

Asia Pacific Investment Banking Bonus Summary

Investment Banking Bonus Summary

So far Citigroup (Citi), Morgan Stanley (MS), Goldman Sachs (GS) and JP Morgan (JPM) have announced bonuses. Citi and MS were both first out of the gates on January 13th followed by GS and JPM on January 18th.

All four banks paid down year-on-year by 35% or more. There was high performance and significant revenue contribution from traditional sectors and products with a focus on ex-China Asia. M&A, Industrials, Energy, and FIG were teams that have performed well in the past year.

	Citigroup	Goldman Sachs	JP Morgan	Morgan Stanley
Managing Director	800K – 1M	600K – 1.5M	600K – 2M	500K – 1.5M
Executive Director	450K – 650K	400K – 600K	350K – 600K	450K – 600K
Vice President	400K – 500K	300K – 450K	400K – 450K	400K – 450K
Associate	200K – 350K	200K – 300K	200K – 300K	250K – 350K

Asia Pacific Investment Banking Bonus Summary

MORGAN STANLEY

Summary

The bonus pool was down 35% or more year-on-year. TMT, Real Estate and Healthcare, all previous best sectors, were now the weakest performers. The M&A and Southeast Asia businesses matched last year's numbers or exceeded, which helped them pay bankers.

Morgan Stanley spent 80% of the bonus pool paying Analysts to Vice Presidents (who make up a large portion of the IBD population) due to the increased base salaries, hindering their ability to pay revenue generators.

“Common prosperity” is the theme getting passed around the floor about people's comments on bonus. Vice Presidents were down 15-16% while Executive Directors were down by 20-30% year-on-year.

Commentary

MS bankers had their expectations managed and Managing Directors have been informed that this year's bonus numbers are not going to be the base line for next year. There is positive sentiment internally that the coming year will be better with themes such as “bonus reopening” being mentioned on the floor. One thing to note is that there are many bankers this year at the Vice Presidents and Associates level who were not automatically promoted, indicating the bank has implemented a new policy for promotions to be merit based.

Promotion (MD):

- Lynn Dong, Consumer, Shanghai
- Celia Xu, Shanghai JV
- Adrian Mak, Head of SEA Financial Sponsors; Head of Malaysia
- Michael Baruffi, APAC, Energy and Natural Resources

Managing Directors bonus:

- 5 Managing Directors were paid flat
- Mid ranked Managing Directors were paid 50% down (Range: USD500K to USD600K)
- 25% of Managing Directors were paid 0 bonus

Compensation Range (total comp: base plus bonus)

Managing Director:	500K – 1.5M
Executive Director:	450K – 600K
Vice President:	400K – 450K
Associate:	250K – 350K

*The above range does not represent those with zero bonus.

*Analyst bonus cycle has reverted to the summer cycle.



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Bonus Breakdown

Bonus ratio of 90% cash and 10% stock for Associates.

Bonus ratio of 75% cash and 25% stock for Vice Presidents, Executive Directors and Managing Directors.

For those above USD1.5M in bonus, ration of 50% cash and 50% stock.

Stock vests over a period of 3 years.

Examples (total comp: base plus bonus)

Level	Team	Total comps (USD '000)
MD	GCM	950K
MD	Product	800K
MD	GCM	600K
ED	Sector	750K
ED	Sector	650K
ED	Coverage	650K
ED	Sector	600K
ED	Coverage	550K
ED	GCM	500K
ED	GCM	400K
VP	Product	450K
VP	Sector	400K
VP	Sector	400K
VP	Sector	450K
VP	Sector	400K
AS	Coverage	300K
AS	Sector	300K

Asia Pacific Investment Banking Bonus Summary

CITIGROUP

Summary

Banking, Capital Markets and Advisory (BCA) bonus was down year-on-year with Managing Directors and Directors bearing the hit to the bonus pool. Managing Directors were down from 25 to 50%. Directors were down 30-40%.

Directors ranged from USD300K (indicating 0 bonus) to USD650K this year. Bringing these numbers in line with 2018 and 2019 numbers.

We noticed the range for Vice Presidents to be around USD400K-USD500K, and a few outliers with numbers in the USD600K range. For Vice Presidents, bonus numbers are correlated with team performance and individual ratings. We can see differences as much as USD200K in total compensations between sectors teams.

Bonuses of Associates are dependent on individual ratings. With that said, the gap between the top and bottom performers are much narrower than in previous years. In the past, we could see differences of up to 6 months.

Commentary

Given the large team and lack of cuts made to the bank, it is surprising that the firm still can pay all bankers below the Director level. Directors were disappointed with their bonuses as they are now in line with Vice Presidents at the bank. Citi has followed in the footsteps of Morgan Stanley and JP Morgan by not guaranteeing promotion for bankers at all levels. There were many revenue generators last year, who are frustrated by management, as they do not feel incentivized to generate revenues to only be paid less than execution resources.

Promotion (MD)

- Allan Hu, China

Compensation Range (total comp: base plus bonus)

Managing Director:	800K – 1.5M
Director:	500K – 800K
Vice President:	400K – 650K
Associate:	300K – 400K

Deferred Bonus

Bonus ratio of 65% cash and 35% deferred for Senior Managing Directors.

Bonus ratio of 70% cash and 30% deferred for Junior Managing Directors.

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**Deferred component: Divided into 50% stock, 50% deferred cash, both of which will be vested over four years.*

For all bankers below the Managing Director level, if the bonus payout more than USD100K, the bonus payout ratio equals 75% cash, with the remaining 25% in stock, vesting over four years.

Examples (total comp: base plus bonus)

Level	Team	Total comps (USD '000)
MD	Sector	900K
MD	GCM	800K
D	Product	650K
D	Sector	550K
D	Product	550K
D	Sector	500K
D	Coverage	450K
VP	Sector	450K
VP	Coverage	450K
VP	GCM	400K
VP	GCM	400K
AS	Sector	350K
AS	GCM	300K
AS	GCM	300K
AS	Coverage	300K
AS	GCM	300K
AS	GCM	200K

Asia Pacific Investment Banking Bonus Summary

GOLDMAN SACHS

Summary

Asia Investment Banking revenues were down 50-60% year-on-year resulting in the total compensations being down 30-50% on average for all bankers. Many Managing Directors easily found themselves at 50% down or more. The bank took measures to reduce costs by cutting over 40 bankers in September 2022 and in January 2023, across underperforming teams such as China, ECM, Healthcare, TMT and Real Estate.

It should be noted that Goldman Sachs paid at the top of the range in 2021, outdoing all banks at every level. Hence, it was no surprise that with a difficult 2022, the bonus pool was hit hard.

Managing Directors who earned USD2 million were brought back down to USD1 million or less.

Executive Directors (Director level) who made USD600K to USD1 million, saw themselves come down to USD400K-USD600K.

Executive Directors (VP level) who earned USD550K to USD900K were brought down to USD300K-USD450K.

Associates were not as affected, taking a 20-30% cut.

Commentary

At the Managing Director level, there was a slight air of relief as many were expecting worse news for their bonuses. While they were down significantly, it appears that there were not as many 0's paid out as other banks. In other words, it could have been worse. Many are anticipating a strong start to the year and hoping that things will turn around for the better. India, Australia and FIG were the strongest performers last year.

Promotion (Partner)

- None

Compensation Range (total comp: base plus bonus)

Managing Director:	600K – 1.5M
Executive Director:	300K – 600K
Associate:	200K – 300K

*The above range does not represent those with zero bonus

Bonus breakdown:

Bonus ratio of 2/3 cash and 1/3 deferred stock.

*Deferred stock vests across 3 years.

**Asia Pacific Investment Banking Bonus Summary**Examples (total comp: base plus bonus)

Level	Team	Total comps (USD '000)
MD	Sector	1M
MD	GCM	650K
MD	Sector	600K
Senior ED	Sector	550K
Senior ED	Sector	500K
Senior ED	Sector	400K
Junior ED	Sector	450K
Junior ED	GCM	400K
Junior ED	GCM	400K
Junior ED	Coverage	400K
Junior ED	Sector	400K
Junior ED	Sector	350K
Junior ED	Sector	300K
AS	Sector	300K
AS	Sector	250K
AS	Sector	200K

Asia Pacific Investment Banking Bonus Summary

JP MORGAN

Summary

The bonus pool was down year-on-year, with revenues for Investment Banking dropping across the region. Real Estate and Natural Resources were strong performers this year, however, the loss in revenue from China focused clients were a strain on costs, leading to the bank having to make cuts amongst its Managing Director class before bonuses were paid.

There have been many changes within the bank's structure this year and we anticipate more changes to come as 2023 progresses.

Commentary

Managing Directors appeared to have taken the largest hit, in line with the market. In general, we observed an up to 60% decrease in their total compensations, followed by Executive Directors, who had on average taken 10-25% drop in their total compensations. Vice Presidents are on par across the US banks at the low USD400K range for first- and second-year Vice Presidents. Associates are paid between 1 to 4 months bonuses. There were also many frustrated bankers who were unsuccessful during promotions, especially among the Vice Presidents.

Promotion (MDs):

- Announced in March or April 2023.

Compensation Range (total comp: base plus bonus)

Managing Director:	600K – 2M
Executive Director:	350K – 600K
Vice President:	400K – 450K
Associate:	200K – 300K

*The above range does not represent those with zero bonus.

Bonus Breakdown:

Bonus ratio of 75% cash and 25% of stock deferred for the majority, however for Managing Directors, the stock component is 30% or higher.

*Deferred stock vests across 4 years.

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Examples (total comp: base plus bonus)

Level	Team	Total comps (USD '000)
MD	Coverage	1.7M
MD	Coverage	1.2M
MD	Coverage	600K
MD	Sector	600K
ED	Product	600K
ED	Sector	550K
ED	Coverage	550K
ED	Sector	400K
VP	Sector	400K
VP	Coverage	400K
VP	Sector	300K
AS	Sector	400K
AS	Sector	300K
AS	Product	250K