

## EXECUTIVE COMPENSATION GUIDE - SME FINANCIAL SERVICES

### Introduction

The compensation data within this report has been gathered from searches that Sayer Haworth have been engaged on, supported by data within annual reports in the public domain.

### Base Salary

	New Start-up Bank	Established SME Bank	Foreign Subsidiary Bank	Large Building Society	Small Building Society	Publicly Listed SME Bank
<b>Chief Executive Officer (SMF1,18)</b>	200,000 - 345,000	320,000 - 380,000	200,000 - 475,000	310,000 - 664,000	235,000 - 256,000	425,000 - 900,000
<b>Chief Financial Officer (SMF 2)</b>	150,000 - 220,000	170,000 - 265,000	130,000 - 220,000	242,000 - 357,000	153,000 - 215,000	275,000 - 355,000
<b>Chief Operating Officer (SMF 24)</b>	140,000 - 235,000	180,000 - 240,000	135,000 - 245,000	165,000 - 292,000	144,000 - 178,000	210,000 - 310,000
<b>Chief Commercial Officer (SMF 6)</b>	160,000 - 190,000	175,000 - 244,000	130,000 - 210,000	145,000 - 190,000	132,000 - 157,000	190,000 - 275,000
<b>Chief Risk Officer (SMF 4)</b>	180,000 - 220,000	210,000 - 276,000	160,000 - 275,000	185,000 - 265,000	142,000 - 165,000	190,000 - 326,000
<b>Chief People Officer (SMF 18)</b>	70,000 - 92,000	125,000 - 187,000	67,000 - 128,000	110,000 - 176,000	68,000 - 113,000	90,000 - 190,000
<b>Chief Technology Officer (SMF 18,24)</b>	160,000 - 225,000	180,000 - 240,000	100,000 - 140,000	130,000 - 195,000	90,000 - 120,000	180,000 - 230,000

\* All figures are in £

### Bonus

- The average bonus range was 33 - 72% of the individuals base salary
- The bonus achieved within the different firms varied widely. The bonus policy on the whole is based on personal and company performance.
- **Publicly Listed Banks** - the average range is from 40 - 100% of base salary, there were examples of no cash bonus and there was an award in the form of shares. Typically, there is an award that is a mix of Cash and Shares to EXCO members.
- **Established SME Banks** - the average range is from 30 - 70% of base salary. LTIP was offered within Banks, however, it was dependent on the ownership structure of the business. Where an LTIP was not offered, there would be a higher cash bonus achieved.
- **New Start Up Banks** - on the whole offered an LTIP to the EXCO members, with a cash bonus achievable on a successful launch. In some examples a cash bonus was achievable during the build phase where the Bank was building towards launching. These ranged from 10-50% on base salary. There are examples of cash bonuses being achieved on the successful launch of the bank. On launch of the Bank an annual cash bonus is achieved based on achieving set milestones, these were on average up to 50% of base salary.
- **Building Societies** - Cash bonuses ranged from 0 - 35% on average of base salary.
- **Foreign Subsidiary Banks** - Cash bonuses ranged from 10 - 80% on average of base salary

## Pension

- **Pension** - The average range is 10-15% non-contributory
- A number of EXCO members had reached lifetime allowance, in this scenario the pension contribution was paid in cash through PAYE

## Main benefits

- **Holidays** - 28 - 30 Days
- **Private Medical Insurance** - Multiple examples of also covering dependents - Generally an enhanced policy which covers pre-existing conditions, Dental and optical
- **Life Insurance/Death in-service** - Average of a 4 - 6 multiple of base salary
- **Critical Illness Cover** - Dependent on the individual Policies

## Shares / Long Term Incentive Plan (LTIP)

- There was no typical trend on schemes offered, this is very much dependent on the business's ownership structure and the discretion of the shareholders to incentivise the EXCO.
- **Publicly Listed Banks** - Typical practice for EXCO members to receive an annual award of shares. Example of 50 - 140% value of base salary awarded.
- **Established SME Banks/Start-up Banks** - Banks that are not listed, there are examples to offer an LTIP to the Executive Team. The value of the LTIP is a % of the base salary in shares based on the valuation of the business. The average award is 50 - 100% of Base salary on joining the business. Annual awards would be dependent on the available capital to be distributed.
- **New Start Shares** - There are examples of the CEO and the wider EXCO receiving a % of the company. CEO's on average are awarded 1-3%. EXCO members 0.5 - 1%.

## Summary

The remuneration of the EXCO within the different segments is all dependent on the size of the business and the balance sheet. Individuals within Publicly Listed firms command a higher level of remuneration with the increased responsibilities associated with this structure. Overall, each segment is consistent on Base Salary pay for each of the key executive roles. The location of the business can affect the level of pay for an EXCO member, there is a London weighting applied to roles that are based in London.

To discuss any details on a particular role please contact James Sayer who leads the executive search practice for Sayer Haworth.



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