

2009 Executive Compensation Survey

D. Hilton Associates Inc. (D. Hilton) presents our annual 2009 Executive Compensation Survey. We thank you in advance for taking the time to lead this initiative on behalf of your organization. Your willingness to participate enriches your ability to apply an industry-focused compensation strategy as well as benefiting the credit union industry as a whole.

We realize that completing the survey form can be time-consuming, so we offer several options to record the data:

- Complete & mail the form to the address below.
- Fax the completed form to 281.292.8893.
- Email the completed form to anita@dhilton.com.

Survey Instructions

Please fill out the survey questions as accurately and completely as possible. The quality of the final product depends upon the quality of the data you submit.

- ◆ Report data as of January 1, 2009 (or as close as possible).
- ◆ Your answers will only be used in a summarized form. Specific information provided by individual credit unions will remain confidential and never revealed.
- ◆ All positions are **executive level**. No staff or management level positions should be reported. If your credit union does not have one of the positions listed, simply do not respond to the questions for that position. If a position at your credit union is not an exact fit with any of the definitions listed, please select the position from the list that, in your judgement, is the best match.
- ◆ You may fax the survey to **(281) 292-8893** or mail it back to:

D. Hilton Associates Inc.
Attn: Executive Compensation Survey
9450 Grogan's Mill Road, Suite 200
The Woodlands, TX 77380

If you have any questions about the completion of this questionnaire, contact Anita Bhandari (anita@dhilton.com) at 800.367.0433, ext.142.

2009 EXECUTIVE COMPENSATION SURVEY

Definition of Terms

FINANCIAL DATA

Current Base Salary – The annual base salary of the employee in the stated position as of January 1, 2009 or closest payroll effective date.

Most Recent Annual Bonus/Incentive Paid (%) – Variable pay is additional cash compensation awarded on top of base salary such as incentive, bonus, and commission-based pay. Please record the most recent variable pay as a percentage of base salary.

2008 Bonus Target (%) – The variable pay received for the 2008 performance year. Note the amount as a percentage of base pay. This target refers to bonus, incentive, and/or commission variable pay options.

Variable Pay Program Structure – This refers to two options of a variable pay structure:

- ◆ **Incentive** - additional variable pay cash compensation paid to an employee for the successful achievement of predetermined targets and goals. The target(s), goals and associated reward are communicated to the employee in advance of the services rendered for the performance period. The executive knows what the reward will be at given established achievement level(s).
- ◆ **Discretionary** - additional variable pay cash compensation generally awarded on a discretionary basis. Typically, an after-the-fact bonus is paid to the executive at the end of the performance year based on judgment without a predetermined performance/reward schedule.

Most Recent Merit Increase – The salary increase percentage (%) received as a result of the most recent annual performance review.

BENEFITS/PERQUISITES

2. **Length of Employment Contract (Evergreen)** – Note “evergreen” if the CEO’s employment contract has no expiration date.
3. **Length of Severance** – If the employment contract includes a severance package, note the number of months the executive will receive full pay upon separation.
9. **Time Bank** – Indicate what happens to unused vacation or PTO time that an employee does not use within the year the employee is eligible for the vacation or PTO. Carry over refers to the ability to carry over days from the previous year into the new year. If all unused days can be carried over, select “carry over all remaining.” If the days an employee can carry over is limited, note “carry over is capped.” If there is more than one option such as can be paid out or carried over, indicate all options.

RETIREMENT**10. Retirement Vehicles:**

457(b) – A non-qualified deferred retirement program where the employee and/or employer contributes pre-tax funds. This plan has maximum contribution limitations similar to a 401(k). The 457(b) contributions grow tax-deferred until withdrawal at retirement or termination of employment.

457(f) – A non-qualified deferred supplemental executive retirement program (SERP) where the employer contributes funds to buy whatever amount of benefit the tax-deferred accumulation will purchase at the executive’s retirement or other specified plan maturity. There is no maximum on contributions or on the benefit amount.

Profit Sharing Plan – A Profit Sharing Plan is a qualified retirement plan in which contributions are made solely by the employer. Contributions to a profit-sharing plan are discretionary and subject to maximum contributions and compensation limitations.

Money Purchase Plan – A Money Purchase Plan requires a fixed percentage of compensation to be contributed to each eligible employee, annually. Contributions and earnings are tax-deferred until withdrawn and subject to maximum contributions and compensation limitations.

Defined Benefit Retirement Plan – A Defined Benefit Plan guarantees a predetermined benefit to the executive at retirement. This is typically a specific dollar amount or a percentage of final compensation. The retirement liability resides with the credit union. Maximum compensation and benefit limitations apply.

12. **401(k) Match** – The total amount of base pay match (%) the credit union contributes to the 401K plan.

HEALTHCARE**13. Healthcare Structure**

Executive only; Credit Union paid – The credit union provides full coverage for only the executive.

Executive & family; Credit Union paid – The credit union provides both executive and family coverage at no cost to the executive.

Percentage Paid by Credit Union – The percentage of the healthcare benefits that are paid for by the credit union.

- 14. Life Insurance** – A. Based upon the employer providing paid life insurance as a product of salary (such as 2 times salary). In this section, note the number of times of salary (such as “2.0”). B. Based upon the employer providing life insurance in a flat amount (such as \$150,000).
- 15. Retiree Heathcare** – Refers to health benefits offered by the credit union to retirees. The credit union may offer the coverage at a discount or fully cover the cost of the premium for the retiree.
- 16. Long-Term Healthcare** – Refers to long-term care insurance that provides elderly assistance in the event special care is required such as accommodation in an assisted care living facility.

POSITION DESCRIPTIONS

- EXE001- Top Executive** (i.e. President, CEO, General Manager). Responsible for all operational affairs through the implementation of board policies. Directs the development of short- and long-range objectives, policies, budgets and operating plans for the credit union. Delegates limits of authority to subordinate executives regarding policies, contractual commitments, expenditures and personnel matters. Represents the credit union to industry groups, representatives of government and regulatory agencies, and the general public.
- EXE002- Senior Executive (#2)** (i.e. Executive Vice President, Senior Vice President, Assistant General Manager). Designated as holding the second highest position in the credit union, after the Top Executive. Responsible with assisting the Top Executive through the direction and coordination of a broad range of activities and functions to ensure effective operations and the achievement of credit union objectives.
- EXE003- Top Financial Executive** (i.e. CFO, EVP-Finance, SVP-Finance, VP-Finance, Director/Manager of Finance). Responsible for general supervision and management of the credit union's financial plans and policies including planning, controlling, and directing the credit union's accounting and financial reporting systems. Responsible for credit union's attainment of optimal financial position and the preparing of financial analyses. May also direct credit union investment activities.
- EXE004- Top Operations Executive** (i.e. COO, EVP-Operations, SVP-Operations, VP-Operations, Director/Manager of Operations). Responsible for the direction, administration, and coordination of credit union activities in accordance with the policies, goals and objectives established by the Top Executive and the Board of Directors. Responsible for financial performance and growth as well as the administration and supervision of front office departments and branch operations.
- EXE005- Top Branch/Member Services Executive** (i.e. EVP-Branch/Member Services, SVP-Branch/Member Services, VP-Branch/Member Services, Director/Manager of Branch/Member Services). Responsible for the management of the credit union branch(es), products and services as well as the providing of quality service to members to ensure their satisfaction. Supervises the member service department, including branch managers and the telephone information center (call center).
- EXE006- Top Human Resources Executive** (i.e. EVP-Human Resources, SVP-Human Resources, VP-Human Resources, Director/Manager of Human Resources). Responsible for the management and supervision of the credit union's human resources function. Directs the development and implementation of employee policies and guidelines. In charge of salary administration, employee benefits, payroll, recruitment, training and development, and safety and health. Maintains personnel records and submits required federal, state and local reports relating to personnel matters.
- EXE007- Top Marketing Executive** (i.e. EVP-Marketing, SVP-Marketing, VP-Marketing, Director/Manager of Marketing). Responsible for the management, supervision and direction of the credit union's marketing function, including the coordination of outside vendor services. Develops and administers marketing strategies. Directs marketing, advertising and public relations activities for the credit union. Oversees marketing channels, branding, and campaign management. May include responsibility for business development function. (If Business Development handled separately, see "Top Business Development Executive.")
- EXE008- Top Compliance Executive** (i.e. EVP-Compliance, SVP-Compliance, VP-Compliance, Director/Manager of Compliance). Monitors credit union's operations to ensure organization compliance with state and federal regulations. Suggests policy changes and distributes information regarding laws and regulations to credit union staff.

- EXE009- Top Lending Executive** (i.e. EVP-Lending, SVP-Lending, VP-Lending, Director/Manager of Lending). Responsible for the management, supervision and direction of all loan activities in compliance with state and federal lending laws. Manages and develops loan policies and objectives and is accountable for the credit union's entire loan portfolio. Reviews and approves loan applications exceeding staff authority; develops interest rate structures; provides subordinate officers with functional guidance.
- EXE010- Top Consumer Lending Executive** (i.e. EVP-Consumer Lending, SVP-Consumer Lending, VP-Consumer Lending, Director/Manager of Consumer Lending). Responsible for the management, supervision and direction of all consumer/installment loan activities in compliance with state and federal lending laws. Manages and develops consumer loan policies and objectives and is accountable for the credit union's entire consumer, non-mortgage loan portfolio. Reviews and approves consumer loan applications exceeding staff authority; develops interest rate structures; provides subordinate officers with functional guidance.
- EXE011- Top Mortgage Lending Executive** (i.e. EVP-Mortgage Lending, SVP-Mortgage Lending, VP-Mortgage Lending, Director/Manager of Mortgage Lending). Responsible for the management, supervision and direction of all mortgage loan activities in compliance with state and federal lending laws. Manages and develops mortgage loan policies and objectives and is accountable for the credit union's entire mortgage, non-consumer loan portfolio. Reviews and approves mortgage loan applications exceeding staff authority; develops interest rate structures; provides subordinate officers with functional guidance.
- EXE012- Top Business Lending Executive** responsible for commercial loan portfolio. Participates in the development and recommendation of commercial loan objectives, policies and practices. Provides advice and guidance to Credit Unions executives regarding commercial loan activities.
- EXE013- Top Information Technology Executive** (i.e. CIO, EVP-Information Systems, SVP-Information Systems, VP-Information Systems, Director/Manager of Information Systems). Responsible for the management and supervision of the credit union's information systems function. Directs and coordinates information systems planning and functions, including all phases of systems design, programming, installation and operations. Oversees the credit union's data processing system.
- EXE014- Top CUSO Executive.** Directs day-to-day running of the CUSO (Credit Union Service Organization), which is established to generate assets under management via programs such as financial planning.
- EXE015- Top Internal Audit Executive.** (i.e. EVP-/Internal Audit, SVP-/Internal Audit, VP-/Internal Audit, /Internal Auditor, Director/Manager of /Internal Audit). Responsible for the internal audits of operations, and review of the credit union structure, controls, policies, and procedures. Verifies assets against credit union records. Extends audit programs where necessary; analyzes functions and provides appraisals of internal control structure of functions or systems. Analyzes effectiveness and recommends revisions of audit programs. Prepares and reviews audit documentation compiled by lower level support personnel to ensure adherence to standards, uniformity of procedures and adequacy of audit. Prepares audit reports and recommendations for review by management and the Board of Directors.
- EXE016- Top Business Development Executive.** Accountable for the direction and management of development activities for the organization. Directs and executes strategies to grow the business with a focus on driving new business and members. May be involved with new product development. This role is a key player in cultivating external relationships with the community, members, and potential members and business partnerships. Looks for opportunities to penetrate and build market share. Works closely with marketing, sales and/or public relations counterparts in driving new business strategies. (See "Top Marketing Executive" if this position oversees marketing and business development activities).