

Astbury Marsden
life working

Salary Survey 2011
Investment Banking



Banking Market Review

2010 Review

Hiring

2010 began with a surge of activity but ended as a bit of a damp squib.

The flow of new roles returned to some sense of 'normality' during the course of the year and, adjusted for seasonal trends, remained relatively consistent throughout the year. Interestingly, fill rates fell markedly during the second half of the year reflecting, in our opinion, a fall in the underlying appetite of firms to hire when compared to the first half of 2010.

Overall, the volume of opportunities exceeded our initial forecast by 8% over the year, coming in at approximately 57,500 roles.

During the second and third quarters, the market flipped from being largely hirer driven to a more candidate driven market; a situation not really seen since early 2007.

Salary

Our annual salary and bonus survey identified that 70% of respondents' salaries rose during the year by an average of 17%. This inflation busting rise was the result of a re-alignment of the mix between the variable and fixed pay elements of packages in response to public outcries over bankers' bonuses.

Bonus

On the whole, sentiment regarding 2010/11 bonuses is one of general disappointment. More than half of the people we surveyed in November did not expect to receive a higher bonus in 2010, a fact which has now been borne out. Based on our findings, there was general dissatisfaction amongst employees in respect of overall compensation. This could lend itself to 2011 being a year of high churn rates should people begin protesting with their feet. However, this has yet to materialise to the level we may have expected.

2011 Outlook

In contrast to the strong start seen in 2010, permanent hiring this year has been more subdued.

Our view is that many firms intend to hire during the year but are biding their time for the first quarter or two to see how the year develops. We therefore expect a continuation in the short term of the lower appetite to hire seen at the end of 2010. Accordingly, we would expect a stronger second half of the year should general economic conditions hold up.

In terms of the contract market, the year has commenced similarly to 2010 and we see this market remaining strong throughout 2011.

Evidence suggests that there will be limited investment in permanent headcount hiring during 2011.



The extent to which the annual post-bonus merry-go-round kicks off will greatly influence the volume of roles in the market this year. Our forecasts show an increase in opportunities during 2011 of about 20% should employee turnover rise as anticipated. However, on the basis that this turnover is similar to last year then we could see the number of opportunities falling by 4% compared to 2010.

Attrition is set to drive the market this year.

As we reach the end of the first quarter, roles are tracking in line with the former still being the most likely outcome.

Salary

We have begun to see some interesting developments emerging at the Manager/ AVP level in the post-GFC bonus environment. The fall in bonus levels for permanent employees and continued public pressure on bank leadership to keep a lid on bonuses has resulted in many candidates turning to contracting as a means of improving pay. In some instances we are seeing people doubling their take home pay when compared with the compensation they might receive in a full time role.

We are already seeing shortages of permanent applicants in some areas but we have been able to fill roles with contractors who were previously permanent employees elsewhere.

Broadly speaking, we would expect to see more muted basic salary increases this year save in some 'in-demand' skill sets where we expect to see salaries rise.

Bonus

The raft of changes to the bonus landscape still need to work their way through the system. Candidates have taken longer to get their heads around these changes and will need to adapt to the new world. We expect employee turnover will be influenced significantly by how quickly candidates achieve an understanding of this new landscape.



Finance

2010 Review

2010 saw a return to a more familiar hiring cycle compared to previous years. We saw peaks of hiring activity early on in the year and after the summer months. There were also the familiar dips throughout the summer holiday period and in Q4.

Across investment banking there was a consistent increase in base salaries as banks sought to adjust base versus bonus ratios. Early feedback on 2010 bonuses indicates that whilst not everyone is happy with their bonus the majority understand the wider market forces impacting their compensation levels. The softer results in the 2nd half of 2010 and wider political/social factors meant that total compensation levels have been broadly similar to 2009.

Outlook for 2011

So far we have experienced a sluggish start to 2011. Whilst the bonus season has brought increased activity levels the outlook for hiring across the sector remains cautious with very few people committing to significant numbers through 2011. Some major investment projects have been put on hold and so replacement hiring will make up the majority of the volumes.

Similarly to last year, 2011 will see an increase in regulatory and reporting requirements. This will place pressure on external reporting teams and candidates with liquidity, valuations or technical accounting skills will be highly sought after. With the current economic conditions and pressure on banks around compensation, it would seem unlikely that we will see significant increases in total compensation through 2011. What we can expect is to see the continued deferral of bonuses and some creative compensation packages across all levels.



Finance

Job Title	Base Min (£)	Base Max (£)	Bonus Min (£)	Bonus Max (£)
Financial Accounting				
Associate	45,000	65,000	0	15,000
AVP	58,000	80,000	0	20,000
VP	75,000	110,000	7,000	40,000
Director	100,000	140,000	15,000	80,000
Accounting Policy/Technical Accounting				
Associate	50,000	65,000	0	15,000
AVP	58,000	80,000	3,000	20,000
VP	75,000	110,000	15,000	50,000
Director	100,000	140,000	35,000	80,000
Legal Entity Control				
Associate	45,000	65,000	0	15,000
AVP	58,000	80,000	0	20,000
VP	75,000	100,000	7,000	50,000
Director	100,000	130,000	15,000	80,000
Management Information/Financial Analysis				
Associate	45,000	65,000	0	15,000
AVP	58,000	80,000	0	20,000
VP	75,000	110,000	7,000	50,000
Director	100,000	140,000	20,000	80,000

Job Title	Base Min (£)	Base Max (£)	Bonus Min (£)	Bonus Max (£)
Product Control (flow & cash)				
Associate	50,000	65,000	0	15,000
AVP	65,000	80,000	0	20,000
VP	75,000	110,000	5,000	50,000
Director	100,000	140,000	20,000	90,000
Product Control (exotics & hybrids)				
Associate	50,000	70,000	0	15,000
AVP	65,000	85,000	0	20,000
VP	80,000	115,000	15,000	65,000
Director	105,000	145,000	30,000	100,000
Regulatory Accounting				
Associate	25,000	60,000	0	15,000
AVP	60,000	75,000	0	20,000
VP	80,000	125,000	7,5000	50,000
Director	95,000	150,000	15,000	75,000

Compliance

2010 Review

In 2010 we saw an increase in activity across compliance. This was driven by a combination of attrition and safeguarding against fines following increased regulation from the FSA. We experienced significant role flow in the first three quarters of the year with a flattening for Q4 as budgets tightened. That said, FED targets meant that there were a few businesses that needed to rapidly increase head count in December resulting in a flurry of year end hiring in some banks.

Some of the hot hiring areas in 2010 were investigations, monitoring and senior generalist roles. This was driven by banks looking to increase control, to meet the expectations of the FSA and FED. However, by nature, compliance professionals are risk averse and so were not actively looking in the stabilising market; this was reflected in a tight candidate pool.

Hot hiring areas in 2010 were investigations, monitoring and senior generalist roles.

To overcome this, banks sourced outside of traditional areas and looked to make lateral hires. For example, candidates from a military background offering a

strategic thinking capability and a security conscious mindset.

Bonuses across the board were deemed low and disappointing.

Outlook for 2011

Many investment banks took a nervous approach to the beginning of the year and 2011 hiring plans started slowly.

However, post bonus payment, confidence has grown and role flow has increased. More specifically we have seen a number of change roles available within on-boarding and KYC. This is a reactive move by banks in response to

FSA demands. Throughout the rest of the year, we envisage an increase in generalist compliance hiring to allow flexibility in the structure of the compliance department, as well as flow, KYC and on-boarding.

We expect to see a continued demand for candidates to enforce new regulations imposed by the FSA. Role flow should steadily increase across quarters 2 and 3 until the traditional Q4 slow-down.

Job Title	Base Min (£)	Base Max (£)	Bonus Min (£)	Bonus Max (£)
Compliance Assistant	25,000	35,000	1,000	2,500
Compliance Associate	35,000	45,000	3,000	6,000
Assistant Compliance Manager	45,000	60,000	5,000	10,000
Compliance Manager	50,000	65,000	8,000	20,000
Senior Compliance Manager	55,000	75,000	10,000	20,000
Deputy Head of Compliance	70,000	90,000	10,000	25,000
Head of Compliance	85,000	150,000	15,000	50,000

Risk

2010 Review

2010 was a busy year for risk professionals.

With a continued focus on risk and the budgets to act, many banks looked to re-design and re-evaluate their risk management policies and models

With a continued focus on risk and the budgets to act, many banks looked to re-design and re-evaluate their risk management policies and models.

In 2010, credit, market and operational risk professionals were in demand in investment banking across all functions and most levels. The role of the risk

professional continued to evolve as corporate governance functions were given more freedom to offer independent evaluations and “push back” on front office. Notably, candidates who had strong technical capability coupled with interpersonal skills, and the capability to ‘represent the function’ were highly sought after.

2010 saw a slight recovery in remuneration for risk professionals. Banks were closely monitored by the FSA and we saw many increase the salary element of compensation to work around new bonus laws. Salary increases achieved by risk professionals moving jobs rose slightly with a 23% uplift of 2010. Bonuses remained fairly consistent with the previous year - with an increasing number of people at the more junior levels receiving no bonuses at all. Many also received a deferred bonus in a combination of both stock and cash, as required to do so by the FSA. The companies that froze pay or lowered bonuses unsurprisingly saw a number of people leave for new opportunities.

As expected very few candidates were able to secure an increase in their salary through an external move. 44% of bonuses were consistent with the year before, 24% saw their bonus reduce by a third and 32% received no bonus.

Outlook for 2011

Early indications suggest that 2011 should continue to see further demand for risk and corporate governance candidates.

Whilst increased regulation has been discussed for sometime, it is only now that the regulations are coming into effect and are being translated into increased headcount and hiring activity.

This is being driven by two key factors, return to growth and increased regulatory focus. There is a need for more employees, and we expect to see increased demand for experienced operational risk, control and reporting analysts. In previous years, there would usually only be one person responsible for reporting - but with more of the budget being allocated to reporting, we are now seeing whole teams of reporting analysts. Within these teams we also expect to see increased specialisation, as investment banks look to be more closely aligned with their markets.

Credit Risk hiring is expected to remain fairly steady - Q1 has seen a spike - especially with regulatory areas (capital adequacy/ICAAP/economic capital), analysis and reporting. The potential European sovereign debt also looks to ensure steady credit risk demand throughout 2011. The investment banks plan to hire heavily around project work, particularly reporting system enhancements and migrations.

We believe candidates are more likely to secure roles if they have a hybrid of experience, demonstrating a breadth of knowledge across operations, management and financial reporting. Strong technical capability (especially in excel) will be in high demand as this allows the employee not only to do the reporting but also to build a reporting tool.

Bonuses in 2011 should see an increase on 2010, particularly for those working in front office focused roles and those with a change agenda as part of their remit.

Risk



Job Title	Base Min (£)	Base Max (£)	Bonus Min (£)	Bonus Max (£)
Market Risk				
Analyst	40,000	55,000	0	16,000
AVP	50,000	70,000	0	28,000
VP	70,000	100,000	0	50,000
Director	75,000	150,000	0	90,000
Quantitative Risk				
Analyst	40,000	55,000	0	27,500
AVP	50,000	70,000	0	35,000
VP	70,000	95,000	0	57,000
Director	100,000	150,000	0	105,000
Operational Risk				
Analyst	40,000	48,000	0	19,200
AVP	48,000	65,000	0	26,000
VP	65,000	85,000	0	42,000
Director	85,000	120,000	0	60,000
Credit Risk				
Analyst	40,000	50,000	0	20,000
AVP	45,000	65,000	0	26,000
VP	70,000	90,000	0	50,000
Director	75,000	120,000	0	90,000

Operations

2010 Review

2010 showed tentative but consistent signs of market recovery following the economic downturn. Many firms bolstered their middle office teams in anticipation of renewed optimism and increasing front office volumes particularly across prime brokerage businesses. The demand for candidates at AVP level and above continued to be a common theme, with firms particularly looking for operational individuals within the structured derivatives middle office space. Change and project management skills also continued to be in high demand as both buy and sell side firms sought to re-engineer their business processes further, and also comply with ongoing external regulatory pressures.

We saw a shift away from the traditional bonus culture, and more towards salary levels and bandings.

In terms of compensation, we saw a shift away from the traditional bonus culture, and more towards salary levels and bandings. Whilst the appetite for hiring in 2010 was much improved compared to 2009, salary increases were more conservative than previous years. That said, candidates within a change or structured derivatives environment enjoyed improved

packages when moving roles as these skills remained in short supply.

Outlook for 2011

2011 will continue to be a challenging time across the operations landscape. Further regulatory pressures and in particular, initiatives around increased market transparency will continue to be a common theme. Firms will look to increase operational efficiency further with near and offshoring, STP and re-engineering still very much the current trend. The demand for experienced Project Managers and Business Analysts across asset classes is ever apparent, and permanent packages are becoming more attractive in this space in order to compete with the contract market.

Structured derivatives, risk and control, and relationship management skills will continue to be in demand throughout this year. London remains the hub for non-vanilla business and candidates who can "add value" in terms of complex product knowledge and managing strategic client relations will be in demand.

There is increased interest within equities and commodities products as some business shifts away from complex derivatives into more tangible, more risk conservative product lines. OTC clearing remains a key focus for the Financial Services industry this year so candidates within the derivatives space will continue to be in high demand versus supply.

An increase in movement across the operations market is anticipated post first quarter bonus payout, as the cautious optimism from 2010 continues into 2011. To balance this, firms will be mindful of the increased market constraints and business challenges faced, and the fight for talent will be fiercer, with exact skills sets being demanded.



Operations

Job Title	Base Min (£)	Base Max (£)	Bonus Min (£)	Bonus Max (£)
Settlements				
Analyst	32,000	45,000	0	5,000
AVP	45,000	65,000	3,000	10,000
VP	60,000	85,000	10,000	20,000
Director	80,000	120,000	20,000	75,000
Operations Control				
Analyst	35,000	45,000	0	8,000
AVP	45,000	65,000	5,000	12,000
VP	60,000	90,000	10,000	20,000
Director	85,000	120,000	20,000	75,000
Corporate Actions				
Analyst	35,000	45,000	0	8,000
AVP	45,000	65,000	5,000	10,000
VP	60,000	85,000	10,000	20,000
Director	85,000	120,000	20,000	75,000
Client Services				
Analyst	35,000	48,000	0	8,000
AVP	50,000	65,000	5,000	10,000
VP	60,000	90,000	10,000	20,000
Director	85,000	130,000	20,000	75,000



Job Title	Base Min (£)	Base Max (£)	Bonus Min (£)	Bonus Max (£)
Documentation				
Analyst	32,000	45,000	0	8,000
AVP	50,000	65,000	5,000	10,000
VP	60,000	90,000	10,000	20,000
Director	85,000	120,000	20,000	75,000
Trade Support				
Analyst	38,000	52,000	0	18,000
AVP	50,000	65,000	5,000	10,000
VP	65,000	95,000	10,000	20,000
Director	85,000	130,000	20,000	75,000

Contracts

2009 Review

2010 started off productively with hiring returning to a healthy level by the end of the first quarter. Requirements were steady throughout the year with Risk and Regulatory requirements remaining a driving force behind recruitment. Overall, the volume of opportunities exceeded initial expectations and a shortage of skilled people meant that the second half of the year resulted in a very candidate driven market. Skilled candidates who initially accepted lower salaries to get back into the market, saw a steady increase throughout the year with a healthy boost being given upon renewal.

The volume of opportunities exceeded initial expectations.

Outlook for 2011

The banking contract marketplace has enjoyed a positive start to 2011 in terms of clients' appetite to hire and candidates' desire to seek new opportunities. This has created liquidity in the market from the get go.

Demand for hiring in Risk and Change within financial services organisations remains strong while the best candidates remain scarce and are demanding a premium to move. Although demand for finance recruitment has been slower off the mark, this is expected to pick up by the middle of the year.

Day rates and salaries have stagnated slightly after a rapid increase in 2010 but are still increasing for skill sets in the highest demand, including:

- Risk - with credit risk being a dominant focus
- Change - especially around process and control improvements
- Regulatory and Liquidity Reporting - ensuring all institutions are up to new IFRS standards

On the whole, contract day rates are continuing their upward curve. Contractors in roles are achieving significant day rate increases upon extension, and those looking to move are increasingly bullish about market rates, and are reticent to move unless the financial benefits are considerable. On average, there is a 10% increase required to move out of one role and into a new one.

We are also seeing an increasing gap between permanent and contract annual earnings parity at the Analyst level. This is leading to a dearth of permanent analyst level candidates as they move to take contract opportunities with good financial upside. Consequently, this is driving the contract candidate market and making permanent recruitment more difficult at that level. Those out of contract will move for the same rates they earned previously, but given the overall increase in contractor roles in 2010, very few 'A grade' candidates are out of work. The candidates' view is that the market is buoyant and 2011 sees us returning to and possibly even exceeding 'pre-crunch' day rates.

Contractors in roles are achieving significant day rate increases upon extension.



Contracts

Job Title	Level 1 (£ pd)	Level 2 (£ pd)	Level 3 (£ pd)
Change Management			
Project Manager Assistant	250	300	350
PMO	350	450	550
Project/Change Manager	400	550	650
Programme Manager	600	700	800
Subject Matter Expert	500	550	600
Subject Matter Expert/BA	500	575	650
BA	500	550	650
Lead BA	550	650	700
Financial Control			
Financial Analyst	300	350	400
Cost Accounting Controller	250	300	350
Regulatory Reporting Officer	300	400	500
Financial Disclosure Reporting Analyst	250	325	400
SF&I Accountant	250	325	400
Equity Derivatives Accountant	275	350	400
Inter-Group Inter-Company Analyst	250	325	400
Balance Sheet Control Analyst	250	300	400
Global Cost Controller	250	300	400
Reconciliation Analyst	150	200	350
TB Financial Controller	220	280	400
Transfer Pricing Analyst	200	250	350
BU Europe Management Accountant	250	325	400
Accounts Payable Assistant	120	180	250

Job Title	Level 1 (£ pd)	Level 2 (£ pd)	Level 3 (£ pd)
Product Control			
Vol Trading Product Controller	300	350	400
Equity Derivatives Product Controller	300	350	420
Funding Controller	200	280	350
Product Controller: Integrated Credit Trading	250	350	450
FI Repo Collateral Product Controller	250	320	400
Product Control System Reconciliation	250	300	350
Local Markets Rates Trading Product Controller	250	320	380
Asset Securitisation Basel II Product Controller	300	400	500
Credit Exotic Product Controller	300	350	400
Risk			
Market Risk Control/Analyst	350	400	500
Market Risk Manager	400	500	600
Trading Book Risk Controller - Credit Risk	300	350	400
Banking Book Risk Controller	300	350	400
Market Risk Developer	450	550	650
Credit Risk Analyst	400	450	500
Trading Risk Controller - Market Risk Rates	300	350	400
Trading Risk Controller	300	350	400
Basel2 Credit Risk Consultant	450	550	600
Regulatory/Monitoring Analyst	250	325	400

