

Executive Summary

The **2008 Risk Talent Associates Professional Compensation Survey – Capital Markets** reveals that total compensation for risk professionals in the capital markets continues to be very attractive, growing at a compound annual growth rate (CAGR) of 8% between 2003 and 2007. Growth rates in cash and non-cash bonuses (the value of stock, options and other non-cash compensation) are driving this growth at 11% and 9% respectively, versus a more modest 4% growth in salary during this time period. This survey reinforces trends presented in Risk Talent’s previous compensation surveys published in 2002, 2004, 2006 and 2007.

Figure 1: Average Total Compensation, Salary and Bonus (Cash and Non-Cash) 2003-2007

Overall Average	2003⁽¹⁾	2004⁽¹⁾	2005⁽²⁾	2006⁽³⁾	2007⁽³⁾	CAGR 03-07
Total Compensation	\$ 340,000	\$ 374,000	\$ 383,000	\$ 424,000	\$ 456,000	8%
Salary	\$ 153,000	\$ 166,000	\$ 170,000	\$ 175,000	\$ 180,000	4%
Bonus- Cash	\$ 100,000	\$ 117,000	\$ 117,000	\$ 135,000	\$ 153,000	11%
Bonus- Non Cash	\$ 87,000	\$ 91,000	\$ 100,000	\$ 116,000	\$ 124,000	9%

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. All figures in US Dollars rounded to nearest thousand.

The 2008 survey demonstrates overall growth of 7% in total compensation between 2006 and 2007, just less than the 9% growth rate reported between 2005 and 2006. Risk professionals with 0-6 years of experience gained the highest growth rate in total compensation at 10% versus 6% for those with 7-15 years and 16 or more years of experience. Increases in total compensation also vary across titles, with those at less senior titles (Analyst, Associate, Senior Associate and Manager) reporting the only double-digit gains in total compensation and the highest gains in a combination of cash and non-cash bonuses between 2006 and 2007.

While 16% of survey respondents report they have changed jobs in the last two years, 33% say they expect to change jobs in the next two years. An additional 43% say they may change jobs in the next two years, which indicates 76% of risk professionals in the capital markets will consider new job opportunities in the near future. When filling new risk management roles, the majority of respondents (93%) leverage internal recruiting, corporate staffing or human resources. Approximately 62% leverage retained search firms, 50% use contingency recruiting firms and 56% utilize job boards. Overall, 38% of survey participants predict that their risk group will grow during the next year, while 10% report that it may reduce in size, double the amount reported in last year’s survey.

Over 600 risk professionals participated in this survey from commercial and investment banks, foreign-owned banks, government sponsored entities (GSE’s), regulatory agencies and other firms operating in the capital markets. Risk Talent Associates, an executive search firm focused on risk management, will publish additional survey updates in 2008 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 Gains Highest for New Risk Managers

Increases in total compensation were highest for new risk managers, at 10% growth for those with 0-6 years of experience, versus 6% for 7-15 years and 16 or more years of experience.

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

	% of Total	Total Comp		Salary		Bonus-Cash		Bonus- Non-Cash	
		2006	2007	2006	2007	2006	2007	2006	2007
0-6 years	20%	\$ 204,000	\$ 232,000	\$ 120,000	\$ 134,000	\$ 52,000	\$ 60,000	\$ 32,000	\$ 38,000
7-15 years	48%	\$ 359,000	\$ 384,000	\$ 172,000	\$ 178,000	\$ 113,000	\$ 124,000	\$ 74,000	\$ 82,000
16+ years	32%	\$ 560,000	\$ 602,000	\$ 205,000	\$ 210,000	\$ 183,000	\$ 215,000	\$ 172,000	\$ 177,000

Source: Risk Talent Associates Salary Survey 2008. All figures in US Dollars and rounded to nearest thousand.

Increases in total compensation also vary across titles, but only risk professionals with less senior titles (Analyst, Associate, Senior Associate and Manager) report double-digit gains. More senior positions, including Managing Director and Chief Risk Officer, continue to earn bonuses worth 72% and 78% of total compensation respectively, pushing them well in excess of \$1 million for overall compensation. Directors and Senior Vice Presidents earn bonuses worth 47% and 48% of total compensation respectively, while the more junior level positions garner bonuses worth 28-30% of total compensation. While 85% of participants report bonuses in addition to their salary levels, 15% did not report or may have not received a bonus.

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

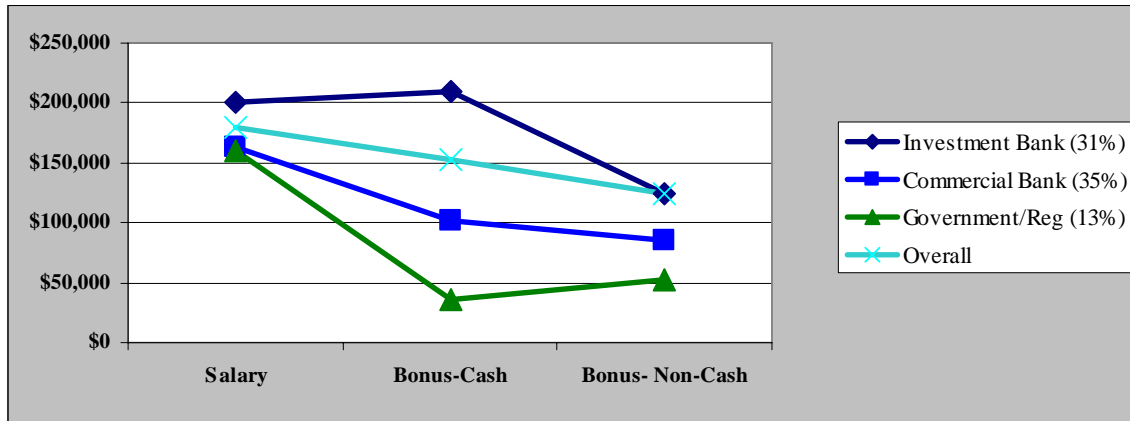
	% of Total	Total Comp		Salary		Bonus-Cash		Bonus- Non-Cash	
		2006	2007	2006	2007	2006	2007	2006	2007
Analyst/Associate	6%	\$ 133,000	\$ 150,000	\$102,000	\$108,000	\$ 23,000	\$ 27,000	\$ 8,000	\$ 15,000
Sr Assoc/Manager	13%	\$ 159,000	\$ 183,000	\$113,000	\$128,000	\$ 35,000	\$ 40,000	\$ 11,000	\$ 15,000
Vice President	27%	\$ 221,000	\$ 252,000	\$138,000	\$144,000	\$ 57,000	\$ 63,000	\$ 26,000	\$ 45,000
Director	14%	\$ 350,000	\$ 376,000	\$188,000	\$193,000	\$115,000	\$128,000	\$ 47,000	\$ 55,000
Senior VP	17%	\$ 371,000	\$ 390,000	\$198,000	\$200,000	\$ 98,000	\$110,000	\$ 75,000	\$ 80,000
Managing Director	7%	\$ 892,000	\$ 916,000	\$300,000	\$302,000	\$404,000	\$410,000	\$188,000	\$204,000
Chief Risk Officer	8%	\$ 1,113,000	\$ 1,216,000	\$246,000	\$264,000	\$395,000	\$500,000	\$472,000	\$452,000

Source: Risk Talent Associates Salary Survey 2008. All figures in US Dollars and rounded to nearest thousand.

Investment Bankers Receive Highest Total Compensation

Risk professionals from investment banks earn 14% more in total compensation than the overall average for capital markets. Professionals from investment banks, commercial banks and government/regulatory agencies make up the majority (78%) of survey participants. Other segments represented include lenders, broker-dealers and financial exchanges.

Figure 4: 2007 Average Salary and Bonus by Segment (USD)

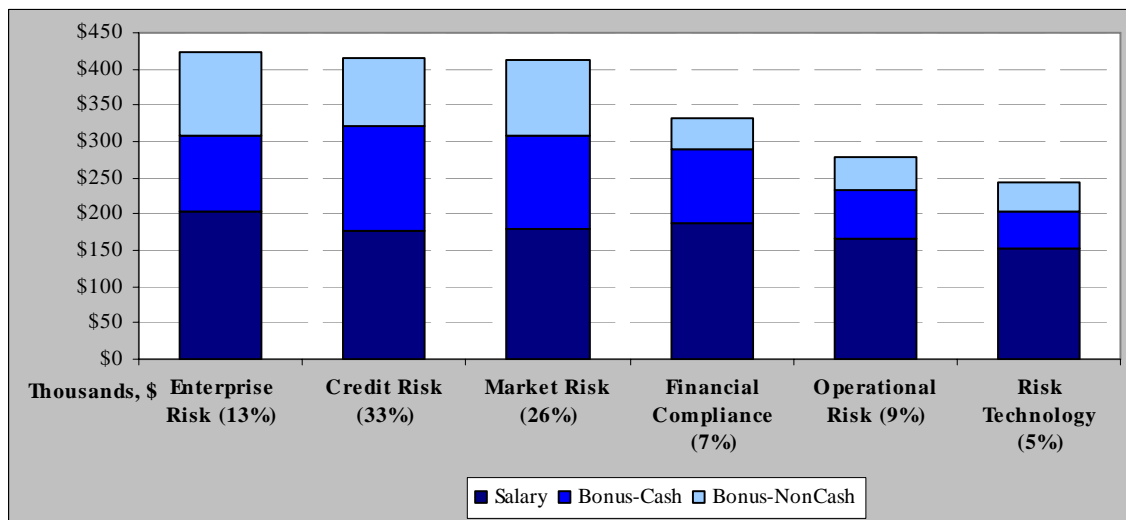


Source: Risk Talent Associates Salary Survey 2008. All figures in US Dollars and rounded to nearest thousand.

Enterprise Risk Professionals Top Capital Markets Total Compensation

Enterprise risk professionals receive higher total compensation than those focused exclusively on credit risk, market risk, financial compliance, operational risk and risk technology, in that order. These differences are driven by more substantial cash and non-cash bonuses for those in enterprise, credit and market risk. Credit risk and market risk professionals report almost equivalent compensation in this survey, whereas in the past market risk has exceeded credit risk compensation.

Figure 5: 2007 Average Salary and Bonus by Risk Type (USD)



Source: Risk Talent Associates Salary Survey 2008. All figures in US Dollars and rounded to nearest thousand.

Company Size Does Not Drive Level of Compensation

In past surveys, respondents from the largest firms (organizations with 20 to 50, 50 to 100, and 100 or more risk professionals) demonstrated the highest total compensation packages over smaller firms (organizations with less than 20 risk professionals). However, this year's survey shows no discernable trends in compensation based on company size.

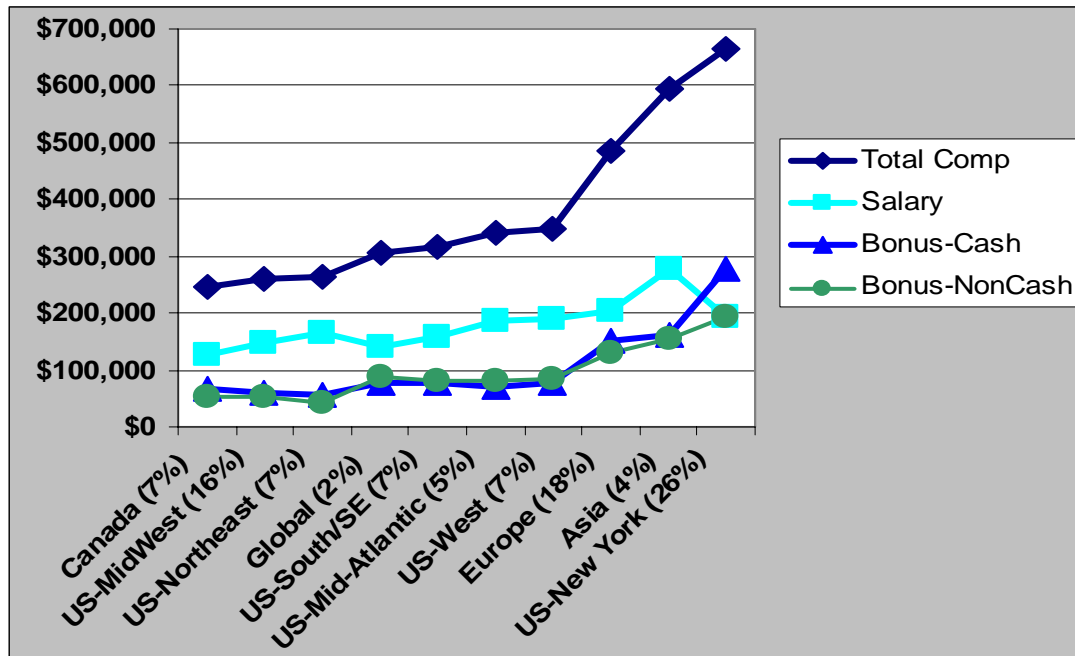
Professionals Based in New York, Asia and Europe Top Compensation

Risk managers based in New York, Asia and Europe command substantially greater total compensation than in other regions. The regions that report the lowest compensation in the survey are Canada, the US Midwest, and the US Northeast. The survey's global category includes data from international regions such as South America, Australia, South Africa and the Middle East.

This year's survey has a wider geographic distribution than previous surveys. For instance, only 26% of respondents come from New York, versus 42% in last year's survey. This year's survey includes a much higher number of international respondents, particularly from Europe.

Europe and Asia exhibit the only double-digit growth rates in total compensation between 2006 and 2007, however New York is not far behind at 9%. For professionals with 16 or more years of experience, total compensation for New York professionals is over \$1 million and double that of counterparts in Asia and Europe.

Figure 6: 2007 Average Total Compensation, Salary and Bonus by Geography (USD)



Source: Risk Talent Associates Salary Survey 2008. All figures in US Dollars and rounded to nearest thousand.

Survey Methodology

The **2008 Risk Talent Associates Professional Compensation Survey – Capital Markets** was conducted in March 2008 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 2006 and 2007 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, geographic location, and size of company (based on the number of risk professionals in their organization).

Risk Talent Associates, an executive search firm focused on risk management, is conducting its fourth annual series of risk compensation surveys in 2008 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.

For more information, contact:

Michael Woodrow
President
Risk Talent Associates
212-253-2353
mwoodrow@risktalent.com

Jennifer Bonadio
Director of Marketing
Risk Talent Associates
410-926-9989
jbonadio@risktalent.com

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