

For Immediate Release

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WALL STREET YEAR-END INCENTIVE AWARDS ARE EXPECTED TO INCREASE BROADLY, JOHNSON ASSOCIATES ANALYSIS FINDS

Closely-watched study shows largest increases projected for investment banking underwriting and private equity professionals

NEW YORK, November 13, 2017 — Year-end incentive payments on Wall Street are expected to increase broadly across most financial services industry sectors, marking the first significant jump in incentive payments since 2013, according to an annual analysis released today by Johnson Associates, Inc., a New York-based compensation consulting firm. The closely-watched industry study notes payments will be up across the board with investment banking underwriting and private equity professionals expected to see the largest increases. Equities and fixed income traders are projected to receive moderately smaller bonuses compared with last year. With markets continuing to reach new highs, asset management professionals are also expected to receive healthy year-over-year increases.

The Johnson Associates third quarter compensation analysis shows overall year-end incentives, which include cash bonuses and equity awards, will be 5 to 10% higher across the board compared to last year. Year-end payments declined or were flat in each of the past three years.

“Barring a significant reversal of results in the fourth quarter, 2017 will shape up to be a positive year for most Wall Street professionals,” said Alan Johnson, managing director of Johnson Associates and one of the nation’s foremost authorities on Wall Street compensation. “Several factors including a strong stock market and a favorable political and regulatory environment are contributing to one of Wall Street’s healthiest years recently. As a result, incentives will be up noticeably, especially in asset management and investment banking.”

The largest increases – 15 to 20% or more – are projected for investment banking underwriting professionals followed by private equities professionals, in line to receive 10 to 15% larger bonuses compared with last year. The only professionals who may see a decline in bonuses are fixed income traders (flat to 5% decline) and equities traders (5% to 10% decline). Incentive payouts for the rest of the industry are expected to increase around 5 to 10% over last year.

Business Area	Percent Change from 2017
Investment Banking (Underwriting)	15% to 20%+
Private Equity	10% to 15%
Asset Management (Independent & Captive)	5% to 10%
High Net Worth	5% to 10%
Firm Management/	5% to 10%

Staff Positions	
Commercial/Retail Banking	5% to 10%
Investment Banking (Advisory)	5% to 10%
Hedge Funds	≅5%
Sales & Trading (Equities)	0% to Minus 5%
Sales & Trading (Fixed Income)	Minus 5% to Minus 10%

Johnson Associates regularly monitors compensation trends among a wide range of commercial and investment banks, asset management firms, and other financial services companies. Its quarterly compensation analysis is based on the firm's ongoing monitoring of the financial services industry, numerous proprietary data points, and public data from seven of the nation's largest investment and commercial banks and nine of the largest asset management firms.

Outlook for 2018

"All things considered, we expect 2018 to be a more uneven year than 2017, but believe pay will generally increase again. Many of the investment and commercial banks are benefiting from ongoing restructuring that began after the financial crisis, along with a more favorable interest rate and regulatory environment. Those firms in the financial services industry that continue to carefully manage expenses while also investing in technology based strategies and efficiencies, should be well positioned for 2018. That said, the momentum from 2017 may be difficult to replicate in 2018, especially within select sectors like asset management, where fee and product pressures remain," said Johnson.

ABOUT JOHNSON ASSOCIATES

Johnson Associates is a boutique compensation consulting firm specializing in the design of annual and long-term incentive plans and establishing appropriate market pay levels. The firm is well-known for providing candid advice and for its expertise and in-depth knowledge of the financial services industry, including major investment and commercial banks, asset management firms, hedge funds and other alternative investments, insurance companies, and brokerages. For more information, visit www.jaiconsulting.com