

Top-paid US bank CEOs in '10

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The chairman and founding CEO of a San Francisco-based bank with \$23.6 billion in assets was the highest-paid chief executive among U.S. banks and thrifts in 2010.

First Republic Bank's Jim Herbert II pulled in more than \$36.3 million in total compensation, according to an SNL Financial analysis that factored in base salary, bonuses, stock and option awards, as well as other reported forms of pay.

The bank reported quarterly earnings for the first time in January, posting a profit of \$76 million, or 60 cents per share, following the completion of its IPO in the final month of 2010. (For the first quarter of this year, it posted net income of \$88.8 million, or 67 cents per share.) In conjunction with the IPO, Herbert was granted options to purchase 4,937,121 shares of First Republic common stock at an exercise price of \$15 per share.

The bank's profitability, coupled with stock and option awards, helped catapult Herbert to the top of the list. His compensation last year consisted of more than \$30 million in stock and option awards, according to the SNL analysis.

Top 25 highest-paid bank and thrift CEOs in 2010

| Company (ticker) | Officer | Annualized base salary (\$) | Bonus (\$) | Stock, option awards (\$) | Non-equity incentive compensation (\$) | Pension nonqualified compensation (\$) | Other salary (\$) | Total compensation (reported) (\$) |
|----------------------------------|--------------------------|-----------------------------|------------|---------------------------|--|--|-------------------|------------------------------------|
| First Republic Bank (FRC) | Jim Herbert II | 720,000 | 3,780,000 | 30,211,188 | 1,312,210 | 91,446 | 219,272 | 36,334,116 |
| JPMorgan Chase & Co. (JPM) | Jamie Dimon | 1,000,000 | 5,000,000 | 14,196,700 | 0 | 39,965 | 579,624 | 20,816,289 |
| Bk of New York Mellon Corp. (BK) | Bob Kelly | 1,000,000 | 0 | 12,412,762 | 5,610,000 | 0 | 356,495 | 19,379,257 |
| Wells Fargo & Co. (WFC) | John Stumpf | 3,239,847 | 0 | 11,000,009 | 3,300,000 | 1,405,335 | 28,531 | 18,973,722 |
| U.S. Bancorp (USB) | Richard Davis | 975,037 | 0 | 12,000,000 | 3,115,125 | 2,666,929 | 14,114 | 18,771,205 |
| PNC Finl. Services Grp Inc (PNC) | Jim Rohr | 1,557,692 | 0 | 7,745,850 | 2,170,000 | 4,968,783 | 158,468 | 16,600,793 |
| Capital One Finl. Corp. (COF) | Rich Fairbank | 0 | 0 | 14,750,038 | 0 | 9,013 | 100,637 | 14,859,688 |
| State Street Corp. (STT) | Jay Hooley | 961,058 | 0 | 5,995,151 | 4,000,000 | 1,666,517 | 296,394 | 12,919,120 |
| Northern Trust Corp. (NTRS) | Rick Waddell | 900,000 | 0 | 6,477,652 | 2,000,000 | 3,306,902 | 75,527 | 12,760,081 |
| BB&T Corp. (BBT) | Kelly Stuart King | 937,500 | 0 | 6,068,610 | 1,138,594 | 2,094,449 | 142,443 | 10,381,596 |
| SunTrust Banks Inc. (STI) | Jim Wells III | 1,077,300 | 0 | 4,616,920 | 0 | 4,453,853 | 122,451 | 10,270,524 |
| City National Corp. (CYN) | Russell D. Goldsmith | 979,203 | 0 | 3,249,974 | 3,038,000 | 1,945,479 | 37,168 | 9,249,824 |
| Comerica Inc. (CMA) | Ralph Babb Jr. | 2,727,452 | 0 | 1,991,220 | 1,986,350 | 2,108,247 | 32,180 | 8,845,449 |
| Hudson City Bncp Inc. (HCBK) | Ronald Hermance Jr. | 1,621,538 | 0 | 3,587,500 | 2,000,000 | 967,942 | 652,422 | 8,829,402 |
| Santander Holdings USA Inc. | Gabriel Sanint Jaramillo | 2,013,000 | 0 | 1,264,942 | 3,635,537 | 0 | 1,041,281 | 7,954,760 |
| KeyCorp (KEY) | Henry Meyer III | 2,999,957 | 0 | 1,500,000 | 0 | 2,489,478 | 98,311 | 7,087,746 |
| Oritani Financial Corp. (ORIT) | Kevin Lynch | 557,577 | 0 | 3,432,243 | 408,750 | 2,261,515 | 159,491 | 6,819,576 |
| Territorial Bncp Inc. (TBNK) | Allan Kitagawa | 817,993 | 0 | 4,244,953 | 817,993 | 756,221 | 147,769 | 6,784,929 |
| BOK Financial Corp. (BOKF) | Stan Lybarger | 828,600 | 173 | 2,219,305 | 1,242,900 | 2,342,844 | 29,400 | 6,663,222 |
| Flagstar Bancorp Inc. (FBC) | Joe Campanelli | 2,650,000 | 0 | 0 | 0 | 3,822,124 | 0 | 6,472,124 |
| New York Cmnty Bncp Inc. (NYB) | Joseph Ficalora | 1,000,000 | 0 | 2,587,500 | 1,250,000 | 0 | 763,183 | 5,600,683 |
| FirstMerit Corp. (FMER) | Paul Greig | 750,725 | 691,927 | 2,000,000 | 1,238,073 | 627,261 | 202,273 | 5,510,259 |
| Regions Financial Corp. (RF) | O. B. Grayson Hall Jr. | 837,500 | 0 | 2,287,500 | 0 | 1,808,868 | 181,928 | 5,115,796 |
| Marshall & Ilsley Corp. (MI) | Mark Furlong | 875,000 | 0 | 3,624,997 | 0 | 569,607 | 24,432 | 5,094,036 |
| East West Bncp Inc. (EWBC) | Dominic Ng | 883,333 | 0 | 2,203,286 | 0 | 1,903,876 | 75,112 | 5,065,607 |

Data as of May 24, 2011.

Source: SNL Financial

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Perhaps not surprisingly, Herbert was followed by a cast of big-bank executives. JPMorgan Chase & Co. Chairman and CEO Jamie Dimon was second on the list at \$20.8 million, including a bonus of \$5 million. Bank of New York Mellon Corp. Chairman and CEO Robert Kelly was third (\$19.4 million), followed by Wells Fargo & Co. Chairman and CEO John Stumpf (\$19.0 million), U.S. Bancorp Chairman and CEO Richard Davis (\$18.8 million) and PNC Financial Services Group Inc. Chairman and CEO Jim Rohr (\$16.6 million).

Absent from the list was Citigroup Inc. CEO Vikram Pandit, who earned \$1 in 2010 after saying he would essentially go without a salary or bonus until the company was firmly back on a profitable path after losing huge sums in 2008 and 2009.

Citi, however, this month awarded Pandit a retention package of more than \$16 million, plus stock options. The company posted a first-quarter profit of \$3 billion, its fifth consecutive quarter in the black. For Pandit to receive \$6.65 million in profit-sharing, Citi must achieve a cumulative pretax income for its core operations of at least \$12 billion this year and next; he will get another \$10 million in a deferred stock award if Citi meets its goals on regulatory issues such as capital levels and subjective measures such as developing senior management.

| Top 25 US Banks' 2010 CEO compensation | | | | | | | | | |
|--|--------------------|------------------------|-----------------------------|------------|---------------------------|--|--|-------------------|------------------------------------|
| Company (ticker) | Total assets (\$B) | Officer | Annualized base salary (\$) | Bonus (\$) | Stock, option awards (\$) | Non-equity incentive compensation (\$) | Pension nonqualified compensation (\$) | Other salary (\$) | Total compensation (reported) (\$) |
| Bank of America Corp. (BAC) | 2,265 | Brian Moynihan | 950,000 | 0 | 0 | 0 | 719,835 | 270,234 | 1,940,069 |
| JPMorgan Chase & Co. (JPM) | 2,118 | Jamie Dimon | 1,000,000 | 5,000,000 | 14,196,700 | 0 | 39,965 | 579,624 | 20,816,289 |
| Citigroup Inc. (C) | 1,914 | Vikram Shankar Pandit | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| Wells Fargo & Co. (WFC) | 1,258 | John Stumpf | 3,239,847 | 0 | 11,000,009 | 3,300,000 | 1,405,335 | 28,531 | 18,973,722 |
| U.S. Bancorp (USB) | 308 | Richard Davis | 975,037 | 0 | 12,000,000 | 3,115,125 | 2,666,929 | 14,114 | 18,771,205 |
| PNC Finl. Svcs Grp Inc. (PNC) | 264 | Jim Rohr | 1,557,692 | 0 | 7,745,850 | 2,170,000 | 4,968,783 | 158,468 | 16,600,793 |
| Bk of NY Mellon Corp. (BK) | 247 | Bob Kelly | 1,000,000 | 0 | 12,412,762 | 5,610,000 | 0 | 356,495 | 19,379,257 |
| Capital One Finl. Corp. (COF) | 198 | Rich Fairbank | 0 | 0 | 14,750,038 | 0 | 9,013 | 100,637 | 14,859,688 |
| SunTrust Banks Inc. (STI) | 173 | Jim Wells III | 1,077,300 | 0 | 4,616,920 | 0 | 4,453,853 | 122,451 | 10,270,524 |
| State Street Corp. (STT) | 161 | Jay Hooley | 961,058 | 0 | 5,995,151 | 4,000,000 | 1,666,517 | 296,394 | 12,919,120 |
| BB&T Corp. (BBT) | 157 | Kelly Stuart King | 937,500 | 0 | 6,068,610 | 1,138,594 | 2,094,449 | 142,443 | 10,381,596 |
| Regions Financial Corp. (RF) | 132 | O. B. Grayson Hall Jr. | 837,500 | 0 | 2,287,500 | 0 | 1,808,868 | 181,928 | 5,115,796 |
| Fifth Third Bancorp (FITB) | 111 | Kevin Kabat | 3,144,823 | 0 | 1,572,411 | 0 | 63,600 | 40,779 | 4,821,613 |
| KeyCorp (KEY) | 92 | Henry Meyer III | 2,999,957 | 0 | 1,500,000 | 0 | 2,489,478 | 98,311 | 7,087,746 |
| Northern Trust Corp. (NTRS) | 84 | Rick Waddell | 900,000 | 0 | 6,477,652 | 2,000,000 | 3,306,902 | 75,527 | 12,760,081 |
| M&T Bank Corp. (MTB) | 68 | Robert Wilmers | 1,750,000 | 0 | 350,018 | 0 | 243,550 | 204,022 | 2,547,590 |
| Hudson City Bncp Inc. (HCBK) | 61 | Ronald Hermance Jr. | 1,621,538 | 0 | 3,587,500 | 2,000,000 | 967,942 | 652,422 | 8,829,402 |
| Huntington Bcshs Inc. (HBAN) | 54 | Steve Steinour | 3,000,000 | 0 | 1,499,996 | 0 | 214,120 | 218,356 | 4,932,472 |
| Comerica Inc. (CMA) | 54 | Ralph W. Babb Jr. | 2,727,452 | 0 | 1,991,220 | 1,986,350 | 2,108,247 | 32,180 | 8,845,449 |
| Zions Bancorp. (ZION) | 51 | Harris Henry Simmons | 1,157,156 | 0 | 578,488 | 0 | 61,324 | 9,800 | 1,806,768 |
| Marshall & Ilsley Corp. (MI) | 51 | Mark Furlong | 875,000 | 0 | 3,624,997 | 0 | 569,607 | 24,432 | 5,094,036 |
| NY Cmnty Bncp Inc. (NYB) | 41 | Joseph Ficalora | 1,000,000 | 0 | 2,587,500 | 1,250,000 | 0 | 763,183 | 5,600,683 |
| Popular Inc. (BPOP) | 39 | Richard Carrión | 838,260 | 0 | 370,800 | 0 | 297,631 | 289,037 | 1,795,728 |
| Synovus Finl. Corp. (SNV) | 30 | Kessel Stelling Jr. | 591,492 | 0 | 250,000 | 0 | 0 | 43,359 | 884,851 |
| People's United Finl. Inc. (PBCT) | 25 | Jack Barnes | 699,379 | 0 | 1,176,407 | 788,290 | 12,462 | 200,665 | 2,877,203 |

Data as of May 24, 2011.
Source: SNL Financial

Robert Voth, a managing partner at the executive search firm CTPartners, told SNL that "we may see more transparency in compensation." He pointed to Citi's recent public announcement outlining Pandit's retention package. "They willingly detailed the package in a press release as opposed to burying it" in a regulatory filing, said Voth.

Given heightened investor attention on CEO pay in the wake of the financial crisis, Voth said top executives also "may see increased efforts to directly link compensation to performance and financial results."

The challenge, however, is in measuring executives' performance against results. Some investors would like to see CEOs paid well only when their companies' stocks steadily rise.

But Voth said that, in an era when experienced and proven talent is hard to come by at the CEO level, compensation committees must weigh shareholders' wishes against competitive realities.

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For example, Bank of America Corp., for all its various struggles — from legal challenges surrounding foreclosure processes to lingering credit trouble — earned about \$2 billion in the first quarter and remains a stalwart in both consumer and commercial banking in the United States, but its stock has been lackluster.

That may help explain why BofA CEO Brian Moynihan (\$1.9 million) was paid a fraction of his rivals at Wells and JPMorgan. But while Moynihan surely has his critics, recruiters say he could be difficult to replace, given that the pool of candidates qualified to run a megabank and eager to shoulder the related stresses is relatively shallow.

As such, Voth said, bank boards content with their current CEOs are likely to chart new courses in terms of compensating them.

While still in developing stages, Voth said some boards are looking at creating formulas that take into consideration "a myriad of metrics on how to fairly measure performance," largely those under a CEO's control, that could include retention of top staff and other top-line issues.

"We're still a few years out from seeing this, but there are ongoing discussions that are happening," Voth said.

Michael Point, managing director at ZRG Partners, which helps companies hire executives and develop compensation programs, told SNL that he is seeing "more of a micro approach" by banks in determining compensation.

He said boards are looking past the bottom line and emphasizing "safety and soundness" when establishing bonus criteria for top executives. Boards are factoring in areas such as risk ratings on loan portfolios, delinquency levels and nonperforming assets, and they are trying to assess how a CEO's decisions in these areas affect the bank's regulatory ratings and overall performance.

When it comes to recruiting, this forces boards "to look closer at the history of the CEO ... to look deeper into their skill sets." This can make it more challenging to find and attract a top executive, Point said, but it also helps to assure that a board and a new CEO are on the same page from the start.

"And that's good," he said, because "good CEOs not only want pay but also want the right culture, to know their board supports them and is there to help" make sure the company succeeds.