

**1. Executive Summary**

The **2005 Risk Talent Associates Professional Compensation Survey – Compliance** demonstrates average growth of 6.6% in total compensation and 5.2% in salaries in 2005 over the previous year for financial compliance professionals. Over 200 professionals participated in the survey with the majority from investment banking (17%), consulting (17%), asset management (13%), brokerage (12%) and software (11%). Other industries represented are commercial banking (8%), corporate (6%), energy (5%), federally chartered financial institutions (4%), insurance (4%) and financial exchanges (3%). Risk Talent Associates expects increased demand for compliance professionals as hedge funds begin to recruit top talent and capital markets firms continue to improve their regulatory efforts. Across all industry segments, risk management and financial compliance have converged as firms better understand the risk of non-compliance.

In the survey, differences in average total compensation and salary vary according to both years of experience and title. The highest increases in average total compensation are awarded to those with 7 to 15 years of experience at 8% and the most senior titles (including managing directors and partners) at 13 to 17%.

**Figure 1: Average Total Compensation, Salary and Bonus by Years of Experience (US Dollars)**

	Total Comp		Salary		Bonus-Cash		Bonus- Non-Cash	
	2004	2005	2004	2005	2004	2005	2004	2005
0-6 years (21%)	\$ 142,000	\$ 154,000	\$ 115,000	\$ 122,000	\$ 18,000	\$ 22,000	\$ 9,000	\$ 10,000
7-15 years (44%)	\$ 275,000	\$ 301,000	\$ 154,000	\$ 168,000	\$ 63,000	\$ 71,000	\$ 58,000	\$ 62,000
16+ years (35%)	\$ 364,000	\$ 387,000	\$ 197,000	\$ 203,000	\$ 96,000	\$ 112,000	\$ 71,000	\$ 72,000

Source: Risk Talent Associates Salary Survey 2005. All figures in US Dollars and rounded to nearest thousand.  
Note: Percentage of overall respondents reported in brackets “(%)”

**Figure 2: Average Total Compensation, Salary and Bonus by Title (US Dollars)**

	Total Comp		Salary		Bonus-Cash		Bonus- Non-Cash	
	2004	2005	2004	2005	2004	2005	2004	2005
Associate/Analyst (9%)	\$ 113,000	\$ 121,000	\$ 88,000	\$ 93,000	\$ 16,000	\$ 16,000	\$ 9,000	\$ 12,000
Manager/Consultant (19%)	\$ 146,000	\$ 153,000	\$ 114,000	\$ 120,000	\$ 22,000	\$ 22,000	\$ 10,000	\$ 11,000
VP/Director (34%)	\$ 197,000	\$ 216,000	\$ 132,000	\$ 138,000	\$ 38,000	\$ 44,000	\$ 27,000	\$ 34,000
Chief Compliance Officer (12%)	\$ 331,000	\$ 347,000	\$ 180,000	\$ 186,000	\$ 107,000	\$ 110,000	\$ 44,000	\$ 51,000
SVP/Principal (11%)	\$ 382,000	\$ 427,000	\$ 210,000	\$ 223,000	\$ 114,000	\$ 116,000	\$ 58,000	\$ 88,000
Chief Risk Officer (6%)	\$ 536,000	\$ 590,000	\$ 228,000	\$ 250,000	\$ 178,000	\$ 195,000	\$ 130,000	\$ 145,000
Partner/President (5%)	\$ 571,000	\$ 636,000	\$ 347,000	\$ 388,000	\$ 74,000	\$ 98,000	\$ 150,000	\$ 150,000
Managing Director (4%)	\$ 597,000	\$ 698,000	\$ 272,000	\$ 290,000	\$ 204,000	\$ 283,000	\$ 121,000	\$ 125,000

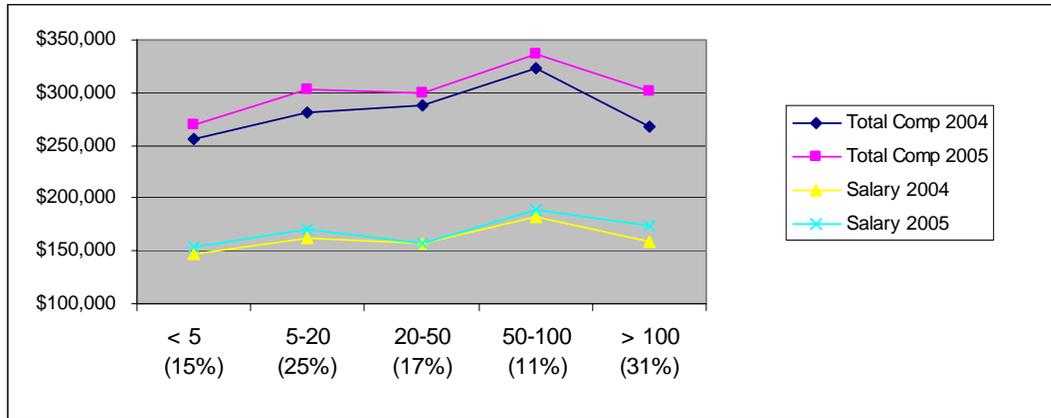
Source: Risk Talent Associates Salary Survey 2005. All figures in US Dollars and rounded to nearest thousand.  
Note: Percentage of overall respondents reported in brackets “(%)”  
Abbreviations: Vice President (VP) and Senior Vice President (SVP).

Average bonus as a percentage of total compensation is highest for chief risk officers and managing directors at 58% as compared to chief compliance officers (46%), senior vice presidents and principals (48%) and partners/presidents (39%). Across industry segments, average bonus as a percentage of total compensation is highest in asset management, commercial banking and investment banking at 51% as compared to 20-50% in other industries analyzed in the survey.

**2. Survey Reflects Highest Compensation at Medium-Sized Companies**

Average salaries and total compensation were highest for risk professionals at medium-sized companies (defined by 50-100 risk managers).

**Figure 3: Average Total Compensation, Salary and Bonus by Size of Company (US Dollars)**

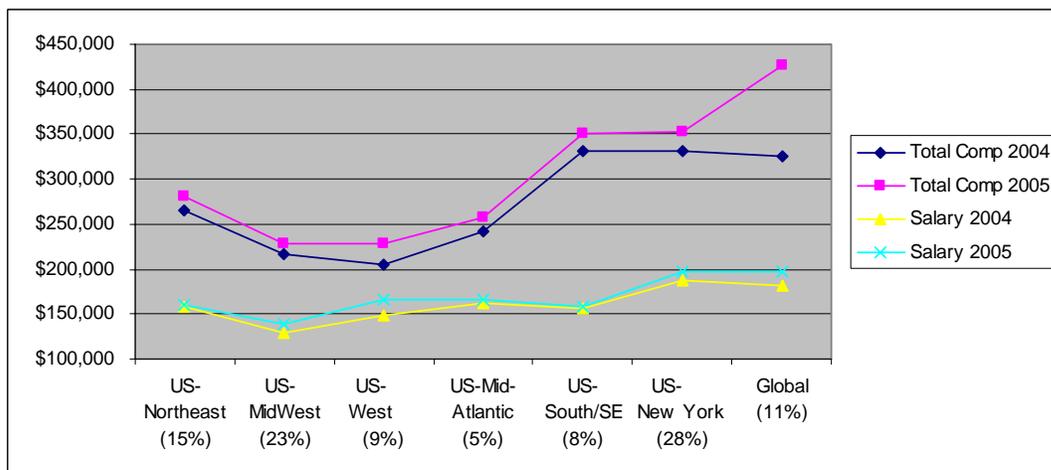


Source: Risk Talent Associates Salary Survey 2005. All figures in US Dollars.  
 Note: Percentage of overall respondents reported in brackets "(%)"

**3. Total Compensation Higher for New York and Global Locations**

Consistent with other surveys conducted by Risk Talent Associates in 2005, average total compensation is highest in New York and global locations.

**Figure 4: Average Total Compensation, Salary and Bonus by Geography (US Dollars)**



Source: Risk Talent Associates Salary Survey 2005. All figures in US Dollars.  
 Notes: Percentage of overall respondents indicated by "%". Global includes Europe, Asia and Canada.

#### **4. Survey Methodology**

The **2005 Risk Talent Associates Professional Compensation Survey – Compliance** was conducted during 2005 using Survey Monkey Internet survey software. E-mail invitations to participate in the survey were sent to risk consulting professionals in the Risk Talent Associates corporate database. Responses were received from over 200 professionals.

The survey collected information on 2005 and 2004 salary, cash and non-cash compensation (such as stock, options, and other non-cash compensation) levels. Survey respondents were asked to identify their years of experience, title, type of risk focus (market, credit, operational, risk technology and financial compliance), geographic location, size of company (based on the number of risk professionals in their organization) and type of company.

Risk Talent Associates, an executive search firm focused on risk management, is conducting a series of risk compensation surveys in 2005 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](http://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 and London.

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