JOHNSON ASSOCIATES
FINANCIAL SERVICES COMPENSATION
Third Quarter Trends and Year-End Projections 11/7/16

After the third quarter, Johnson Associates broadly projects lower incentive compensation across financial services. Incentive compensation for asset management is expected to decrease modestly for the second year. Major investment & commercial banking firms down across most businesses. Mix of business, market activity, interest rates, and ongoing uncertainty in world markets are key 2016 incentive drivers.

Traditional Asset Management:
Industry faces headwinds

- Incentives down modestly for the second year
- Business fundamentals strained (fee pressure, modest returns, increased costs, and uneven asset flows)
- Mixed net flows, generally with fixed income inflows offset by equities outflows
- Market appreciation bolsters AUM and impacts perceptions; managing expectations key
- Expect cost cutting and headcount constraints to continue, as challenges less cyclical

Alternatives:
Hedge Funds Continue Negative Trend

- Hedge fund incentives expected to decline for third year on lackluster performance
- Private equity incentives flat with mediocre returns and fewer investment opportunities created by higher market valuations
- Alternatives continue to be the beneficiary of investors seeking returns, but go-forward results challenged by increasing dry powder and competition for lucrative deals

Investment and Commercial Banking:
Projected broadly negative across businesses

- Variation by company reflects prior year results and business mix
- Investment banking incentives down, most significantly in equity underwriting
- Trading incentives decline despite modest improvements to market conditions, as reduced activity weighs on results
- Retail and commercial banking up slightly on modest deposits and loan growth
- Focus on cost cutting and right-sizing with strategy shifts (technology efficiencies, conservative hiring, moving headcount to lower cost locations, and exiting subscale/underperforming ancillary businesses)

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Projected 2016 Incentive Funding

- *Headcount-adjusted basis*

Traditional Asset Management & Alternatives

Business/Area	% Change from 2015
Asset Management (Independent and Captive) *Modestly lower average AUM on mixed flows, partially offset by market appreciation. Fixed income funds outperforming equities*	-5% to -10%
Hedge Funds (Independent and Captive) *Uneven flows and modest returns*	-5% to -15%*
Private Equity *Mixed business results with solid asset flows but mediocre returns and challenging environment for new investments*	0%*
High Net Worth *Assets generally more stable*	-5%

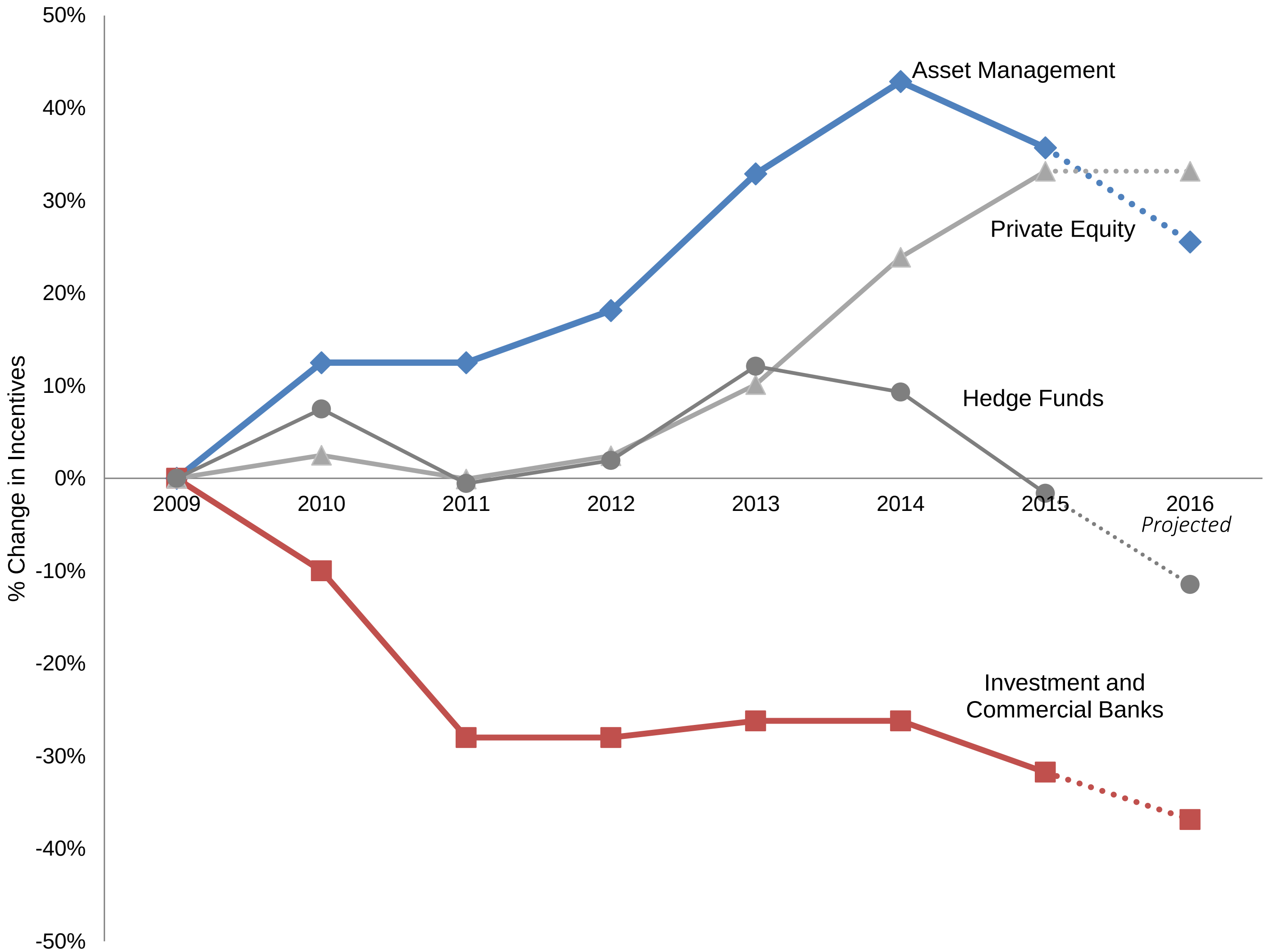
*Applies to incentive and equity, excluding carry

Investment & Commercial Banking

Business/Area		% Change from 2015
Firm Management/Staff Positions *Generally moves in line with entire firm, but increasingly conservative bias due to focus on cost control*		-5% to -10%+
Investment Banking *Industry-wide completed activity lower. Equity underwriting down significantly; advisory and debt underwriting down moderately*	Advisory Underwriting	-5% to -10% -10% to -20%+
Sales & Trading *Lower levels of client activity and difficult market environment across most businesses continues, but improving fixed income results relative to poor past quarters*	Equities Fixed Income	-5% to -15% -10% to 0%
Retail & Commercial Banking *Modest deposit and loan growth*		0% to +5%

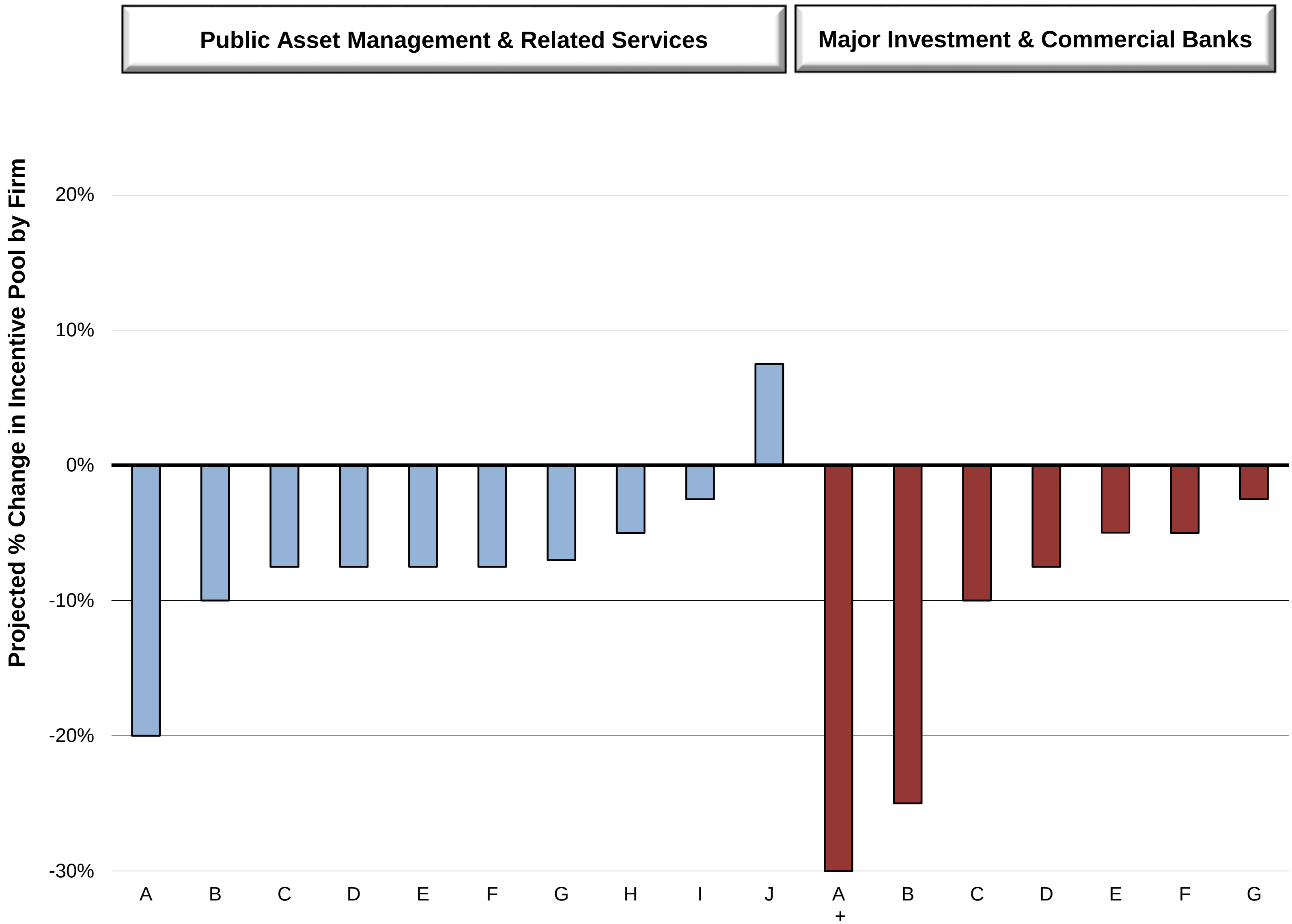
Incentive Trend

- Incentives generally expected to decline moderately across financial services



JOHNSON ASSOCIATES, INC.

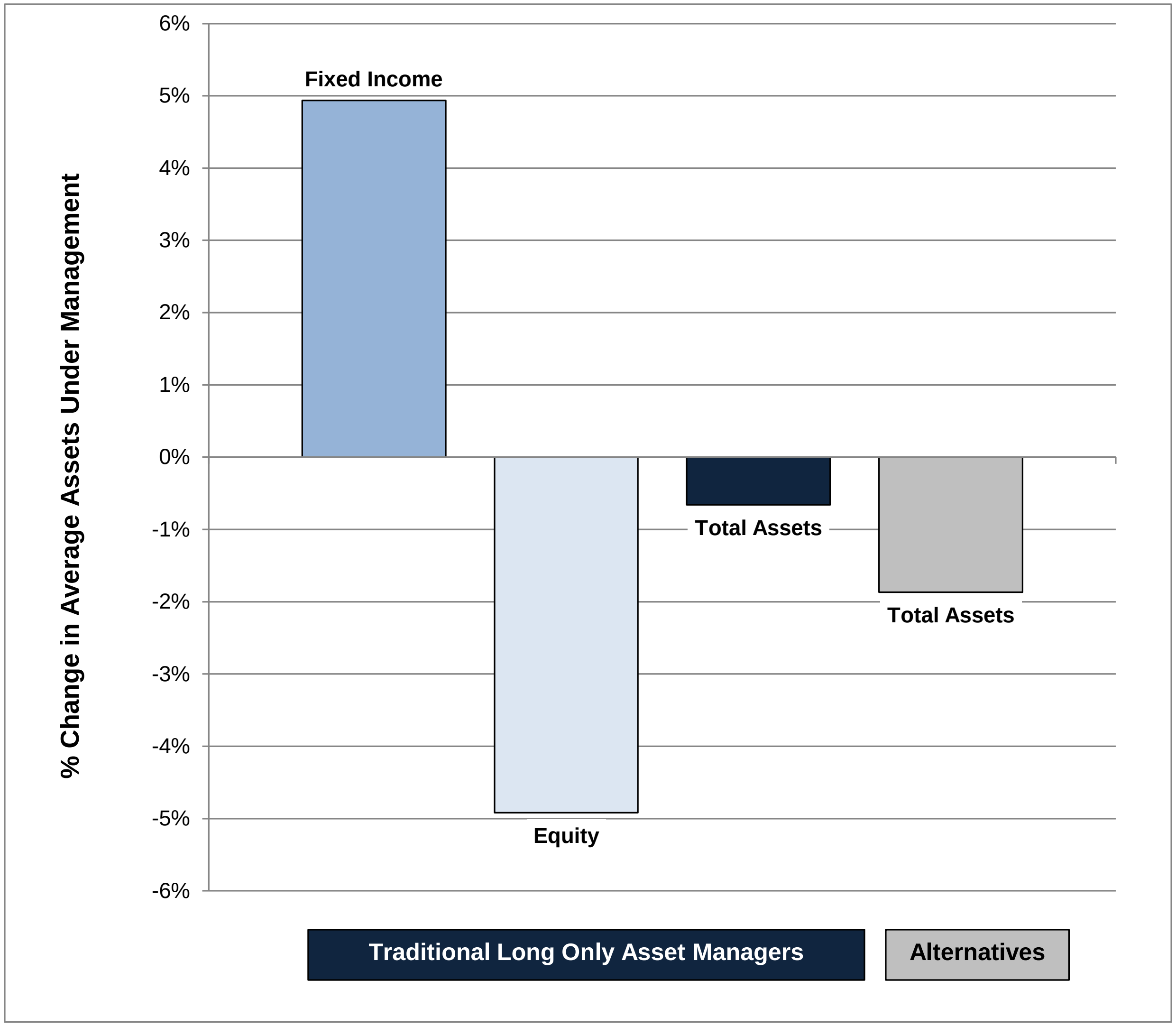
Projected % Change in Year-End Incentive Pool by Firm*



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

Percent Change in Assets Under Management

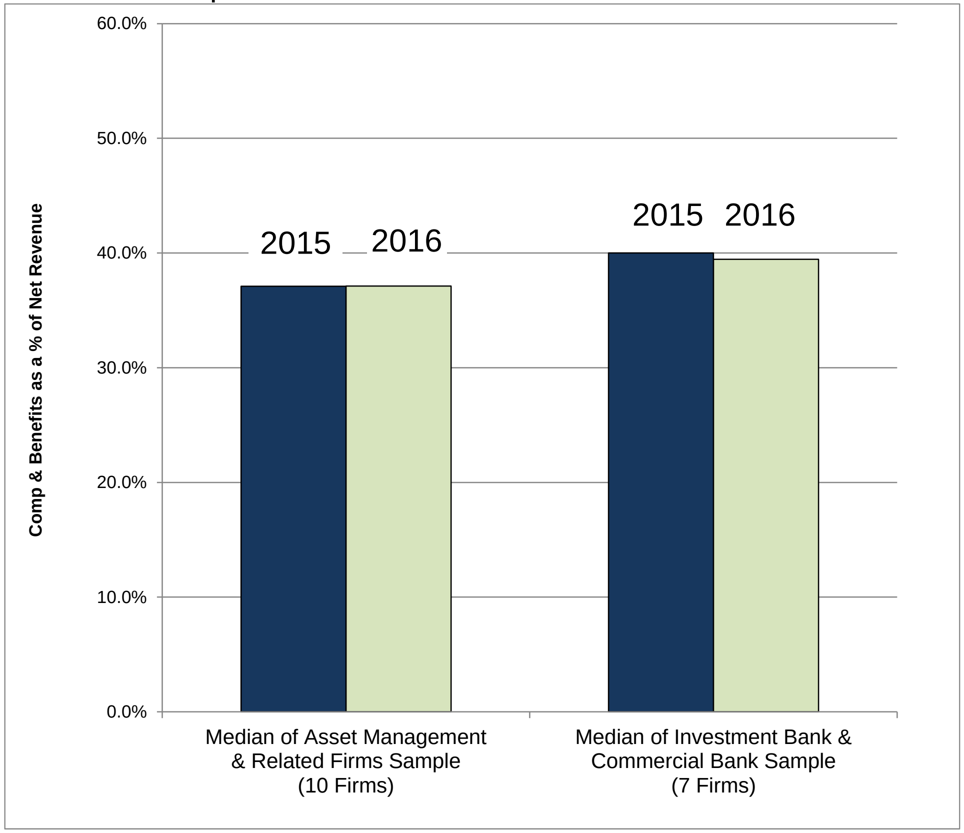
- Data represents median percentage change in average assets under management for nine months 2016 compared to average full year 2015**,** for traditional long only (6 select firms) and alternatives (7 select firms)



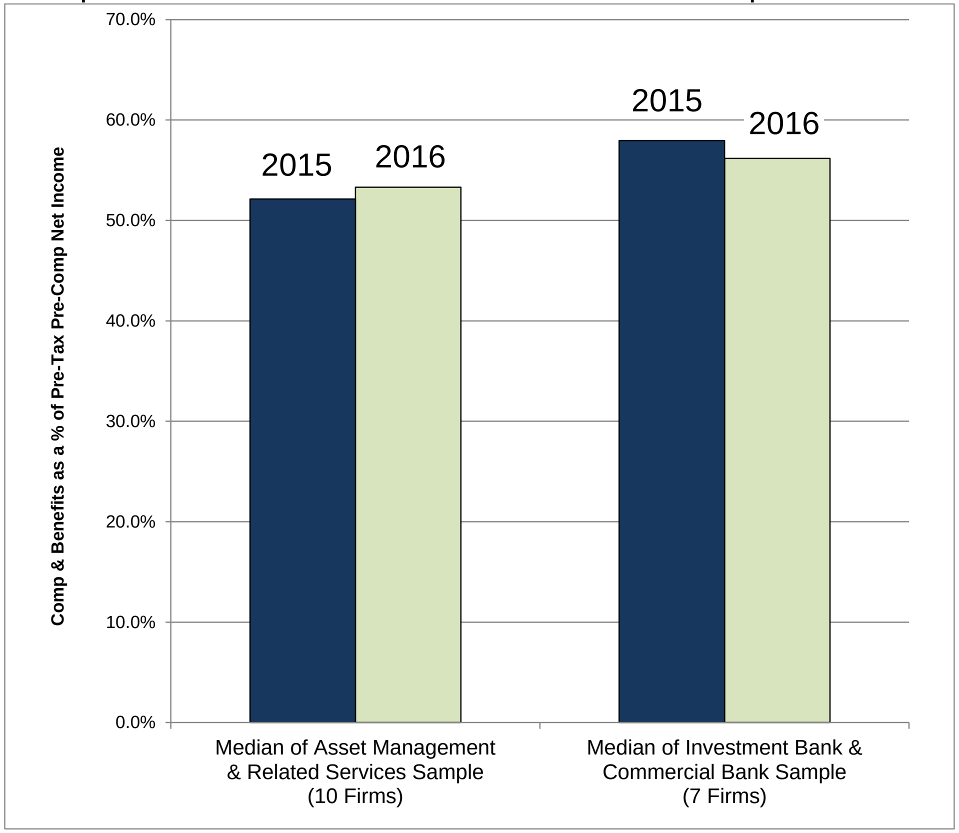
Year-to-Date Compensation & Benefits Ratios

- 9M 2015 v. 9M 2016 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 stabilizing and moderately improved outlook across financial services
- Chart reflects a sample of 6 investment and commercial banks and 10 asset management and related services firms

2016 EPS Estimate Trend