



**AMALFI**  
CONSULTING, LLC

*Today's Trends in Bank Compensation*  
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# Webinar Agenda



- ★ Summarize the bank compensation marketplace – 50 minutes
  1. Review 2009 executive compensation
    - ✓ Evaluate public bank compensation
    - ✓ Review Amalfi National Compensation Survey for both private & public institutions
    - ✓ How has banking compensation changed?
  2. Look at emerging trends
  3. Reference: Regulatory and legislative initiatives – present and pending?
  
- ★ Q&A – 10 minutes

# Executive Summary

## ★ What did we learn from studying the market?

- CEO direct comp declined for all banks > \$1 B in assets for 2<sup>nd</sup> year
- 61% of all bank CEOs did not receive a bonus in 2009
- CEOs of private banks ( > \$500 M assets) are making more than public CEOs
- Northeast and South Central regions are performing the best
- Performance metrics are factoring in measures beyond just profits
- Performance plans are being redesigned with long-term horizon
- Full value equity (e.g., restricted stock) is more prevalent than options
- The larger the bank, the higher the frequency of equity grants
- Total compensation is lower at TARP banks
- Director pay in general was relatively flat; however, the larger the bank, the larger the increase in director compensation

# Executive Summary

- ★ What have we learned from reviewing compensation process?
  - The compensation committee has a number of new processes to manage
  - Traditional peer group benchmarking is being re-evaluated
  - Need to consider target/maximum market opportunities when setting compensation
  - Sound Incentive Compensation Policies require processes and controls for performance plans
  - Dodd-Frank brings many more compensation requirements - many being developed by the SEC and others
  - TARP banks are figuring out impact of recent regulations
  - High performing banks are proactively responding to regulation so they can focus on business issues at year end
  - The market is in a tremendous state of change on all aspects of compensation design, payout and governance



# Study Methodology & Key Terms

# Setting the Stage – Information Sources

## ★ Amalfi Consulting Proxy Database

- Proxy statements filed in 2010 reporting 2009 compensation data
- Compensation data compiled by Amalfi Consulting for all public banks
- Over 700 banks and thrifts

## ★ Amalfi Consulting 2010 National Bank Officer Compensation Survey

- 196 public and private banks and thrifts nationwide
- Covers 86 key executive and officer level positions, including top five ranking officers by salary within each bank

# Setting the Stage – Methodology & Key Terms

## ★ Key Compensation Terms

### – Base Salary

### – Total Cash Compensation

- *Definition:* Salary + Annual Incentive or Bonus
- Referred to as “Total Cash”, “Cash Compensation” or “TCC” in compensation analyses

### – Total Direct Compensation

- *Definition:* Total Cash Compensation + Equity
  - Equity is valued on a grant-date fair value basis (vs. expensed value)
- Referred to as “Total Direct”, “Direct Compensation” or “TDC”

### – Total Compensation

- *Definition:* Total Direct Compensation + Retirement Benefits + All Other Compensation
  - Retirement Benefits (e.g., SERP/pension accruals, above-market earnings on deferred comp)
  - All Other Compensation (e.g., Perquisites, Defined Contribution Plan contributions)
- Referred to as “Total Comp” or “TC”

# Setting the Stage – Methodology & Key Terms

## ★ Matched sample analysis

- We use a matched sample approach for proxy data that tracks compensation changes for the same individual year over year. This results in a clearer understanding of how compensation is changing at an *individual* officer level.

## ★ Focus on Median Values

- Our analysis is summarized based on median values, which are “middle” values
- Unlike averages, median values are much less influenced by the extremes



# 2009 Executive Compensation Analysis

# 2009 Public CEO Compensation – Median Values

Asset Size	n	Median Assets (\$M)	Salary	Bonus	Total Cash Comp	Equity (Grant Date Value)	Total Direct	Other	Retirement Benefits	Total Comp
<b>All Banks</b>										
<\$500M	231	284	196,166	0	202,550	0	207,435	22,237	0	246,550
\$500M-\$1B	177	693	263,700	0	280,000	0	282,480	27,894	0	366,051
\$1B-\$5B	226	1,786	367,954	0	401,202	0	433,731	36,858	2,780	552,871
\$5B-\$15B	60	8,703	639,500	53,129	764,137	257,000	1,085,867	68,116	0	1,342,558
>\$15B	37	51,555	915,491	0	1,142,000	2,000,013	3,332,188	93,003	332,734	4,072,939
<b>All Banks</b>	<b>731</b>	<b>869</b>	<b>280,000</b>	<b>0</b>	<b>300,000</b>	<b>0</b>	<b>320,000</b>	<b>29,378</b>	<b>0</b>	<b>399,627</b>
<b>Coast Banks</b>										
<\$500M	126	271	199,174	0	200,875	0	204,127	22,332	0	253,759
\$500M-\$1B	105	690	280,000	0	283,434	0	293,290	28,051	0	390,494
\$1B-\$5B	116	1,793	375,813	0	411,992	0	486,643	40,773	23,176	633,383
\$5B-\$15B	23	9,146	691,346	242,551	950,000	296,687	1,218,400	65,261	8,841	1,609,323
>\$15B	18	64,574	989,264	0	1,038,650	1,369,758	3,470,344	133,776	719,588	4,054,891
<b>All Banks</b>	<b>388</b>	<b>792</b>	<b>280,000</b>	<b>0</b>	<b>294,895</b>	<b>0</b>	<b>323,574</b>	<b>30,847</b>	<b>0</b>	<b>415,901</b>
<b>Non-Coast Banks</b>										
<\$500M	105	294	193,000	0	204,679	0	208,562	21,882	0	240,704
\$500M-\$1B	72	712	246,455	0	261,982	0	264,350	27,393	0	332,125
\$1B-\$5B	110	1,786	359,200	0	400,000	0	402,113	31,599	0	481,449
\$5B-\$15B	37	8,697	623,077	0	734,167	250,000	1,014,000	70,970	0	1,200,775
>\$15B	19	51,123	900,000	600	1,264,645	2,347,188	3,332,188	67,674	155,851	4,266,395
<b>All Banks</b>	<b>343</b>	<b>957</b>	<b>275,000</b>	<b>0</b>	<b>306,000</b>	<b>0</b>	<b>315,205</b>	<b>28,228</b>	<b>0</b>	<b>389,053</b>

Source: Amalfi Consulting Proxy Database

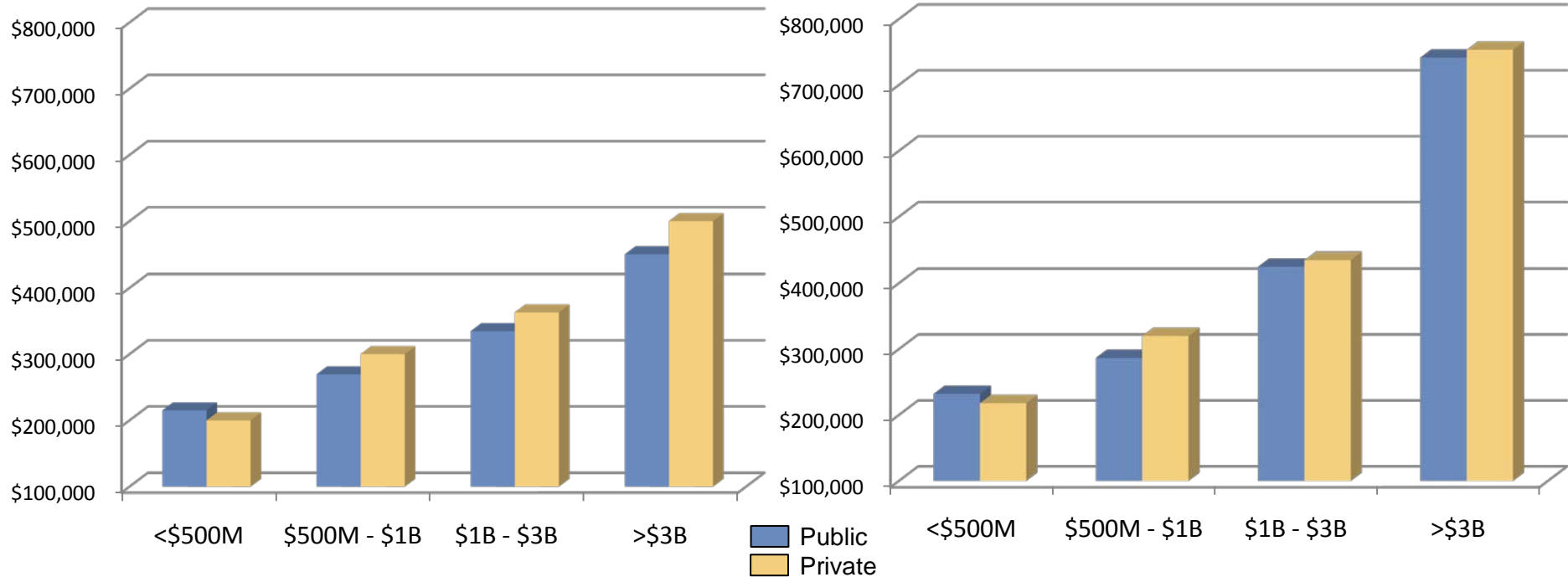
## ★ Overall bank marketplace

- There were few cash incentives paid in 2009
- Banks in general saw a decline in compensation
  - Exception: banks with less than \$500 million in assets
- Generally, the larger the bank, the larger the decline in compensation
- Of banks < \$15 billion in assets, the Coast Banks paid more in total compensation

# CEO Compensation – Public/Private Comparison

CEO Salary - Median

CEO Total Direct - Median



Source: Amalfi Consulting 2010 National Bank Officer Compensation Survey

- ✳ For all banks > \$500 million in assets
  - Salaries are larger at private banks
  - Total direct compensation is slightly higher at private banks

# CEO Compensation Changes - Proxy

## Change in CEO Compensation Median Percent Change - Matched Sample Basis

Asset Size	n	Salary		Total Cash		Total Direct		Total Comp	
		'07 to '08	'08 to '09	'07 to '08	'08 to '09	'07 to '08	'08 to '09	'07 to '08	'08 to '09
<\$500M	231	4.5%	2.3%	2.0%	0.3%	2.2%	0.0%	3.0%	0.8%
\$500M-\$1B	177	5.0%	3.0%	2.1%	1.0%	1.6%	0.0%	1.6%	-0.4%
\$1B-\$5B	226	5.0%	1.7%	0.0%	0.0%	-2.3%	-0.9%	-1.7%	-0.7%
\$5B-\$15B	60	5.9%	3.3%	0.7%	1.4%	-7.7%	-4.3%	0.5%	-2.4%
>\$15B	37	2.9%	0.0%	-29.4%	0.0%	-12.7%	-2.4%	-6.8%	-1.9%
All Banks	731	4.8%	2.2%	0.9%	0.0%	0.1%	0.0%	0.7%	0.0%

Source: Amalfi Consulting Proxy Database

- ★ Base Salary: CEO increases occurred but have decreased each year
- ★ Total Cash: The value of bonus payouts remained at \$0 or fell for most CEOs
- ★ Total Direct & Total Compensation:
  - Fewer or smaller equity grants resulted in total direct compensation at or slightly below 2008 levels
  - Very little differentiation by asset size. Most banks were in a holding pattern in 2009

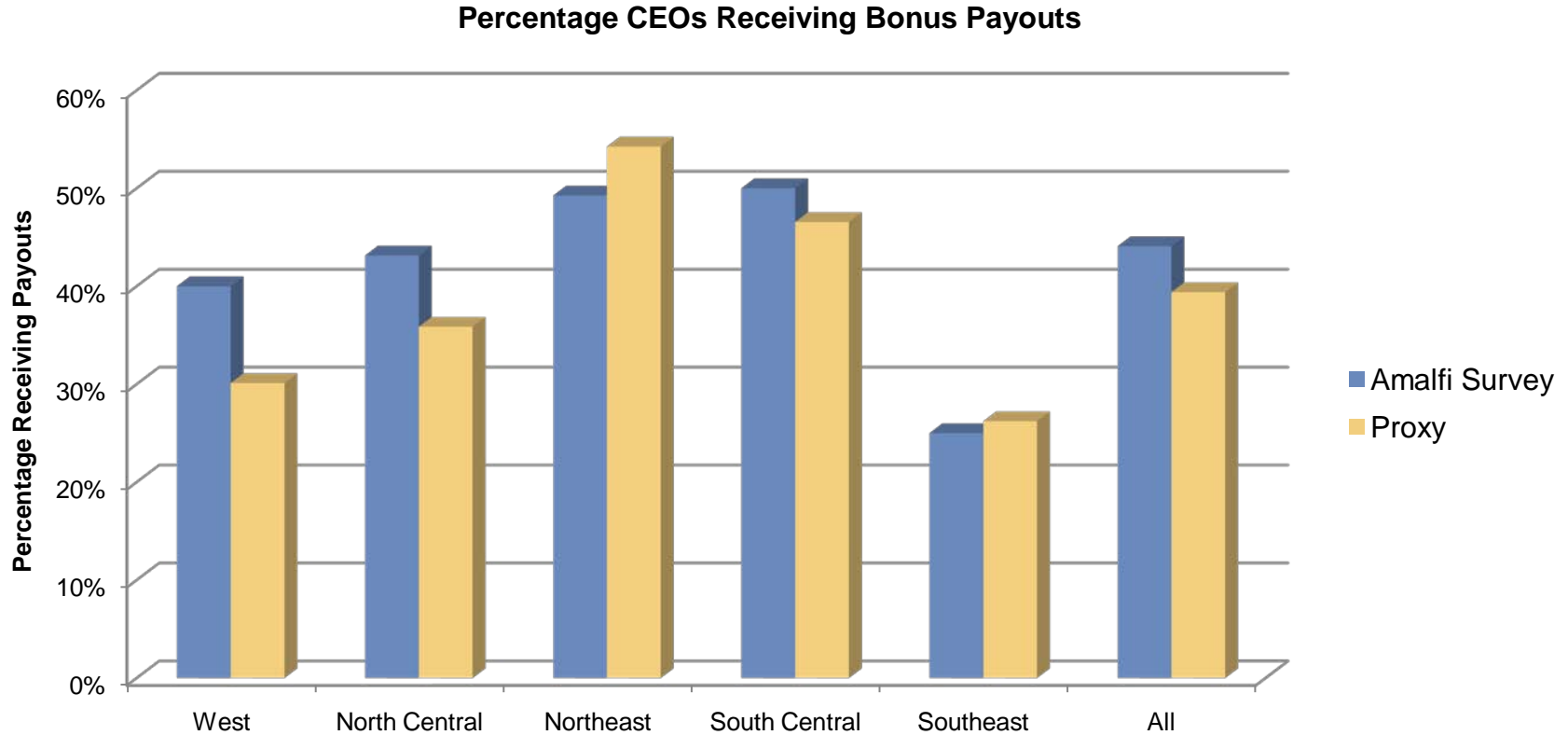
# CEO Bonuses – What Happened in 2009?

Asset Size	n	CEO Bonus as % of Salary (median)			Prevalence of CEOs Receiving No Bonus		
		2007	2008	2009	2007	2008	2009
<\$500M	231	8%	2%	0%	27%	47%	59%
\$500M-\$1B	177	18%	5%	0%	20%	41%	66%
\$1B-\$5B	226	25%	3%	0%	22%	47%	62%
\$5B-\$15B	60	44%	34%	9%	17%	31%	45%
>\$15B	37	94%	0%	0%	21%	68%	59%
All Banks	731	17%	3%	0%	22%	45%	61%

Source: Amalfi Consulting Proxy Database

- ★ Across all public banks, 61% of CEOs did not receive bonus payouts
  - Versus 2007 where 4 out of 5 (80%) of CEOs *did* receive a bonus
- ★ What does this mean?
  - 2009 is the third year of decline in bonuses for banking
  - Setting incentive award opportunities is a challenge
  - This issue applies across the banking industry (*not* just TARP banks)

# CEO Bonus Payouts by Region



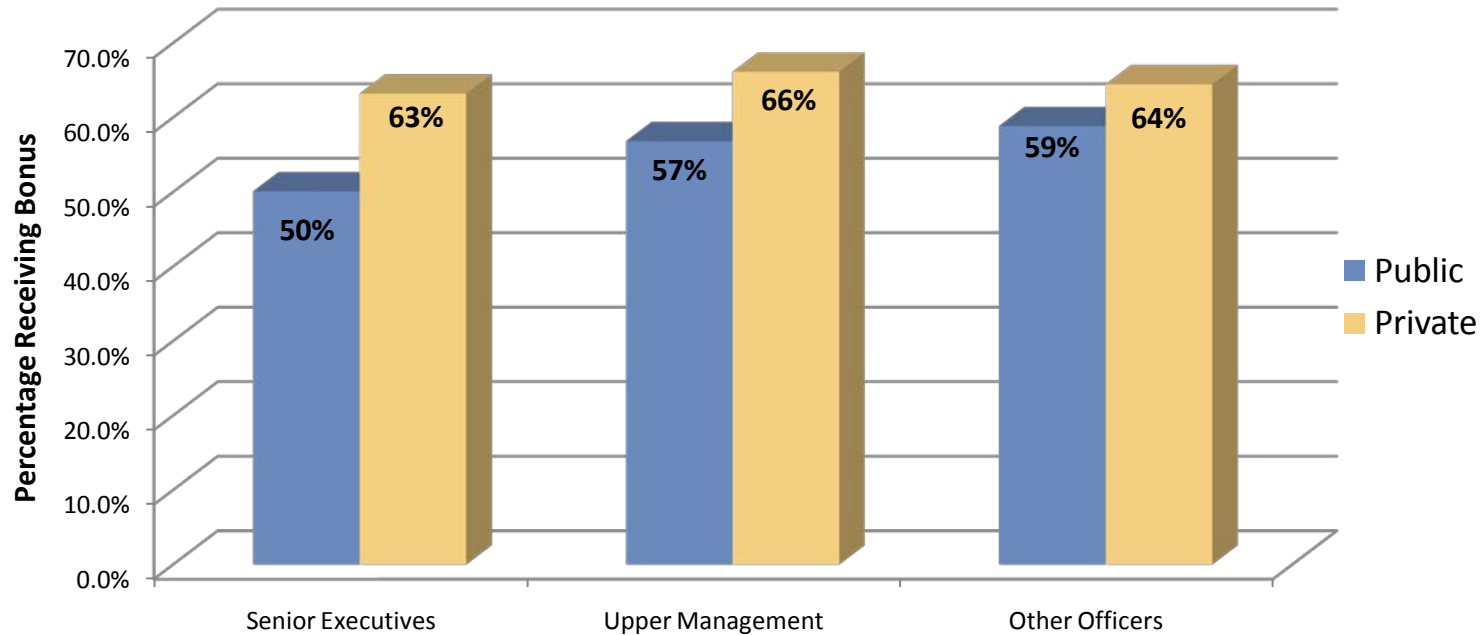
## ★ Bonus pay differs by region

- Northeast and South Central regions are faring much better
- South Central is doing well - oil and past S&L experience
- Southeast & West regions are hardest hit

# Bonus Payouts – Public/Private Comparison

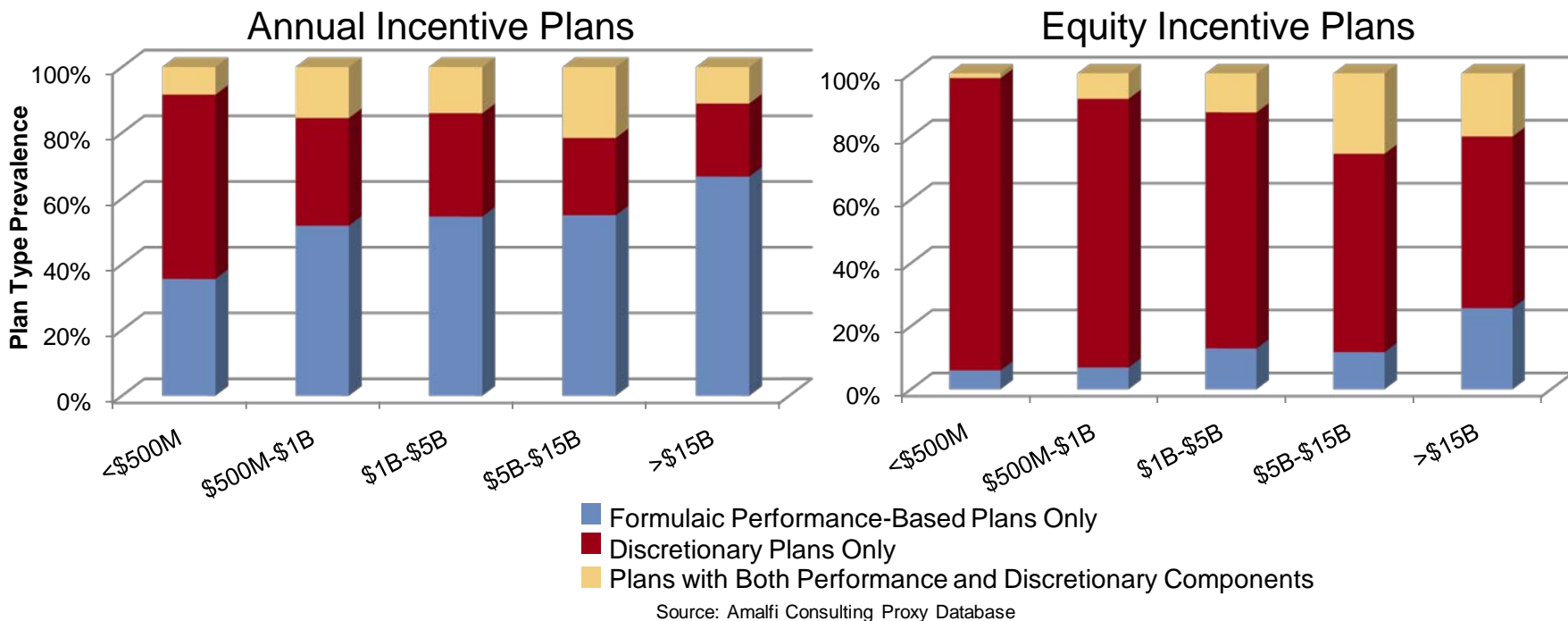
## Prevalence of Bonus Payouts

Source: Amalfi Consulting 2010 National Bank Officer Compensation Survey



- ✳ There is a clear difference between public and private banks
- ✳ In this environment, non-executives have a higher probability of receiving a bonus payment

# How are Cash & Equity Plans Paid Out?



- ★ The prevalence of discretionary plans is increasing
- ★ Equity has historically been provided on a more discretionary basis
- ★ We expect to see more banks make equity a part of their formalized performance-based plans in response to regulatory guidance and TARP

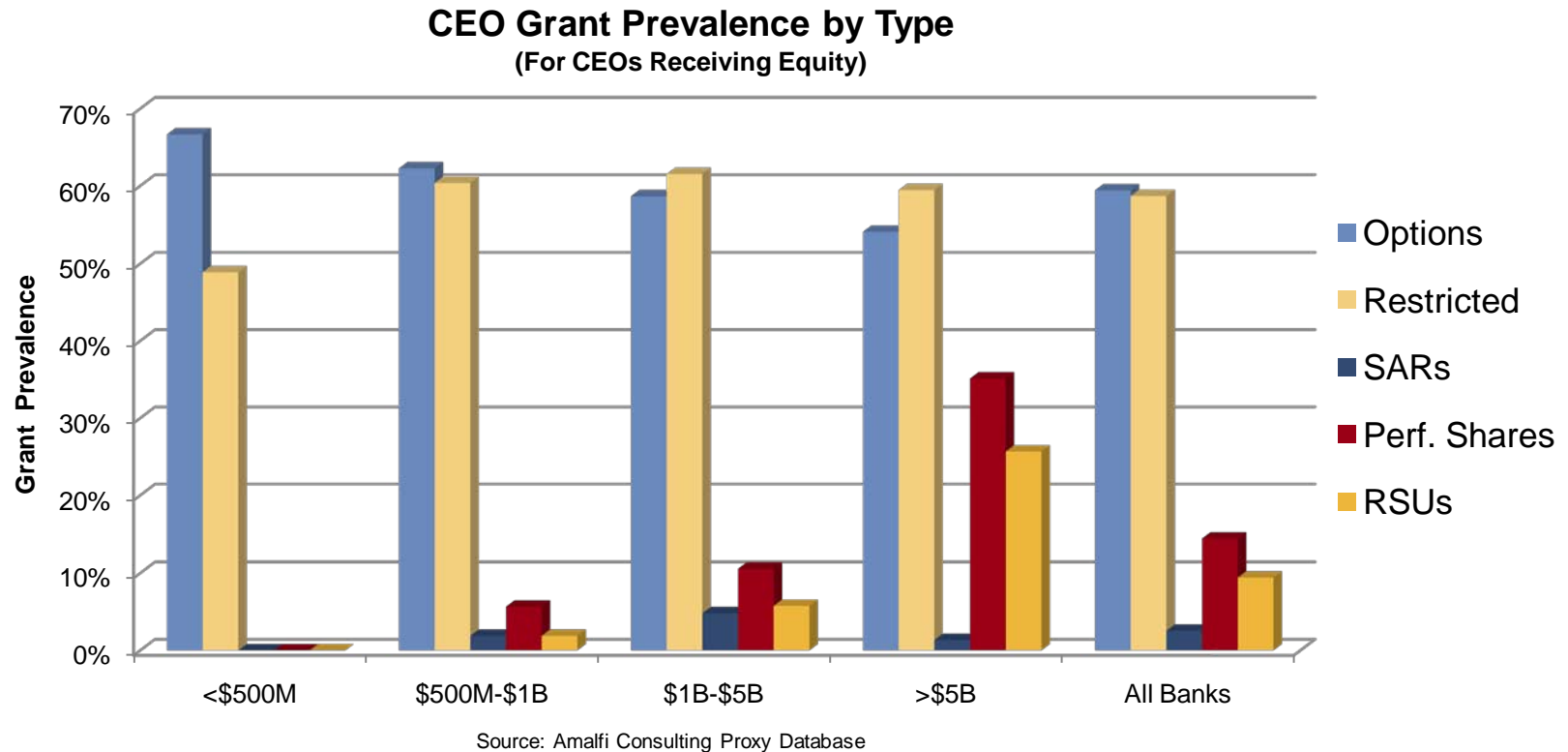
# How Is Equity Granted to CEOs?

Asset Size		Equity Prevalence by Type: For CEOs Receiving Equity								
		2007			2008			2009		
		Appreciation-Based	Full Value	Both Types	Appreciation-Based	Full Value	Both Types	Appreciation-Based	Full Value	Both Types
<\$500M	45	85%	29%	15%	89%	36%	25%	67%	51%	18%
\$500M-\$1B	53	72%	42%	14%	69%	47%	16%	62%	53%	15%
\$1B-\$5B	104	74%	48%	22%	73%	56%	30%	62%	66%	28%
\$5B-\$15B	46	76%	76%	51%	79%	79%	57%	50%	93%	43%
>\$15B	28	90%	77%	67%	90%	90%	81%	64%	100%	64%
All Banks	276	77%	51%	28%	77%	57%	34%	61%	69%	30%

Source: Amalfi Consulting Proxy Database

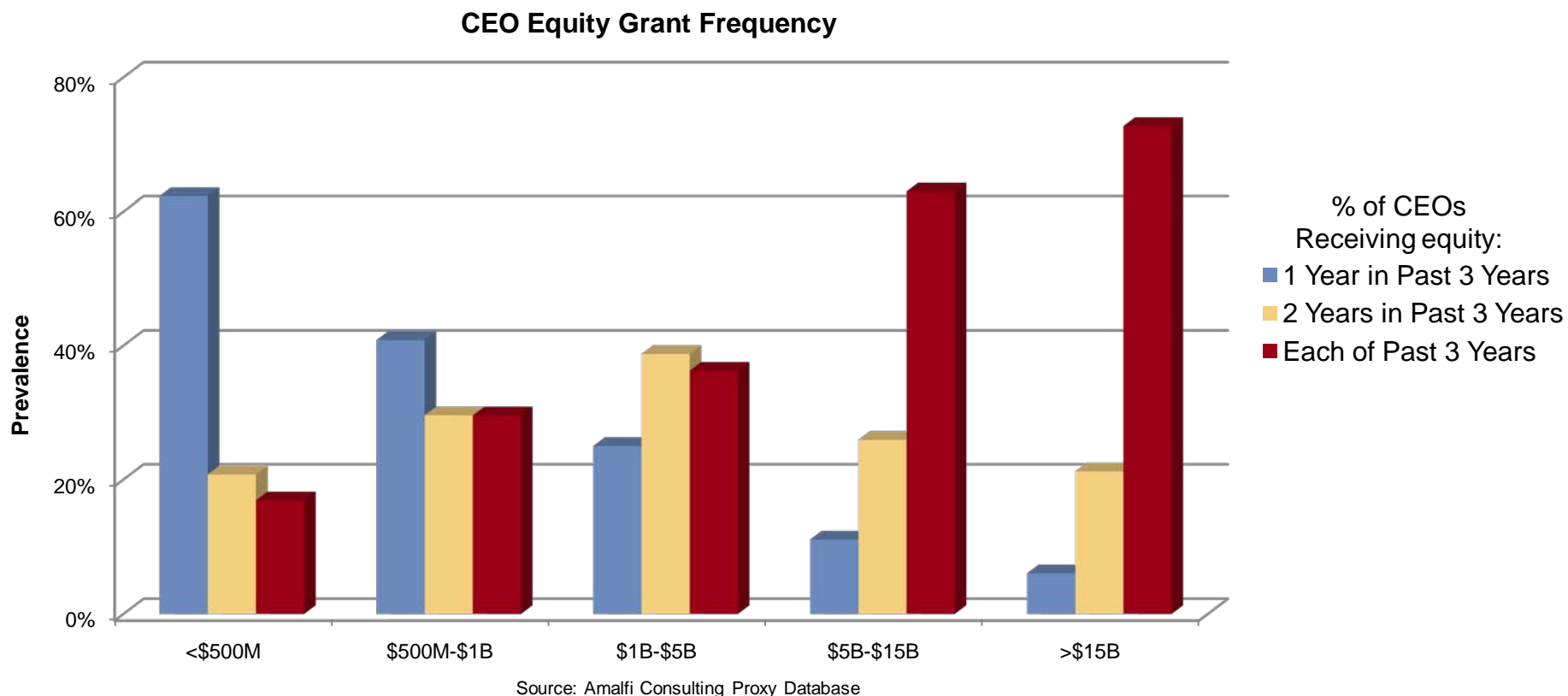
- ★ For the first time, full value equity (e.g., restricted stock) has become more prevalent than options on an overall basis.
- ★ The larger the bank, the more full value equity is being granted.
- ★ Use of stock options has clearly decreased since 2007

# What Types of Equity Are Being Granted?



- ★ Restricted stock and stock options continue to be the most common equity types
  - Smaller banks still utilize options; however, restricted stock is on the rise
  - Larger banks make wider use of other equity types
  - Note: Performance Shares & RSUs are a form of full value shares (e.g., restricted stock)

# How Often Are Equity Grants Made?



- ★ Clear relationship between asset size and grant frequency
- ★ Implications for market benchmarking for equity plans
  - Important to review equity grants over a multi-year period (e.g., three-year average)

# Does TARP Status Impact CEO Pay?

## CEO Compensation – Median Values

Asset Size	n	Median Assets (\$M)	Salary	Total Cash	Total Direct	Total Comp
<b>Non-TARP Banks</b>						
<\$500M	177	284	196,206	205,000	210,097	249,216
\$500M-\$1B	112	680	258,267	282,128	287,060	389,196
\$1B-\$5B	106	1,665	388,500	446,451	480,671	634,151
\$5B-\$15B	24	7,915	600,000	896,379	1,286,056	1,460,759
<b>TARP Banks</b>						
<\$500M	54	284	195,583	197,308	197,308	243,311
\$500M-\$1B	65	714	265,200	270,000	280,813	334,457
\$1B-\$5B	120	1,879	352,632	367,954	400,000	496,697
\$5B-\$15B	36	9,613	639,500	724,084	1,033,320	1,206,252
<b>Comparison: TARP Banks to non-TARP Banks</b>						
<\$500M	--	--	0%	-4%	-6%	-2%
\$500M-\$1B	--	--	3%	-4%	-2%	-14%
\$1B-\$5B	--	--	-9%	-18%	-17%	-22%
\$5B-\$15B	--	--	7%	-19%	-20%	-17%

Source: Amalfi Consulting Proxy Database

- ★ Salary: There was not a meaningful difference based on TARP status
  - In general, TARP banks did not increase salaries to offset bonus limitations
- ★ Total Cash and Total Direct: TARP banks did have lower compensation
- ★ Differences in compensation were greater as asset sizes increased

# How Are Performance Measures Changing?

- ★ Based on Amalfi Consulting's flash survey conducted in March, 80 banks responded:
  - Quality measures have grown since 2008, and we expect this to continue
  - The median number of AIP performance measures increased from three in 2009 to four in 2010.
  - The top Annual Incentive plan performance measures for 2010:
    - Net Income/Earnings/Profitability – 57.5%
    - Deposit Balance/Growth – 51.3%
    - Loan Volume/Growth – 40%
    - Asset/Credit Quality – 40%
  - The top Equity-Incentive performance plan measures for 2010:
    - Net Income/Earnings/Profitability – 28.8%
    - Asset/Credit Quality – 21.3%
    - Deposit Balance/Growth – 21.3%

# Director Compensation Trends



# Director Compensation

## 2009 Board of Director Compensation

Asset Size	Total Board Comp (\$)
<\$500M	16,319
\$500M-\$1B	24,518
\$1B-\$5B	35,739
\$5B-\$15B	69,882
>\$15B	123,137
All Banks	27,804

Source: Amalfi Consulting Proxy Database

- ★ Director compensation has been relatively static the past few years
- ★ There has been a significant increase in board responsibility
- ★ Director compensation is expected to rise as profitability returns

# How Has Director Compensation Changed?

## Change in Director Compensation

Median Percent Change - Matched Sample Basis

Asset Size	n	Median Change in Cash Fees		% of Banks Reporting <u>Increased</u> Cash Compensation Levels		% of Banks Reporting <u>Decreased</u> Cash Compensation Levels	
		'07 to '08	'08 to '09	'07 to '08	'08 to '09	'07 to '08	'08 to '09
<\$500M	73	2.5%	0.8%	47%	29%	21%	23%
\$500M-\$1B	77	5.0%	-1.3%	51%	31%	13%	34%
\$1B-\$5B	97	5.5%	0.0%	52%	33%	13%	29%
\$5B-\$15B	25	2.5%	1.3%	44%	36%	16%	20%
>\$15B	21	5.9%	4.3%	52%	48%	14%	14%
All Banks	293	4.6%	0.6%	49%	33%	15%	27%

Source: Amalfi Consulting Proxy Database

- ★ Director cash compensation was generally flat; except at largest banks
- ★ Difficult to evaluate changes in *total* director compensation due to the change in equity disclosure requirements
- ★ What have we been seeing in the marketplace?
  - Banks unable to pay executive incentives have been hesitant to increase director pay despite the continued increase in director responsibilities
  - Continued increased use of restricted stock

# Director Compensation Trends

- ★ Based on Amalfi Consulting's flash survey conducted in July:
  - Changes to overall director compensation practices:
    - 65% did not make material changes
    - 25% increased compensation
    - 10% decreased compensation
  - Types of banks increasing pay: non-TARP, less than \$1 billion in assets, coast location, mutual or private ownership
  - Type of bank decreasing pay: public ownership
  - For banks increasing general director or chairperson compensation
    - More used cash vs. equity
    - More increased annual retainers and meeting attendance fees
  - For board committees, no material changes overall except for moderate increases in meeting attendance fees for audit and compensation committees

# Emerging Trends



# Emerging Trends

## ★ Compensation committee

- It all begins here; regulations and legislation have focused on committee
- Clarity of consultant and advisor reporting relationships; committee owns this
- The committee is clearly doing more
  - All banks – Reviewing all incentive and equity plans
  - Public banks – Preparing for Dodd-Frank requirements & disclosures for next proxy season
- Private bank considerations
  - Sound Incentive Compensation Policies applies to all banks
  - Dodd-Frank incentive provisions apply to all banks > \$1 billion in assets

## ★ Peer group benchmarking

- It isn't solely about profitability anymore; balance of criteria
  - New measures to consider such as NPAs, NCOs, tangible equity, Texas Ratio, etc.
  - Review of TARP versus non-TARP status of peers
- Document the rationale along the way (SEC critical of disclosure around this)

# Emerging Trends

## ★ Performance plan design

- When 60% of banks are not paying cash incentives, benchmarking is an issue
  - Generally, you have to take into account what would be paid at budget/target & max
  - Should look at actual payments as well as award opportunities at target & maximum
- Performance plans are evolving to take into account long-term nature of risk
  - Goals & objectives have clearly been changing to factor in credit quality, capital, etc.
  - Mix of short and long-term compensation is being reviewed with bias towards long-term
  - Clawbacks are legislated to public companies; however, expected to be viewed as best practice
  - Executive and producer plans which carry risk have been most impacted
- Need to take into account bank status - TARP, Sound Incentive Compensation Policies and Dodd-Frank provisions
  - Performance plans are being impacted as much by regulation as market conditions
  - Critical question: Do you know what regulations & legislation impacts your bank?

# Emerging Trends

## ★ Performance plan risk control processes

- Regulators are expecting documentation, process and controls
  - In 2010, this is required under Sound Incentive Compensation Policies
  - In 2011, this will also be Dodd-Frank incentive provisions for banks > \$1 billion in assets
- Each organization is reviewing and setting up controls for their performance plans
  - Only exception is if bank does not have any performance plans
  - This encompasses cash incentives, equity incentives, agreements and executive compensation
- We recommend that there is a “senior risk officer” who owns risk portion of performance plans
  - This is a proactive position, i.e., reviews plan design development not just plans in place
- Discoveries:
  - Most organizations are discovering plans not known or documented at the holding company
  - Decentralized decision making or multiple charters lead to more “discoveries” during audit
  - Best-in-class banks are getting this done now so they can focus on year-end and other areas
- *Note: Additional materials provided at end of presentation*

# Emerging Trends

## ★ Dodd-Frank Wall Street Reform & Consumer Protection Act

- Legislation has three parts affecting compensation
  - Public Companies: Numerous provisions
  - All Banks > \$1 Billion: Incentive arrangement disclosure and prohibitions
  - Mortgage banking: Changes to TILA for all mortgage originators
- There is a tremendous amount of clarification that the SEC will need to provide
- Key issues for public companies
  - Ensure independence of consultant and advisors
  - Prepare for
    - Say-on-Pay Vote
    - CEO Pay Test & Pay For Performance Exhibit
    - Mandatory Clawbacks
  - Key issue: Ensure that the CD&A properly describes performance plans and design rationale
- *Note: Additional materials provided at end of presentation*

# Emerging Trends

## ★ TARP Banks

- Ironically, TARP banks are ahead of curve on performance plan audits
- A TARP bank's compensation issues are highly dependent upon their repayment horizon
  - Within year: Biding time till they emerge from TARP status
  - Beyond a year: Making changes in compensation to ensure retention
  - In the end, also highly dependent upon profitability profile
- Salary stock has been utilized by larger banks; may see it move down stream
- If proxy officer group is partially impacted by Bonus Limitation, many will treat all proxy officers as covered
- For Bonus Limited employees, critical question is how to grant restricted stock
  - We are seeing combination of both TARP vesting as well as bank specific goals and objectives
  - The bank's specific goals and objectives can be either retroactive or proactive in nature

# Let's Keep Things in Perspective

## ★ What hasn't changed?

- Performance plans exist to motivate behavior and drive bank and individual results
- Cash and equity based plans still are great compensation tools
- The compensation committee is the ultimate decision maker on compensation
- The bank compensation market has been dramatically changing for years

## ★ What has changed?

- Plans need to support long-term safety & soundness in addition to profits
- Cash and equity based plans need to be reviewed holistically towards time horizon to account for time horizon of risk
- The span of review for the compensation committee has expanded beyond executives
- The pace of external compensation shocks (regulation/legislation) to the banking system is unprecedented

# 2010 Compensation Data Available Next Week

- ★ Amalfi Consulting 2010 National Bank Officer Compensation Survey
  - 196 public and private banks and thrifts nationwide
  - Covers 86 key executive and officer level positions, including top five ranking officers by salary within each bank
  - Available for purchase online:
    - Basic Survey \$295
    - Enhanced Survey \$895
    - Custom Survey cuts available
    - [www.amalficonsulting.com](http://www.amalficonsulting.com)

# Questions & Answers



# Contact Information



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# Appendix: Regulatory Environment

# Sound Incentive Compensation Policies

- ★ June 21, 2010 Final Guidelines on Sound Incentive Compensation (SICP)
  - Released collectively by FDIC, FRB, OCC and OTS
  - Applies to all banks using incentive compensation plans
  - Principles-based regulation
    1. Balanced risk taking incentives
    2. Effective controls and risk management
    3. Strong corporate governance
- ★ Must have a process for incentive plan design and management
- ★ Board/Compensation Committee needs to own this process
- ★ Incentive compensation structures need to:
  - Be well documented
  - Take into account risk as well as performance
  - Pay over time
  - Recover/offset pay if things “go boom” in the future
- ★ Regulators will be asking for plan information and are expecting change to occur

# Sound Incentive Compensation Policies (Continued)

- ★ Review includes incentive plans, agreements, executive benefit plans
  - Examples: cash incentive plans, bonus plans, equity incentive plans, individual employment and CIC agreements, deferred compensation plans, etc.
- ★ Applies to the following employees:
  - Senior executives,
  - Groups of employees who in aggregate may expose the firm to material risk (e.g. loan officers),
  - Individual employees who may expose the firm to material risk (e.g., traders)
- ★ Observations
  - TARP banks found that creating an inventory of incentive compensation arrangements is not a trivial task
  - Banks need to have an audit system in place for review by Regulators
  - Almost every bank underestimates the number of plans they have
  - Amalfi has been in contact with regulators; they expect process, documentation and controls to be in place.

# Dodd-Frank Wall Street Reform Legislation

## ★ Enacted

- July 21, 2010

## ★ Applies to

- All publicly-traded companies
- Both public and private financial institutions with \$1 billion or more of assets

## ★ Effective

- This is now law
- Some provisions apply immediately
- Some provisions apply within 6-12 months
- For many provisions we are waiting for the SEC, Federal Regulators or the Federal Reserve Board to develop specific rules

# Dodd-Frank (Continued)

## ★ All public companies:

- Executive Compensation Say-on-Pay: Non-binding vote
- Golden parachute Say-on-Pay: Non-binding vote
- CEO Pay Test: Disclosure of CEO total comp as a percentage of median of all other employees total comp
- Pay v. Performance Exhibit: Disclosure of relationship between exec comp and company financial performance
- Compensation committee independence
  - Explicit authority for comp committee to retain consultants, legal counsel and other advisors; funding to be provided by company
  - Factors affecting independence of consultants and advisors to comp committee
  - Disclosure regarding use of compensation consultants

# Dodd-Frank (Continued)

## ★ All public companies:

- Clawbacks: Mandatory recovery of pay based on restatement
- Broker Voting: Prohibited in director elections
- Proxy Access: SEC authority to permit shareholder nominees for director elections
- Chair/CEO structure: Proxy disclosure of rationale

## ★ Financial institutions (e.g., banks) with assets > \$1 billion:

- Incentive disclosure: All incentive arrangements to regulators
- Prohibited compensation: Prohibition of incentive-based pay that regulators determine encourages excessive risk

## ★ Residential mortgage originators: Mortgage loan compensation standards

# Dodd-Frank (Continued)

## Implementation Dates of the Various Legislated Items

Legislative Item	Effective Date	Companies Covered	Comments
1. Shareholder Approval of Executive Compensation	January 21, 2011 (6 months)	Public companies subject to proxy rules	Shareholder meetings on or after date
2. Shareholder Approval of Golden Parachutes	January 21, 2011 (6 months)	Public companies subject to proxy rules	Change-in-control events on or after date
3. Compensation Committee Independence	July 16, 2011 (360 days)	Listed companies, with limited exceptions	SEC to develop rules by date
4. Compensation committee use independent compensation consultants, legal counsel and other advisors	July 16, 2011 (360 days)	Listed companies, with limited exceptions	SEC to develop rules by date
5. Compensation Consultant Disclosure	July 21, 2011 (1 year)	Listed companies, with limited exceptions	Shareholder meetings on or after date
6. Pay versus Performance Exhibit	Not specified	Public companies subject to proxy rules	SEC to develop rules

# Dodd-Frank (Continued)

## Implementation Dates of the Various Legislated Items

Legislative Item	Effective Date	Companies Covered	Comments
7. CEO Pay Test	Not specified	Public companies subject to proxy rules	SEC to develop rules
8. Recovery of Erroneously Awarded Compensation ("Clawbacks")	Not specified	Listed companies	SEC to develop rules
9. Employee & Director Hedging Disclosure	Not specified	Public companies subject to proxy rules	SEC to develop rules
10. Board Chair and CEO Structure	January 17, 2011 (180 days)	Public companies subject to proxy rules	SEC to develop rules by date
11. Enhanced Compensation Reporting and Compensation Prohibitions for Financial Institutions	April 21, 2011 (9 months)	Covered Financial Institutions as defined	Federal regulators to prescribe rules by date
12. Prohibition on Steering Incentives: Mortgage Lending	Not specified	Residential Mortgage Originators	Federal Reserve Board to develop rules



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