

2024 Compensation & Talent Survey

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EXECUTIVE SUMMARY

Bank leaders broadly have faith in their executive management team to lead the organization through the next five years, but many are also unclear about who will be leading the bank in the longer term.

Forty percent of respondents to Bank Director's 2024 Compensation & Talent Survey, sponsored by Chartwell Partners, say they expect their CEO to depart or retire within the next five years. Just 18% of survey respondents have identified a CEO succession candidate, as well as a timeline and plan of action, while another 29% say they have identified one or more succession candidates but not a timeline. Bank leaders who expect their CEO to depart within two years are clear about their timeline and succession candidate, but few of those who expect their CEO to leave within five years have identified possible succession candidates.

Taken altogether, the results suggest that many bank boards may need to take a more proactive role in succession planning for the CEO and other key C-suite roles, says J. Scott Petty, managing partner at Chartwell. The survey findings also underscore the need for bank boards to take regular stock of their organization's talent and hold management accountable for its part in succession planning.

"Boards who are looking at a CEO change in the near future need to set a firm transition timeline and stick with it," he says. "We too often see CEO succession timelines extend, which increases the likelihood the internal successor will be recruited away."

A large majority (84%) of survey respondents say they believe the talent level of their executive team is strong enough to achieve their bank's financial and strategic goals over the next five years, even though many of those ostensibly expect their CEO to leave or retire in that time frame. Nearly half (49%) of respondents also report their CEO is over 60 years of age.

Three-quarters of respondents say they could look at external talent in their markets and 70% say they could enhance internal talent development efforts to address gaps in the talent pipeline or succession plan over the next three years. Forty-four percent say their bank could consider buying another bank to address those gaps.

Thirty-five percent of bank executives and directors say they are looking at external candidates to fill key C-suite roles.

KEY FINDINGS

➔ Costs Continue To Climb

A majority (88%) of survey respondents say that compensation expenses increased from last year, reporting a median increase of 7.1% in that time. Additionally, 58% name managing compensation and benefits costs as a top compensation-related challenge.

➔ Commercial Banking Carrots

Nearly half (49%) of respondents say their bank has implemented new incentives for commercial bankers to bring in new deposit accounts, compared with 42% who said as much last year. Another 22% say they're looking into it, while 26% say their bank does not do this.

➔ Hiring Pressures Fade

Just 39% of bank leaders say it was more difficult for their bank to hire and retain talent in 2023-24 than it was a year earlier, compared with 56% who said the same last year.

➔ Declining Interest In DEI

Fewer bank leaders say their organizations record some type of diversity, equity and inclusion metrics. Just over half say they measure the percentage of women and 46% measure the percentage of minorities at different levels of the bank. The percentage who lack a formal diversity, equity & inclusion program rose slightly to 42% from 37% a year ago.

➔ Worth The Effort

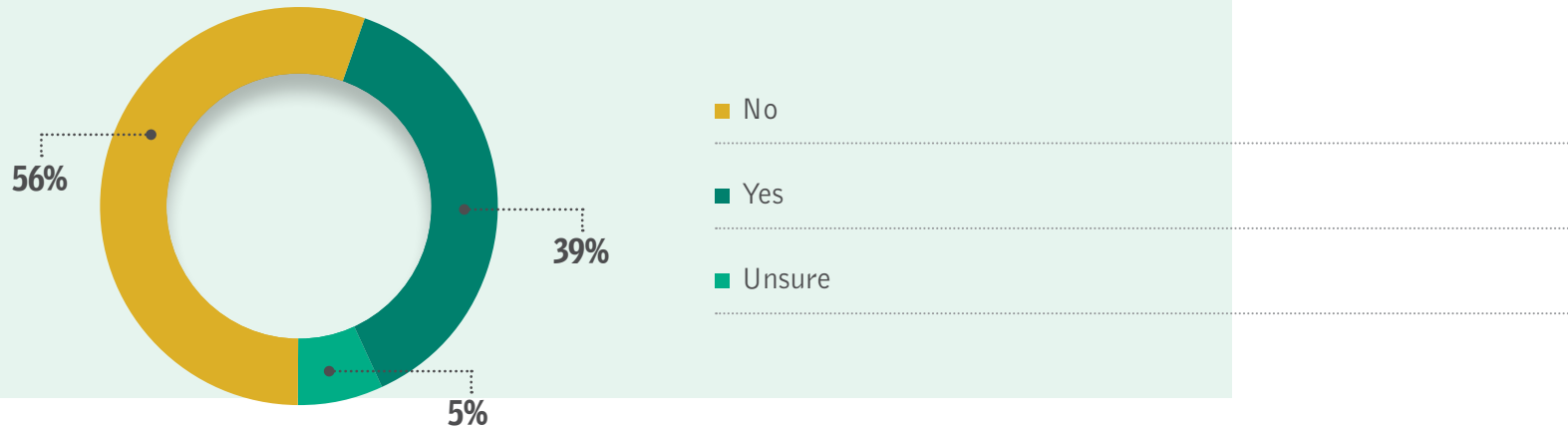
Two-thirds percent of board chairs, lead directors and independent directors believe they are fairly compensated in their role as a director, given the time and responsibility required.

➔ C-Suite Strength

Fifty-nine percent believe their bank has a strong bench of talent to prepare for C-suite roles in the next five years. However, 52% don't expect to have to fill any C-suite roles in 2024 or 2025.

ATTRACTING & RETAINING TALENT

1. In 2023-24, has it been more difficult for your bank to attract and/or retain talent compared to previous years?



2. What are your top three compensation and talent challenges for 2024?

Respondents were asked to select only three.

58%



Managing compensation and benefit costs

41%



Tying compensation to performance

39%



Retaining key people

37%



Offering competitive pay

28%



Succession planning for the CEO and/or executives

27%



Recruiting commercial lenders

24%



Recruiting younger talent

12%



Recruiting technology talent

12%



Recruiting key executives

9%



Enhancing our bank's reputation as an employer

7%



Recruiting risk and compliance personnel

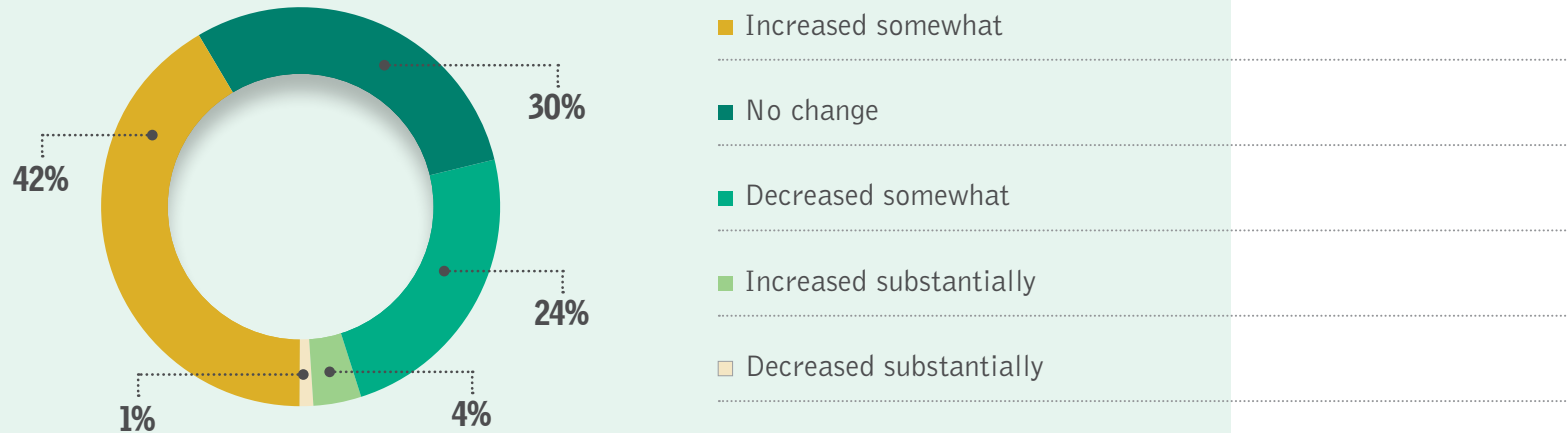
1%



Recruiting other key roles

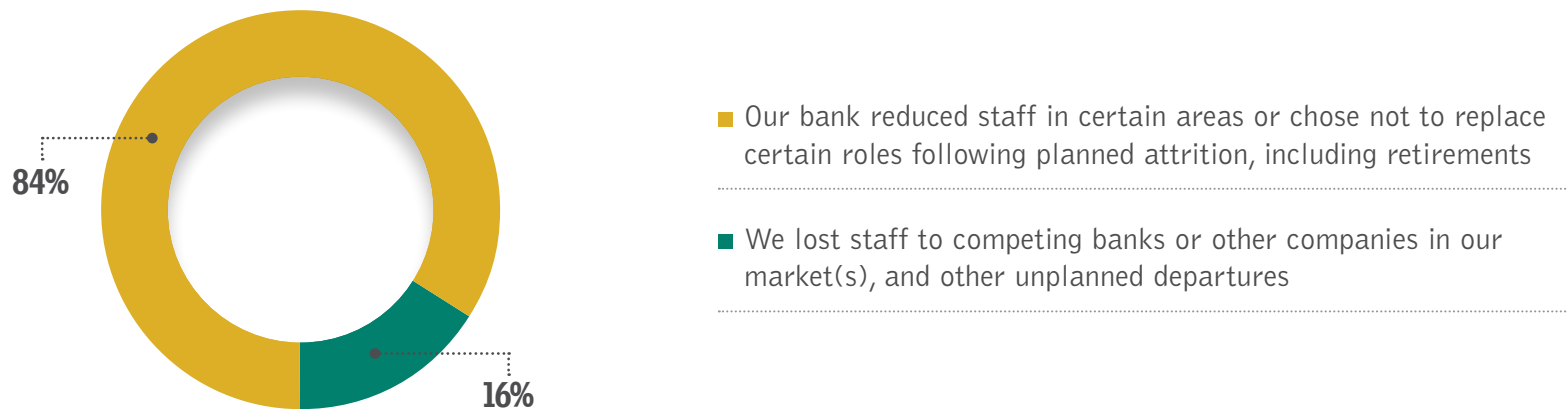
3. On net, did your bank increase or decrease its total number of employees in 2023?

Numbers don't add up to 100% due to rounding.



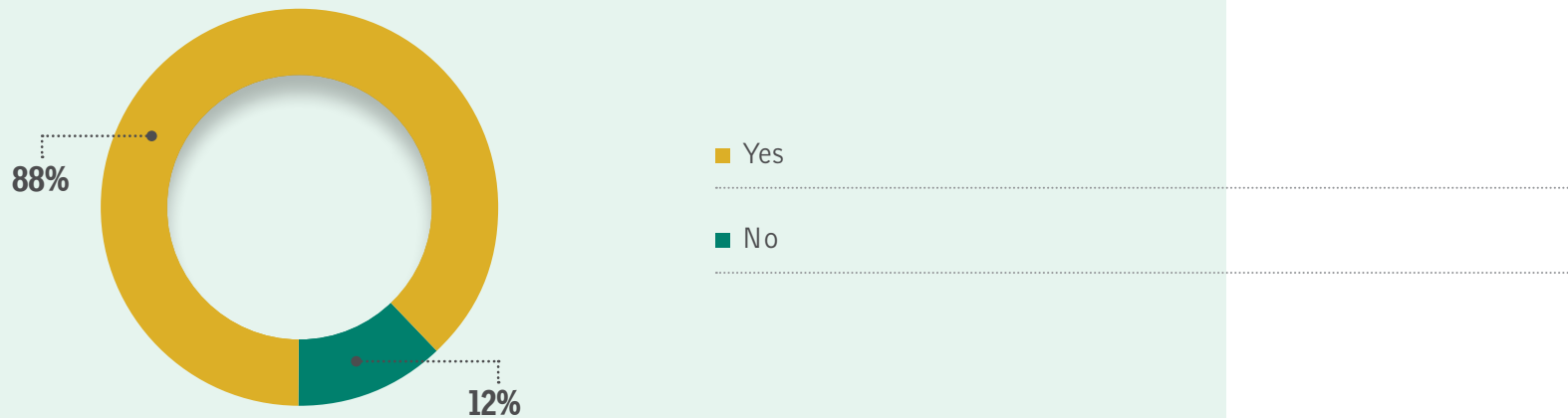
4. Overall, what was the primary reason for your bank's decrease in headcount in 2023?

Respondents were asked to select the phrase that best aligns with their experience.



5. Did your bank's overall compensation expense increase in fiscal year 2023?

Question only asked of CEOs, CFOs, human resources officers and other officers.



6. Overall, by what percentage did your bank's compensation expense increase in FY 2023?

Question only asked of respondents who indicated that their bank's compensation expense had increased in FY 2023.



7%

Median increase in compensation expense

7. What was your bank's total compensation expense in FY 2023?

Respondents were asked to report the total amount as a whole number. Question only asked of CEOs, CFOs, human resources officers and other officers.



\$9,200,000

Median compensation expense

8. In which areas do you expect your bank to increase staff in 2024?

Respondents were asked to select all that apply.

57% Commercial/business lending

37% Technology/IT

27% Risk/compliance

21% Branch

21% Cybersecurity

19% Audit/accounting

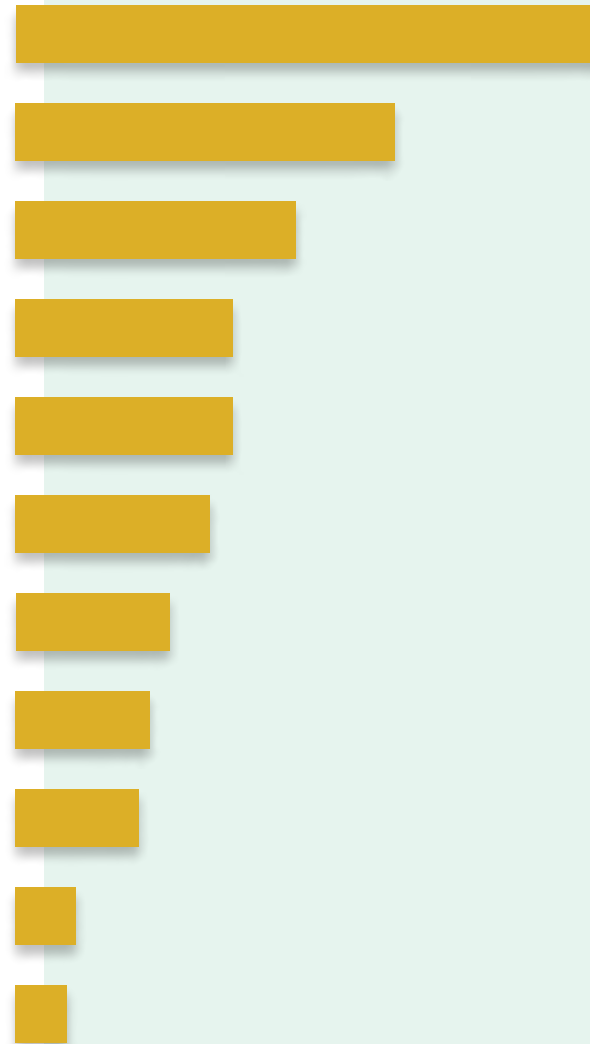
15% Mortgage/consumer lending

13% Wealth/asset management

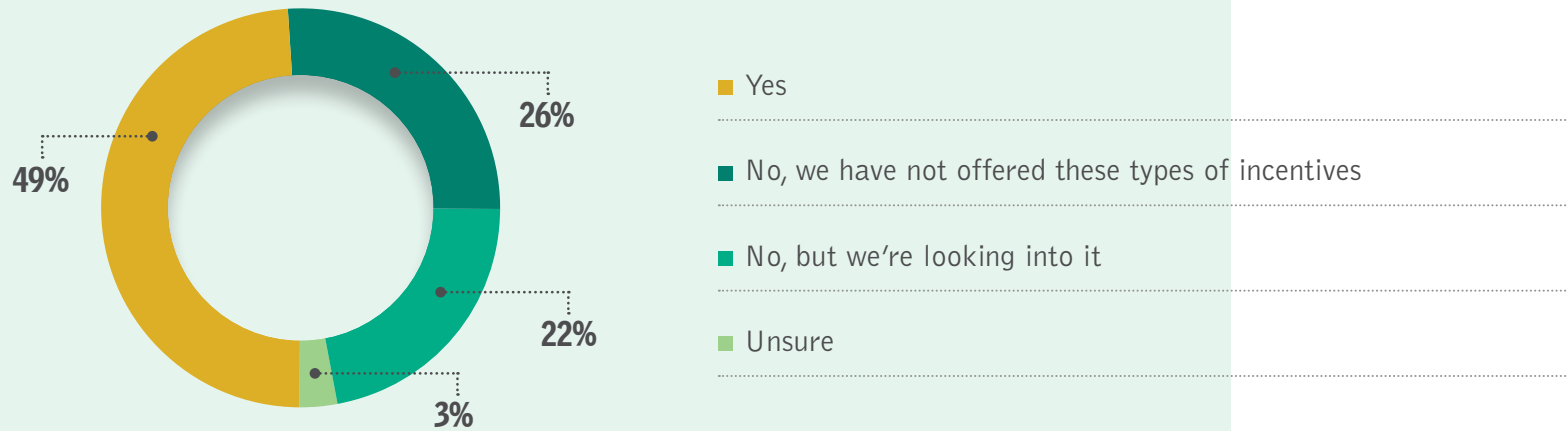
12% Call center

6% Human resources

5% Marketing



9. Has your bank implemented any new incentives to entice commercial bankers to bring in new deposit accounts?



10. Does the bank measure any of the following when evaluating its diversity, equity & inclusion (DEI) progress or initiatives?

Respondents were asked to select all that apply.

- 51%** Percentage of women at different levels of the bank

- 46%** Percentage of minorities at different levels of the bank

- 42%** We lack a formal DEI program, and don't measure these metrics

- 29%** Percentage of veterans at different levels of the bank

- 24%** Gender pay gap

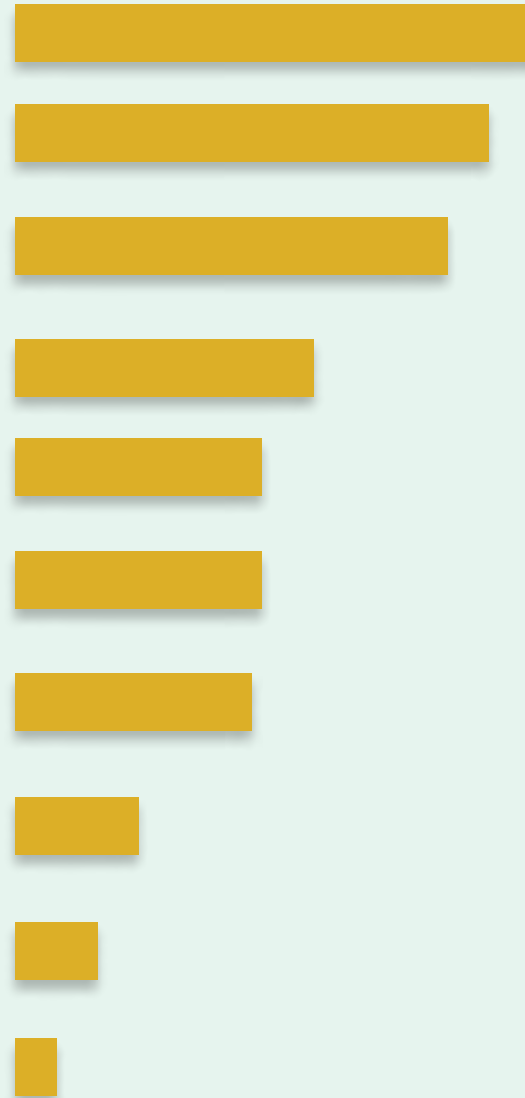
- 24%** Percentage of employees with disability at different levels of the bank

- 23%** Participation in DEI-focused education and training

- 12%** Participation by women and/or minorities in internal/external training/mentorship programs

- 8%** Participation in and/or formation of employee affinity groups

- 4%** Other



C-SUITE PAY & SUCCESSION

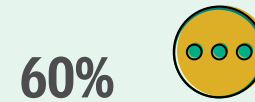
11. The CEO at my bank received the following types of compensation in fiscal year 2023.



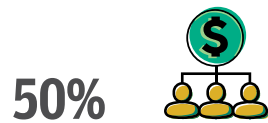
Salary



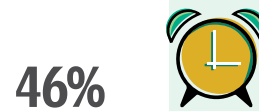
Cash incentive (bonus)



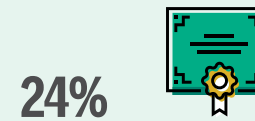
Other benefits & perks



Equity grants



Nonqualified deferred compensation
and/or retirement benefit



Synthetic equity grants (cash-based
long term incentives)

12. Enter the cash compensation amounts for the CEO of your bank for FY 2023.

Median values reported. Proxy data included. Respondents were asked to enter a value greater than zero or leave the field blank.

\$525,000

Salary

\$130,074

Cash incentive (bonus)

\$478,314

Equity grants

\$45,908

Benefits & perks

\$858,500

Total CEO compensation

13. Is your CEO’s performance measured by any of the following metrics?

Respondents were asked to select all that apply.

- 49% Return on assets

- 42% Return on equity

- 42% Income growth

- 37% Asset quality

- 35% Efficiency

- 34% Loan growth

- 34% Deposit growth

- 31% CAMELS rating

- 22% Total shareholder return

- 18% CEO compensation is not tied to performance metrics

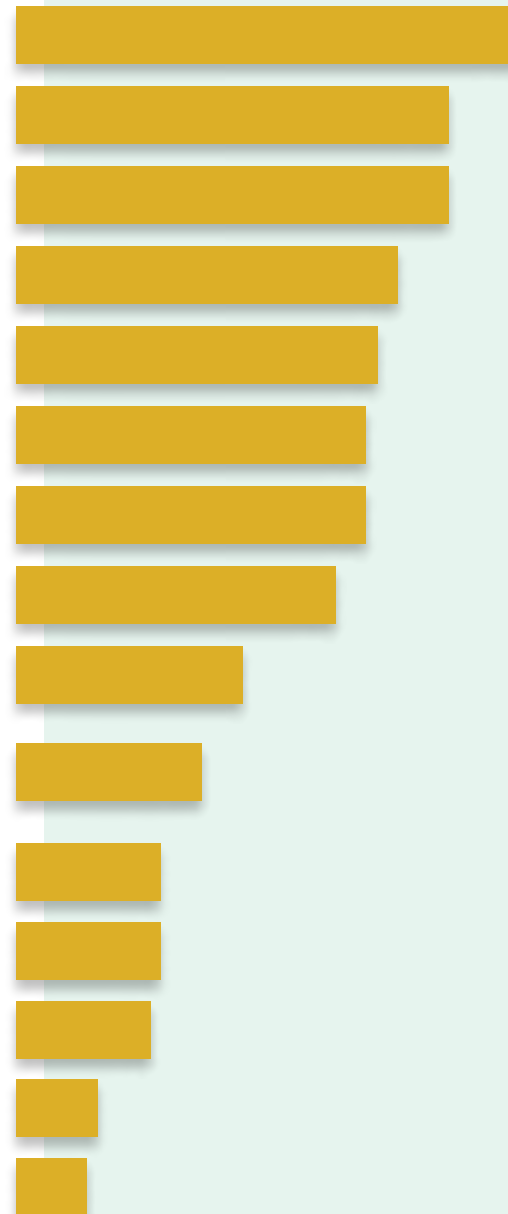
- 14% Credit or similar risk metrics

- 14% Other metrics

- 13% Earnings per share growth

- 8% Tangible book value

- 7% Employee retention



14. Is your CEO's performance measured by any of the following qualitative factors?

Respondents were asked to select all that apply.

64% Strategic plan progress and/or completion of corporate goals

48% Good standing with regulators

35% Community involvement

25% Employee satisfaction/engagement

24% CEO compensation isn't tied to any qualitative factors

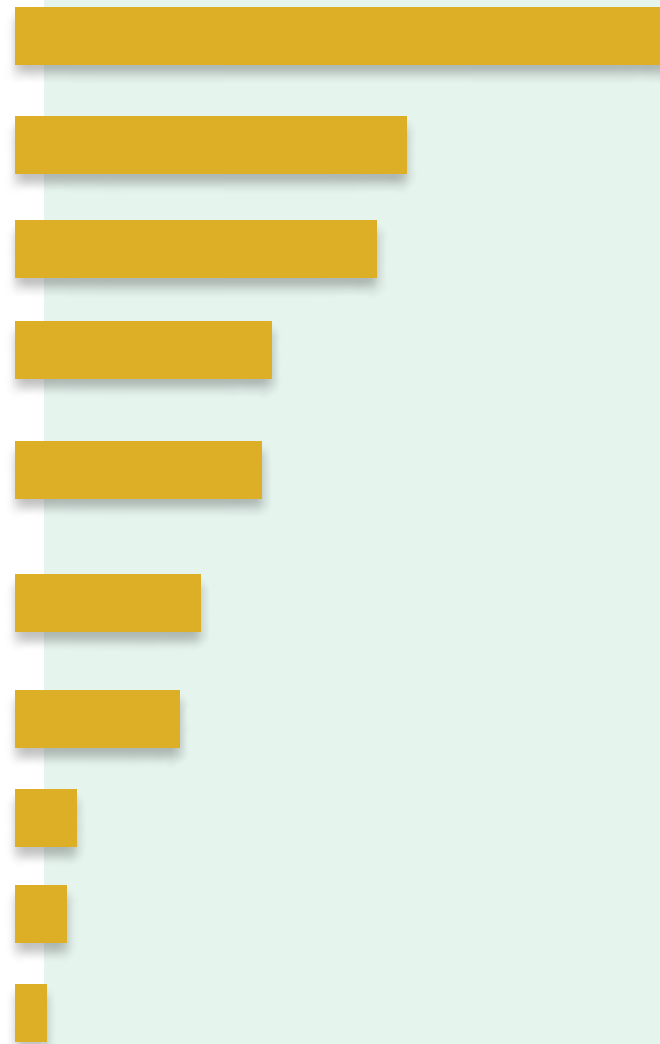
18% Response to a crisis, emergency or similarly challenging situation

16% Development of a successor

6% Other factors

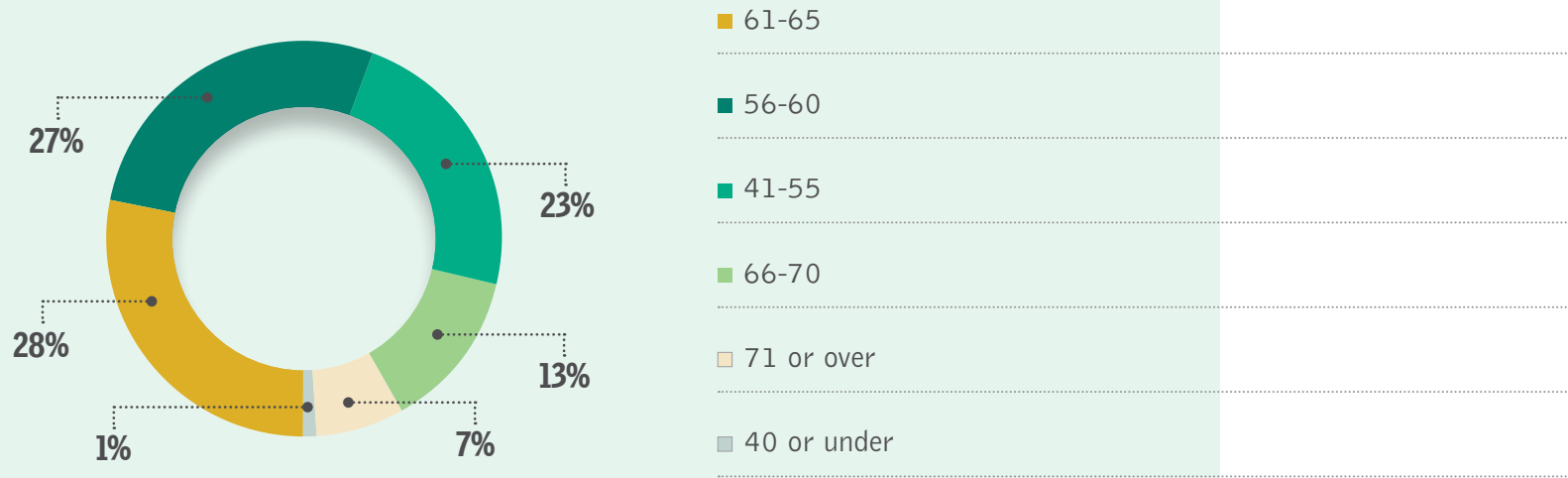
5% Diversity, equity and inclusion goals

3% Environmental/green initiatives



15. What is the age of your bank's CEO?

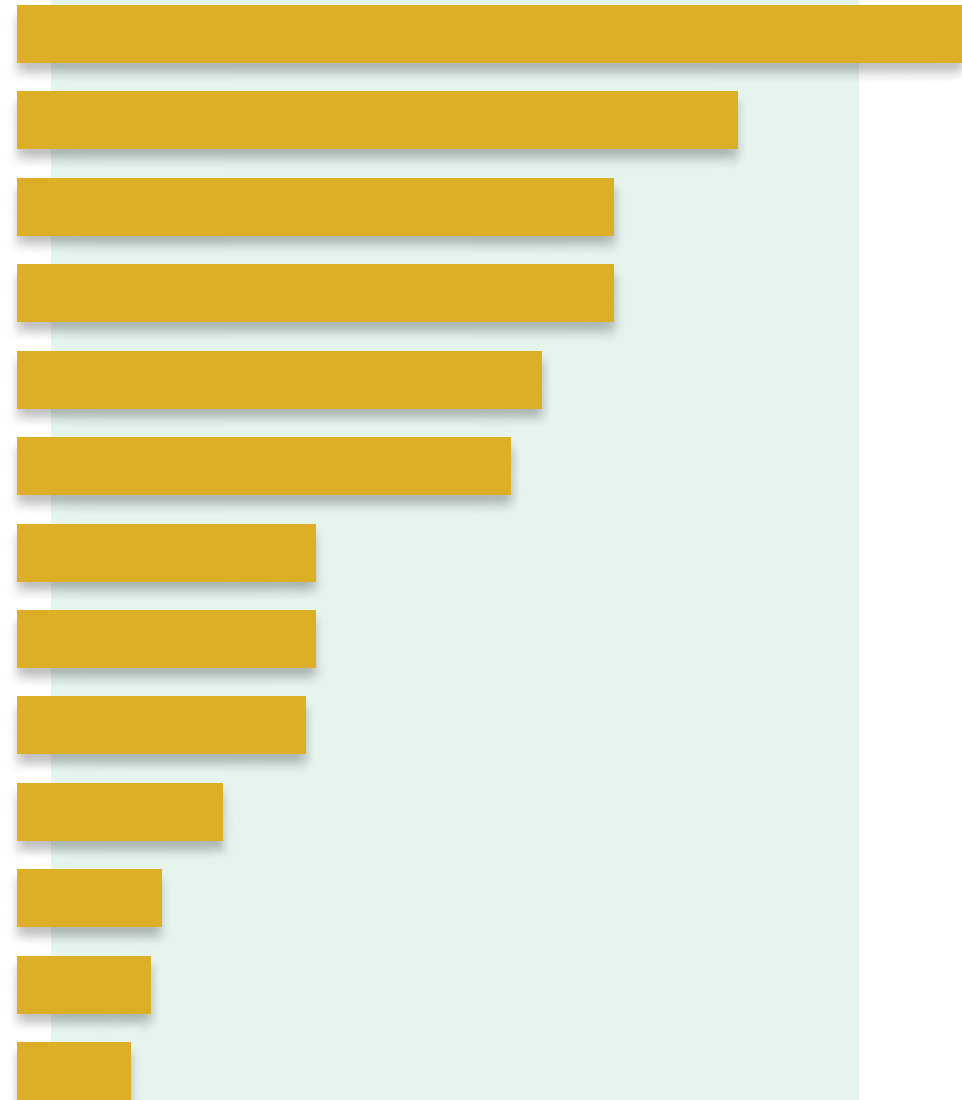
Responding CEOs were asked to provide their age. Numbers don't add up to 100% due to rounding.



16. Which of the following executive titles are represented at your bank?

Respondents were asked to select the option that best aligns with the individual's primary responsibility. Respondents were asked to select all that apply. Question only asked of CEOs, CFOs, human resources officers and other officers.

| | |
|------------|---|
| 92% | Chief financial officer |
| 70% | Chief credit officer |
| 58% | Chief operating officer (not president) |
| 58% | Chief lending officer |
| 51% | Chief human resources officer or equivalent |
| 48% | Chief risk officer or equivalent |
| 29% | Chief technology officer or equivalent |
| 29% | Chief marketing officer or equivalent |
| 28% | Chief information officer |
| 20% | President (non-CEO) |
| 14% | Chief administrative officer |
| 13% | President & COO |
| 11% | General counsel or chief legal officer |



17. The president at my bank received the following types of compensation in FY 2023.

Respondents were asked to select all that apply. Question only asked of respondents who indicated their bank had a president.



Salary



Cash incentive (bonus)



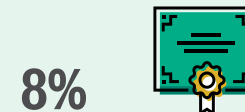
Nonqualified deferred compensation and/or retirement benefit



Other benefits & perks



Equity grants



Synthetic equity grants (cash-based long term incentives)

18. Enter the cash compensation amounts for the president of your bank for FY 2023.

Median values reported. Respondents were asked to enter a value greater than zero or leave the field blank. Question only asked of respondents who indicated their bank had a president.

\$260,000

Salary

\$72,650

Cash incentive (bonus)

\$123,800

Equity grants

\$15,000

Benefits & perks

\$344,000

Total president compensation

19. The chief operating officer at my bank received the following types of compensation in FY 2023.

Respondents were asked to select all that apply. Question only asked of respondents who indicated their bank had a chief operating officer.



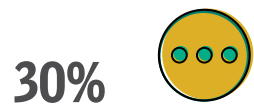
Salary



Cash incentive (bonus)



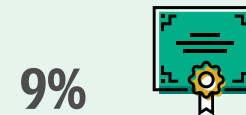
Nonqualified deferred compensation
and/or retirement benefit



Other benefits & perks



Equity grants



Synthetic equity grants (cash-based
long term incentives)

20. Enter the cash compensation amounts for the chief operating officer of your bank for FY 2023.

Median values reported. Respondents were asked to enter a value greater than zero or leave the field blank. Question only asked of respondents who indicated their bank had a chief operating officer.

\$200,000

Salary

\$32,204

Cash incentive (bonus)

\$74,321

Equity grants

\$17,068

Benefits & perks

\$252,000

Total chief operating officer compensation

21. The chief financial officer at my bank received the following types of compensation in FY 2023.

Respondents were asked to select all that apply. Question only asked of respondents who indicated their bank had a chief financial officer.



Salary



Cash incentive (bonus)



Nonqualified deferred compensation
and/or retirement benefit



Other benefits & perks



Equity grants



Synthetic equity grants (cash-based
long term incentives)

22. Enter the cash compensation amounts for the chief financial officer of your bank for FY 2023.

Median values reported. Respondents were asked to enter a value greater than zero or leave the field blank. Question only asked of respondents who indicated their bank had a chief financial officer.

\$195,000

Salary

\$32,250

Cash incentive (bonus)

\$37,014

Equity grants

\$17,296

Benefits & perks

\$261,000

**Total chief financial
officer compensation**

23. The chief risk officer (or equivalent) at my bank received the following types of compensation in FY 2023.

Respondents were asked to select all that apply. Question only asked of respondents who indicated their bank had a chief risk officer.



Salary



Cash incentive (bonus)



Nonqualified deferred compensation
and/or retirement benefit



Equity grants



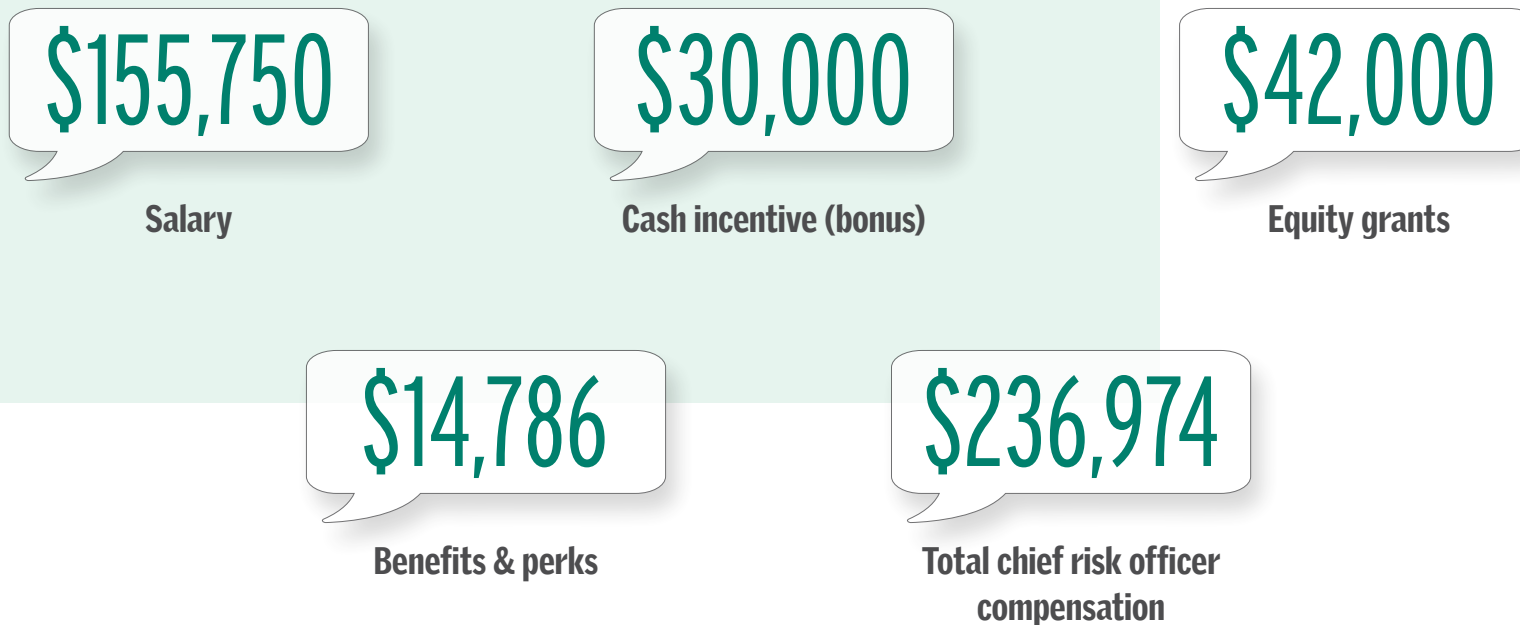
Other benefits & perks



Synthetic equity grants (cash-based
long term incentives)

24. Enter the cash compensation amounts for the chief risk officer (or equivalent) of your bank for FY 2023.

Median values reported. Respondents were asked to enter a value greater than zero or leave the field blank. Question only asked of respondents who indicated their bank had a chief risk officer.



25. The chief information officer at my bank received the following types of compensation in FY 2023.

Respondents were asked to select all that apply. Question only asked of respondents who indicated their bank had a chief information officer.



Salary



Cash incentive (bonus)



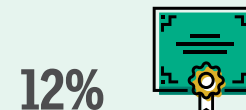
Nonqualified deferred compensation
and/or retirement benefit



Other benefits & perks



Equity grants



Synthetic equity grants (cash-based
long term incentives)

26. Enter the cash compensation amounts for the chief information officer of your bank for FY 2023.

Median values reported. Respondents were asked to enter a value greater than zero or leave the field blank. Question only asked of respondents who indicated their bank had a chief information officer.



27. The chief technology officer (or equivalent) at my bank received the following types of compensation in FY 2023.

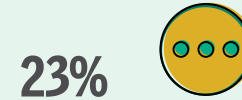
Respondents were asked to select all that apply. Question only asked of respondents who indicated their bank had a chief technology officer.



Salary



Cash incentive (bonus)



Other benefits & perks



Equity grants



Nonqualified deferred compensation
and/or retirement benefit



Synthetic equity grants (cash-based
long term incentives)

28. Enter the cash compensation amounts for the chief technology officer (or equivalent) of your bank for FY 2023.

Median values reported. Respondents were asked to enter a value greater than zero or leave the field blank. Question only asked of respondents who indicated their bank had a chief technology officer.

\$145,000

Salary

\$20,000

Cash incentive (bonus)

\$10,000

Equity grants

\$14,500

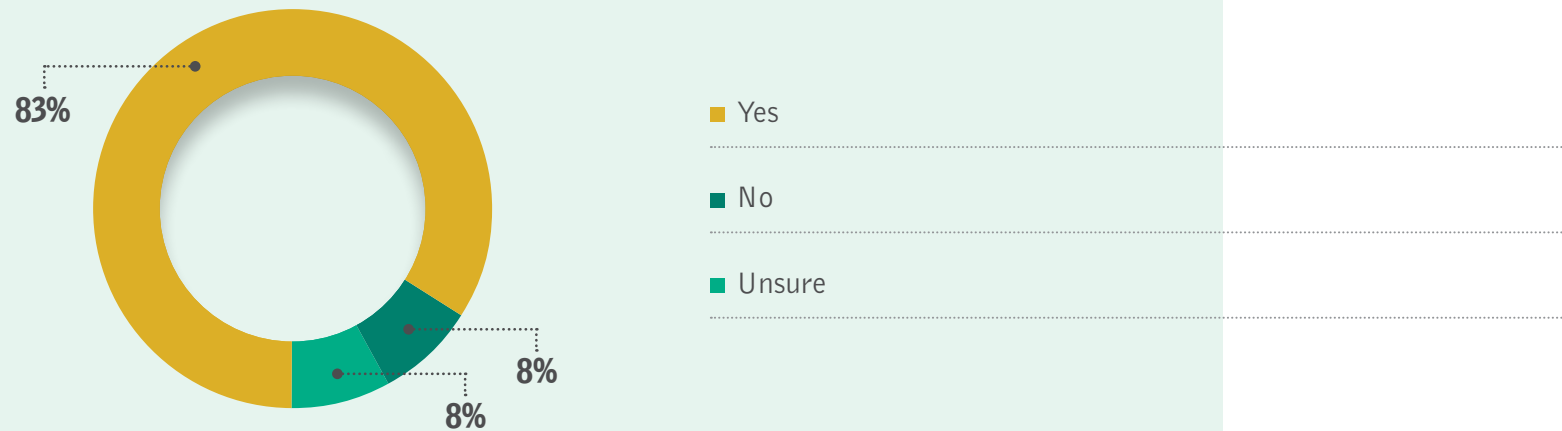
Benefits & perks

\$180,000

Total chief technology officer compensation

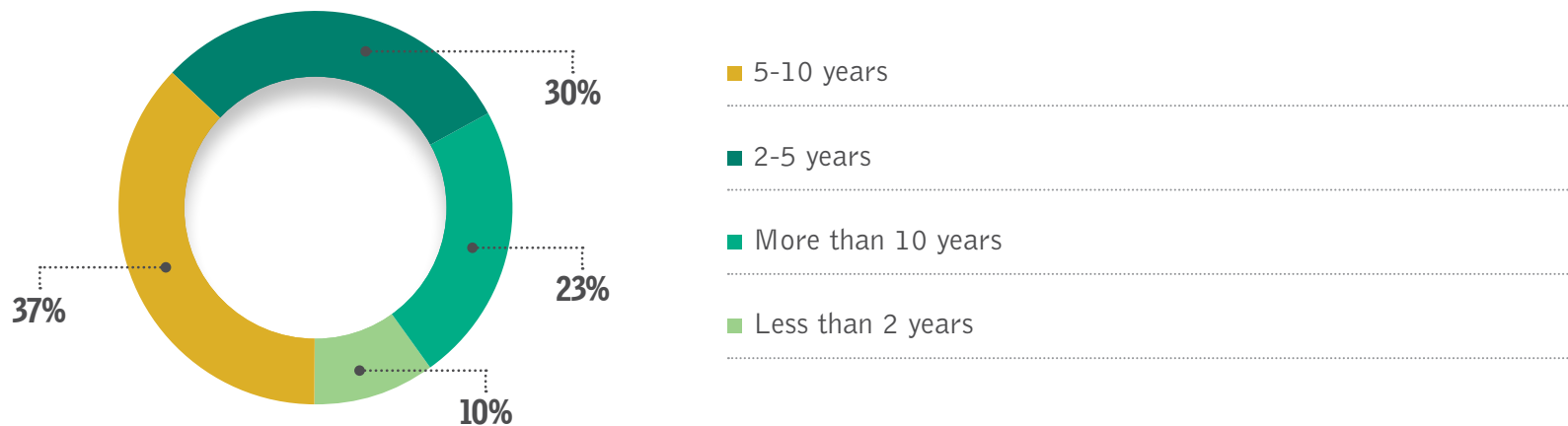
29. Do you believe the talent level of your current executive team is strong enough to achieve your bank’s financial and strategic goals over the next 5 years?

Question only asked of CEOs, board chairs, lead directors and independent directors. Numbers don't add up to 100% due to rounding.



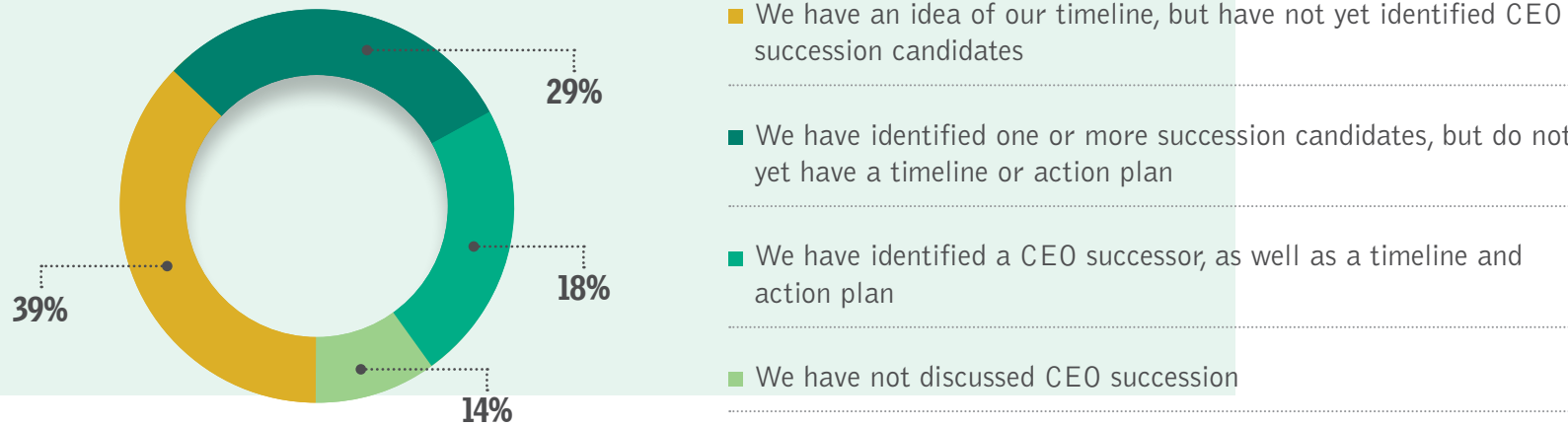
30. When do you expect your bank’s CEO to depart or retire?

Question only asked of CEOs, board chairs, lead directors and independent directors. CEOs were asked to share their own transition plans.



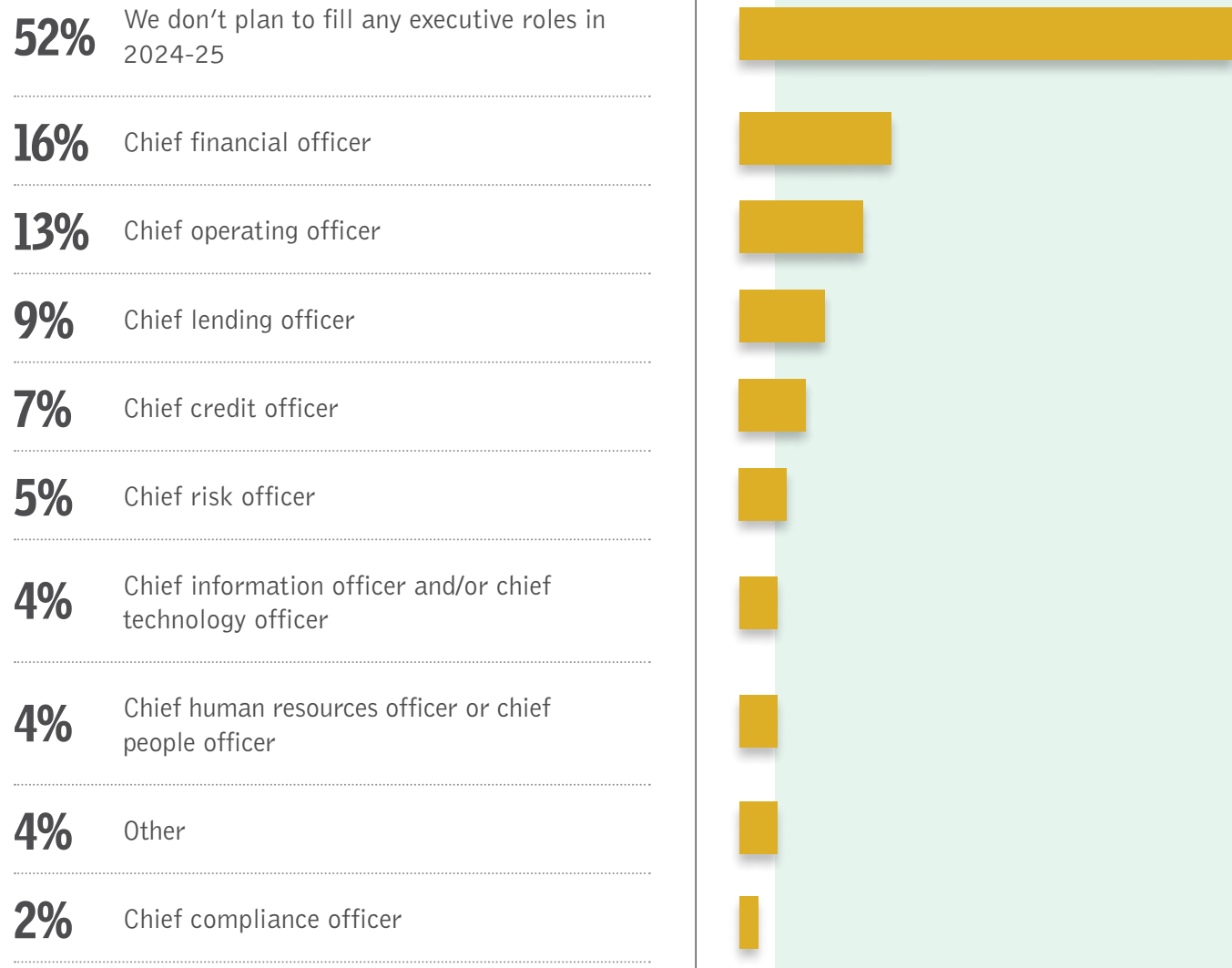
31. Where is your bank in the succession planning process for your current CEO?

Respondents were asked to choose the statement that best describes their bank. Question only asked of board chairs, independent directors and lead directors. Numbers don't add up to 100% due to rounding.



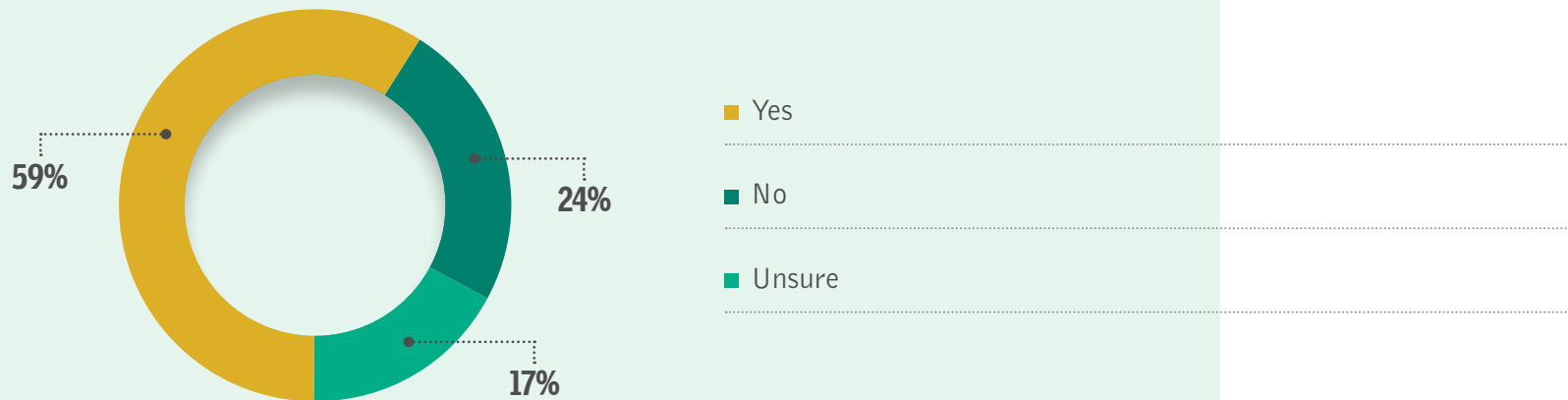
32. Which executive roles will your bank need to fill with an internal or external candidate in 2024-25?

Respondents were asked to select all that apply. Question only asked of CEOs, board chairs, lead directors and independent directors.

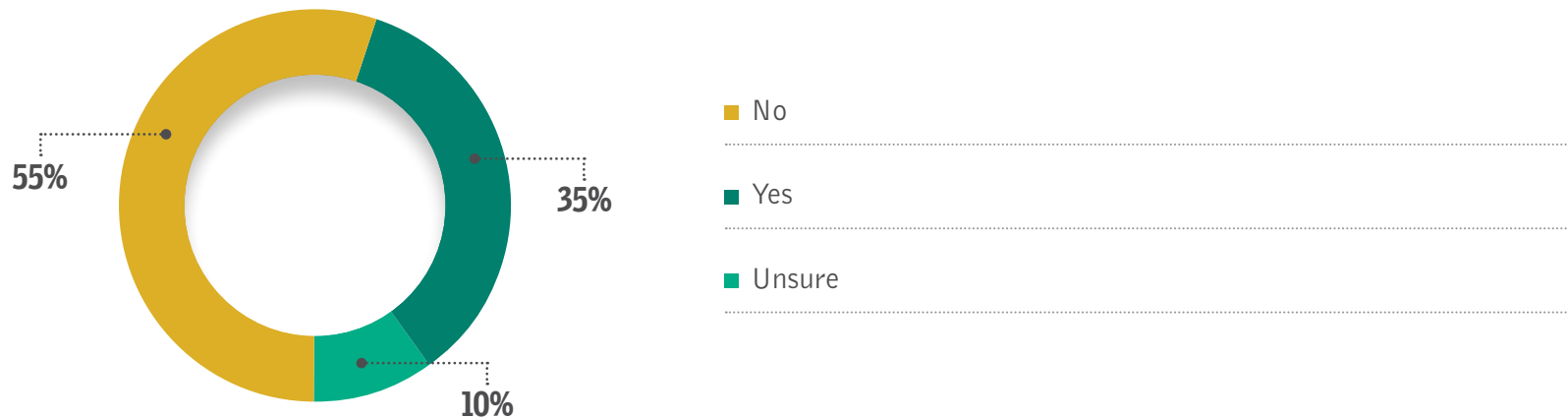


33. Do you feel your bank has a strong bench of talented leaders to prepare for C-suite roles over the next five years?

Question only asked of board chairs, independent directors and lead directors.



34. Is your bank looking at external candidates for key C-suite roles?



35. Looking at the next three years, what actions do you believe your bank would be likely to consider to address gaps in your bank's talent pipeline or the succession planning process?

Respondents were asked to select all that apply.

75% We're looking at external talent in our markets

70% We could enhance internal talent development efforts

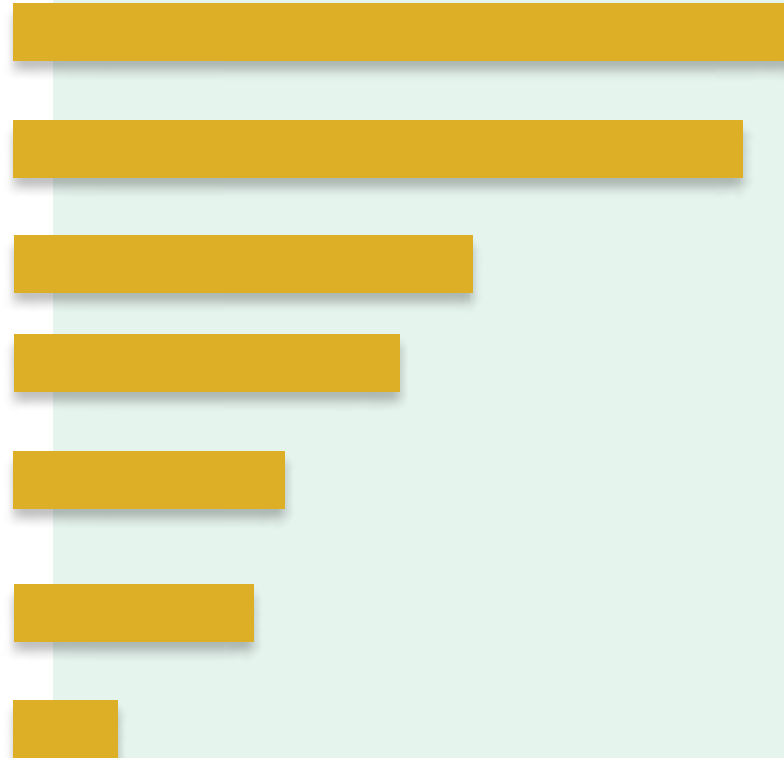
44% We would consider buying another bank

37% We would engage consultants

26% We're looking outside our geography for external talent

23% We could acquire a lending team (lending team liftout)

10% We would consider selling our bank



36. Is your bank taking any of the following steps to train mid-level talent for C-suite roles in the long term?

Respondents were asked to select all that apply. Question only asked of board chairs, independent directors and lead directors.

75% Internal mentorship programs

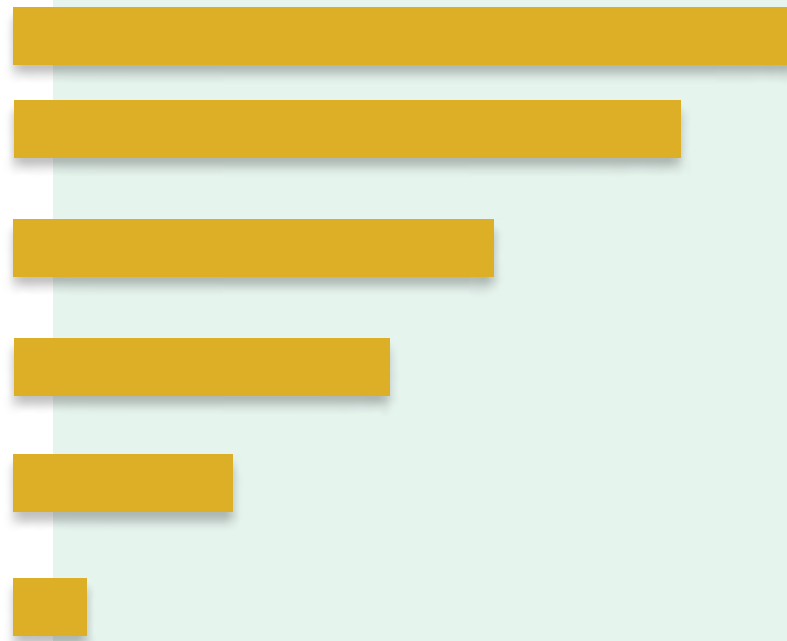
64% Coaching

46% Tuition reimbursement (e.g. MBA or graduate-level banking programs)

36% External career development programs

21% Special projects ownership to high-potential candidates

7% Rotational work in other departments of the bank

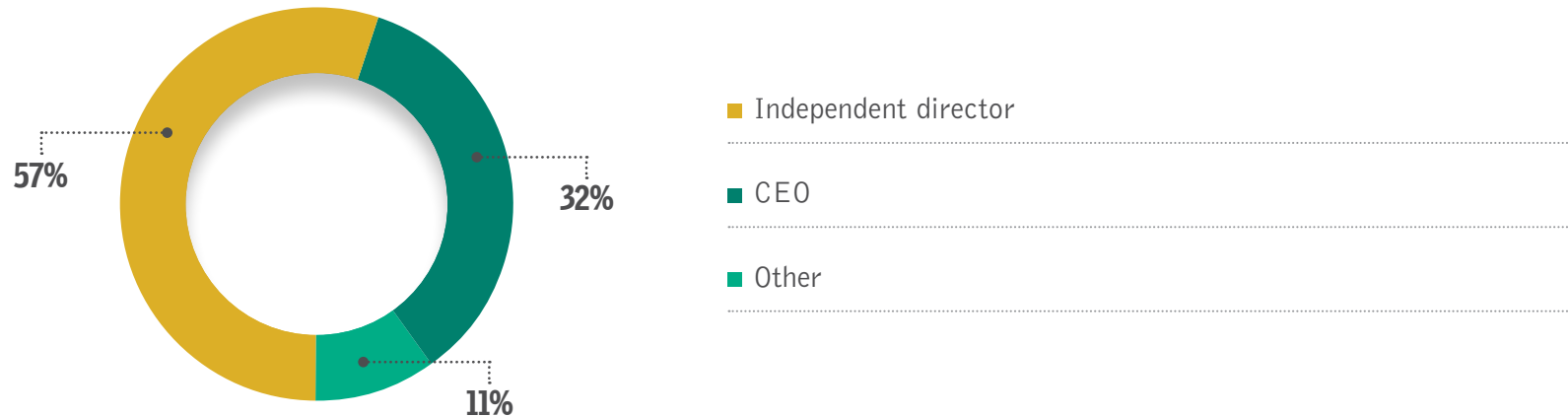


DIRECTOR COMPENSATION

37. Do your directors and/or non-executive chairman receive compensation for board service?

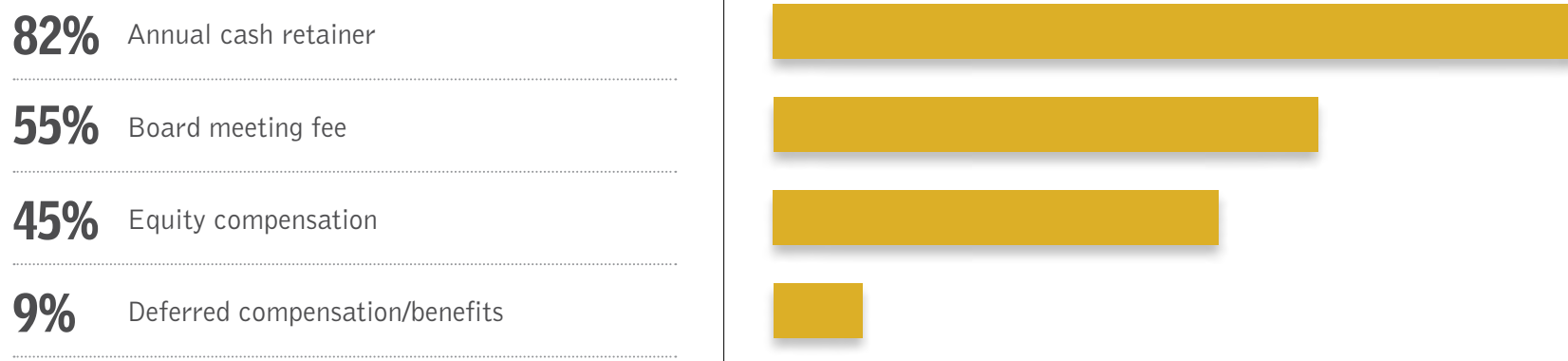


38. Is the chairman of the board also the CEO or an independent director?



39. The non-executive chairman at my bank receives the following types of compensation.

Proxy data included. Respondents were asked to select all that apply.



40. Enter the cash compensation amounts for the non-executive chairman of your bank for FY 2023.

Median values reported. Proxy data included. Respondents were asked to enter a value greater than zero or leave field blank. Questions only asked if the chair is an independent board member.

\$1,750

Board meeting fee

\$39,000

Annual cash retainer

\$40,688

Equity compensation

41. Outside directors at my bank receive the following types of compensation.

Respondents were asked to select all that apply.

77% Annual cash retainer

54% Board meeting fee

44% Equity compensation

9% Deferred compensation/benefits



42. Enter the cash compensation amounts for outside directors for FY 2023.

Median values reported. Proxy data included. Respondents were asked to enter a value greater than zero or leave field blank.

\$1,500

Board meeting fee

\$35,000

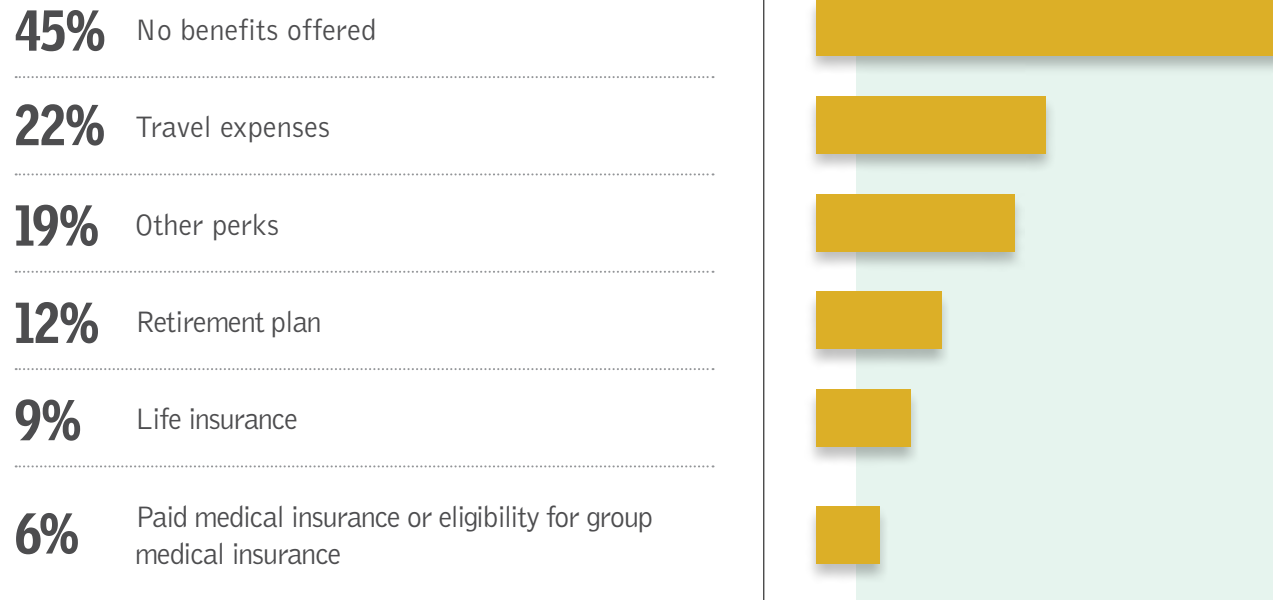
Annual cash retainer

\$48,501

Equity compensation

43. Which of the following benefits and perks are offered to independent directors?

Respondents were asked to select all that apply.

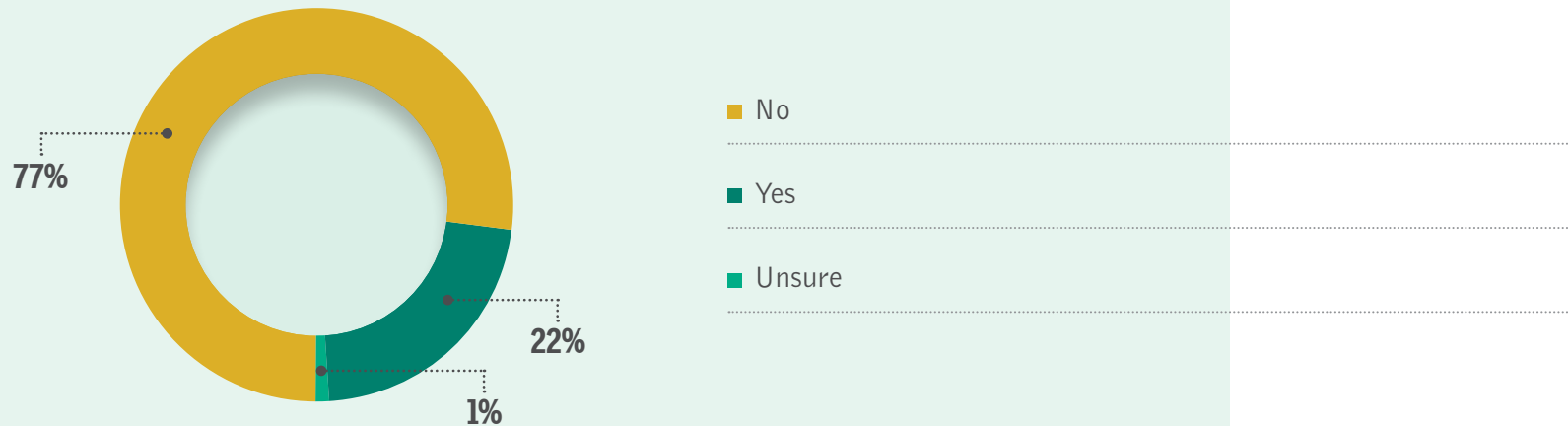


44. Do you believe you are fairly compensated for your role as a director, considering the time and responsibility required?

Question only asked of board chairs, independent directors and lead directors.



45. Do inside directors receive compensation for their service on the board, in addition to their compensation as employees of the bank?



46. Enter the cash compensation amounts for inside directors for FY 2023.

Median values reported. Proxy data included. Only asked of respondents indicating that inside directors receive compensation for their board service.

\$1,600

Board meeting fee

\$14,000

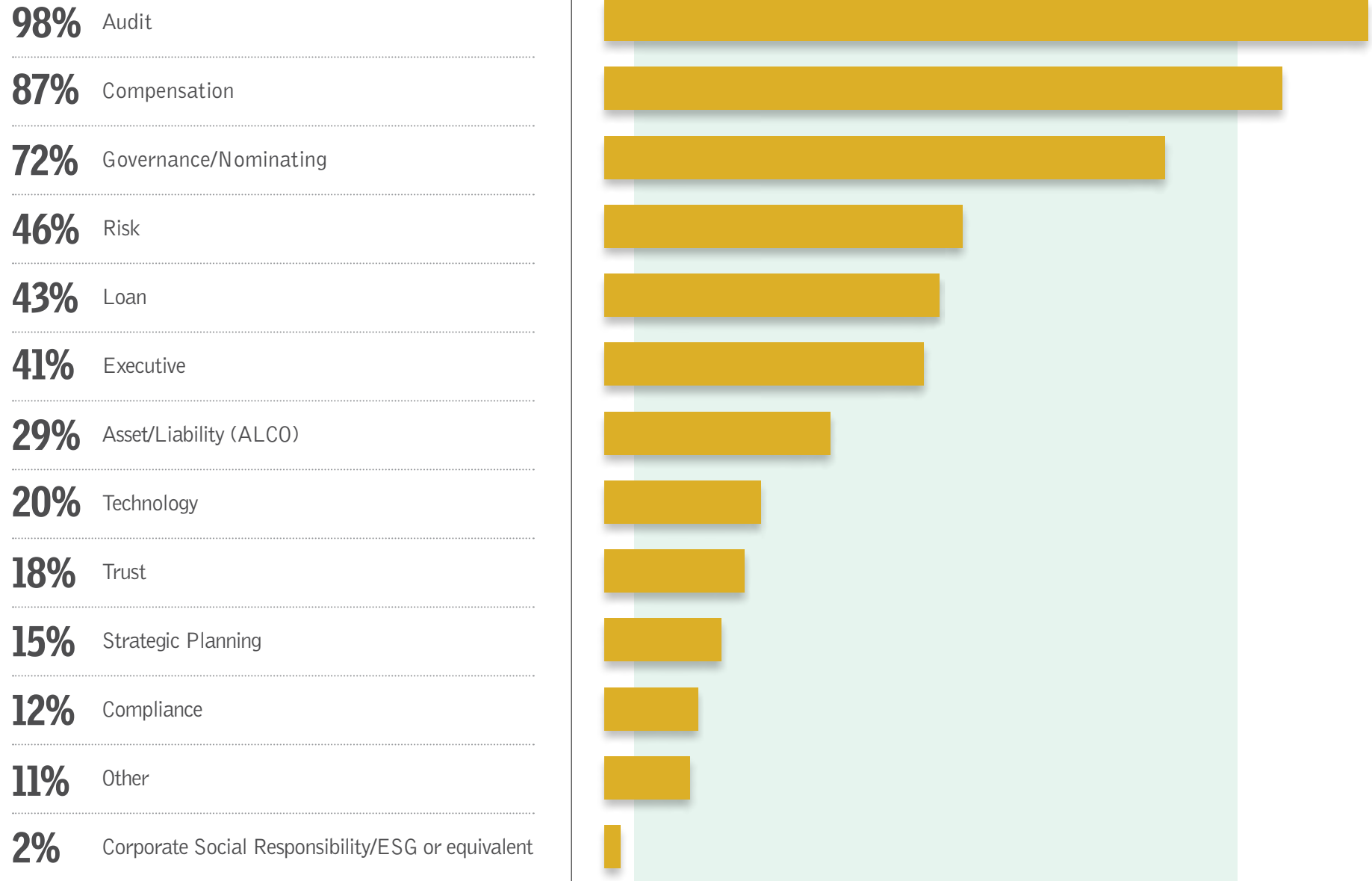
Annual cash retainer

\$10,000

Equity compensation

47. Which board-level committees does your bank have?

Respondents were asked to select all that apply.



48. How many times did the following meet in FY 2023? How many board members currently serve on each?

| | Membership | Meeting frequency |
|-----------------------|------------|-------------------|
| Holding company | 10 | 9 |
| Lead bank | 10 | 12 |
| Audit | 5 | 5 |
| Compensation | 4 | 4 |
| Governance/nominating | 4 | 3 |
| Executive | 5 | 6 |
| Loan | 5 | 12 |
| Risk | 5 | 4 |
| ALCO | 5 | 4 |
| Technology | 4 | 4 |
| Compliance | 4 | 4 |
| Trust | 4 | 4 |

49. Does your board pay committee meeting fees or a retainer to committee members and/or committee chairs?

Respondents were asked to select the options that best apply to their board's committees.

| | Committee members | Committee chair |
|------------------------------------|--------------------------|------------------------|
| Yes, we pay meeting fees | 36% | 49% |
| Yes, we pay a retainer | 47% | 27% |
| We pay neither fees nor a retainer | 16% | 25% |

50. Enter the per-meeting fees your bank paid in FY 2023 for each committee.

Median values reported. Proxy data included. Respondents were asked to enter a value greater than zero or leave field blank.

| Committee member | |
|-----------------------|---------|
| Bank Asset Size | Total |
| Audit | \$600 |
| Compensation | \$600 |
| Governance/Nominating | \$600 |
| Executive | \$570 |
| Loan | \$500 |
| Risk | \$690 |
| ALCO | \$500 |
| Technology | \$500 |
| Trust | \$500 |
| Compliance | \$650** |

| Committee chair | |
|-----------------------|-----------|
| Bank Asset Size | Total |
| Audit | \$600 |
| Compensation | \$600 |
| Governance/Nominating | \$650 |
| Executive | \$600 |
| Loan | \$500 |
| Risk | \$638 |
| ALCO | \$600 |
| Technology | \$600 |
| Trust | \$500 |
| Compliance | \$4,500** |

51. Enter the retainer your bank paid in fiscal year 2023 for each committee.

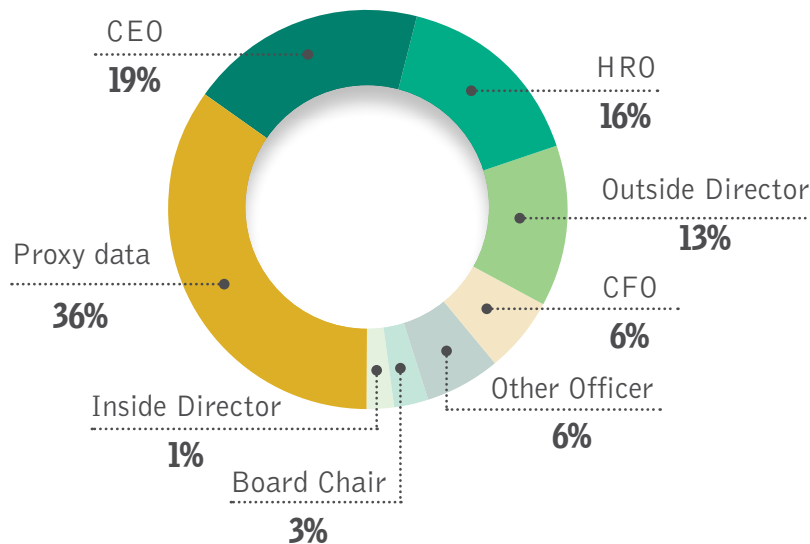
Median values reported. Proxy data included. Respondents were asked to enter a value greater than zero or leave field blank.

| | Committee members | Committee chair |
|-----------------------|-------------------|-----------------|
| Audit | \$10,000 | \$15,000 |
| Compensation | \$7,500 | \$10,000 |
| Governance/Nominating | \$7,500 | \$10,250 |
| Executive | \$10,000 | \$17,000 |
| Loan | \$5,000 | \$9,200 |
| Risk | \$8,000 | \$12,500 |
| ALCO | \$1,000** | \$5,000** |
| Technology | \$5,000** | \$10,000 |
| Trust | \$5,750** | \$7,500 |
| Compliance | \$1,550** | \$4,500** |

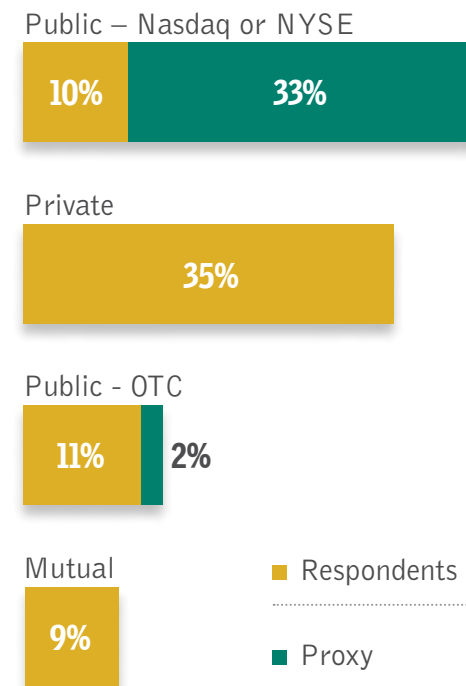
ABOUT THE SURVEY

Bank Director’s 2024 Compensation & Talent Survey, sponsored by Chartwell Partners, surveyed 187 independent directors, chairs, CEOs, human resources officers and other executives of U.S. banks below \$100 billion in assets. The survey regularly tracks compensation for bank CEOs and directors; this year, it also examines succession planning issues facing the industry. The survey was conducted in March and April 2024. Compensation data for directors, non-executive chairs and CEOs for fiscal year 2023 was also collected during this period from the proxy statements of 99 publicly traded banks. The majority of the respondent and proxy data reflects banks below \$5 billion in assets.

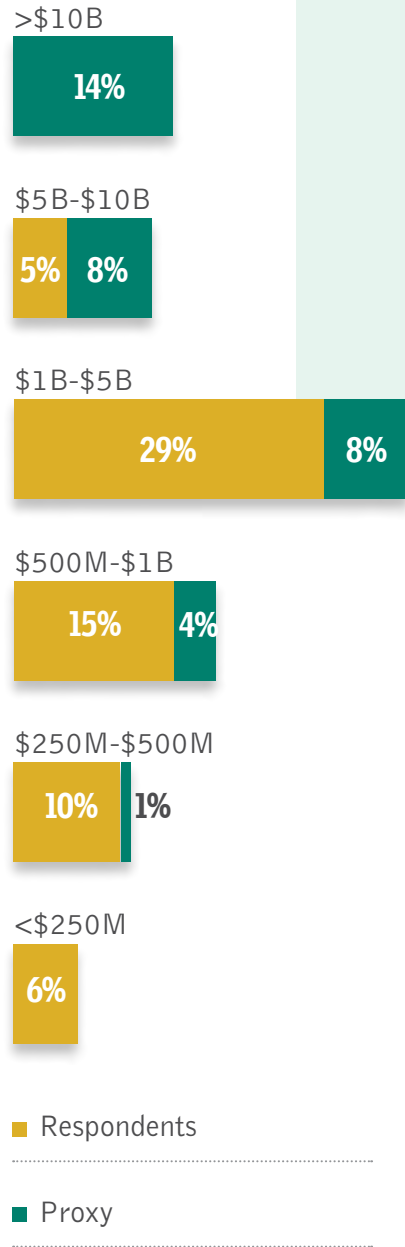
TITLE



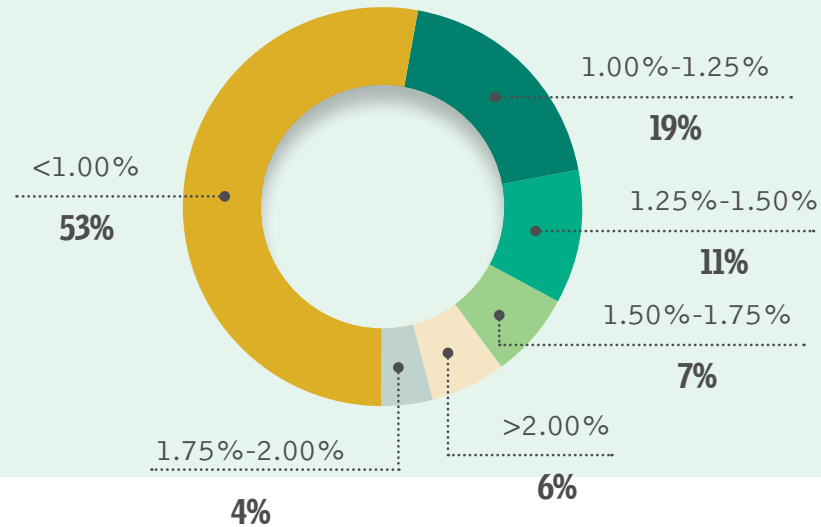
OWNERSHIP STRUCTURE



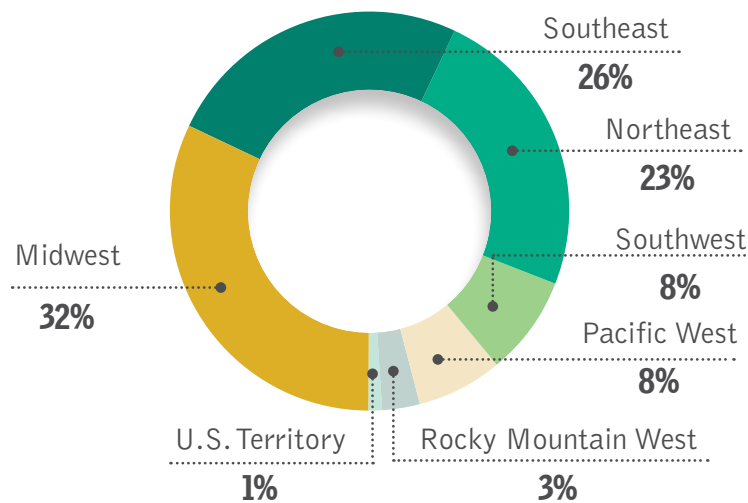
ASSET SIZE



RETURN ON ASSETS FOR FY 2023



REGION*



*Numbers don't add up to 100% due to rounding. Regions defined as follows: **Midwest** (IL, IN, IA, KS, MI, MN, MO, NE, ND, OH, SD, WI); **Northeast** (CT, ME, MA, NH, NJ, NY, PA, RI, VT); **Pacific West** (AK, CA, HI, OR, WA); **Rocky Mountain West** (CO, ID, MT, NV, UT, WY); **Southeast** (AL, AR, DE, DC, FL, GA, KY, LA, MD, MS, NC, SC, TN, VA, WV); **Southwest** (AZ, NM, OK, TX)