

Salary Survey 2007

The results

The HealyHunt Credit and Risk Salary Survey 2007 gives an insight into the Credit Risk market (with a focus on counterparty analysis). It looks at key market developments, trends and salary levels for Credit Risk professionals.

Over 2000 Credit Risk professionals were invited to complete the survey with over 450 respondents.

We have combined the results of the survey with our knowledge and experience of the market to produce a market leading salary survey for Credit Risk professionals at all levels.

We would like to thank everyone who contributed to this year's survey. We encourage your feedback and invite you to contact us for further information or specific market advice.

This survey should be used as a guide only. If you would like any specific or personalised advice please contact us.

The Credit and Risk team

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HealyHunt is an executive search firm focusing on the UK and Pan European Credit and Debt markets. Credit and Risk is a cornerstone of HealyHunt's coverage, providing skilled credit professionals from associate to MD level, for the financial services sector.

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Market Overview

Overall last year saw a continued demand for credit analysts across all industry and products areas. This was particularly evident in growth areas such as structured credit (leveraged finance, structured finance and securitisation), commodities and emerging markets, and in areas where specialist knowledge and skills were required such as hedge funds and languages. The market has been very much candidate driven, with a general shortage of candidates partly due to the movement of credit professionals into front office teams and the buy-side (hedge funds, funds etc).

For these reasons candidates who did move were often considering a number of opportunities and generally moved for a good upside in their package. Those with the specialist knowledge and skills were commanding significant salary increases (including guarantees/sign-on). In some cases candidates would be considering multiple offers.

To an extent however, institutions did not make a hire unless the candidate matched all their criteria, and it was not unusual for an institution to be looking for over 6 months. This was due to the sentiment in the market that there was a general lack of 'talent' and 'value for money'. Given the market conditions, institutions did acknowledge there was a need to be flexible when hiring and recognised the importance of an effective recruitment process. Institutions that adapted to these market conditions generally put themselves in a more competitive position when sourcing candidates.

2006 saw a number of banks restructure their credit risk teams, aligning them more closely to the business and having a more specialist focus. In addition, there was a move towards outsourcing parts of the credit process such as annual reviews and rating analysis.

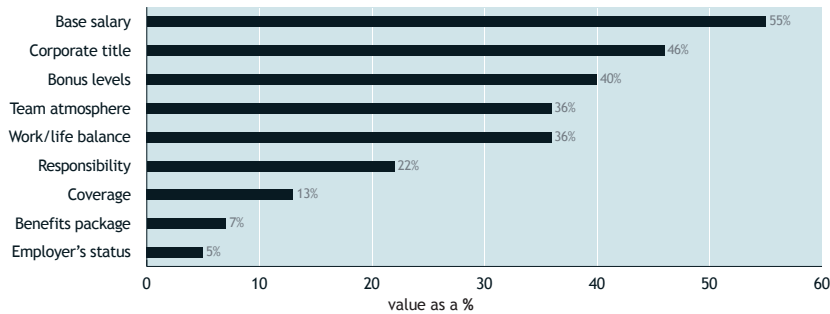
2007 is expected to see the continuation of some 2006 trends with a continued demand for candidates, especially in growth areas such as structured credit and emerging markets. It is expected that banks will start to build out their work-out/recovery teams in anticipation of a change in the credit environment.

Key market trends

- Candidate driven due to a shortage of candidates and strong supply of roles.
- Strong growth in areas such as leveraged finance, commodities and emerging markets.
- Outsourcing of parts of the credit process such as rating analysis and annual reviews.
- Restructuring of credit risk teams to achieve closer alignment to the business areas.
- Continuing trend for institutions to promote internally, especially at senior level.

Facts&Figures

What is the most important thing for you in your next position?
 Respondents were asked to select their top three answers in no particular order.



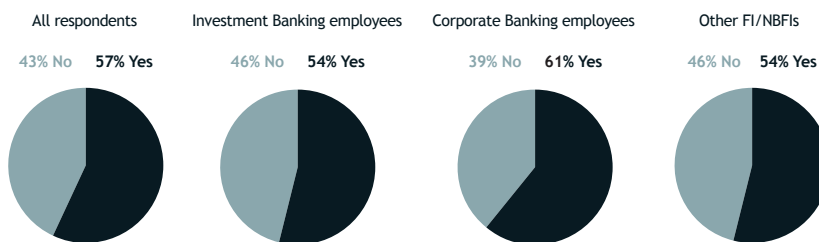
When considering their next role, 55% of respondents said base salary was the most important factor closely followed by corporate title (46%) and bonus levels (40%).

Benefits package and employer status were rated the least important.

We were surprised candidates didn't rate benefits package higher because although generally a secondary thought when considering an offer, benefits can often be a 'deal-breaker' in the process.

Furthermore, in our experience, employer status does seem to be a key factor when considering a new role.

Did your bonus meet your expectations?



57% of people said that their bonus met with their expectations, with Corporate Banking employees (61% of the total) representing the highest proportion.

This could be due to the more predictable nature of Corporate Banking bonuses when compared to those of Investment Banking.

Facts&Figures

All respondents

Level of experience	2 - 3 years			4 - 6 years			7 - 9 years			10+ years		
	Base £000	Benefits %	Bonus %	Base £000	Benefits %	Bonus %	Base £000	Benefits %	Bonus %	Base £000	Benefits %	Bonus %
All	40-50	6-10	11-20	55-65	11-15	25-35	70-80	11-15	30-40	80-90	16-20	40-50

Counterparty analysed

Level of experience	2 - 3 years		4 - 6 years		7 - 9 years		10+ years	
	Base £000	Bonus %	Base £000	Bonus %	Base £000	Bonus %	Base £000	Bonus %
Corporates	30-40	11-20	55-65	25-35	65-75	30-40	80-90	40-50
FIs & NBFIs	40-50	11-20	55-65	21-30	75-85	30-40	90-100	35-45
Structured Credit	40-50	21-30	60-70	21-30	70-80	30-40	90-100	45-55
Emerging Markets	40-50	11-20	55-65	30-40	70-80	30-40	80-90	35-45

By Institution

Level of experience	2 - 3 years		4 - 6 years		7 - 9 years		10+ years	
	Base £000	Bonus %	Base £000	Bonus %	Base £000	Bonus %	Base £000	Bonus %
Investment Banks	40-50	20-30	55-65	25-35	75-85	35-45	90-100	50-60
Corporate Banks	35-45	11-20	55-65	21-30	60-70	30-40	80-90	35-45
Other/NBFI	35-45	15-25	55-65	25-35	65-75	30-40	90-100	35-45

Reference

1. **Base (£000)** - this refers to the median range for base salaries.

2. **Bonus (%)** - this refers to the median range for bonus as a % of base salary.

3. Insufficient data was collated to analyse for 0-1yrs experience.

4. Benefits include pension, car allowance, healthcare, share plan etc.

5. Structured Credit includes leveraged finance, structured finance and securitisation.

6. NBFIs were classified as hedge fund/asset managers, rating agency, broker/dealers, financial companies, insurance/monolines and professional services.

Analysis & Conclusion

- Basic salaries increased broadly in line with years' experience, whilst bonuses were much more varied and linked to the Institution or how close the role was to the Front office. Benefits as a % of base also increased with years' experience.
- FI/NBFI counterparty coverage roles paid higher basic salaries, but lower bonuses than corporate counterparty roles at the same level. When taking into account base salary and bonus levels FI/NBFI professionals were better paid than corporate professionals.
- Professionals analysing FI/NBFI counterparties and structured credit deals were paid similar base salaries for the same levels of experience.
- Structured credit (leveraged finance, structured finance and securitisation) professionals were the highest paid when both base salary and bonuses were taken into account.
- Emerging Markets professionals achieved similar base salaries and bonuses to FI/NBFI professionals.
- Investment Banks consistently pay around 10% higher basics than Corporate Banks, and this was even more pronounced when bonus levels were taken into account.
- Non-bank firms such as Insurers, Rating agencies etc paid in line with Investment Banks on basic salaries, but bonuses remained lower and more in line with Corporate Banks.

"On balance this is reflective of our market view because included within the FI/NBFI world are specialist areas that are better paid (hedge funds and insurance) and areas that sometimes require specific language skills or knowledge of traded products. On the corporate side, generally those analysts covering larger, more structured transactions were better paid than general corporate analysts."

"This confirms our view of the market. There was a big demand for candidates in these areas and a general shortage of people with these skills."

"On average emerging market professionals were paid lower than we expected. We believe this is partly because emerging markets is a relatively new area and many analysts are from those regions and therefore command lower salaries. However, those few EM analysts with strong experience and complex product skills are in high demand and can command basics of six-figures and above."

"The results of the Salary Survey reflect our market insight, and are a good indication of the average ranges for both base salary and bonuses at the different levels of experience."