JOHNSON ASSOCIATES
FINANCIAL SERVICES COMPENSATION
Third Quarter Trends and Year-End Projections 11/10/14

After the third quarter, Johnson Associates projects mixed incentive compensation across financial services. For major investment & commercial banking firms, incentive compensation is projected to be broadly flat. Incentive compensation for asset management is again projected to increase. Business mix and cost management, speed of economic recovery, and ongoing uncertainty in world markets continue to be key 2014 incentive drivers.

Full Year Outlook:

Moderately positive across financial services

- Ongoing global, political, social and economic issues create increasingly turbulent markets
- Variation in performance by firm, business area, and location with U.S. leading Europe
- In U.S., end of QE3, midterm elections, and reverberations from global issues add volatility

Asset Management:

Asset management to have another positive year

- Incentives up on higher year-over-year AUM
- AUM increases primarily on market appreciation and flows
- Mixed results with select private firms outperforming public asset managers
- Hedge fund results expected to vary on increasing assets but mixed performance across strategies
- Private equity incentives up on increased realization activity and solid fundraising

Investment and Commercial Banking:

Projected to be flat; challenging trading conditions in fixed income and equities offset by positive results elsewhere

- Business mix impacts overall firm results
- M&A and equity underwriting activity up meaningfully
- Trading results poor and incentives expected to be flat to down off a disappointing prior year
- Retail and commercial banking flat; modest deposits and loan growth offset by lower mortgage banking activity and continued spread compression

Evolution of Market Environment:

- European Banking Authority calls into question usage of role based fixed allowances in recent report, and outlines specific view for what qualifies as fixed compensation; may lead to banks revisiting structure of allowances in place for 2015 compensation
- Initial pressure from US regulators to increase length of deferred compensation with potential reductions for firm compliance failings (i.e., Head of NY Fed Dudley's statements)
- Big banks no longer top payers; asset management and alternatives provide similar/higher compensation opportunities

19 West 44th Street, Suite 511, New York, New York 10036
(212) 221-7400 • Fax (212) 221-3191

Projected 2014 Incentive Funding

- *Headcount-adjusted basis*

Investment & Commercial Banking

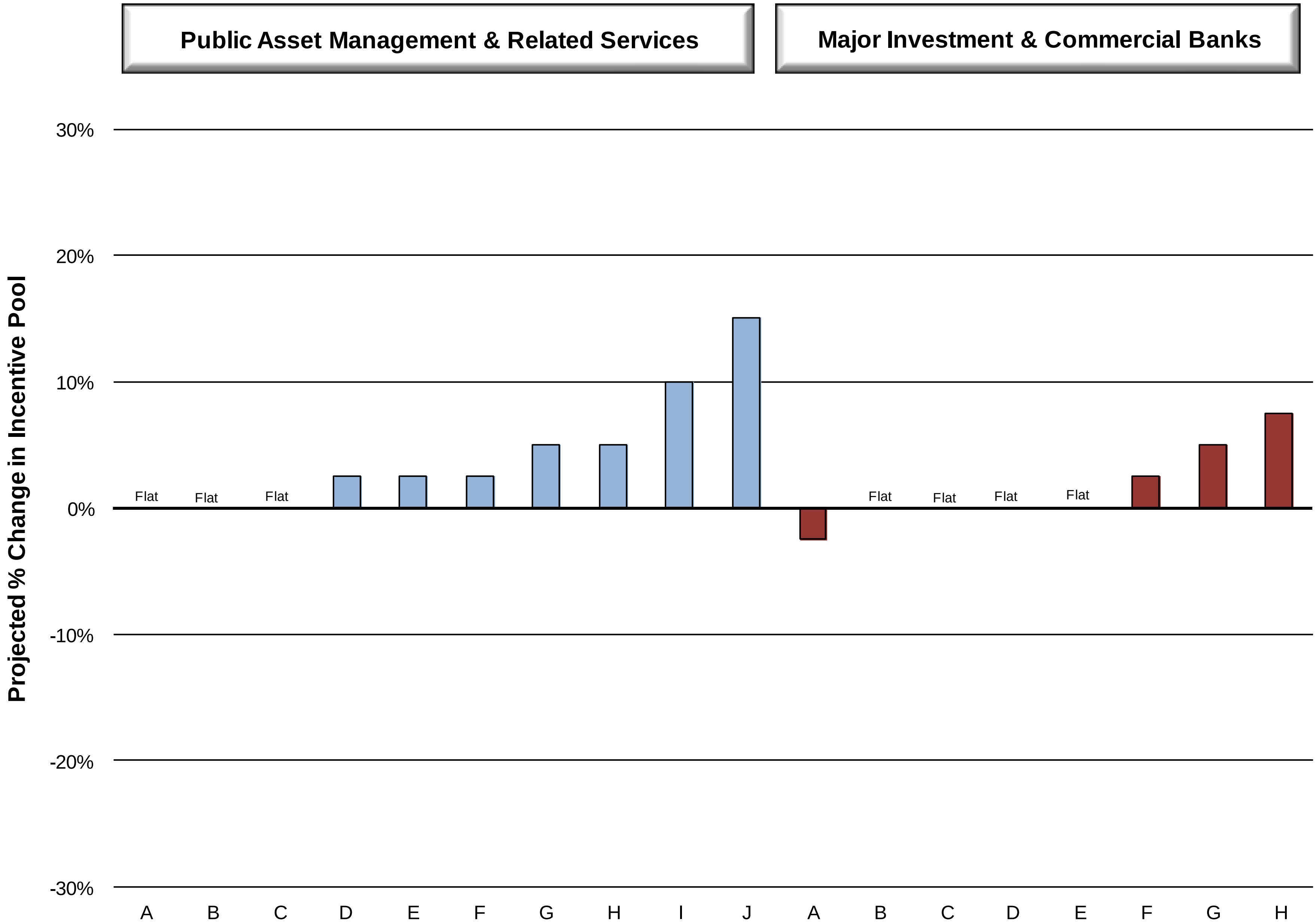
Business/Area	% Change from 2013
Senior Firm Management **(Excluding Proxy Executives)** *Generally moves in line with entire firm, with variation by business*	**-5% to +5%**
Staff Positions *Moves in line with entire firm, but increasingly conservative bias due to focus on controlling costs. Exception for in demand functions such as regulatory, compliance, and risk related areas*	**Flat**
Investment Banking — **Advisory** / **Underwriting** *Industry-wide completed M&A activity higher. Underwriting results positive, with equity underwriting up significantly (high-end of range), outperforming debt underwriting (flat/lower end of range)*	**+10% to +15%** **+5% to +15%**
Equities *Mixed results across products, but challenging trading environment with lower volumes*	**-10% to 0%**
Fixed-Income *Variation due to breadth of products; some firms getting out of certain products. Challenging trading environment and reduced client activity*	**-10% to 0%**
Retail & Commercial Banking *Credit trends continue to be favorable. Modest deposit and loan growth, offset by declining mortgage banking activity and continued spread compression*	**Flat**

Traditional Asset Management & Alternatives

Business/Area	% Change from 2013
Asset Management **(Independent and Captive)** *Increased AUM on flows and primarily market appreciation. Lag effect of AUM boosts incentives. Especially strong results in cost efficient private firms*	**+5% to +10%**
High Net Worth *Assets generally more stable. Fee based assets increasing*	**+5% to +10%**
Hedge Funds (Independent and Captive) *Increasing assets under management but mixed performance across strategies*	**-10% to +5%***
Private Equity *Increased realization activity and solid fundraising*	**+10% to +15%***

*Applies to incentive and equity, excluding carry

Projected % Change in Year-End Incentive Pool*

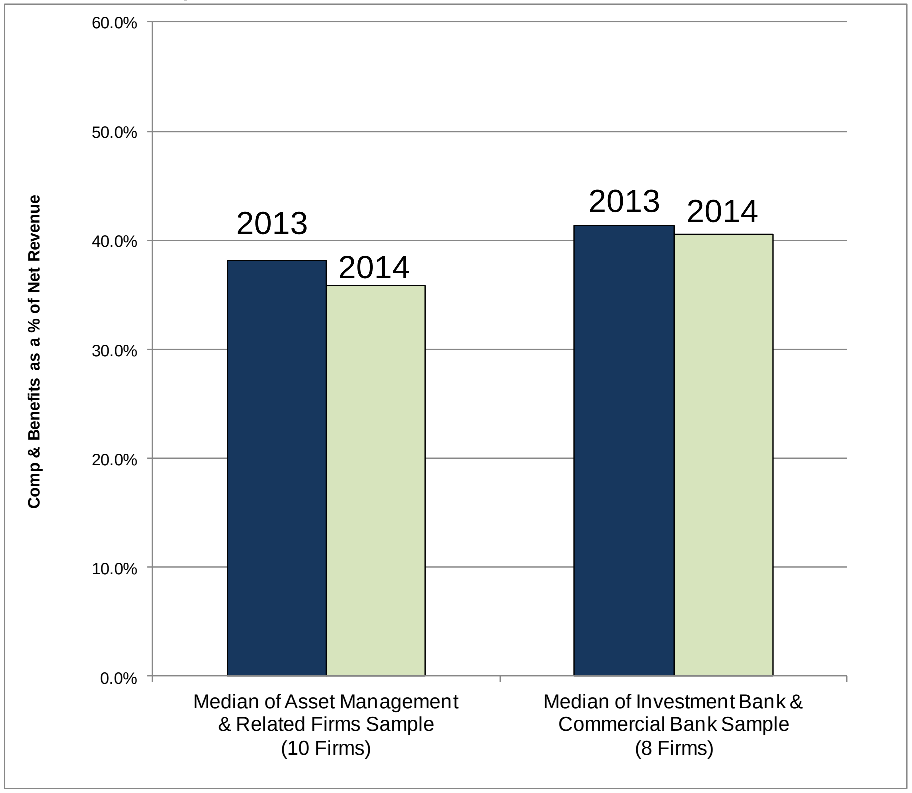


** 9 months actual data with projection for remainder of year*

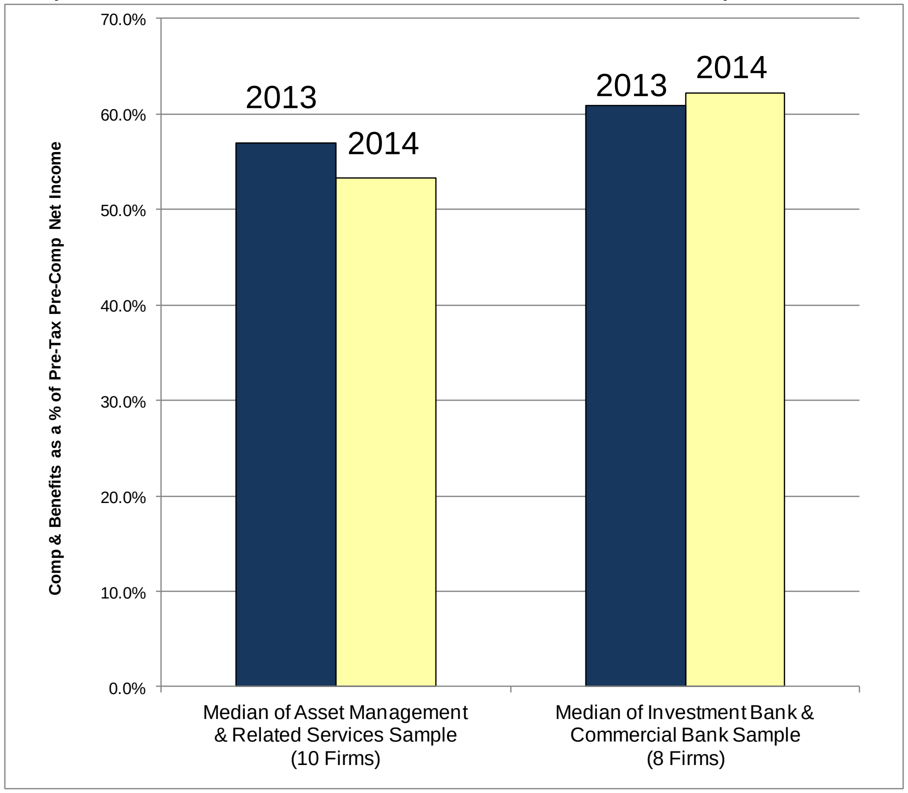
Year-to-Date Compensation & Benefits Ratios

- 9M 2013 v. 9M 2014 results; year-over-year comparisons may be skewed by partial year compensation and financial results

Compensation & Benefits as % of Net Revenue



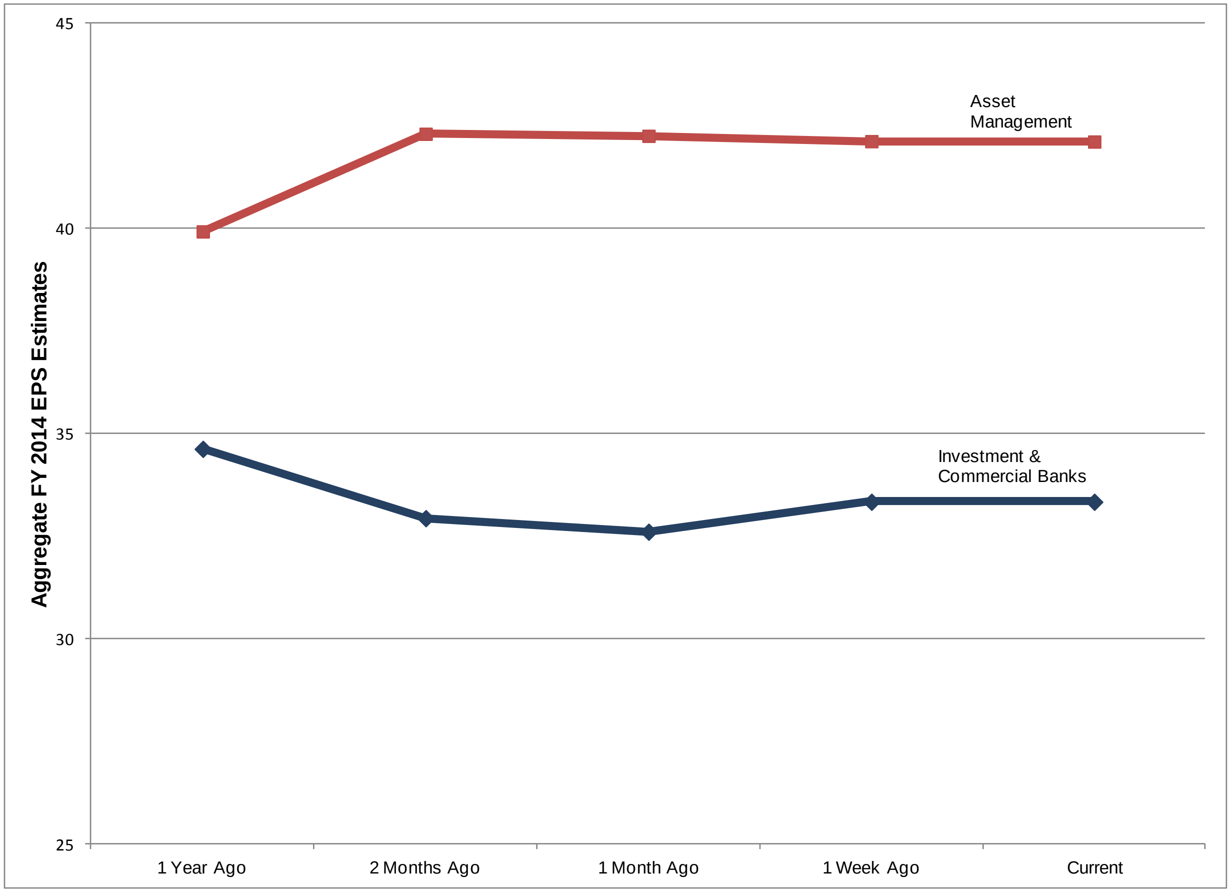
Compensation & Benefits as % of Pre-Tax Pre-Comp Net Income



Analyst Estimated EPS Trend

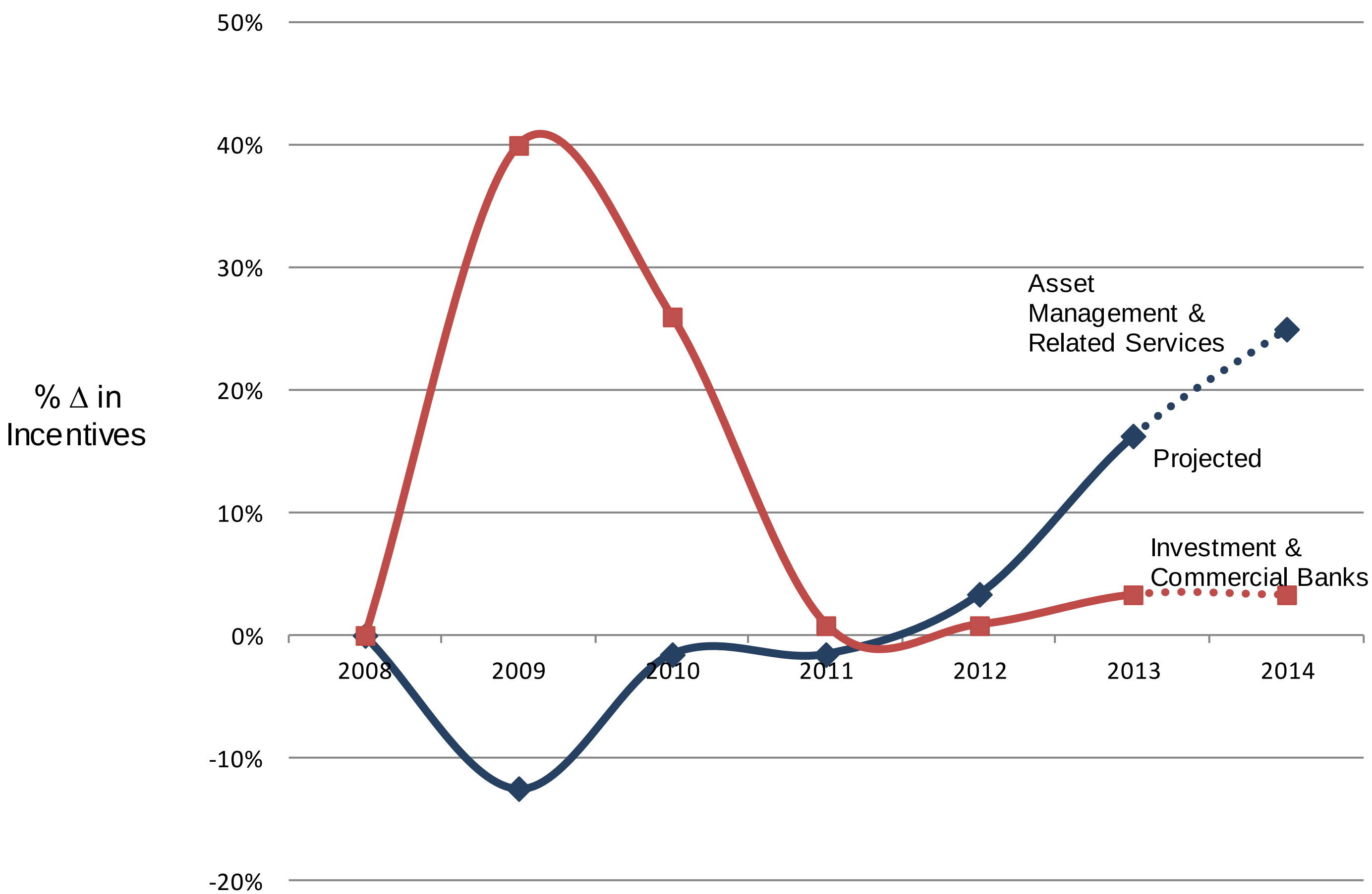
- With ten months into the fiscal year, analyst estimates reflect a stable positive asset management outlook and a somewhat disappointing investment and commercial banking outlook
- Chart reflects a sample of 6 investment and commercial banks and 10 asset management and related services firms

2014 EPS Estimate Trend

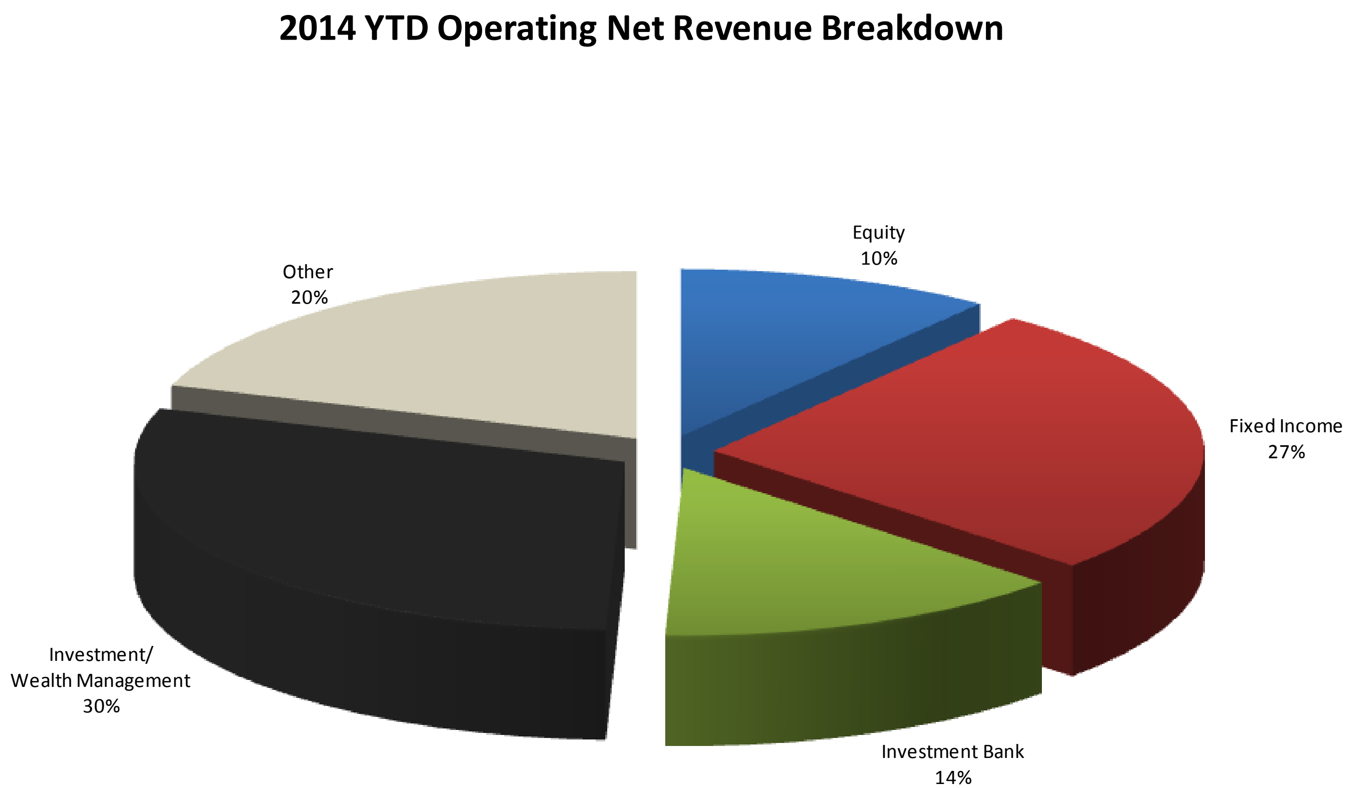


Incentive Trend and Ramifications

- Incentives generally expected to continue on a flat or moderately positive trajectory across financial services
- Asset management pay continues to increase while investment and commercial banks have another difficult year



Year-to-Date Investment Bank Net Revenue Breakdown



**Data represents median of sample set*
Other may include treasury and security services, lending, credit, etc.