

Goldman Sachs sets aside \$3.5bn for staff bonuses, pay as quarterly profits tumble

Goldman Sachs, the Wall Street investment bank, set aside another \$3.8bn (£2.5 billion) for its annual staff pay and bonus pool as second-quarter profits dropped 82pc, hit by the UK bonus tax, a record US fine and volatile markets.

Published: 2:36PM BST 20 Jul 2010

The bank's 34,100 workers - including 5,500 staff in the UK - are now in line for an average \$273,000 (£179,000) each so far this year after Goldman earmarked \$5.5bn in the first three months of the year.

However, the pay and bonus bill - which includes salaries, estimated performance-related payouts and payroll expenses - is sharply lower than the previous three months as net profits tumbled from \$3.44bn a year earlier to \$613m.



Goldman Sachs set aside \$3.5bn for staff bonuses, pay as profits tumbled Photo: BLOOMBERG

Related Articles

Goldman's 'Fabulous Fab' denies fraud, attacks 'ambiguous emails' (</finance/newsbysector/banksandfinance/7901595/Goldmans-Fabulous-Fabrice-Tourre-denies-fraud-attacks-ambiguous-emails.html>)

Goldman Sachs needs to show it's business as usual (</finance/newsbysector/banksandfinance/7900109/Goldman-Sachs-needs-to-show-its-business-as-usual.html>)

Goldman denies links with global food crises (</finance/markets/7899210/Goldman-denies-links-with-global-food-crises.html>)

Goldman Sachs sets aside \$9bn for pay as revenues drop (</finance/newsbysector/banksandfinance/7896642/Goldman-Sachs-sets-aside-9bn-for-pay-as-revenues-drop.html>)

RBS considers suing Goldman to recoup \$841m (</finance/newsbysector/banksandfinance/7895555/RBS-considers-suing-Goldman-Sachs-over-lost-841m.html>)

Goldman in record \$550m SEC settlement (</finance/newsbysector/banksandfinance/7893538/Goldman-in-record-550m-SEC-settlement.html>)

Market volatility in the quarter to the end of June hampered trading revenue, which dropped to \$6.55bn from \$10.3bn a year earlier. Total revenues slid 36pc to \$8.84bn.

Profits were also hit by a \$600m one-off UK bonus tax and a record \$550m fine to settle fraud allegations by the US

Securities and Exchange Commission.

"The market environment became more difficult during the second quarter and, as a result, client activity across our businesses declined," Lloyd Blankfein, Goldman chief executive, said in a statement.

Unsettled markets led Goldman's corporate customers to issue fewer bonds and shares of stock. This hit revenues at the investment banking business which slid 36pc to \$917m.

Goldman's fixed income trading revenue, which powered the bank's rebound from the financial crisis, fell to \$4.4bn from \$6.8 billion a year earlier.

Goldman shares were trading slightly lower - 0.2pc at \$145.33 - at lunchtime in New York.

Other US banks have already revealed similar second quarter pain, with **JPMorgan Chase** (<http://www.telegraph.co.uk/finance/newsbysector/banksandfinance/7892823/JP-Morgan-pays-328m-in-UK-bank-bonus-tax.html>) and Bank of America Merrill Lynch also hit by the spring plunge in the stock market.

RELATED PARTNERS

Transfer money commission free with the Telegraph (http://www.foreignexchange.telegraph.co.uk/?utm_source=tmg&utm_medium=relatdarticle&utm_campaign=moneycorp)

Search the market for saving & ISA accounts (<http://www.moneysupermarket.com/link.asp?Source=TEL3&Section=savings>)

Free Annual Reports (http://www.orderannualreports.com/?cp_code=P648&mkt_code=O030P64801)

© Copyright of Telegraph Media Group Limited 2010