

Executive Summary

The **2009 Risk Talent Associates Professional Compensation Survey – Capital Markets** reveals that risk professionals in the capital markets saw their average bonus decrease by 20%, and average total compensation decrease by 12% in 2008 over 2007, reflecting the impact of the credit crisis, and early parts of the recession and financial crisis. Last year's survey demonstrated a healthy 8% compound annual growth rate between 2003 and 2007. This year's data depresses that number to a 1% CAGR between 2003 and 2008, essentially reducing gains in total compensation back to 2003-2004 levels.

Figure 1: Average Total Compensation, Salary and Bonus (Cash and Non-Cash) 2003-2008

Overall Average	2003 ⁽¹⁾	2004 ⁽¹⁾	2005 ⁽²⁾	2006 ⁽³⁾	2007 ⁽⁴⁾	2008 ⁽⁴⁾	CAGR 03-08
Total Compensation	\$ 340,000	\$ 374,000	\$ 383,000	\$ 426,000	\$ 406,000	\$ 357,000	1%
Salary	\$ 153,000	\$ 166,000	\$ 170,000	\$ 175,000	\$ 173,000	\$ 172,000	2%
Bonus- Cash	\$ 100,000	\$ 117,000	\$ 117,000	\$ 135,000	\$ 138,000	\$ 108,000	2%
Bonus- Non Cash	\$ 87,000	\$ 91,000	\$ 100,000	\$ 116,000	\$ 95,000	\$ 77,000	-2%

Source: (1) 2004 Risk Talent Associates Salary Survey (published in January 2005), (2) 2007 Risk Talent Associates Salary Survey, (3) 2008 Risk Talent Associates Salary Survey, (4) 2009 Risk Talent Associates Salary Survey. All figures in US Dollars rounded to nearest thousand.

The 2009 survey shows that average salaries decreased by only 1%, in stark contrast to deeper reductions in cash and non-cash bonuses as firms operating in the capital markets could not pay their employees bonuses typical of the industry historically. For 2008, 21% of respondents reported not receiving any bonus, compared to only 7% in 2007.

Risk professionals hardest hit by compensation reductions are those with the most years of experience and senior titles. Bonuses dropped by 21% for the most senior professionals (over 16 years of experience), compared to declines of 19% for those with 7-15 years of experience and 7% for those with 6 or less years of experience. Total compensation for Chief Risk Officers, which routinely topped \$1 million in previous surveys fell to \$764,000.

Despite these dramatic changes in compensation, the number of respondents who reported changing jobs in the last two years (16%), or expecting to change jobs in the next two years (32%), both remain the same as last year's survey. An additional 42% say they may change jobs in the next two years, indicating 74% of risk professionals in the capital markets will consider new job opportunities in the near future. When filling new risk management roles, 83% leverage internal recruiting, corporate staffing or human resources, down from 93% in last year's survey reflecting reduced resources in the downturn. The use of other sources for recruiting reflect little change from last year: 63% leverage retained search firms, 46% use contingency recruiting firms and 52% utilize job boards.

Over 300 risk professionals representing the capital markets participated in this year's Risk Talent Associates salary survey, including commercial banks (42%), investment banks (36%), foreign-owned banks (8%), government sponsored entities (6%), credit card (3%), mortgage brokers and lenders (3%) and foreign exchange (2%). Risk Talent Associates, an executive search firm focused on risk management, will publish additional survey updates in 2009 including asset management, compliance and other risk fields (software, consulting, energy and corporate). All surveys analyze compensation trends by years of experience and title, industry segment, risk focus, geography and size of company.

Survey Analysis

Compensation Losses Highest for Most Experienced Risk Managers

Increases in total compensation were stagnant for risk managers with 0-6 years of experience, versus a decline of 12% for those with 7-15 years and 16 or more years of experience. The drop in total compensation for the most experienced risk managers was driven by dramatic reductions in the non-cash bonus category.

Figure 2: Average Total Compensation, Salary and Bonus by Years of Experience (in USD)

	% of Total	Total Comp		Salary		Bonus-Cash		Bonus- Non-Cash	
		2007	2008	2007	2008	2007	2008	2007	2008
0-6 years	11%	\$ 221,000	\$ 221,000	\$ 128,000	\$ 134,000	\$ 55,000	\$ 45,000	\$ 38,000	\$ 42,000
7-15 years	51%	\$ 385,000	\$ 339,000	\$ 162,000	\$ 159,000	\$ 128,000	\$ 98,000	\$ 95,000	\$ 82,000
16+ years	38%	\$ 476,000	\$ 418,000	\$ 200,000	\$ 200,000	\$ 176,000	\$ 145,000	\$ 100,000	\$ 73,000

Source: Risk Talent Associates Salary Survey 2009. All figures in US Dollars and rounded to nearest thousand.

Total compensation demonstrated negative growth for the majority of titles, driven by drops in cash and non-cash bonuses across the board. Salaries are flat or slightly positive for all titles except the most senior, Managing Director and Chief Risk Officer, which both show negative growth. In past surveys, total compensation for Managing Director have exceeded \$800,000 and total compensation for Chief Risk Officers have topped \$1 million. This year's survey puts total compensation for both of these titles in the \$700,000 range. While bonuses as a percentage of compensation used to top 70%, they are now 69% and 65% respectively for these titles.

Figure 3: Average Total Compensation, Salary and Bonus by Title (USD)

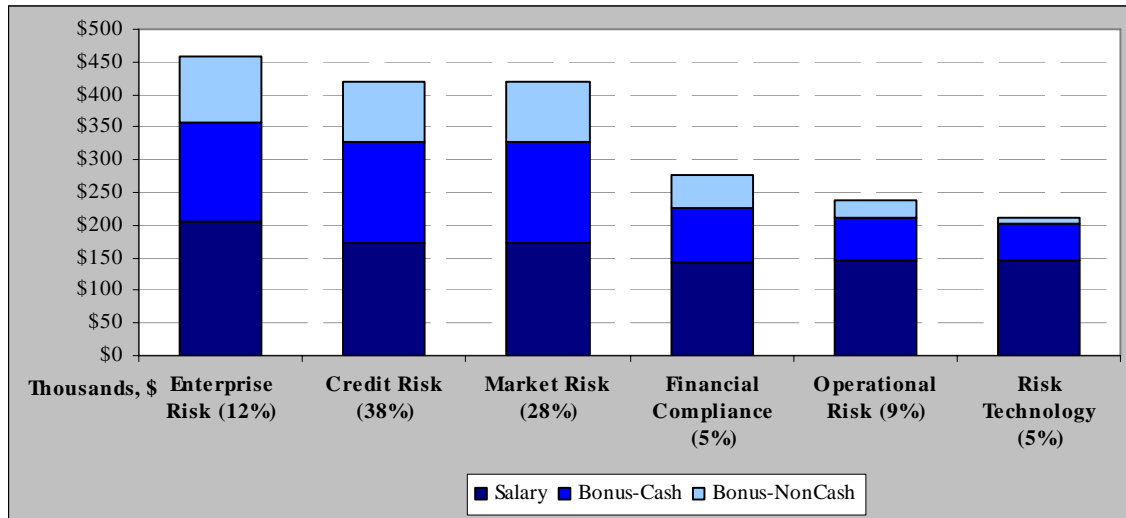
	% of Total	Total Comp		Salary		Bonus-Cash		Bonus- Non-Cash	
		2007	2008	2007	2008	2007	2008	2007	2008
Analyst/Associate	5%	\$ 143,000	\$ 135,000	\$ 100,000	\$ 102,000	\$ 21,000	\$ 18,000	\$ 22,000	\$ 15,000
Sr Assoc/Manager	8%	\$ 140,000	\$ 146,000	\$ 114,000	\$ 123,000	\$ 13,000	\$ 12,000	\$ 13,000	\$ 11,000
Vice President	23%	\$ 222,000	\$ 207,000	\$ 136,000	\$ 139,000	\$ 57,000	\$ 44,000	\$ 29,000	\$ 24,000
Director	22%	\$ 354,000	\$ 310,000	\$ 174,000	\$ 175,000	\$ 123,000	\$ 90,000	\$ 57,000	\$ 45,000
Senior VP	14%	\$ 385,000	\$ 356,000	\$ 190,000	\$ 194,000	\$ 123,000	\$ 107,000	\$ 72,000	\$ 55,000
Managing Director	11%	\$ 787,000	\$ 720,000	\$ 247,000	\$ 224,000	\$ 372,000	\$ 348,000	\$ 168,000	\$ 148,000
Chief Risk Officer	8%	\$ 892,000	\$ 764,000	\$ 272,000	\$ 266,000	\$ 347,000	\$ 240,000	\$ 273,000	\$ 258,000

Source: Risk Talent Associates Salary Survey 2009. All figures in US Dollars and rounded to nearest thousand.

Enterprise Risk Professionals Top Capital Markets Total Compensation

Enterprise risk professionals receive higher total compensation than those focused exclusively on market risk, credit risk, financial compliance, operational risk and risk technology, in that order. Despite reductions in bonuses, these differences are still driven by more substantial cash and non-cash bonuses for those in enterprise, credit and market risk.

Figure 4: 2008 Average Salary and Bonus by Risk Type (USD)

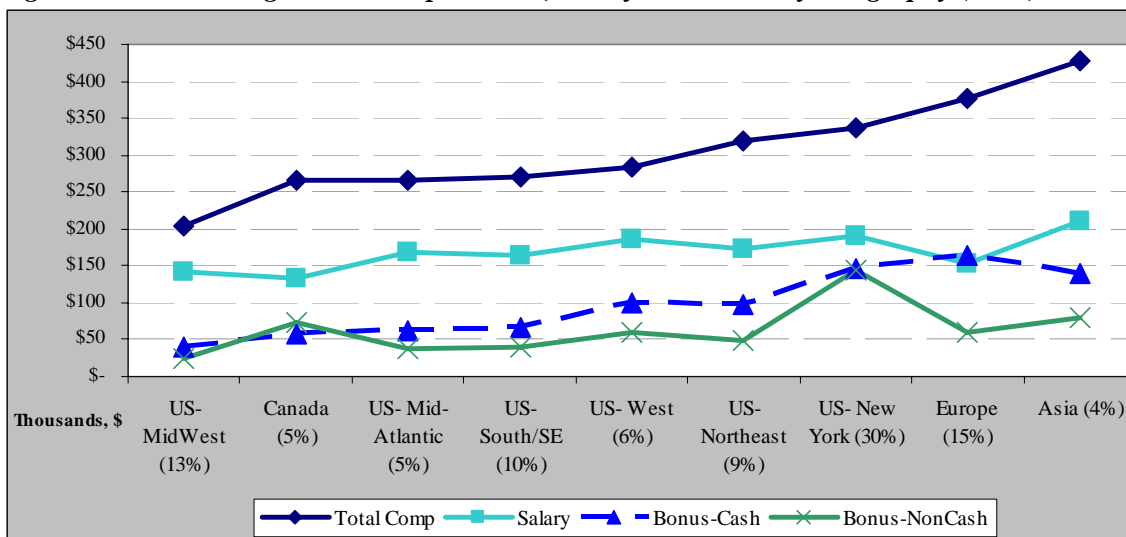


Source: Risk Talent Associates Salary Survey 2009. All figures in US Dollars and rounded to nearest thousand.

Professionals Based in New York, Asia and Europe Top Compensation

As in past surveys, risk managers based in New York, Asia and Europe command substantially greater total compensation than in other regions.

Figure 5: 2008 Average Total Compensation, Salary and Bonus by Geography (USD)



Source: Risk Talent Associates Salary Survey 2009. All figures in US Dollars and rounded to nearest thousand.

Survey Methodology

The **2009 Risk Talent Associates Professional Compensation Survey – Capital Markets** was conducted in the spring of 2009 using Survey Monkey survey software. Invitations to participate in the survey were sent to risk professionals in the Risk Talent Associates corporate database.

The survey collected information on 2007 and 2008 salary, cash and non-cash compensation (such as stock, options, and other non-cash compensation). Survey respondents identified their capital markets segment, years of experience, title, type of risk focus, and geographic location.

Risk Talent Associates, an executive search firm focused on risk management, is conducting its fifth annual series of risk compensation surveys in 2009 across four market segments: capital markets, asset management, compliance and other fields (software, consulting, energy and corporate).

About Risk Talent Associates

Risk Talent Associates (www.risktalent.com) is the leading international executive search firm focused exclusively on positions in the fields of market, credit and operational risk, as well as financial compliance and risk technology. Risk Talent's expertise, industry knowledge, proprietary network and dedicated focus shorten the recruiting process to deliver senior and mid-level risk managers in the capital markets, asset management, energy, consulting and software industries. Risk Talent has offices in New York, Chicago, Hong Kong and London.

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