

**1. Executive Summary**

The **2006 Risk Talent Associates Professional Compensation Survey – Compliance** demonstrates average growth of 6.7% in total compensation and 4.0% in salaries in 2005 over the previous year for financial compliance professionals. Over 300 professionals participated in the survey including those from investment banking (18%), financial exchanges, government sponsored entities and federally chartered financial institutions (17%), commercial banking (12%), consulting (12%), asset management (11%), and brokerage (11%). The energy, corporate, and technology sectors each represent less than 8%. Risk Talent Associates predicts continued healthy demand for compliance professionals as firms in all sectors improve their regulatory efforts.

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 (10%) and the most senior titles, including chief risk officers (8%), managing directors (9%), and partners or presidents (13%). It is interesting to note that vice presidents of compliance are now earning total compensation packages in excess of \$185,000. We are seeing that key managers in the regulatory/compliance field can surpass their peers in finance and treasury in terms in compensation. The regulatory environment continues to challenge firms, and CEO's at firms with top global brands such as Citi, GE Money, Goldman Sachs and BP insist that their regulatory/compliance group includes the best professionals in the industry. Regulatory/compliance can be a significant reputational risk, or it can be a competitive advantage. Obviously, firms want to stay in front of this issue, and they are continuing to hire top talent, and pay top dollar.

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

	% Resp	Total Comp		Salary		Bonus-Cash		Bonus- Non-Cash	
		2004	2005	2004	2005	2004	2005	2004	2005
0-6 years	19%	\$ 135,000	\$ 148,000	\$ 110,000	\$ 115,000	\$ 18,000	\$ 24,000	\$ 7,000	\$ 9,000
7-15 years	43%	\$ 264,000	\$ 292,000	\$ 152,000	\$ 164,000	\$ 60,000	\$ 68,000	\$ 52,000	\$ 60,000
16+ years	38%	\$ 398,000	\$ 419,000	\$ 204,000	\$ 208,000	\$ 102,000	\$ 117,000	\$ 92,000	\$ 94,000

Source: Risk Talent Associates Salary Survey 2006. All figures in US Dollars and rounded to nearest thousand.  
Note: Percentage of overall respondents reported as "% Resp".

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

	% Resp	Total Comp		Salary		Bonus-Cash		Bonus- Non-Cash	
		2004	2005	2004	2005	2004	2005	2004	2005
Associate/Analyst	10%	\$ 103,000	\$ 108,000	\$ 86,000	\$ 88,000	\$ 17,000	\$ 20,000	\$ 6,000	\$ 12,000
Manager/Consultant	16%	\$ 138,000	\$ 145,000	\$ 114,000	\$ 120,000	\$ 24,000	\$ 25,000	\$ 9,000	\$ 10,000
Vice President	10%	\$ 174,000	\$ 185,000	\$ 137,000	\$ 139,000	\$ 37,000	\$ 46,000	\$ 41,000	\$ 52,000
Director	27%	\$ 180,000	\$ 193,000	\$ 140,000	\$ 146,000	\$ 40,000	\$ 47,000	\$ 31,000	\$ 37,000
CCO	9%	\$ 277,000	\$ 288,000	\$ 177,000	\$ 183,000	\$ 100,000	\$ 105,000	\$ 39,000	\$ 51,000
SVP/Principal	12%	\$ 305,000	\$ 323,000	\$ 205,000	\$ 216,000	\$ 100,000	\$ 107,000	\$ 63,000	\$ 48,000
CRO	9%	\$ 378,000	\$ 410,000	\$ 235,000	\$ 249,000	\$ 143,000	\$ 161,000	\$ 111,000	\$ 113,000
Partner/President	3%	\$ 421,000	\$ 486,000	\$ 347,000	\$ 388,000	\$ 74,000	\$ 98,000	\$ 150,000	\$ 150,000
Managing Director	5%	\$ 568,000	\$ 623,000	\$ 300,000	\$ 303,000	\$ 268,000	\$ 320,000	\$ 186,600	\$ 191,000

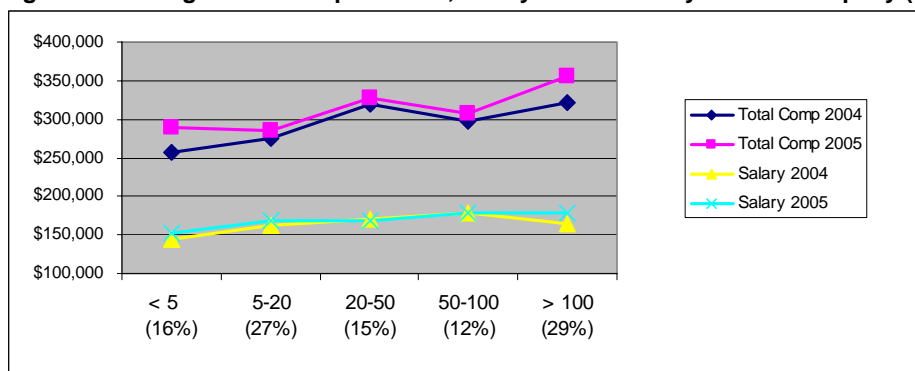
Source: Risk Talent Associates Salary Survey 2006. All figures in US Dollars and rounded to nearest thousand.  
Note: Percentage of overall respondents reported as "% Resp". Abbreviation for Senior Vice President (SVP), Chief Compliance Officer (CCO) and Chief Risk Officer (CRO).

Approximately 27% of survey respondents focused on financial compliance report changing jobs within the last two years, a figure that is within the 25-30% range for job movement reported in previous salary surveys in other risk sectors conducted by Risk Talent Associates. The most popular places for these job changers to land include investment banking (20%), asset management (15%), technology (14%) and consulting (14%). All of these sectors demonstrate strong compensation and growth trends.

**2. Survey Reflects Highest Compensation at Largest Companies**

Average salaries and total compensation gradually rise with company size, and are highest for risk professionals at the largest companies (defined by over 100 risk managers).

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

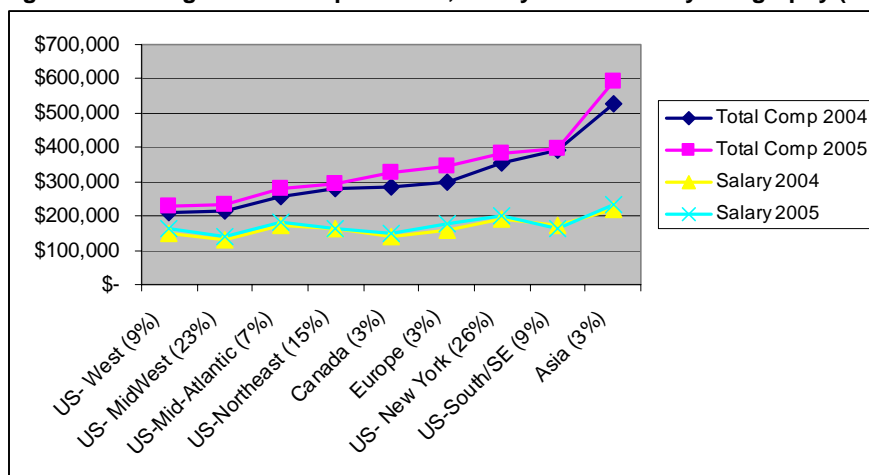


Source: Risk Talent Associates Salary Survey 2006. All figures in US Dollars.  
Note: Percentage of overall respondents reported in brackets "(%)"

**3. Total Compensation Higher for Asia, New York and US South/Southeast**

Asia tops the list as the geographic regions with the highest average total compensation and salaries, followed by the US South/Southeast, New York and Europe.

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



Source: Risk Talent Associates Salary Survey 2006. All figures in US Dollars.  
Note: Percentage of overall respondents reported in brackets "(%)"

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

The **2006 Risk Talent Associates Professional Compensation Survey – Compliance** was conducted during 2006 across multiple sectors in the risk industry using Survey Monkey Internet survey software. E-mail invitations were sent to risk consulting professionals in the Risk Talent Associates corporate database. The survey collected 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, and size (based on the number of risk professionals in their organization).

Other professional compensation surveys conducted by Risk Talent Associates in 2006 include capital markets, asset management, software, consulting, energy and corporate risk.

#### **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, Hong Kong and London.

For more information, contact:

Michael Woodrow  
President  
Risk Talent Associates  
212-253-2353  
[mwoodrow@risktalent.com](mailto:mwoodrow@risktalent.com)

For media inquires, contact:

Daniel Keppie  
Public Relations  
Risk Talent Associates  
613-323-3655  
[dkeppie@risktalent.com](mailto:dkeppie@risktalent.com)

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