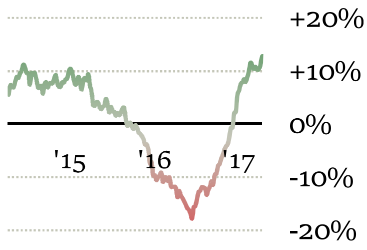
Freeman Consulting Services

FCS INTELLIGENCE | WEEK OF JULY 3, 2017

GROWTH SCORECARD

U.S. IB Fee Pool

Overall IB	▲13%



Product Trend

ECM	▲38%
LevFin	▲12%
M&A	▲1%
IG Corp. Debt	▼6%

Competitive Trend

Non-Bank Lenders	▲40%
N. American Banks	▲23%
Full-Svc Indp. IBs	▲19%
Asian Banks	▲19%
European Banks	▲14%
Euro. Bulge-Bkt	▲11%
U.S. Bulge-Bkt	▲8%
Mega-Boutiques	▲8%
Trad. Boutiques	▲7%

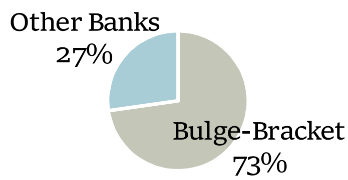
U.S. market; Growth in IB fees for last 12M vs. 12M ending a year ago

IN FOCUS: BLOCK TRADES

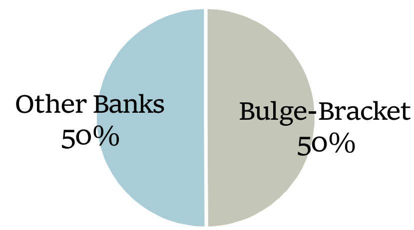
Smaller banks entering a high-risk, capital-intensive market

Competition for Block Trades Below $250m

Year Ending July '16 → **Year Ending July '17**



Fee Pool: $171m



Fee Pool: $432m

- Block trades now generate more than a quarter of follow-on ECM fees in the middle-market
- Issuance has diversified beyond REIT and Energy sectors
- Structure is being pushed aggressively by PE firms and ECM advisors
- Deals were traditionally managed almost entirely by the bulge-bracket; however many independents entered the market: Cantor, Cowen, Sandler, Piper, Stephens, etc.

GROWTH LEADERS: OVERALL U.S. IB

Top 3 Banks by Y/Y Growth in IB Fee Revenue

• Capital One	▲133%	Now roughly even with Key and SunTrust on lev-loans <$250m
• KKR Cap. Mkts.	▲131%	Not just in-house LBOs – KCM sole-arranged $3b Formula One loan
• Cantor Fitzgerald	▲127%	Lead-left on 68% of their HC ECM deals in LTM vs. none last year