

Risk
Salary Survey 2009

ESD

01

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PSD



PSD: An Overview

PSD is an international recruitment services organisation. The Group is listed on the London Stock Exchange and operates internationally.

Recruiting at all management levels across support functions up to Board level, we deliver innovative recruitment solutions for the world's leading organisations.

Our strength lies in our dedicated approach to and expert knowledge of our specialist sectors and functional disciplines. Each specialist division of PSD is well established as a market leader within its specific field of recruitment.

Functional Disciplines

- Compliance
- Risk
- Audit
- Legal
- Pensions & Investment
- Finance
- Purchasing and Supply Chain
- Customer Contact
- Marketing & Sales
- Property/Facilities Management
- Human Resources
- IT & Technology
- Operations

Recruitment Services

Our reputation has been built upon our ability to deliver highly effective recruitment solutions to our client companies. Each recruitment consultant is fully trained in file search, advertised selection, executive search and contracting, ensuring that we are in the strongest position to recommend solutions which are appropriate to the individual needs of our clients.

The skills and experience of our consultants and the resources and capability of the Group enable us to handle a wide variety of recruitment requirements, from single key appointments to large scale recruitment projects, in both international corporations and small private businesses.

Global Vision

Our international experience allows us to handle assignments across the globe with particular focus upon Europe and Asia Pacific.

Our People

Standing out in the recruitment market is never easy, most consultancies tend to offer similar services. However, at PSD we have a key point of difference - the quality of our people.

It is the skills and knowledge of our consultants and support staff that provide clients and candidates with exceptional service. All staff successfully work within a values based organisation.

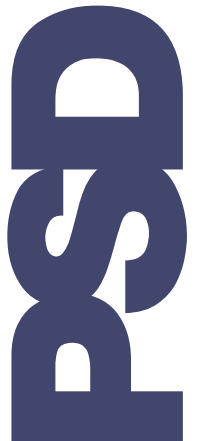
Commitment to Quality

PSD is committed to the training and development of our people and to the continuing improvement in the quality of our services. We continue to adhere to the Investors in People standard and ISO 9001:2000

FTSE4GOOD

PSD is a member of FTSE4Good and is listed as an All-Shared Index Constituent. Corporate Social Responsibility (CSR) Standards are becoming increasingly more prominent in a client's selection of a supplier.

The CSR standard incorporates company policies, management and reporting on environmental, social issues and stakeholder relations criteria. This includes areas such as diversity, equal opportunities, health and safety, training and development and employee relations.





Risk Overview

PSD in Risk

Since 2001 PSD has built the Risk practice across banking and financial services. We have achieved an excellent network of candidates and clients which has enabled us to successfully conduct executive search, contingency and interim assignments.

We recruit mid to senior risk professionals for a range of clients and take pride in assisting boutique outfits as well as large global organisations covering:

- Market Risk
- Credit Risk
- Operational Risk
- Quantitative Risk
- Investment Risk
- Performance Analysis.

Our Strengths

- Professional experienced Consultants.
- Strong market presence.
- Specialisation within the investment banking & asset/fund management risk market.
- In depth understanding of clients' needs.
- Agreed timescales for delivery.
- Over 50% of candidates referred.
- Up to 40% of positions handled through executive search.
- Repeat business on over 80% of our accounts.
- Contingency or retained basis.
- Handle permanent contract or interim assignments.

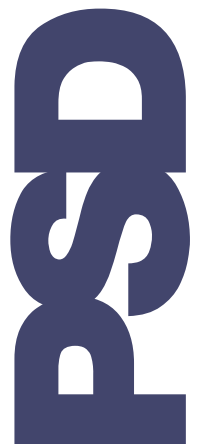
Preparation of the Survey

This survey is designed to give companies guidance when considering remuneration for their risk staff, and also to give employees an insight into their market value, based on their experience.

The information has been collated from a questionnaire sent out earlier this year to over 500 risk professionals within Investment Banks, Fund Managers, Trading Houses and Investment Management.

We would like to thank everyone who has contributed towards this survey by providing valuable information.

If you have a specific salary question please do contact us. We would be delighted to provide you with more detailed information relating to your sector and level.



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Industry Comment

Market Overview

The driving force in the market is up skilling and promoting a stronger risk culture. Risk professionals who have been well remunerated last year are experts commercially driven with the ability to innovate a risk structure specifically in current market conditions.

It comes as no surprise there is an average drop of packages in the industry specifically bonuses. We have however observed that 55% of our respondents are satisfied with their current basic salary and 36% with their bonuses. The segmentation of packages have significantly changed in the last 5 months with more emphasis on basic salaries. Therefore 45% of our respondents looking to move in 2009 expect a significant rise on their basic salary in order to change jobs, even if that means a drop in their total package eg bonuses.

What are the most rewarded risk jobs?

Market Risk and Credit Risk Directors especially in commodities have cashed in an average of 75% of basic salary in bonuses based on exceptional trading performances. A special mention for successful Hedge Funds who retained their best talents with good bonuses over 50%.

The most sought after professionals are leaders able to drive and motivate their teams in difficult times, combining market risk and credit risk experience leading to a more holistic view of the risk department. It is essential for risk teams to understand and mitigate an increasing risk in credit portfolio. Likewise, Liquidity Risk Managers liaising with finance and key management have been well remunerated and are in demand within risk consultancies.

There is a tangible return to basic risk principles and trading of vanilla products which is proving highly profitable for banks and financial services who have been acting in this space. This is enabling them to now attract the same calibre of candidates as top tier investment banks, which are no longer in a position to design the same level of packages.

However risk competencies are rewarded if there is a strong product knowledge differentiator. For instance Basel 2 specialists will find it hard to transfer their competencies to Solvency 2 in Insurance.

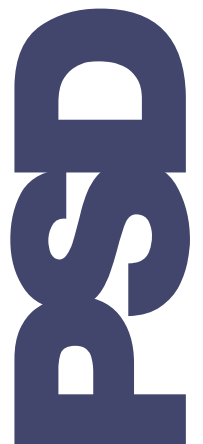
Good remuneration is always closely correlated with the Senior Managers own targets in risk. If a CEO remuneration is based on good risk management it will naturally translate into well paid risk managers and good incentive packages.

Market Risk

As in previous years these professions continue to be the highest paid in terms of basic salaries and bonuses. This is particularly the case for a Head of Risk with good quantitative background either with PhDs or actuarial training. However, we did observe a significant drop in bonuses at all levels.

Market Risk Reporting professionals are less in demand and thus bonuses have been poor. However pure Risk Quantitative Analysts with no interest in commercially driven functions are tempted to move back to research because of growing pressure on models in the industry.

A major trend this year will be to review models in structured products desks and this is a pocket of growth that will be addressed by consultancies. The Big 4 are more confident to offer competitive salaries to market risk professionals and strengthen their capabilities than in the past.





Industry Comment

Investment Risk

Q4 in 2008 has been increasingly challenging for buy side institutions resulting in no increase in salaries and poor bonuses.

Hedge Fund Risk Managers who developed a strong risk approach and imposed drastic risk changes will still be very well rewarded in 2009.

Good performers have remained stable in small teams triggering less fluidity in the market.

However, regulatory bodies will put an increasing pressure to recruit Heads of Risk Management in organisations without sophisticated risk tools, particularly Hedge Funds.

This will lead to Actuaries and Quantitative Risk Analysts being sought after for these roles in the fund management industry.

Credit Risk

Understanding your credit counterparties is key to success and therefore Credit Risk professionals are in high demand. Within Commodities they have been rewarded with good bonuses and overall Credit Risk Managers have good potential of remuneration in 2009.

NFI/FI Credit Risk Analysis are still in demand; a good example is the pressure put on rating agencies to deliver coherent analysis and challenge their internal rating models. The ability to challenge the business is the key to achieving strong risk culture and change management. Senior Credit Risk professionals are closely involved in day to day decisions and have clear authority based on an in-depth knowledge of the business.

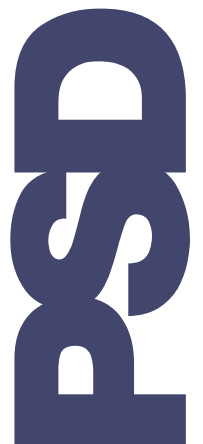
The most interesting trend is the merger of Credit Risk and Market Risk teams to develop more cohesive Risk structures within the organisation.

Operational Risk

Enhanced risk frameworks are either being introduced in growing businesses or strongly restructured in large Banks.

In Insurance, new Operational Risk teams are being built so there is a potential for Banking professionals to leverage their experience in this new sector.

There is however a significant drop of permanent recruitment in Operational Risk, due to restructuring processes being assigned to consultants rather than 'in-house' Operational Risk teams.



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Package and Benefits

The level of bonuses have been widely discussed in the media. In risk management across the board packages have been lower than previous years with significant discrepancies.

For instance, Commodities performed well, as predicted last year, but teams have had to share their profit/bonuses with the other sectors of Banks resulting in an average drop of bonuses. However Quantitative Analysts and Market Risk have achieved the 50% mark and very few teams have been rewarded with no bonuses.

It is interesting to underline that decline in bonuses have also been justified by ingenious lock out mechanisms (cash and shares locked for a given number of years) to retain good performers.

Candidates being headhunted are now expecting higher basic salaries to compensate for this decline and reviewing benefits more carefully.

In 2008 Investment Banking was clearly driving the most attractive packages especially in what was referred to as 'top tier' institutions. The fact that most of the financial hubs are hit at the same time limits the opportunities for these candidates to seek good packages abroad.

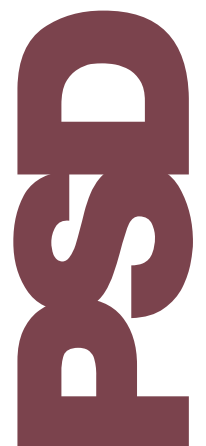
In 2009 candidates are more inclined to consider opportunities within smaller outfits, consultancies and corporate institutions in the UK.

Finally, although we are still facing uncertainties the role of the Risk professionals could not be more significant at this time and will initiate exciting projects in Banking and Financial Services.



Salaries & Bonuses

	Basic 2009 £000	Bonus 2009 %
Director Market Risk	110-150+	50-75
VP	85-110	40-45
AVP	65-85	20-40
Associate	45-65	15-20
Analyst	30-45	0-15
Director Credit Risk	100-150+	50-75
VP	80-100	30-50
AVP	70-80	15-25
Associate	45-70	10-15
Analyst	35-45	5-10
Director Operational Risk	110-150+	40-50
VP	80-110	30-40
AVP	60-80	20-30
Associate	55-60	15-20
Analyst	35-55	0-15
Director Quantitative Risk	110-150	25-65
VP	80-110	40-60
AVP	65-80	15-20
Associate	55-70	10-15
Analyst	35-55	0-5





Contact Details

We hope that this information has been of benefit to you. Should you require more detailed information or if there is a particular recruitment need with which we can help, please do not hesitate to contact us.

Your views are important to us and we would be pleased to receive your feedback on this survey.

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