

RECRUITMENT MARKET REPORT Q2 2006

Banking and Finance



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We hope you have had a great Q2 and it has been a pleasure working with many of you over the last quarter.

In this report we will be discussing three topics:

- 1) **Salary & Motivation Analysis**
- 2) **The Fund Manager**
- 3) **When at the top in China, what next?**

1) SALARY & MOTIVATION ANALYSIS

Following on from our last quarterly report, please find below some general salary and motivation data relating to specific talent pools and candidates. This will be a regular part of our industry quarterly report.

Hot Jobs Banking & Finance Q2 2006

Figures 1.1 & 1.2 below identify the types of positions that have been in great demand over this last quarter for middle management (candidates with 5+ years relevant experience) and identify the salary ranges and motivation of these candidates.

FIGURE 1.1

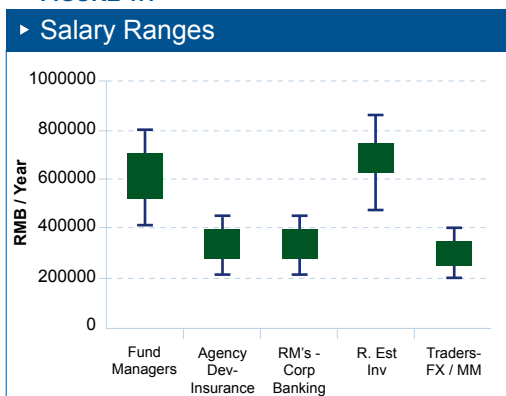
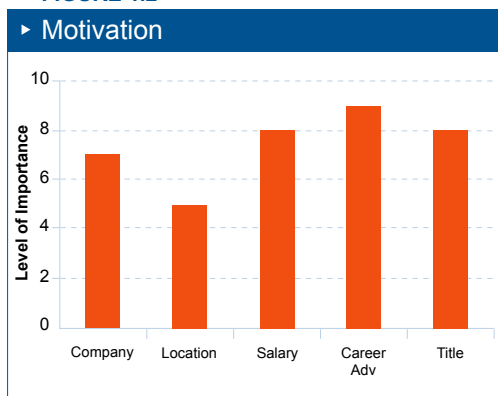


FIGURE 1.2



Senior Level Jobs

Figures 1.3 & 1.4 identify senior level positions that are driving the Banking & Finance industry in China (candidates with 10+ years of relevant experience) and identify the salary ranges and the motivation of these candidates.

FIGURE 1.3

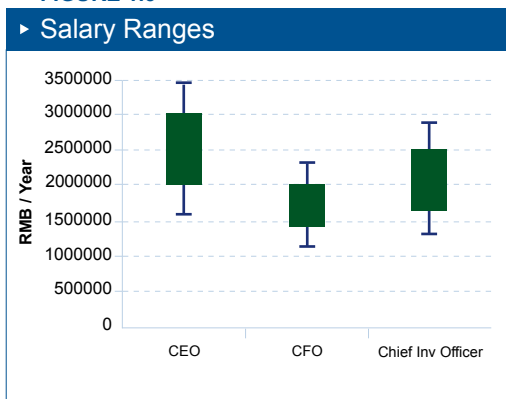
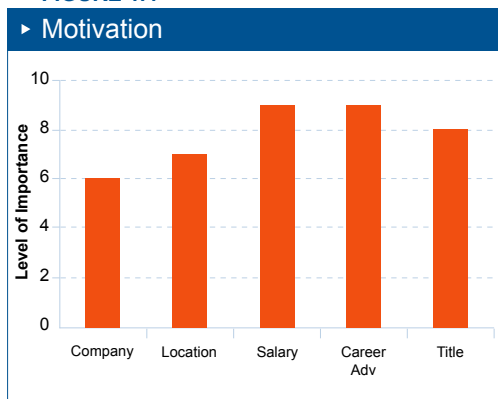


FIGURE 1.4



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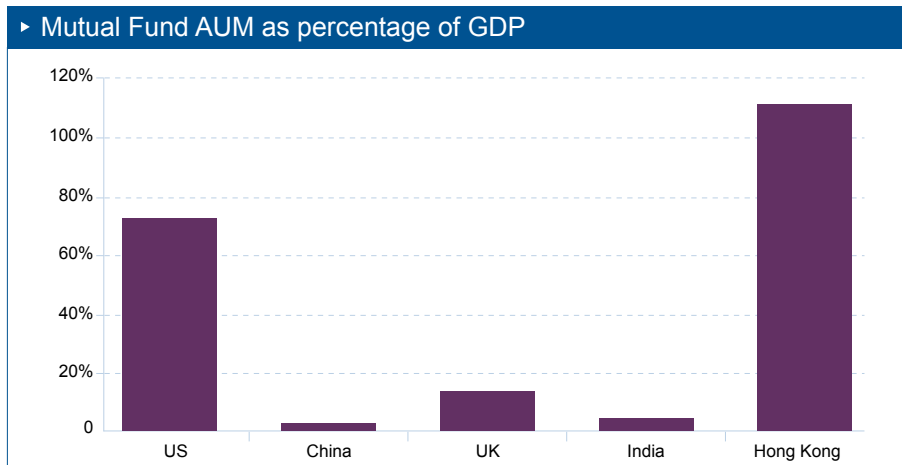
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2) THE FUND MANAGER

As relates to the Chinese market, the fund managers spearhead the investment of mutual funds, taking growth positions on the local A-Share market. These individuals are responsible for the strategic direction of over USD 50 billion accounting for around 2% of China's GDP. Hence the fund manager is a highly important tool to the growth of the Chinese savings and pensions funds. As the Chinese markets become more developed and begin to allow more products and investment solutions, fund managers will gain further importance.

Looking at Figure 2.1 below, we can see the room for growth and size of the China Mutual Fund Market as a percentage of the country's GDP, especially considering the estimated USD 1.9 trillion of Chinese household savings.

FIGURE 2.1



The key difference between the fund manager and other professionals within fund management is their direct responsibility for the product on offer. Hence they are directly tied to the sustainability of the funds they manage. Should the fund manager decide to leave the company, this could cause adverse public perception. Furthermore, the risk and public perception of such moves will become more apparent as the industry draws further attention and the public becomes more aware of the systems behind their mutual fund investments.

Importance of HR

Retention in Fund Management places particular importance on human resources, which face tough responsibility in ensuring low staff turnover to ensure the sustainability of the fund company.

Competitive Markets

Also, as the market in China opens further, hedge funds and other alternative investment vehicles will start to build a presence. This will present further competition for the mutual fund industry to retain staff in the short term, as Fund Managers and other senior level investment professionals will turn to industries that will provide the potential for higher salaries and bonuses, which generally is not the practice in the mutual fund sector.

Profile of the Fund Manager

There are certain key criteria, which we have identified through our work within Mainland China and internationally as being requirements for star fund managers. Figure 2.2 provides a summarised profile of the skills currently available in the Chinese Fund Management sector.

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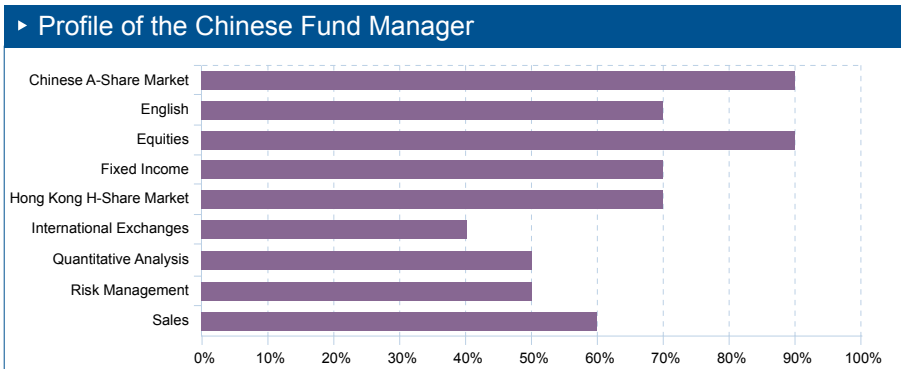
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FIGURE 2.2

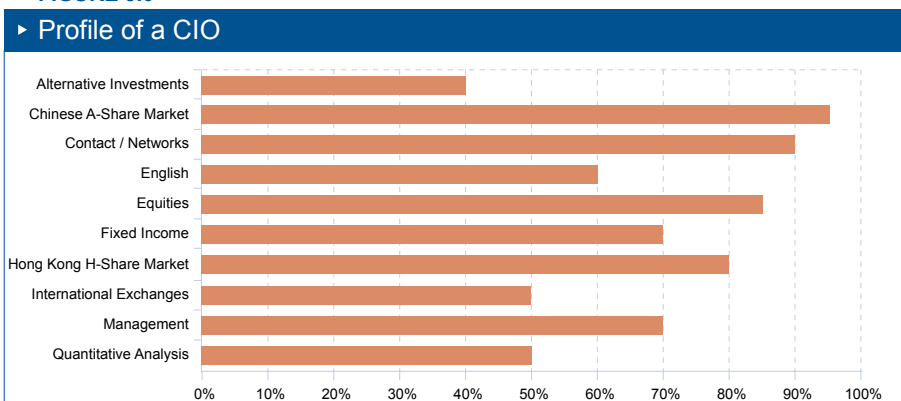


From this Figure 2.2 we can see the areas that Fund Managers will eventually have to improve on in order to remain competitive in the international market place. Three key areas are their knowledge of the International Markets and how it affects investment climates as well as more complex products and investment techniques; Quantitative Analysis skills; and Risk Management. Such skills become ever more important as China further opens its doors to the international financial markets.

3) WHEN AT THE TOP IN CHINA, WHAT NEXT?

Within the area of Banking & Finance, the candidates at the very top are part of a very small club. Our area of focus for this excerpt is the Chinese talent at the very top and not expatriate or other foreigners that form part of senior management teams. Also, the focus is on investment sectors such as Investment Banking, Asset Management, and Fund Management as opposed to Retail or Corporate sectors. Hence, we will first identify the general background of these candidates and then look at their motivation and finally where they can go once at the top.

FIGURE 3.0



Profile at the Top

Within the area of Banking and Finance there is a growing amount of new blood leading the way for the China market. These candidates have generally built a track record in the mainland market place and have then been identified as leaders for the rest to follow. More so now than at anytime before, these candidates moving into senior management positions are doing so based on merit and track record. On the way to the top these candidates have stayed very close to home and hence their international experience is often rather limited. This poses

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a number of obstacles in further advancing their careers within the Banking & Finance sector on the mainland, especially as the foreign institutions will demand their leaders encompass a good understanding of the solutions and products available on the international scene.

Looking at Figure 3.0, there are a number of areas that such professionals might be lacking, however other areas such as contacts, understanding of the local markets / investment climate and public sentiment are areas where these leaders have built great strength. Over the short time these candidates are the professionals capable of leading the way, yet over a longer term such candidates will need to build their skills in the areas lacking.

Motivations at the Top

So what motivates these leaders? Firstly, these candidates are continually exposed to the career potentials in the larger international market and are aware of their strength in their knowledge of the Chinese arena. However, the Banking & Finance industry for such professionals as CEOs, CIOs, CFOs etc. provides a rather limited scope. This is in part due to the small size of the market and the limited availability of products, which in turn means many forms of financial institutions and business are still not established in China, hedge funds being a typical example of this. Other alternative investment channels are also currently restricted from conducting business.

Yet these senior professionals are looking to advance to the same level as their international counterparts in places such as Hong Kong, Singapore, London and New York. The key factors for these candidates is further career advancement on an international level and salary, in line with the more developed markets.

Career path at the Top

The question then becomes, where do these leaders go and how do they further develop their careers? One choice is to start their own companies employing all their experience and contacts gained thus far or remain in their current positions and wait for the Financial Market to explode and then compete with young blood for the new top positions. The other alternative is to lead the way in new sectors, by moving to such places as Hong Kong, gaining greater exposure to the world markets, alternative investment products and other investment / banking solutions then returning to China to lead the way with their already established understanding and contacts on the mainland.

CONCLUSION

We hope this has provided further insight into the Recruitment Market in Mainland China and look forward to any questions you have. We also wish all of you a prosperous and successful Q3 2006 and look forward to being of service.

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ABOUT CONSULT GROUP

Consult Group has considerable experience in locating talent for the banking sector in both emerging and distressed market environments. In China, we frequently place bankers with multinational banks expanding in the mainland. We regularly place Investment Bankers in Beijing and Corporate and Trade Finance Specialists into Shanghai. Within the retail sector we have assisted some of the world's largest banks staff their branches in a variety of remote locations including those where talented banking professionals are thin on the ground. Our consultants are familiar with the local, regional and global candidate pools available to the banking sector and the talent pool available to the industry, thus enabling them to rapidly source candidates and to effectively assess the skills sets of suitable individuals.

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