



Where Do Chief Risk Officers Come From?

Findings from an Analysis of CRO Career Paths at 50 of the World's Largest Banks

A Brief Note on Data & Methodology

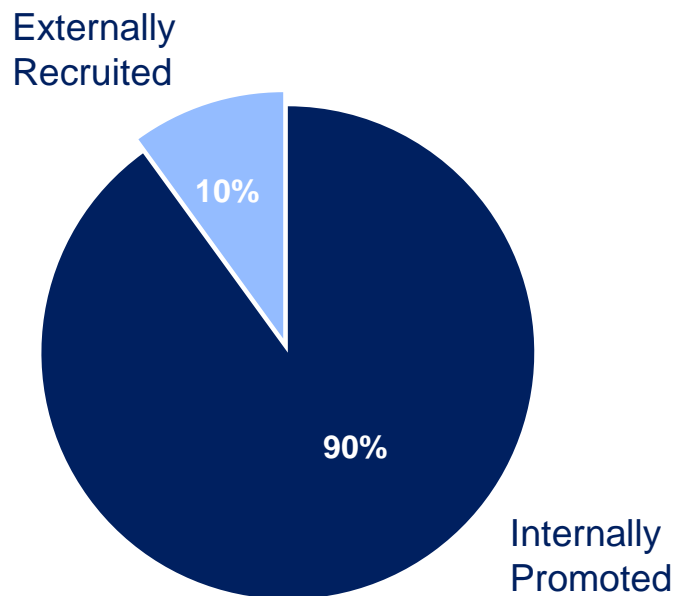
- **In January of 2014, Russell Reynolds Associates initiated a detailed review of the career paths of Chief Risk Officers at fifty of the world's largest banks (by assets)**
- **Our analysis explored the dynamics of each CRO's appointment to his or her current role:**
 - **Internal vs. external appointment**
 - **Those appointed before vs. after the financial crisis**
- **Our analysis also explored the senior leadership roles that each individual had held across the course of his/her career (e.g., regional/divisional head of risk, general management, capital markets, etc.)**
- **Senior leadership roles were assessed based on thorough reviews of both public and proprietary databases**
- **In total, the overarching dataset includes over 1,400 data points**

Source: Russell Reynolds Associates.

Robust Internal Pipelines...And a Post-Crisis Willingness For Change

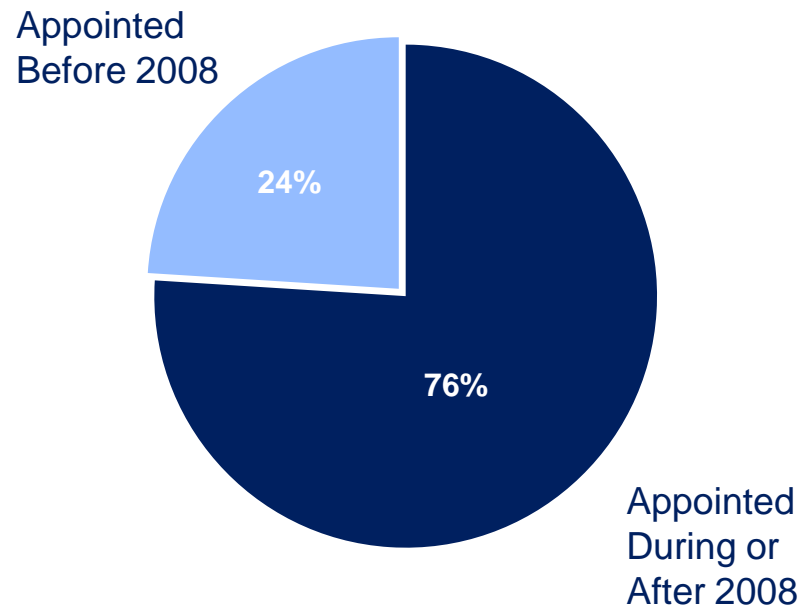
Significant majority of CROs appointed internally...

Share of CROs Promoted Internally vs. Recruited Externally



...and a significant majority of CROs were appointed during or after the financial crisis

Appointment Timing for Current CROs

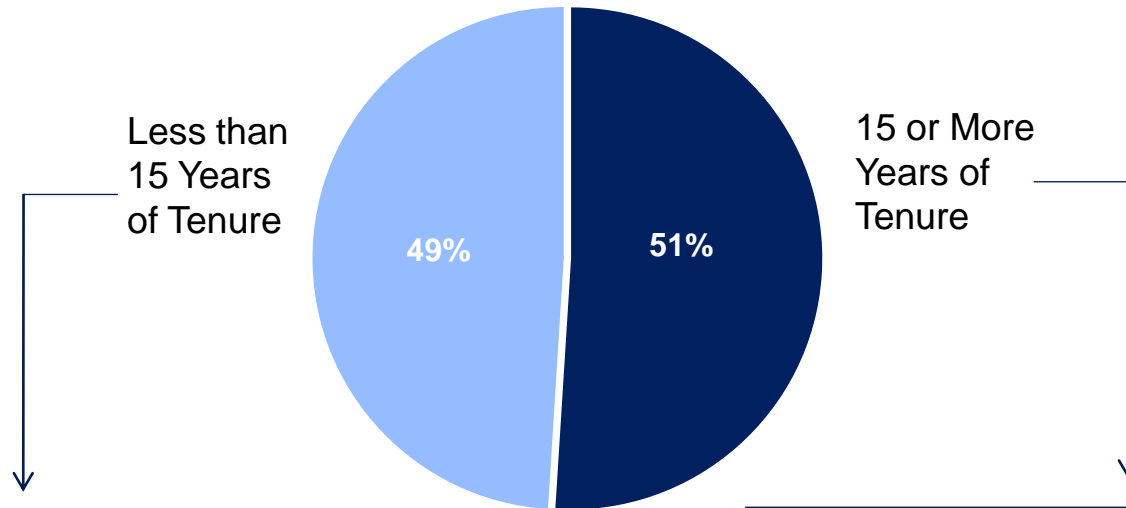


Source: Russell Reynolds Associates.

The Internal Road to the Top

Internally-promoted CROs typically demonstrate lengthy tenures at their banks prior to being appointed

Tenure at Bank in Advance of Promotion: Internally-Promoted CROs



The “Heir Apparent” Hire?

- While 49% of internally-promoted CROs had less than 15 years of tenure at their current bank prior to being named CRO, only 20% had less than 3 years of tenure prior to their appointments.

The Power of Patience?

- 51% of internally-promoted CROs had at least 15 years of tenure at their current bank prior to their CRO appointments. Fully 28% had *more than 25 years* of tenure prior to their appointments.

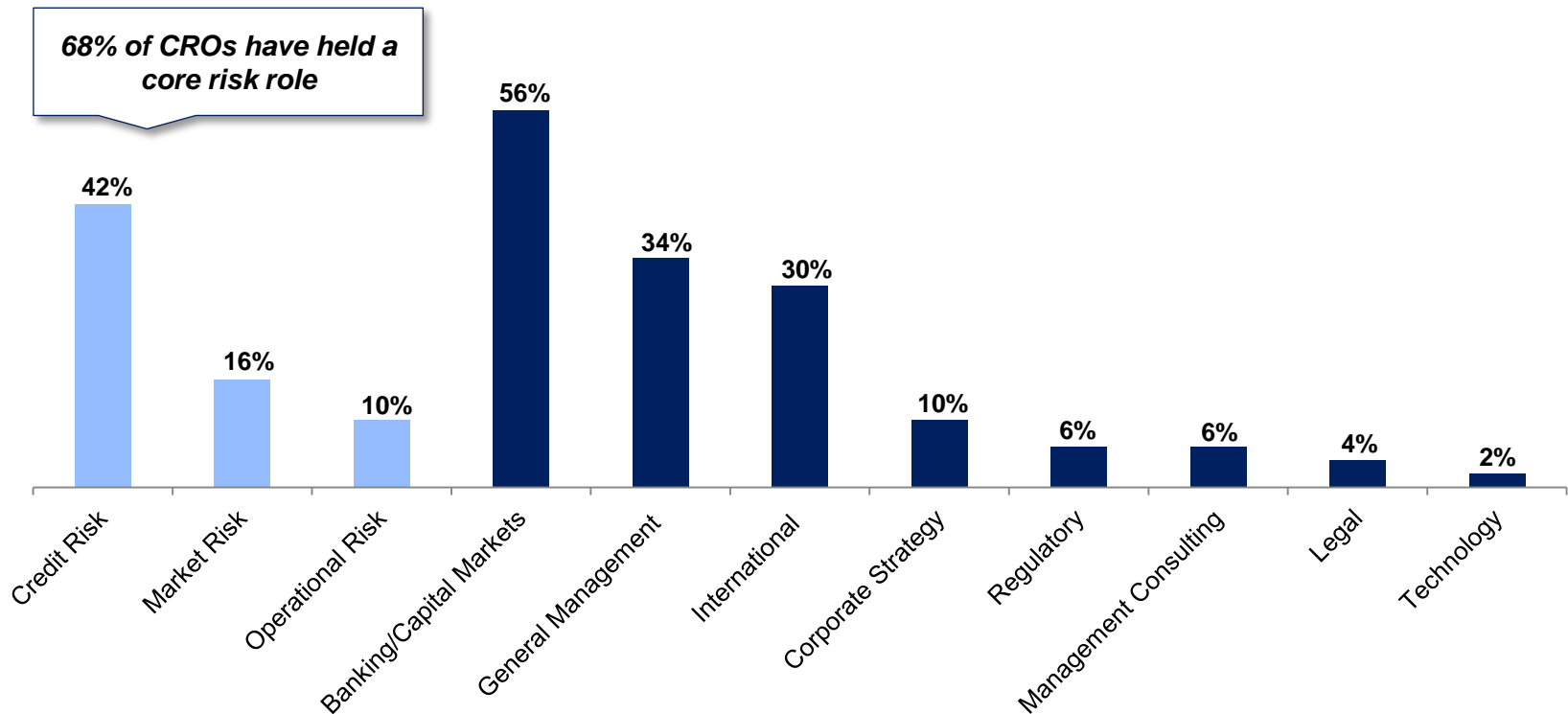
Source: Russell Reynolds Associates.

Common (and Less Common) Roles on the Route to CRO

Typically one core risk role appears in CRO career histories; a number of non-risk roles also prove common

Roles Held in Advance of Promotion

← Core Risk Leadership Roles → ← Non-Risk Leadership Roles →



*For the purposes of our analysis, general management roles included non-risk leadership roles

Source: Russell Reynolds Associates.

Core Risk Experience

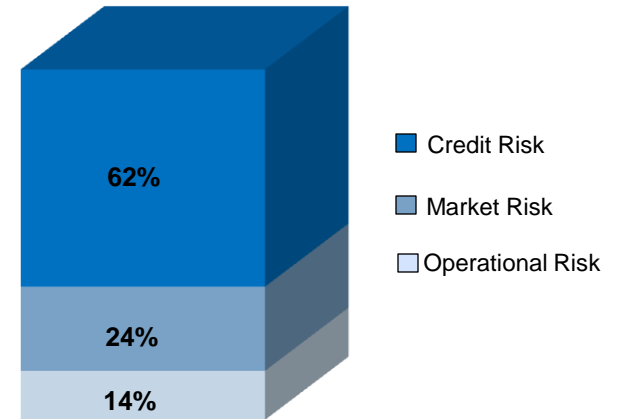
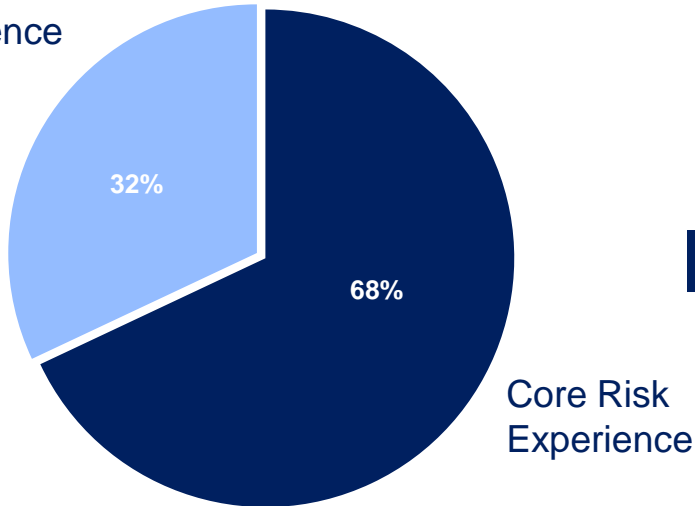
Most CROs had core risk experience prior to promotion...

...credit risk experience most prevalent

Core Risk Experience in Advance of Promotion

Risk Experience

No Core Risk Experience



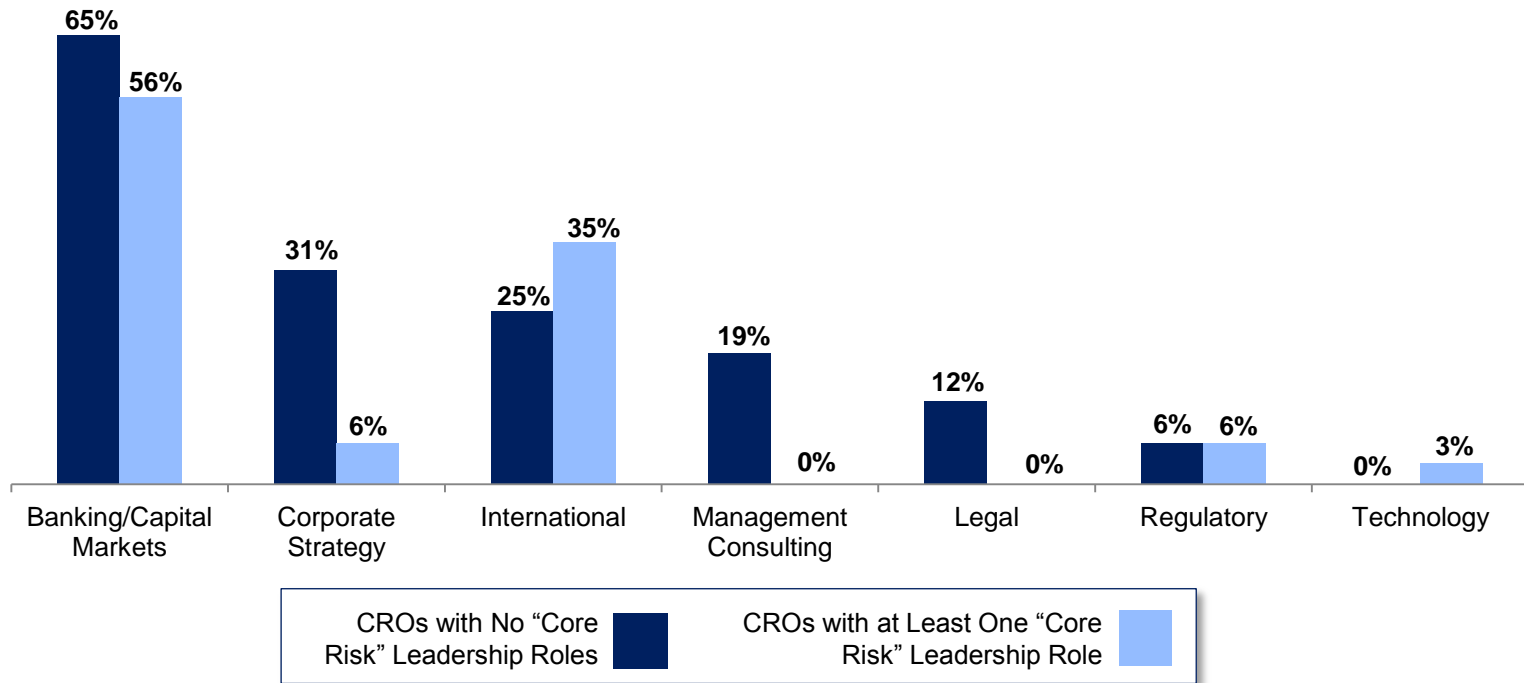
*For the purposes of our analysis, core risk leadership roles included credit risk roles, market risk roles and operational risk roles.

Source: Russell Reynolds Associates.

A Closer Look at Non-Risk Experiences on the Route to the Top

CROs who have not held “core risk” leadership roles are substantially more likely to have held roles in banking/capital markets, corporate strategy, and consulting

Leadership Experience: CROs without Core Risk Leadership Roles vs. CROs with One Core Risk Leadership Role

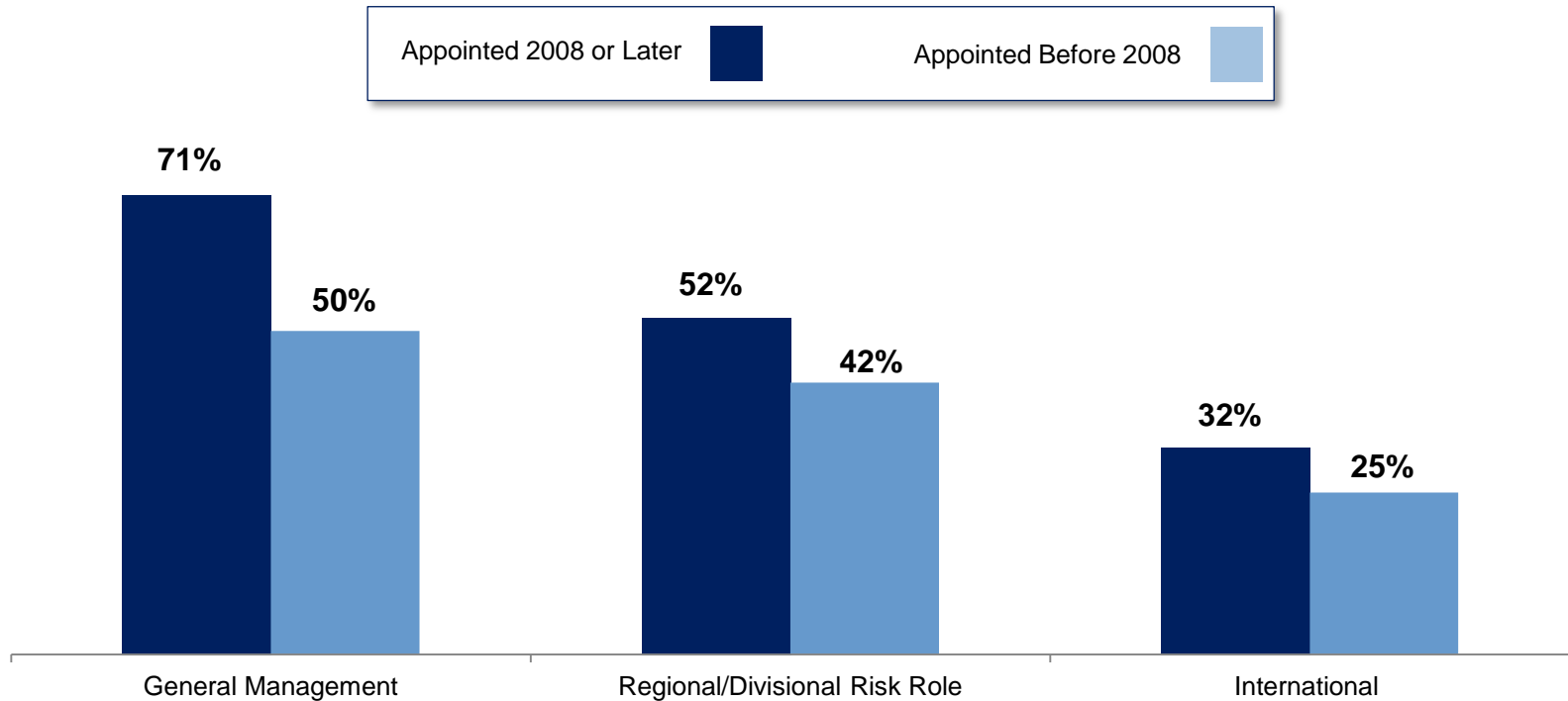


Source: Russell Reynolds Associates.

Three Prominent Shifts in the Route to the Top

CROs appointed during/after the financial crisis are far more likely to have held a general management role

Leadership Roles Amongst CROs Appointed Before and After 2008



MBAs also on the rise: 79% of CROs appointed in 2008 or later hold an MBA; 65% of those appointed before 2008 hold an MBA.

Source: Russell Reynolds Associates.

Different Stepping Stones for Internal Promotions and External Hires

Internally-promoted CROs most commonly step into the top job from a divisional/regional risk role, with general management also serving as a common “stepping stone”

Role Held Immediately Prior to CRO Appointment

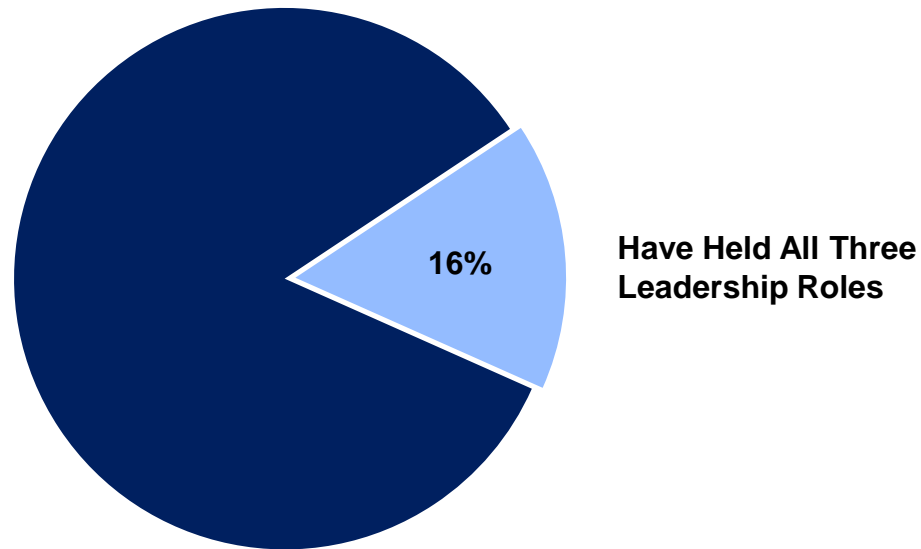
Role Held Immediately Prior to Appointment	Internally-Promoted CROs	Externally-Hired CROs
Deputy/Divisional/Regional Risk	53% (24 of 45)	40% (2 of 5)
General Management	29% (13 of 45)	20% (1 of 5)
Strategic Planning / Corporate Development	8% (4 of 45)	40% (2 of 5)
Finance	7% (3 of 45)	0% (0 of 5)
Legal	3% (1 of 45)	0% (0 of 5)

Source: Russell Reynolds Associates.

“Check-All-the-Boxes” Profiles are Exceedingly Rare

Few CROs possess all three of the leadership roles most commonly cited as “must haves” on the route to the top

Percentage of CROs Who Have Held
Each of the Following Roles: Risk, General
Management and International Leadership Roles

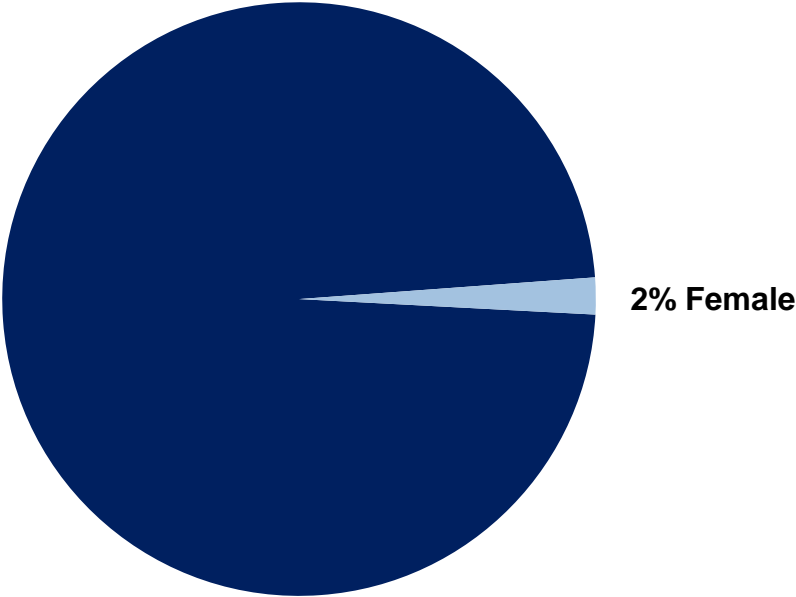


Source: Russell Reynolds Associates.

Little Gender Diversity Among CROs at Top Banks

Across fifty of the top global banks, only one CRO role is currently held by a female

Share of CRO Population, by Gender



Source: Russell Reynolds Associates.