buy side 2015 saw some high profile , cash rich , financial institutions from Hong Kong, China and Singapore build teams to assist them with their FIG acquisitions across Europe. Some firms tell us they are poised to re-stock in oil & gas once the price of crude stabilises.

In terms of compensation, most of the market has now adjusted their Analyst and Associate packages with top Associates now earning £120k+. Lack of any work / life balance continues to be a key factor in the Analyst / Associate space with many banks still merely paying lip service to any implementing any improvement plans.

At the senior end of the market, many MDs and EDs are now moving to boutiques and corporate development roles; historically the drop in compensation put people off but this is less of an issue now with reduced bonuses on the sell side as well as the current level of deferrals and prospect of even longer.

M&A

| Role | Salary (£) | Bonus (%' age) |
|-------------|-----------------|----------------|
| Analyst 1 | 45000 - 48000 | 20 – 70 |
| Analyst 2 | 48000 – 58000 | 30 – 80 |
| Analyst 3 | 55000 – 65000 | 50 - 100 |
| Associate 1 | 75000 - 85000 | 50 - 100 |
| Associate 2 | 80000 – 100000 | 50 - 100 |
| Associate 3 | 90000 -120000 | 70 - 100 |
| VP1/AD 1 | 110000 – 135000 | 70 - 100 |
| VP 2/AD 2 | 120000 – 145000 | 80 - 120 |
| VP3/SVP | 130000 - 150000 | 80 - 200 |
| Director/ED | 150000 - 250000 | 80 - 200 |
| MD | 200000 – 350000 | 100 - 200 |
| MD/SMD | 275000 - 600000 | 100 - 200 |

Equity Research and Equity Sales

Equities – sell side

In 2015 banks continued to hire at a steady rate although are by no means in a growth phase. Changes to FCA regulation last year about payments for equity research has led many institutions to predict a 10 – 15% fall in revenue from research and a loss estimated at £500m from the corporate access ban.

Global equity-research budgets have dropped from \$8.2 billion in 2007 to a predicted \$3.4 billion by 2017.

This has led us to see more hiring by independent research providers as they provide a bespoke service to small and mid cap companies who have had coverage reduced by the major banks.

Sell side desks who tried to hire analysts from similar roles in other banks faced a difficult task as analysts generally only looked for a move to the buy-side..

Equity Research

| Role | Experience | Salary (£) | Bonus (%' age) |
|-----------|--------------|----------------|----------------|
| Analyst | 1 - 3 years' | 45000-65000 | 20-50 |
| Associate | 3 - 5 years' | 60000-90000 | 30-80 |
| VP/AD | | 80000-130000 | 30-100 |
| Director | | 130000-250000 | 50-150 |
| MD | | 200000-400000+ | 100-200 |

Equity Sales

| Role | Experience | Salary (£) | Bonus (%' age) |
|-----------|--------------|----------------|----------------|
| Analyst | 1 - 3 years' | 45000-65000 | 20-70 |
| Associate | 3 - 5 years' | 60000-110000 | 30-100 |
| VP/AD | | 80000-150000 | 30-100 |
| Director | | 130000-250000 | 50-150 |
| MD | | 200000-400000+ | 100-200 |

Equity Capital Markets

After a buoyant 2014 in ECM recruitment 2015 slowed as team's replaced people leaving, as opposed to hiring new heads.

Competition for the best candidates again was fierce as supply outweighed demand. Candidates in ECM sort a move into M&A rather than a lateral move to another bank because of a better brand name. A successful source of candidates are those who'd had a career in M&A and now due to family commitments or a desire for a better work-life balance desired the better hours available in ECM.

ECM

| Role | Experience | Salary (£) | Bonus (%' age) |
|-----------|--------------|----------------|----------------|
| Analyst | 1 - 3 years' | 45000-65000 | 20-60 |
| Associate | 3 - 5 years' | 60000-110000 | 30-100 |
| VP/AD | | 90000-140000 | 50-150 |
| Director | | 120000-250000 | 100-200 |
| MD | | 200000-400000+ | 100-200 |

Restructuring

Restructuring (workout)

Bank restructuring teams have continued to shrink in 2015, with larger banks laying off or redeploying staff. Some banks and investment managers have hired for select roles, with a strong preference for candidates with accountancy qualifications, workout experience and experience working in a bank or fund in leveraged finance or M&A.

Restructuring (advisory)

Hiring at the advisory firms has been relatively flat this year. At the larger houses analysts from other areas have covered peaks in workload, thus external hiring has been low overall. Candidates with operational restructuring/turnaround experience and strong modelling skills have been the most sought after, and demand is concentrated on the mid-level analyst to junior director level.

Debt Advisory

Debt advisory has been a relatively active area in 2015, with teams in boutiques and the larger houses maintaining and in some cases growing headcount. Salaries have been continued to rise to attract and retain the best talent. The demand for candidates has centred on candidates from Associate to Associate Director level, although Director and MD candidates with strong origination skills and rolodexes were highly sort after.

Restructuring (workout)

| Role | Salary (£) | Bonus (%' age) |
|-----------|---------------|----------------|
| Analyst | 40000-70000 | 20-50 |
| Associate | 65000-90000 | 30-70 |
| VP/AD | 80000-130000 | 30-100 |
| Director | 120000-250000 | 50-100 |
| MD | 180000-300000 | 50-150 |

Debt advisory and restructuring (advisory)

| Role | Salary (£) | Bonus (%' age) |
|-----------|----------------|----------------|
| Analyst | 40000-70000 | 20-70 |
| Associate | 65000-100000 | 30-70 |
| VP/AD | 80000-150000 | 30-100 |
| Director | 130000-250000 | 50-100 |
| MD | 180000-400000+ | 50-150 |

Distressed Debt

This area has been relatively active in 2015 compared to the previous year with investment opportunities stemming from macroeconomic instability in Europe and weak commodity prices, especially oil. Given that these opportunities are occurring in Europe candidates with Western European language skills have been those most in demand.

Distressed Debt

| Role | Experience | Salary (£) | Bonus (%' age) |
|----------------------------|--------------|----------------|----------------|
| Analyst | 1 - 3 years' | 45000-70000 | 30-100 |
| Associate | 3 - 5 years' | 70000-120000 | 50-150 |
| VP/AD | | 90000-150000 | 50-200 |
| Director/portfolio manager | | 130000-300000 | 100-250+ |
| MD/portfolio manager | | 200000-400000+ | 150-200+ |

Project and Export Finance

Project Finance

2015 was not a 'stand out' year for project finance hiring. Depressed energy prices have stifled many oil & gas transactions concerned with the profitability of oil & gas reservoirs which has, of course, affected hiring. However, some banks historically strong in this area, particularly advisory, have lost key individuals to other banks still convinced of the long term value in this sector.

Infrastructure remains a key area and the buy-side infrastructure funds have been active in London, from new boutiques to established fund managers to Canadian/Australian pension funds. With capital constraints common, lending banks continue to be advisory focused and candidates with that background have been very much in demand, across all levels; some specialist advisory boutiques have been a particular target for candidates at associate level.

We anticipate continued demand in 2016, across Infrastructure and, in particular, renewables and waste with a number of high profile UK deals progressing, many with external (including Chinese) investment. Bonuses have been more consistent this year with good performers being rewarded alongside the exceptional for those in 'busy' teams. At the senior end we have seen bonuses slip to 200% in line with increased salaries although not always in a 1:1 ratio. In terms of who is active, of course, the Japanese banks are dominant players in this market with big teams both on the lending and advisory side. Overall, we expect bonus pots to be down c30%.

Export Finance

Another difficult year in ECA saw deal volumes tumble with the market being affected by a reduction in aviation transactions, low commodity prices, low volume of related PF transactions and fewer 'mega' transactions. In terms of focus where there is demand, candidates with languages are in high demand and, logically, short supply, especially below director level. Most banks have re-based in export finance and although there is still an element of export finance being the poor relation to project finance (in terms of compensation), most directors in export finance are now paid a base between £160k and £220k. We expect bonuses paid in 2016 to be on the low side to 2015.

Project Finance

| Role | Experience | Salary (£) | Bonus (%' age) |
|-----------|-------------|-----------------|----------------|
| Analyst | 1 – 3 Years | 50000 – 65000 | 30 – 70 |
| Associate | 3 – 5 Years | 65000 – 90000 | 30 – 100 |
| VP/AD | | 90000 – 130000 | 50 – 120 |
| Director | | 130000 – 250000 | 50 – 200 |
| MD | | 150000 - 400000 | 100 - 200 |

Export Finance

| Role | Experience | Salary (£) | Bonus (%' age) |
|-----------|-------------|-----------------|----------------|
| Analyst | 1 -3 Years | 45000 – 65000 | 20 – 70 |
| Associate | 3 – 5 Years | 60000 – 90000 | 20 – 100 |
| VP/AD | | 85000 – 130000 | 50 – 120 |
| Director | | 130000 – 220000 | 50 – 200 |
| MD | | 150000 - 400000 | 100 - 200 |

Structured Trade and Commodity Finance (STCF)

Structured Trade and Commodity Finance (STCF)

With commodity prices very low and the ongoing sanctions effecting trade with Russia, STCF hiring has been quieter than previous years. We have still seen the likes of JP Morgan, BAML and Citi hire selectively along with the Japanese banks but this is limited. STCF banks have selectively added to their teams including some high profile senior names, although some of these teams have found themselves with too much headcount for their limited product offering. At the other end of the spectrum, in 2015, many of the London branches/subsidiaries of International Banks have returned to the market and boosted their teams; we see continued growth in this space in 2016.

Vanilla Trade Finance

The Global Transaction Services (GTS) areas of many of the large UK/US Banks expanded through 2014 / 2015 as they look to focus on trade finance as a core business to replace the lost income from their newly declared non-core businesses (equities etc). Whilst many of the 'lifers' at these institutions remain very poorly paid, there has been upward pressure due to this expansion and the best candidates in this market are closing the gap with their historically better paid colleagues in the STF area. FIG / Correspondent banking focused roles continues to be a hot area for smaller foreign banks in London, including some who have closed operations in Europe and the Middle East to consolidate in London.

Structured Trade and Commodity Finance

| Role | Experience | Salary (£) | Bonus (%' age) |
|-----------|--------------|-----------------|----------------|
| Analyst | 1 - 3 years' | 50000 – 65000 | 30 – 70 |
| Associate | 3 - 5 years' | 60000 – 95000 | 30 – 100 |
| VP/AD | | 80000 – 120000 | 50 – 120 |
| Director | | 120000 - 235000 | 50 – 200 |
| MD | | 200000 - 450000 | 100 - 200 |

Vanilla Trade Finance

| Role | Experience | Salary (£) | Bonus (%' age) |
|-----------|--------------|-----------------|----------------|
| Analyst | 1 - 3 years' | 45000 – 65000 | 20 -50 |
| Associate | 3 - 5 years' | 50000 – 75000 | 20 – 70 |
| VP/AD | | 75000 – 110000 | 50 – 100 |
| Director | | 90000 – 130000 | 50 – 150 |
| MD | | 150000 - 250000 | 100 -200 |

Debt Capital Markets

After last year's growth DCM recruitment in 2015 has been relatively flat, with the exception of replacement hiring. This is largely due to many teams being fully staffed and reduced deal flow.

We have continued to see some trimming at VP levels as many investment banks prefer the leaner MD/Director and analyst model – ie. cutting out "middle management".

We have seen some recruitment in corporate, FIG and private placements. (High yield is discussed on page 6). The sovereign and emerging markets DCM space has been very limited, as a result we have seen a number of cuts in these teams.

Debt Capital Markets

| Role | Experience | Salary (£) | Bonus (%' age) |
|-----------|--------------|---------------|----------------|
| Analyst | 1-3 years' | 45000-65000 | 20-70 |
| Associate | 3 - 5 years' | 70000-130000 | 30-100 |
| VP/AD | | 80000-170000 | 50-100 |
| Director | | 140000-270000 | 100-200 |
| MD | | 200000-400000 | 100-200 |

Fixed Income

We have seen continued headcount reductions in investment banking fixed income teams in 2015, with some exceptional key hires. Many corporate & commercial banks, advisors and brokers have used this opportunity to hire IB talent to up skill their teams. As a result they are also taking market share from the IBs.

Fixed Income - Research / Strategy

| Role | Experience | Salary (£) | Bonus (%' age) |
|-----------|--------------|------------------|----------------|
| Analyst | 1 - 3 years' | 45000 - 80000 | 30-100% |
| Associate | 3 - 5 years' | 60000 - 120000 | 50-150% |
| VP/AD | | 90000 -175000 | 100-150% |
| Director | | 140000 – 270000 | 100-200% |
| MD | | 200000 – 400000+ | 100-200% |

Fixed Income - Sales

| Role | Experience | Salary (£) | Bonus (%' age) |
|-----------|--------------|----------------|----------------|
| Analyst | 1 - 3 years' | 45000-80000 | 30-100 |
| Associate | 3 - 5 years' | 60000-130000 | 50-100 |
| VP/AD | | 90000-180000 | 50-150 |
| Director | | 140000-270000 | 100-200 |
| MD | | 200000-400000+ | 100-200 |

Fixed Income Structuring

| Role | Experience | Salary (£) | Bonus (%' age) |
|-----------|--------------|----------------|----------------|
| Analyst | 1 - 3 years' | 45000-80000 | 30-100 |
| Associate | 3 - 5 years | 70000 - 130000 | 50-100 |
| VP/AD | | 100000-180000 | 50-150 |
| Director | | 140000-270000 | 50-200 |
| MD | | 200000-400000+ | 100-200 |

Fixed Income Trading

| Role | Experience | Salary (£) | Bonus (%' age) |
|-----------|--------------|------------------|----------------|
| Analyst | 1 - 3 years' | 45000-80000 | 30-100 |
| Associate | 3 - 5 years' | 70000 - 130000 | 50-100 |
| VP/AD | | 90000 - 180000 | 100-150 |
| Director | | 140000 – 270000 | 100-200 |
| MD | | 200000 – 400000+ | 100-200+ |

Structured Finance/Securitisation

Recruitment activity at Analyst to VP levels has increased on a relatively flat 2014 within Structured Finance, with VP and Director levels stable. Demand from Asset Managers and Ratings Agencies has been the most voracious, particularly for candidates with ABS & RMBS exposure. Demand for candidates with Spanish, Portuguese, Italian or German language skills has been strong.

There has been very little movement within the CMBS and Emerging markets sectors. After a relatively stable 2014 with increased movement of candidates we have seen a reasonable rise in base salaries during 2015 as the sector goes through a period of 'rehabilitation'.

Structured Finance/Securitisation

| Role | Experience | Salary (£) | Bonus (%' age) |
|-----------|--------------|---------------|----------------|
| Analyst | 1 - 3 years' | 45000-65000 | 20-70 |
| Associate | 3 - 5 years' | 70000-120000 | 30-100 |
| VP/AD | | 85000-140000 | 50-100 |
| Director | | 130000-300000 | 50-200 |
| MD | | 200000-500000 | 100-200 |

Asset Finance

Asset Finance has been a growth area in the last year, and as such the demand for Asset Finance professionals with strong market contacts, client relationships, and proven origination skills and experience has remained high. This year we have seen recruitment across aircraft, shipping and wheeled vehicles in the asset finance sector.

Teams who focus on big-ticket corporate and complex transactions have continued to grow (or at very least retained their size). Business banking Asset Finance has also bounced back somewhat, with most of the activity in this area coming from challenger banks and specialised asset finance houses.

While strong origination remains a key requirement for Asset Finance professionals, strong credit and structuring skills and a good understanding of legal documentation are becoming increasingly important.

For the most part bonus levels for top performers have increased, while mid-performers' bonus levels are flat, with low performers receiving nominal bonuses.

Some of the big players have continued restructuring their teams this year, in particular at the Director and above level, while the challenger banks and some specialised asset finance houses have increased their headcount.

Asset Finance

| Role | Salary (£) | Bonus (%' age) |
|--------------------------|---------------|----------------|
| Analyst | 30000-50000 | 10-30% |
| Associate/senior manager | 40000-75000 | 15-40% |
| VP/AD | 45000-85000 | 20-100% |
| Director | 90000-140000 | 35-100% |
| MD | 140000-300000 | 50--200% |

Credit Analysis and Credit Research

Credit Analysis

In the last year there has continued to be steady demand for Credit Analysts at Banks and Ratings Agencies. As international financial institutions continue to set up and expand their offices in London, salaries have increased accordingly to attract top candidates to these roles. While there is still a demand for credit professionals with diversified sector credit analysis experience, there has also been an increase in the number of sector specific roles. Financial Institutions is one notable sector with strong demand.

Western and southern European language skills remain in demand, but excellent written and spoken English and good interpersonal skills are crucial. Specialist sectors such as commodities and structured trade finance are in demand as well. It has continued to be difficult for institutions to find the right candidates this year given the market pickup, the specific language and professional skills required for roles, and interview processes which have remained lengthy and rigorous.

Credit Research

There has been a strong demand for credit research analysts this past year both on the buy side and at ratings agencies. The main focus areas this year have been ABS, RMBS and financial institutions. In terms of qualifications, CFA or accountancy qualification is highly desired. European languages are often useful here as well, depending on the type of role.

Credit Analysis

| Role | Salary (£) | Bonus (%' age) |
|--------------------------|-----------------|----------------|
| Graduate/analyst | 35000- 50000 | 10 -30% |
| Senior analyst/manager | 45000 - 65000 | 10 – 50% |
| Associate/senior manager | 50000 - 80000 | 20 - 50% |
| VP/AD | 75000 - 130000 | 20 – 70% |
| Director | 90000 - 200000 | 30 - 100% |
| MD | 150000 - 350000 | 50 – 200% |

Credit Research

| Role | Salary (£) | Bonus (%' age) |
|--------------------------|-----------------|----------------|
| Graduate/analyst | 40000 - 60000 | 20 - 50% |
| Senior analyst/manager | 50000 - 80000 | 30 -80% |
| Associate/senior manager | 65000 - 90000 | 35 – 100% |
| VP/AD | 850000 - 130000 | 50 – 200% |
| Director | 110000 - 220000 | 50 – 200% |
| MD | 180000 - 400000 | 100 – 200% |

Credit/Debt Funds

Direct Lending

There are a number of entrants to the market, with new heads of team recently appointed. There continues to be interest from US direct lenders who want to enter the UK and European market. Competition between banks and direct lenders is very high, causing margins to be squeezed. However the expectation is direct lenders are here to stay and they will continue to take market share from banks with the hope of moving closer to the US model. We expect to see growth of existing platforms and more start ups (linked to established parent investment management firms) in 2016.

Leveraged & High Yield

Some new CLOs teams have been established in 2015, however on the whole recruitment has been flat. Most teams have hired juniors, however there has been little movement at director level and up. Clients are very particular about candidate profiles and often expect sell-side candidates to "take a hit" for a better work-life balance and more stable work environment.

Many leveraged sell-side candidates who traditionally would have tried to move into leveraged finance investment management are focused on either staying in banking or moving to direct lending as they feel these roles are more hands on and the compensation higher.

Salaries and bonuses in leveraged finance and high yield funds have been relatively static between 2010 and 2015, which is contrary to what we've seen in investment and corporate banking leveraged finance origination teams where base salaries went up considerably and bonuses percentages down.

Investment grade

There has been little growth in 2014 and most hires have been replacements. There has been little movement in total compensation since 2010.

Structured Credit (ABS)

We have seen more movement in this area than 2014, however it is still very quiet. Salaries/bonuses have moved with inflation but are otherwise static.

Leveraged finance/high yield

| Role | Experience | Salary (£) | Bonus (% ' age) |
|-----------|--------------|---------------|-----------------|
| Analyst | 1 - 3 years' | 45000-70000 | 30-100 |
| Associate | 3 - 5 years' | 65000-100000 | 50-100 |
| VP/AD | | 85000-150000 | 50-150 |
| Director | | 130000-270000 | 70-200 |
| MD | | 200000-500000 | 100-200+ |

Investment grade

| Role | Experience | Salary (£) | Bonus (% ' age) |
|-----------|--------------|---------------|-----------------|
| Analyst | 1 - 3 years' | 45000-65000 | 20-50 |
| Associate | 3 - 5 years' | 65000-90000 | 30-70 |
| VP/AD | | 80000-120000 | 30-100 |
| Director | | 120000-250000 | 50-200 |
| MD | | 200000-350000 | 100-200+ |

Credit/Debt funds (cont/d)

Structured Credit / ABS

| Role | Experience | Salary (£) | Bonus (%' age) |
|-----------|--------------|---------------|----------------|
| Analyst | 1 - 3 years' | 45000-70000 | 30-70 |
| Associate | 3 - 5 years' | 70000-120000 | 30-100 |
| VP/AD | | 90000-150000 | 50-100 |
| Director | | 130000-270000 | 50-200 |
| MD | | 180000-350000 | 100-200+ |

Equity Investment

Equities – Buyside

Over 2015 we saw continued confidence and growth within this sector as large blue chip asset managers and small Independent funds continued to bring in additional heads with a real focus on small and mid cap investments.

There was also an increased demand for Quantitative research analysts which will only continue to grow.

Candidates from the sell side continue to desire a move on the buy side but often miss out at the final stages to a candidate already with buy side experience.

Equities

| Role | Experience | Salary (£) | Bonus (%' age) |
|-------------------|--------------|-----------------|----------------|
| Analyst | 1 - 3 years' | 35000 – 60000 | 20 – 60 |
| Analyst | 3 - 5 years' | 55000 – 90000 | 30 – 100 |
| Senior analyst | | 100000 – 180000 | 80 – 200 |
| Portfolio manager | | 100000 – 150000 | 50 – 150+ |
| Head of research | | 150000 – 300000 | 100 – 200 |
| Senior PM | | 125000 - 250000 | 100 – 300+ |

Private Equity

The Private Equity space continued to have healthy growth. Hiring patterns are never going to reflect those of M&A but most funds still added one or two additional heads as well as replacing those that left.

Most junior and mid-level candidates came from investment banking M&A teams. Funds with a focus on mid market corporates looked to the big 4 for ACA's from corporate finance or transaction services teams. Importantly those that made the move from transaction services teams had also improved their financial modelling skills independently. The increase in M&A salaries has meant that senior Associates have been priced out of the market for equivalent level roles in Private Equity and should they want to make the switch are having to take significantly reduced salaries.

At Principal and Partner level hiring has grown as PE continues to benefit from the lack of mid-market appetite in Banks.

Private Equity

| Role | Experience | Salary (£) | Bonus (%' age) |
|------------------|--------------|------------------|----------------|
| Analyst | 1 - 3 years' | 35000 - 65000 | 10-50 |
| Associate | 3 - 5 years' | 65000 - 90000 | 20 - 80 |
| Senior associate | | 70000 - 110000 | 50 - 120 |
| VP/AD | | 100000 - 150000 | 80 - 200 |
| Principal | | 150000 - 250000 | 100 - 400+ |
| Partner | | 200000 - 400000+ | 100 - 400+ |

Strategy and Fund Research

Strategy and fund research

Macroeconomic research and global strategy

There has been sporadic demand for economists and there has been a preference for candidates with exposure to multiple asset classes.

Junior candidates remain comparatively difficult to source and clients remain interested in those coming from Treasury, Bank of England and FSA as well as other public sector bodies and corporates.

Multimanager and fund research

We have seen a number of these roles in 2015 with the requirement now moving towards candidates who are technically strong as well as being able to sell their fund choice internally to find managers or externally to clients.

Economists/Strategists

| Role | Experience | Salary (£) | Bonus (%' age) |
|------------------|--------------|-----------------|----------------|
| Analyst | 1 - 3 years' | 35000 - 60000 | 20 - 60 |
| Analyst | 3 - 5 years' | 60000 - 100000 | 30 - 100 |
| Senior analyst | | 100000 - 150000 | 75 - 150 |
| Senior Economist | | 150000 - 250000 | 100 - 300+ |

Multi-manager/Fund research

| Role | Experience | Salary (£) | Bonus (%' age) |
|----------------|--------------|-----------------|----------------|
| Analyst | 1 - 3 years' | 35000 - 60000 | 20 - 40 |
| Analyst | 3 - 5 years' | 55000 - 90000 | 30 - 70 |
| Senior analyst | | 100000 - 150000 | 30 - 150 |
| CIO | | 150000 - 300000 | 50 - 200+ |

Infrastructure Buy-side

Infrastructure Debt

This was expected to be a growth area in 2015 as banks are still struggling to commit balance sheet to infrastructure projects, however it has been relatively flat with the exception of junior level recruitment. There is hope that 2016 will be an expansion year as long-term investments match the investment strategy of many pension funds and investors. Salaries and bonuses have been relatively flat in 2015 compared to 2014.

Infrastructure Debt

| Role | Experience | Salary (£) | Bonus (%' age) |
|-----------|--------------|---------------|----------------|
| Analyst | 1 - 3 years' | 45000-65000 | 30-70 |
| Associate | 3 - 5 years' | 70000-100000 | 30-100 |
| VP/AD | | 90000-150000 | 50-100 |
| Director | | 130000-250000 | 50-200 |
| MD | | 180000-300000 | 100-200+ |

Infrastructure Equity

Recruitment in Infrastructure Private Equity surged this year with most funds increasing head count, particularly at junior levels. Candidates with Renewable Energy experience were in high demand, as were those with strong financial modelling skills and Western European languages.

The majority of candidates came from the accountancy firms TS and Corporate Finance teams and where the budget would stretch Investment Banks M&A teams provided high calibre people.

Mid-level and senior mandates tended to be filled with candidates from rival infrastructure equity funds.

Infrastructure Equity

| Role | Experience | Salary (£) | Bonus (%' age) |
|---------------------|--------------|---------------|----------------|
| Analyst | 1 - 3 years' | 45000-65000 | 30-100 |
| Investment Manager | 3 - 5 years' | 70000-120000 | 50-150 |
| Investment Director | | 100000-180000 | 50-200 |
| Portfolio Manager | | 150000-300000 | 50-200+ |

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