

# BOARD ADVISORY LLC

Executive Compensation, Performance & Succession

**The role of compensation and the responsibilities of the board and executive management to manage incentives has become central to financial services.**

For TARP and non-Tarp institutions, it is critical to ensure executive talent is aligned with investors and other bank stakeholders. Board Advisory, LLC was formed to specifically address the evolving needs of the compensation committee in guiding organizations with respect to executive compensation, talent and succession.

We have the reputation for representing an investor perspective in helping CEOs and compensation committees manage talent and performance risk within their organizations. Board Advisory consultants also understand banking; we specialize in serving financial services companies and have also served in executive positions within the industry.

Our services consist of the following:

**Market Pay & Performance Analysis.** Assessment of compensation and wealth opportunities compared to peers based on relative and absolute performance.

**Goals Alignment & Competitive Stretch Analysis.** Selection of performance goals in support of long-term strategic and financial objectives. Competitive goal setting relative to peers, industry and investor expectations

**Objective Talent Evaluation.** Support of succession planning through independent assessment, coaching and selection of executive talent.

**Risk Assessment.** Assessment of organizational risk implications of compensation plans – both executive and non-executive.

**Terms of Employment.** Counsel on change in control and/or employment agreements.

**Mergers and Acquisitions.** Assessment of liabilities, development of retention strategies and integration of compensation plans.

**Board Compensation.** Recommending appropriate fee arrangements for the Board.

## Key Board and Executive Issues

- Whether TARP or non-TARP participants, executive compensation and incentive practices will continue to attract intense scrutiny from investors as well as the SEC, Treasury, advisors and regulators. CEOs and Boards are expected to not only understand organizational risk implications of pay, but also manage enterprise risk through pay.
- Investors increasingly expect the CEO and the Board of Directors to have contingency plans for each key executive role to protect investors against loss of talent; through risk-based succession plans, we help boards manage the risk of inevitable turnover.
- Goal setting becomes increasingly inaccurate during times of turmoil, undermining performance goals. We help Boards manage the natural tension of the goal-setting process Company's results.

### The Board's Role in Managing Organization Risk

- Addressing risk of executive and other incentives
- Review of performance measures & horizons
- Goal setting consistent with treasury objectives

### TARP Compliance

- \$500,000 pay cap
- Bonus prohibition
- Grandfather exemptions
- Change in control/severance
- Tax gross-up compliance
- Claw-back
- Luxury expenditure policy

### SEC and Related Investor Issues & Certifications

- CD&A discussion of risk
- Top 20 pay disclosure
- Perquisite disclosure and justification
- Say-on-Pay

## What are the benefits to you?

Whether board member or CEO, we provide the expertise within financial services to allow clear & concise executive programs that enhance the relationship between the board, management, investors and regulatory parties. Further, we are independent compensation consultants consistent with emerging SEC & Treasury standards.