

Executive Officer and Director Compensation Survey

June 30, 2004

This year we are pleased to report that 141 out of 264 banks participated in the Executive Officer and Director Compensation Survey, a participation rate of 53.5%, up from the 47.1% rate in 2003 and the highest participation rate since 1999.

Chief Executive Officer

Since 2001, CEO salaries were up the most in the largest and smallest asset size groups—25% in the Under \$50 million tier and 11.9% in the Over \$1 billion group. At 10.7%, the \$50 to \$99 million group was next, followed by the \$100 to \$249 million group at 8.7%. Salaries edged up slightly in the \$500 million to \$1 billion size groups and were flat in the \$250 to \$499 asset size tier.

Chief Financial Officer

CFO salaries since 2001 were up across the board. The strongest growth over the past three years was in the Over \$1 billion group which was up 31.1%. The \$100 to \$249 million asset group, was next at 19.3%, followed by the Under \$50 million asset category was next, increasing 17.6% and the \$250 to \$499 million group at 12.6%. Salaries in the \$50 to \$99 million and \$500 million to \$1 billion tiers showed single digit increases; 3.1% in the former and 5.8% in the latter.

Senior Loan Officer

Once again, median salaries in the SLO category showed the strongest overall growth of all the officer categories surveyed, with three asset size groups posting double-digit increases over the past three years—a whopping 44.1% in the Under \$50 million group, 24.8% in the Over \$1 billion group and 10.3% in the \$500 to \$1 billion group.

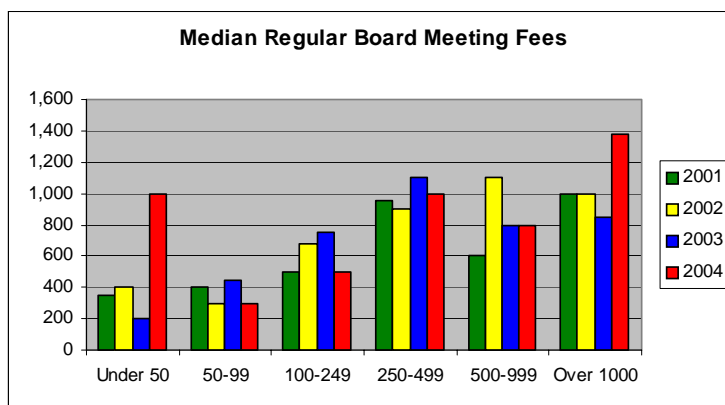
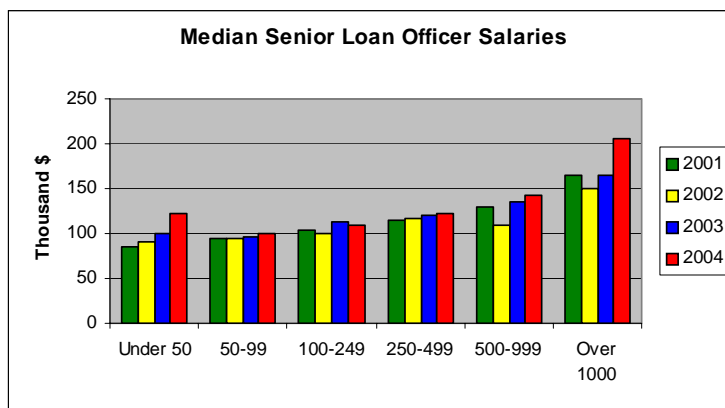
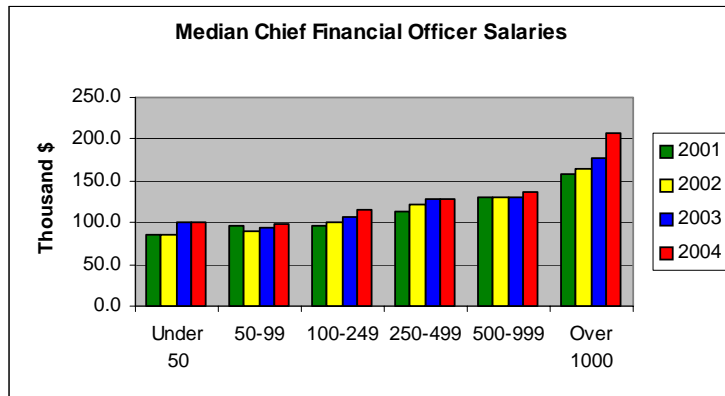
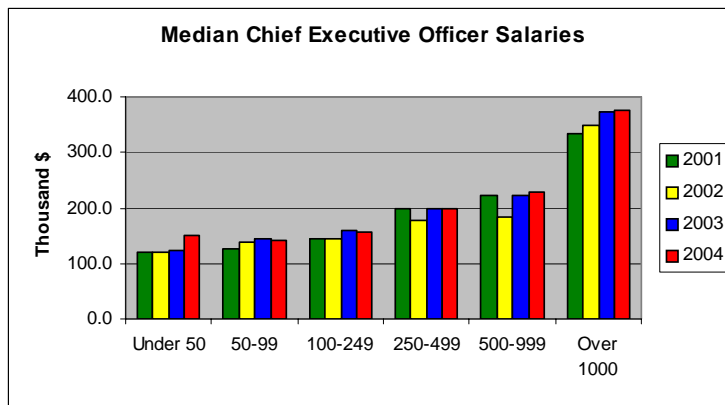
Asset tiers in the remaining tiers posted increases of about 6% each.

Possible factors that could influence salary changes are increased reliance on non-cash benefits, local and national economic conditions, position turnover and changes in the makeup of the asset size group population.

DIRECTORS' INFORMATION

Regular Board Meeting

Among banks that paid fees to board members, median board committee fees were up almost 200% among banks in the Under \$50 million



category over the past three years, while banks in the two upper tiers showed increases of 33.3% and 37.5% respectively in the \$500 million to \$1 billion and \$1 billion and over category over the same period.

Board meeting fees in the \$250 to \$499 million group were up 5.3% and flat in the \$100 to \$249 million group. Banks paying fees to board members Board chairmen received the same as regular members in the Under \$50 million and \$250 to \$499 million asset size groups. In the \$50-\$99 million and Over \$1 billion asset size group chairmen received twice what members receive. In the \$100-\$249 size group chairmen's fees were 60% greater, and were marginally greater than members' fees in the \$500 to \$999 million asset size tier.

Board Committee Fees

In 2003, the special board meeting and board committee categories were discontinued and new categories were introduced for the audit, compensation, credit and investment committees. In addition, the members' and chairmen's fees were broken out.

Comparisons between committees and assets size groups are presented on the accompanying tables.

REGIONAL DATA

Salaries in Region III (LA/Orange) were first in all three officer categories; for the first time since 1997 in the CEO category and for the first time since 1998 in the CFO category. Region II (Bay Area) which had been the salary leader since 1998 among CEOs and since 2000 among CFOs slipped to third place in the CEO category and to fourth place in the CFO category. Moving up was Region I (No. Calif.) where salaries were second in the CEO and CFO categories and third among SLOs. Region IV (So. Calif) was in fourth place in the CEO category and SLO categories, and third among CFOs.

We express our appreciation to the participating banks and hope that this information will prove useful. Participating banks automatically receive the full fifteen-page survey results that include information about bonuses, stock options and many other officer and director fringe benefits.

Please contact me at (213) 897-2156 with any questions or comments at or by email at h Gould@dfi.ca.gov. Or, contact the survey preparer, Patrick Carroll at (415) 263-8559 or by email at p carroll@dfi.ca.gov.

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