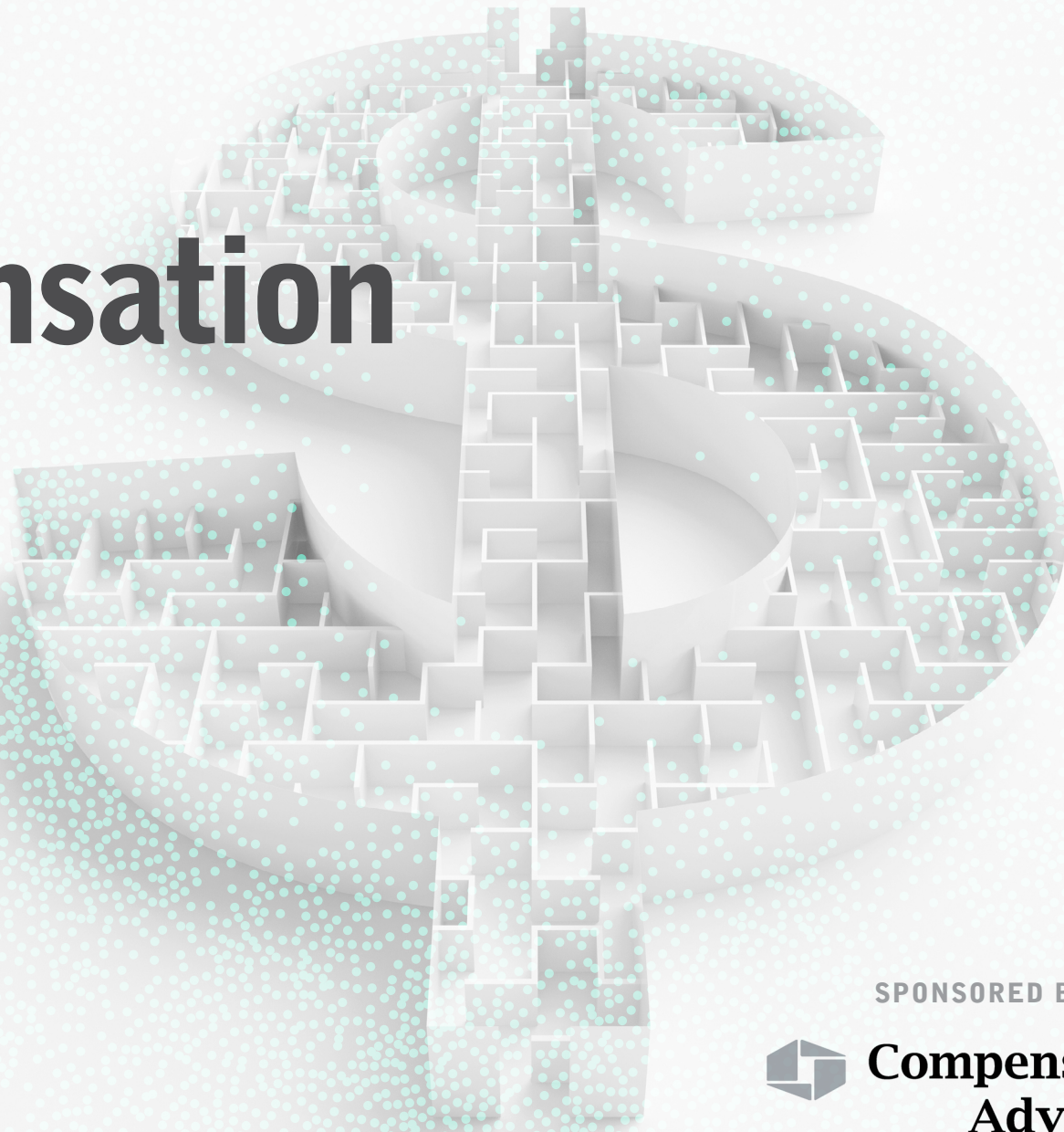


# 2019 Compensation Survey



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### About Bank Director

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## EXECUTIVE SUMMARY



**Emily McCormick** is the vice president of research for Bank Director, an information resource for directors and officers of financial companies. You can follow her on Twitter or get connected on LinkedIn.

**Today, more banks are tying their chief executive officers' pay to performance indicators, as indicated by 80 percent of the directors and executives responding to Bank Director's 2019 Compensation Survey, sponsored by Compensation Advisors. That's up from 75 percent when Bank Director last posed the question, in 2015.**

Most, at 59 percent, tie CEO compensation to their strategic plan or corporate goals.

But the metrics banks prefer vary according to their structure. Public banks are more apt to tie pay to performance—just 8 percent indicate they don't do so—and tend to favor goals established in the strategic plan (72 percent), as well as metrics such as return on assets (58 percent), return on equity (53 percent) and efficiency (40 percent).

Among private banks, net income is the preferred metric, at 55 percent. Twenty-seven percent of respondents in this group say CEO compensation is not tied to performance.

The survey was conducted in April 2019, and includes the perspectives of more than 300 bank directors and executives—including chief executives and human resources officers—as well as data obtained from the proxy statements of more than 100 publicly traded banks.

It includes details about current CEO and director compensation packages—in the aggregate, and by asset size and ownership structure. The survey also focuses on succession planning and board refreshment.

Respondents indicate that their CEOs all received a salary in fiscal year 2018, at a median of \$325,000; the median total compensation was \$515,728. Paying a cash incentive (78 percent), and offering benefits and perks (75 percent) are also common forms of compensation throughout the industry. Less common are nonqualified deferred compensation or retirement benefits (49 percent) and equity grants (47 percent). However, payment of equity differs broadly based on the ownership of the bank: Almost three-quarters of respondents from public banks say their CEO received an equity grant last year.

## KEY FINDINGS

### → CEOs Want Equity

When asked how compensation for the CEO could be improved, 36 percent point to offering non-equity, long-term incentive compensation. Twenty-three percent believe the bank should offer equity at greater levels, and 21 percent say they should offer some form of ownership in the bank. Twenty-two percent believe the bank should pay a higher salary to the CEO.

### → How Old Are CEOs?

The median age of a bank CEO is 58. Seventy percent are Baby Boomers, between the ages of 55 and 73.

### → Few Expect to Leave

Seventy-two percent believe the current CEO will remain at their bank for at least the next two years.

### → Time to Retire?

Twenty-one percent believe it's time for their CEO to announce his or her retirement.

### → Appointing the Next CEO

Thirty-one percent say their bank has designated a successor for the CEO. One-quarter have identified potential successors.

### → Board Performance

Nearly one-third indicate their board conducts an annual evaluation.

### → Exit Strategy

Forty-one percent have a mandatory retirement policy in place for directors. The median retirement age is 75—an increase from 72, as reported three years ago.

### → The Next Generation

Forty-seven percent indicate their board is working to recruit younger directors. The median age of the youngest director serving on responding boards is 48.

### → Board Pay

Seventy-two percent say their directors receive a board meeting fee, at a median of \$900 per meeting. Sixty-nine percent pay an annual cash retainer, at a median of \$20,000.

### → Top Challenges

Forty-three percent say that tying compensation to performance is a top compensation challenge facing their institution, followed by managing compensation and benefit costs (37 percent) and recruiting commercial lenders (36 percent).

# CHALLENGES

## 1. Do institutional investors or private equity firms hold at least 50 percent of the bank's stock/ownership?

Question asked of respondents whose banks are publicly traded or privately held. Numbers don't add up to 100 percent due to rounding.

| Institutional Investors |        |         |       |
|-------------------------|--------|---------|-------|
| Ownership Structure     | Public | Private | Total |
| No                      | 70%    | 87%     | 80%   |
| Yes                     | 22%    | 8%      | 13%   |
| Unsure                  | 8%     | 5%      | 6%    |

| Private Equity      |        |         |       |
|---------------------|--------|---------|-------|
| Ownership Structure | Public | Private | Total |
| No                  | 79%    | 88%     | 85%   |
| Yes                 | 11%    | 8%      | 9%    |
| Unsure              | 10%    | 4%      | 6%    |

## 2. What are your top three compensation challenges for 2019?

Respondents were asked to select up to three options.

| Bank Asset Size   | >\$10B | \$1B - \$10B | \$500M - \$1B | \$250M - \$500M | <\$250M | Total |
|---|--------|--------------|---------------|-----------------|---------|-------|
| Tying compensation to performance                                       | 46%    | 55%          | 38%           | 38%             | 39%     | 43%   |
| Managing compensation and benefit costs                                 | 36%    | 33%          | 32%           | 44%             | 39%     | 37%   |
| Recruiting commercial lenders   | 27%    | 34%          | 30%           | 38%             | 44%     | 36%   |
| Succession planning for the CEO and/or executives                       | 36%    | 41%          | 33%           | 32%             | 25%     | 34%   |
| Retaining key people  | 27%    | 28%          | 38%           | 29%             | 29%     | 31%   |
| Recruiting younger talent   | 27%    | 28%          | 30%           | 32%             | 27%     | 29%   |
| Offering competitive pay  | 27%    | 20%          | 36%           | 26%             | 23%     | 26%   |
| Recruiting technology talent  | 18%    | 20%          | 17%           | 12%             | 10%     | 16%   |
| Understanding and complying with regulations, including compliance risk | 36%    | 12%          | 15%           | 19%             | 17%     | 16%   |
| Recruiting key executives   | 18%    | 13%          | 20%           | 12%             | 14%     | 15%   |
| Creating liquidity for thinly-traded stock                              | -      | 13%          | 12%           | 13%             | 21%     | 14%   |

## CEO COMPENSATION

### 3. The CEO at my bank received the following types of compensation in fiscal year 2018.

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

| Bank Asset Size  | >\$10B | \$1B - \$10B | \$500M - \$1B | \$250M - \$500M | <\$250M | Total |
|--|--------|--------------|---------------|-----------------|---------|-------|
| Salary   | 100%   | 100%         | 100%          | 100%            | 100%    | 100%  |
| Cash incentive   | 90%    | 89%          | 81%           | 60%             | 59%     | 78%   |
| Other benefits & perks                                       | 88%    | 82%          | 76%           | 63%             | 61%     | 75%   |
| Nonqualified deferred compensation and/or retirement benefit | 60%    | 57%          | 40%           | 37%             | 52%     | 49%   |
| Equity grants  | 96%    | 66%          | 44%           | 11%             | 11%     | 47%   |

| Ownership Structure  | Public | Private | Mutual | Total |
|--|--------|---------|--------|-------|
| Salary   | 100%   | 100%    | 100%   | 100%  |
| Cash incentive   | 86%    | 70%     | 63%    | 78%   |
| Other benefits & perks                                       | 87%    | 64%     | 56%    | 75%   |
| Nonqualified deferred compensation and/or retirement benefit | 53%    | 40%     | 67%    | 49%   |
| Equity grants  | 74%    | 20%     | 11%    | 47%   |

## 4. Enter the cash compensation amounts for the CEO of your bank for FY 2018.

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

\*Indicates a count of less than 10 within a field.

| Bank Asset Size                   | >\$10B      | \$1B - \$10B | \$500M - \$1B | \$250M - \$500M | <\$250M   | Total     |
|-----------------------------------|-------------|--------------|---------------|-----------------|-----------|-----------|
| Salary                            | \$806,246   | \$470,000    | \$300,000     | \$250,000       | \$192,500 | \$325,000 |
| Cash incentive                    | \$894,750   | \$183,857    | \$100,000     | \$50,000        | \$44,827  | \$118,446 |
| Equity grants (fair market value) | \$1,167,170 | \$200,000    | \$60,287      | \$36,000        | \$17,000* | \$215,268 |
| Benefits & perks                  | \$77,508    | \$50,000     | \$41,181      | \$23,340        | \$28,000  | \$40,050  |
| Total CEO compensation            | \$3,255,935 | \$859,765    | \$475,000     | \$308,000       | \$238,189 | \$515,728 |

| Ownership Structure               | Public    | Private   | Mutual    | Total     |
|-----------------------------------|-----------|-----------|-----------|-----------|
| Salary                            | \$423,000 | \$250,000 | \$350,000 | \$325,000 |
| Cash incentive                    | \$200,000 | \$71,025  | \$66,840  | \$118,446 |
| Equity grants (fair market value) | \$325,780 | \$55,500  | \$29,934* | \$215,268 |
| Benefits & perks                  | \$50,000  | \$25,000  | \$48,000  | \$40,050  |
| Total CEO compensation            | \$839,389 | \$331,837 | \$506,331 | \$515,728 |



## 5. Is CEO compensation tied to any of the following?

Respondents were asked to select all that apply.

59%



Strategic plan and/or corporate goals

52%



Net income

44%



Return on assets

34%



Asset quality

| Ownership Structure                                    | Public | Private | Mutual | Total |
|--|--------|---------|--------|-------|
| Strategic plan and/or corporate goals                  | 72%    | 49%     | 69%    | 59%   |
| Net income   | 50%    | 55%     | 46%    | 52%   |
| Return on assets                                       | 58%    | 34%     | 50%    | 44%   |
| Asset quality  | 40%    | 36%     | 12%    | 34%   |
| Return on equity                                       | 53%    | 27%     | 15%    | 34%   |
| Efficiency   | 40%    | 22%     | 42%    | 30%   |
| CEO compensation is not tied to performance indicators | 8%     | 27%     | 19%    | 20%   |
| Earnings per share growth                              | 33%    | 12%     | -      | 17%   |
| Total shareholder return                               | 22%    | 11%     | -      | 14%   |
| Other factors  | 11%    | 11%     | 4%     | 10%   |

## 6. In your opinion, how could your bank's CEO compensation package be improved?

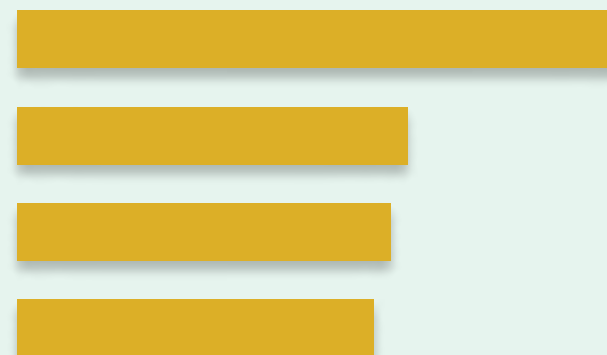
Respondents were asked to select all that apply.

**36%** We should offer non-equity, long-term incentive compensation

**23%** We should offer equity at greater levels

**22%** We should pay a higher salary

**21%** We should offer equity or some form of ownership in the bank

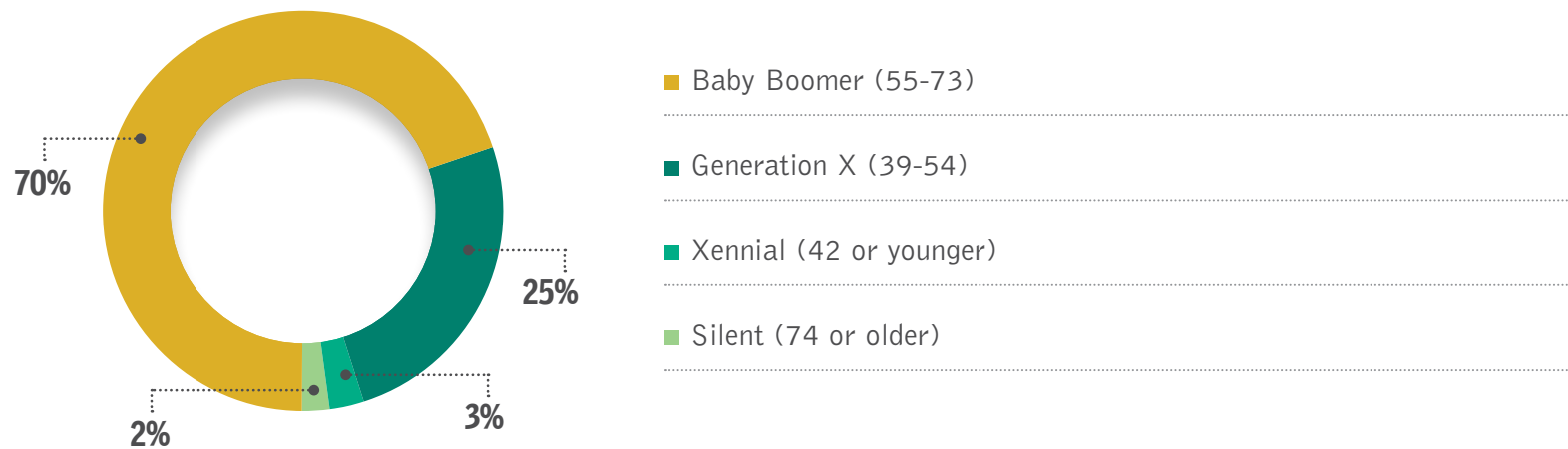


| Ownership Structure  | Public | Private | Mutual | Total |
|--|--------|---------|--------|-------|
| We should offer non-equity, long-term incentive compensation | 23%    | 39%     | 52%    | 36%   |
| We should offer equity at greater levels                     | 33%    | 23%     | -      | 23%   |
| We should pay a higher salary                                | 19%    | 23%     | 24%    | 22%   |
| We should offer equity or some form of ownership in the bank | 12%    | 29%     | 10%    | 21%   |
| We should offer a higher cash incentive                      | 12%    | 20%     | 10%    | 16%   |
| Other  | 19%    | 15%     | 14%    | 16%   |
| We should expand our health and/or wellness benefits         | 17%    | 9%      | 14%    | 12%   |

# CEO SUCCESSION

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

Median value reported. Proxy data included. There was one respondent who indicated their CEO is a millennial, accounting for less than 1 percent of responses.



58

The median age of a bank CEO

## 8. Do you believe your CEO could depart for any of the below reasons over the next two years?

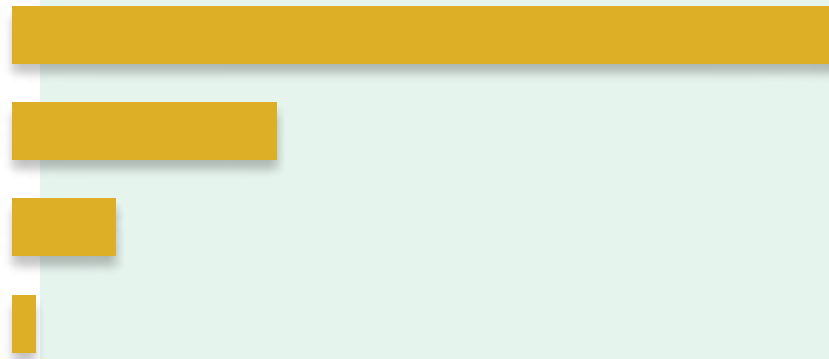
Respondents were asked to select all that apply. \*Indicates a count of less than 10 within a category.

**72%** No, I believe he or she will still serve as CEO

**23%** Retirement and/or health

**9%** Poached by another bank

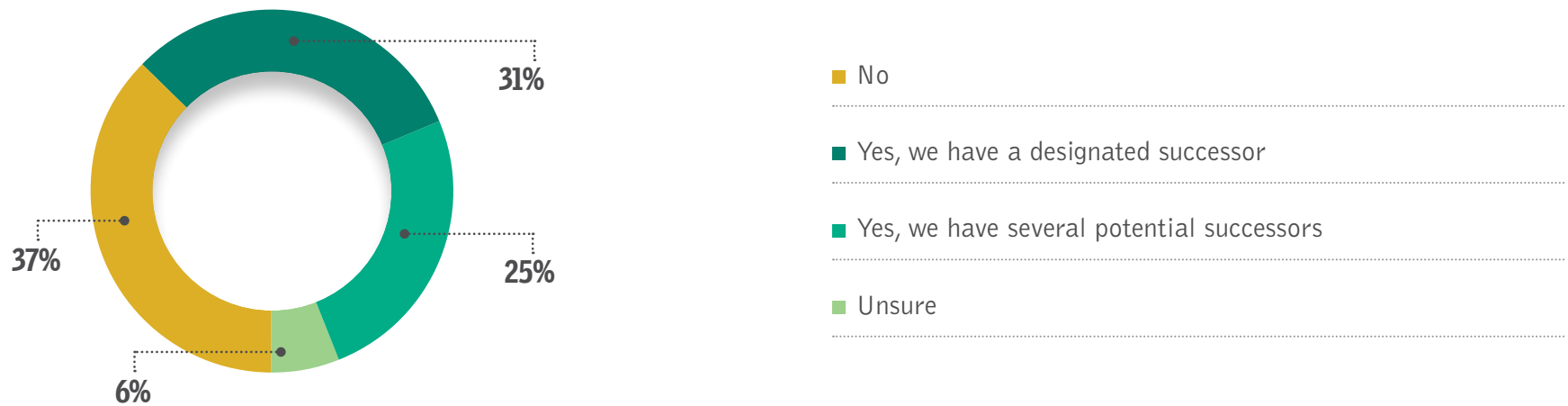
**2%** Other



| Bank Asset Size                                 | >\$10B* | \$1B - \$10B | \$500M - \$1B | \$250M - \$500M | <\$250M | Total |
|---|---------|--------------|---------------|-----------------|---------|-------|
| No, I believe he or she will still serve as CEO | 60%     | 69%          | 74%           | 71%             | 75%     | 72%   |
| Retirement and/or health                        | 40%     | 20%          | 20%           | 27%             | 21%     | 23%   |
| Poached by another bank                         | -       | 12%          | 6%            | 8%              | 11%     | 9%    |
| Other   | -       | 5%           | -             | 2%              | -       | 2%    |

## 9. Has your bank identified a successor or potential successors for the CEO?

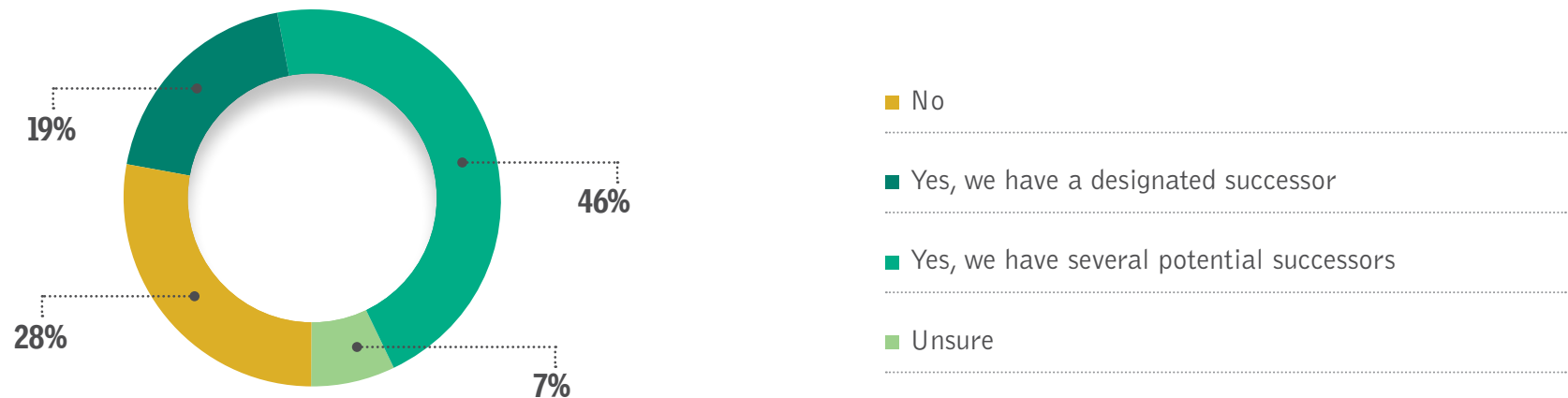
Numbers don't add up to 100 percent due to rounding. \*Indicates a count of less than 10 within a category.



| CEO                                       |         |              |               |                 |         |       |
|---|---------|--------------|---------------|-----------------|---------|-------|
| Bank Asset Size                           | >\$10B* | \$1B - \$10B | \$500M - \$1B | \$250M - \$500M | <\$250M | Total |
| No  | 20%     | 37%          | 33%           | 35%             | 46%     | 37%   |
| Yes, we have a designated successor       | 60%     | 24%          | 35%           | 29%             | 39%     | 31%   |
| Yes, we have several potential successors | 20%     | 33%          | 26%           | 26%             | 14%     | 25%   |
| Unsure                                    | -       | 6%           | 6%            | 11%             | 2%      | 6%    |

## 10. Has your bank identified a successor or potential successors for key executives?

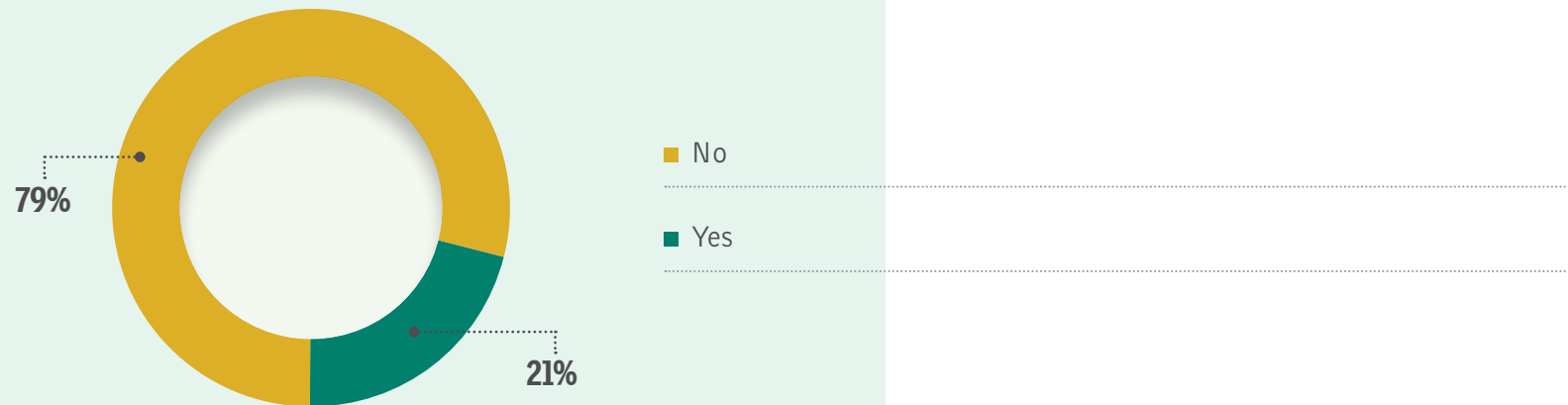
\*Indicates a count of less than 10 within a category.



| Executives                                |         |              |               |                 |         |       |
|---|---------|--------------|---------------|-----------------|---------|-------|
| Bank Asset Size                           | >\$10B* | \$1B - \$10B | \$500M - \$1B | \$250M - \$500M | <\$250M | Total |
| No  | -       | 18%          | 31%           | 32%             | 38%     | 28%   |
| Yes, we have a designated successor       | 40%     | 11%          | 23%           | 21%             | 21%     | 19%   |
| Yes, we have several potential successors | 60%     | 65%          | 42%           | 39%             | 26%     | 46%   |
| Unsure                                    | -       | 6%           | 4%            | 8%              | 14%     | 7%    |

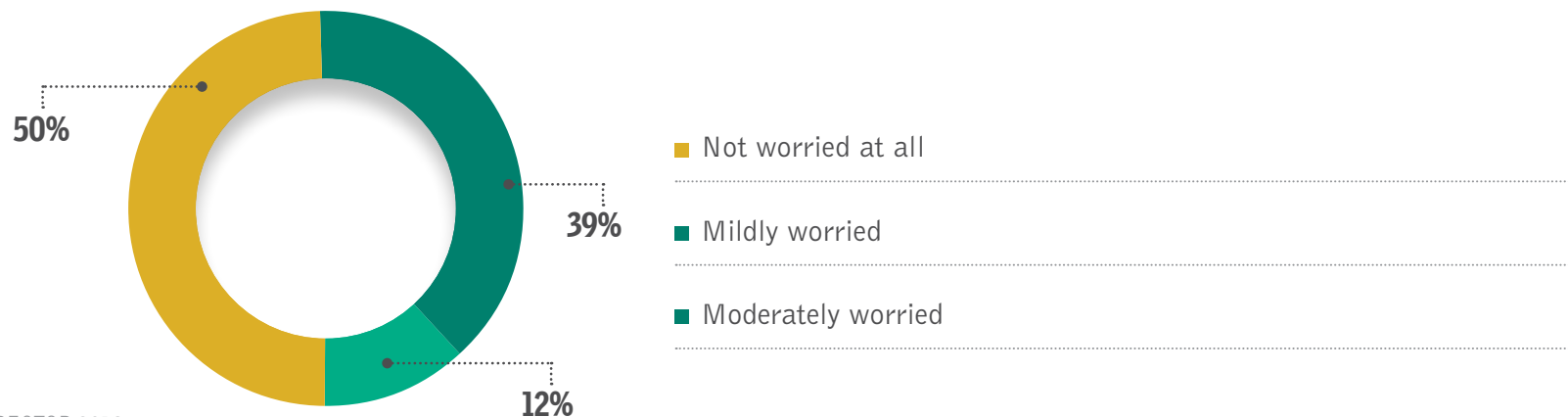
## 11. Do you believe it's time for your CEO to announce his or her retirement, and make room for his or her successor to lead the bank?

*Question only asked of outside directors and chairmen who indicated their CEO is aged 65 or older.*



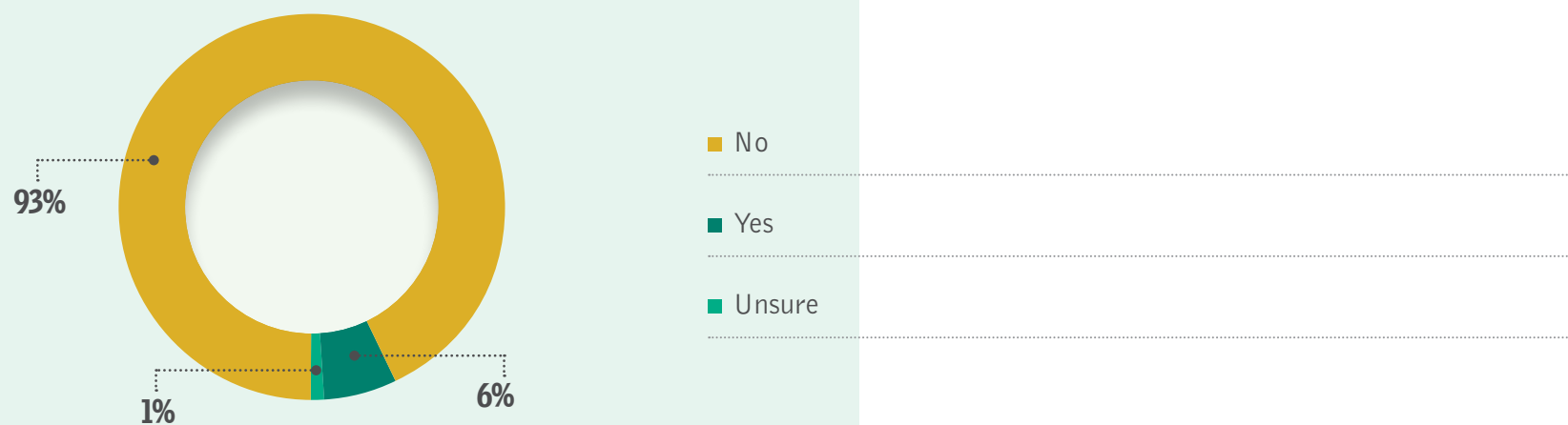
## 12. How worried are you that a potential CEO successor could leave to pursue an opportunity to lead another bank?

*Question only asked of outside directors and chairmen who indicated their bank has designated a successor or potential successors for the CEO.*



### 13. Within the past five years, has a potential successor resigned to lead another bank?

*Question only asked of outside directors and chairmen.*





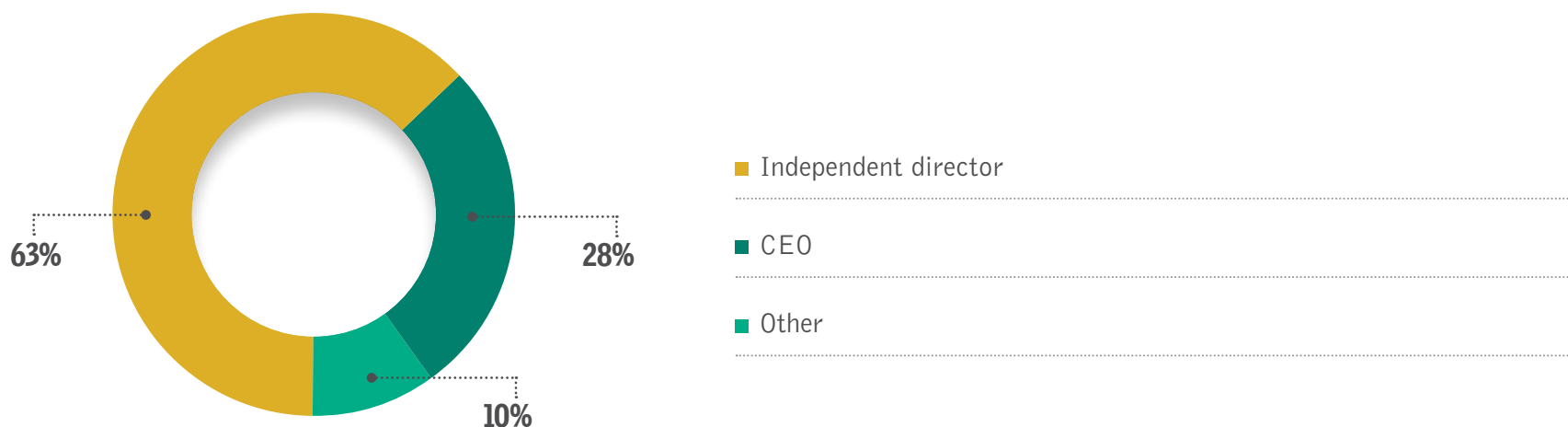
## BOARD COMPENSATION

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



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

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



| Bank Asset Size      | >\$10B | \$1B - \$10B | \$500M - \$1B | \$250M - \$500M | <\$250M | Total |
|----------------------|--------|--------------|---------------|-----------------|---------|-------|
| Independent director | 46%    | 62%          | 62%           | 68%             | 72%     | 63%   |
| CEO                  | 33%    | 28%          | 31%           | 23%             | 20%     | 28%   |
| Other                | 20%    | 9%           | 7%            | 9%              | 7%      | 10%   |

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

Respondents were asked to select all that apply. Proxy data included. Only asked of respondents who indicated the chairman is an independent director.

| Bank Asset Size                | >\$10B | \$1B - \$10B | \$500M - \$1B | \$250M - \$500M | <\$250M | Total |
|--------------------------------|--------|--------------|---------------|-----------------|---------|-------|
| Annual cash retainer           | 96%    | 95%          | 79%           | 41%             | 54%     | 74%   |
| Board meeting fee              | 28%    | 61%          | 79%           | 87%             | 86%     | 70%   |
| Committee fees                 | 36%    | 64%          | 65%           | 50%             | 57%     | 57%   |
| Equity compensation            | 80%    | 63%          | 40%           | 4%              | 14%     | 40%   |
| Committee retainer             | 48%    | 37%          | 8%            | 4%              | 4%      | 20%   |
| Deferred compensation/benefits | -      | 15%          | 8%            | 11%             | 11%     | 10%   |

| Ownership Structure            | Public | Private | Mutual | Total |
|--------------------------------|--------|---------|--------|-------|
| Annual cash retainer           | 89%    | 51%     | 71%    | 74%   |
| Board meeting fee              | 58%    | 86%     | 88%    | 70%   |
| Committee fees                 | 54%    | 60%     | 59%    | 57%   |
| Equity compensation            | 60%    | 16%     | 6%     | 40%   |
| Committee retainer             | 30%    | 6%      | 12%    | 20%   |
| Deferred compensation/benefits | 10%    | 3%      | 47%    | 10%   |

## 17. Enter the cash compensation amounts for the non-executive chairman of your bank for FY 2018.

Median values reported. Proxy data included. Only asked of respondents who indicated the chairman is an independent director. \*Indicates a count of less than 10 within a field.

| Bank Asset Size       | >\$10B   | \$1B - \$10B | \$500M - \$1B | \$250M - \$500M | <\$250M   | Total    |
|-----------------------|----------|--------------|---------------|-----------------|-----------|----------|
| Fee per board meeting | \$2,000* | \$800        | \$1,000       | \$1,000         | \$800     | \$900    |
| Annual cash retainer  | \$97,000 | \$40,000     | \$17,813      | \$9,000         | \$10,400  | \$30,000 |
| Equity compensation   | \$69,987 | \$25,000     | \$10,164      | \$18,000*       | \$15,000* | \$25,000 |

| Ownership Structure   | Public   | Private  | Mutual    | Total    |
|-----------------------|----------|----------|-----------|----------|
| Fee per board meeting | \$800    | \$900    | \$1,400   | \$900    |
| Annual cash retainer  | \$35,000 | \$12,000 | \$37,200  | \$30,000 |
| Equity compensation   | \$30,000 | \$15,000 | \$18,000* | \$25,000 |

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

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

| Bank Asset Size                | >\$10B | \$1B - \$10B | \$500M - \$1B | \$250M - \$500M | <\$250M | Total |
|--------------------------------|--------|--------------|---------------|-----------------|---------|-------|
| Board meeting fee              | 27%    | 66%          | 84%           | 86%             | 87%     | 72%   |
| Annual cash retainer           | 96%    | 86%          | 69%           | 40%             | 46%     | 69%   |
| Committee fees                 | 50%    | 68%          | 76%           | 49%             | 56%     | 62%   |
| Equity compensation            | 80%    | 58%          | 27%           | 5%              | 10%     | 37%   |
| Committee retainer             | 84%    | 40%          | 15%           | 5%              | 3%      | 29%   |
| Deferred compensation/benefits | 14%    | 12%          | 10%           | 9%              | 10%     | 11%   |

| Ownership Structure            | Public | Private | Mutual | Total |
|--------------------------------|--------|---------|--------|-------|
| Board meeting fee              | 58%    | 86%     | 91%    | 72%   |
| Annual cash retainer           | 86%    | 48%     | 65%    | 69%   |
| Committee fees                 | 63%    | 62%     | 61%    | 62%   |
| Equity compensation            | 60%    | 13%     | 4%     | 37%   |
| Committee retainer             | 45%    | 8%      | 22%    | 29%   |
| Deferred compensation/benefits | 11%    | 6%      | 35%    | 11%   |

## 19. Enter the cash compensation amounts for outside directors for FY 2018.

Median values reported. Proxy data included. \*Indicates a count of less than 10 within a field.

| Bank Asset Size       | >\$10B   | \$1B - \$10B | \$500M - \$1B | \$250M - \$500M | <\$250M   | Total    |
|-----------------------|----------|--------------|---------------|-----------------|-----------|----------|
| Fee per board meeting | \$2,000  | \$1,000      | \$800         | \$1,000         | \$750     | \$900    |
| Annual cash retainer  | \$50,000 | \$21,000     | \$12,850      | \$8,800         | \$9,700   | \$20,000 |
| Equity compensation   | \$55,011 | \$25,000     | \$10,000      | \$12,000*       | \$10,000* | \$30,000 |

| Ownership Structure   | Public   | Private  | Mutual    | Total    |
|-----------------------|----------|----------|-----------|----------|
| Fee per board meeting | \$938    | \$800    | \$1,150   | \$900    |
| Annual cash retainer  | \$25,000 | \$11,250 | \$20,600  | \$20,000 |
| Equity compensation   | \$33,084 | \$14,140 | \$18,000* | \$30,000 |

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

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



No benefits offered



Travel expenses



Life insurance

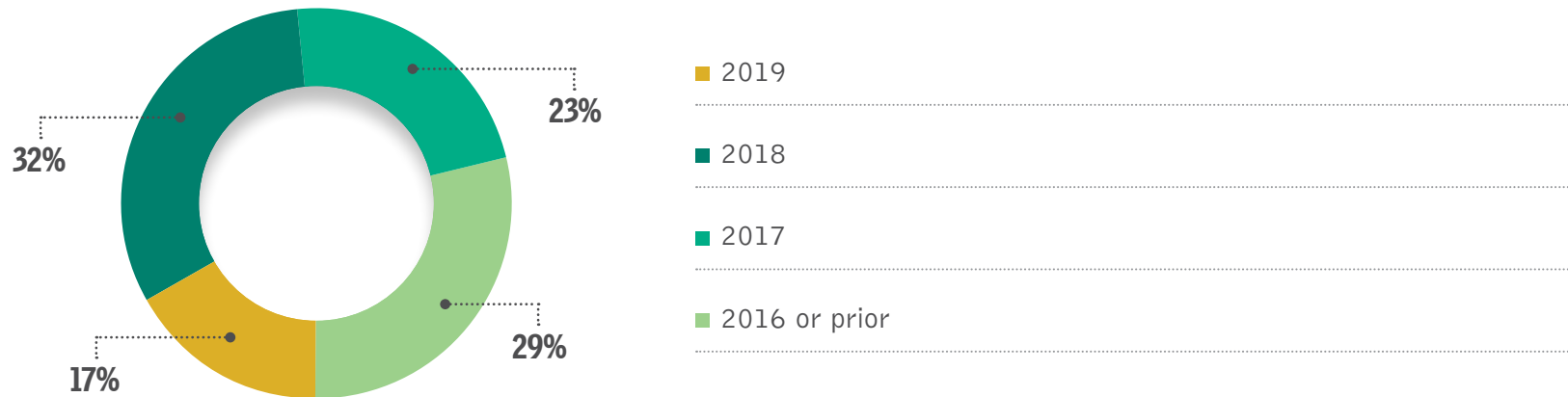


Retirement plan

| Bank Asset Size                         | >\$10B | \$1B - \$10B | \$500M - \$1B | \$250M - \$500M | <\$250M | Total |
|---|--------|--------------|---------------|-----------------|---------|-------|
| No benefits offered                     | 72%    | 53%          | 62%           | 75%             | 70%     | 65%   |
| Travel expenses                         | 19%    | 38%          | 31%           | 17%             | 22%     | 27%   |
| Life insurance                          | 13%    | 14%          | 7%            | 7%              | 11%     | 10%   |
| Retirement plan                         | 9%     | 15%          | 3%            | 5%              | 5%      | 8%    |
| Eligibility for group medical insurance | 6%     | 7%           | 2%            | 5%              | 8%      | 5%    |
| Other perks                             | 3%     | 4%           | 2%            | 2%              | 5%      | 3%    |
| Long-term care insurance                | 3%     | 1%           | 3%            | 3%              | 3%      | 3%    |
| Paid medical insurance                  | 6%     | 3%           | -             | 2%              | 3%      | 2%    |

## 21. When did the board last raise director pay?

Numbers don't add up to 100 percent due to rounding. \*Indicates a base count of less than 10 within a category.



| Bank Asset Size | >\$10B* | \$1B - \$10B | \$500M - \$1B | \$250M - \$500M | <\$250M | Total |
|-----------------|---------|--------------|---------------|-----------------|---------|-------|
| 2019            | -       | 15%          | 18%           | 22%             | 10%     | 17%   |
| 2018            | -       | 33%          | 37%           | 30%             | 28%     | 32%   |
| 2017            | 100%    | 30%          | 22%           | 18%             | 13%     | 23%   |
| 2016 or prior   | -       | 22%          | 22%           | 30%             | 49%     | 29%   |

## 22. Which board-level committees does your bank have?

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



| Bank Asset Size        | >\$10B | \$1B - \$10B | \$500M - \$1B | \$250M - \$500M | <\$250M | Total |
|------------------------|--------|--------------|---------------|-----------------|---------|-------|
| Audit                  | 100%   | 99%          | 97%           | 97%             | 91%     | 97%   |
| Compensation           | 100%   | 92%          | 88%           | 71%             | 68%     | 86%   |
| Governance/nominating  | 96%    | 87%          | 61%           | 36%             | 18%     | 64%   |
| Loan                   | 2%     | 44%          | 55%           | 73%             | 79%     | 50%   |
| Executive              | 32%    | 40%          | 45%           | 42%             | 47%     | 41%   |
| Asset/liability (ALCO) | 7%     | 23%          | 43%           | 56%             | 68%     | 37%   |
| Risk                   | 84%    | 42%          | 18%           | 19%             | 6%      | 34%   |
| Compliance             | 16%    | 16%          | 18%           | 27%             | 24%     | 20%   |
| Technology             | 9%     | 15%          | 18%           | 27%             | 32%     | 19%   |
| Trust                  | 7%     | 22%          | 24%           | 19%             | 6%      | 18%   |
| Other                  | 21%    | 14%          | 10%           | 14%             | 12%     | 14%   |
| Innovation             | -      | -            | -             | 2%              | -       | 0.3%  |



## 23. How many times did the following meet in FY 2018?

Median values reported. Proxy data included. \*Indicates a base count of less than 10 within a field.

| Bank Asset Size                  | >\$10B | \$1B - \$10B | \$500M - \$1B | \$250M - \$500M | <\$250M | Total |
|----------------------------------|--------|--------------|---------------|-----------------|---------|-------|
| Holding company                  | 8      | 10           | 12            | 6               | 8       | 10    |
| Lead bank                        | 8      | 12           | 12            | 12              | 12      | 12    |
| Audit committee                  | 9      | 6            | 5             | 4               | 4       | 5     |
| Compensation committee           | 6      | 5            | 3             | 2               | 2       | 4     |
| Governance/nominating committee  | 4      | 4            | 2             | 1               | 2*      | 3     |
| Loan committee                   | 4*     | 12           | 12            | 24              | 15      | 15    |
| Executive committee              | 4      | 4            | 5             | 5               | 3       | 4     |
| Asset/liability (ALCO) committee | 4*     | 4            | 4             | 4               | 4       | 4     |
| Risk committee                   | 4      | 4            | 4             | 5               | 4       | 4     |
| Compliance committee             | 7.5*   | 4            | 4*            | 5               | 4*      | 4     |
| Technology committee             | 4*     | 4            | 4             | 4               | 4       | 4     |
| Trust committee                  | 4*     | 4            | 6             | 4               | 4*      | 4     |

## 24. How many board members currently serve on each?

Median values reported. Proxy data included. \*Indicates a base count of less than 10 within a field.

| Bank Asset Size                  | >\$10B | \$1B - \$10B | \$500M - \$1B | \$250M - \$500M | <\$250M | Total |
|----------------------------------|--------|--------------|---------------|-----------------|---------|-------|
| Holding company                  | 12     | 11           | 9             | 8               | 7       | 10    |
| Lead bank                        | 12     | 11           | 10            | 9               | 8       | 10    |
| Audit committee                  | 5      | 5            | 4             | 4               | 4       | 4     |
| Compensation committee           | 4      | 5            | 4             | 4               | 3.5     | 4     |
| Governance/nominating committee  | 4      | 5            | 4             | 4               | 3.5*    | 4     |
| Loan committee                   | 7*     | 6            | 6             | 6               | 4.5     | 6     |
| Executive committee              | 6      | 5            | 5             | 5               | 4       | 5     |
| Asset/liability (ALCO) committee | 7*     | 5            | 5             | 4               | 3.5     | 5     |
| Risk committee                   | 5      | 5            | 4.5           | 5*              | 5*      | 5     |
| Compliance committee             | 4*     | 5            | 4*            | 4               | 3.5*    | 4     |
| Technology committee             | 4*     | 4            | 4             | 3               | 3       | 4     |
| Trust committee                  | 5*     | 4.5          | 3.5           | 3               | 5*      | 4     |

## 25. Enter the per-meeting fees your bank paid in FY 2018 to the members of each committee.

Median values reported. Proxy data included. \*Indicates a base count of less than 10 within a field.

| Committee Member                 |          |              |               |                 |         |       |
|----------------------------------|----------|--------------|---------------|-----------------|---------|-------|
| Bank Asset Size                  | >\$10B   | \$1B - \$10B | \$500M - \$1B | \$250M - \$500M | <\$250M | Total |
| Audit committee                  | \$1,000  | \$750        | \$500         | \$300           | \$258   | \$500 |
| Compensation committee           | \$1,000  | \$500        | \$350         | \$275           | \$200   | \$440 |
| Governance/nominating committee  | \$1,000  | \$500        | \$350         | \$250*          | \$208*  | \$500 |
| Loan committee                   | \$500*   | \$500        | \$350         | \$250           | \$200   | \$300 |
| Executive committee              | \$1,500* | \$825        | \$350         | \$250           | \$250*  | \$463 |
| Asset/liability (ALCO) committee | \$500*   | \$500*       | \$400         | \$250           | \$150   | \$350 |
| Risk committee                   | \$1,000  | \$650        | \$400*        | \$100*          | \$215*  | \$690 |
| Compliance committee             | \$500*   | \$700*       | \$350*        | \$213*          | \$200*  | \$350 |
| Technology committee             | \$1,700* | \$500*       | \$350*        | \$250*          | \$300*  | \$300 |
| Trust committee                  | \$1,250* | \$500        | \$525*        | \$150*          | \$200*  | \$425 |

## 26. Enter the per-meeting fees your bank paid in FY 2018 to the chairman of each committee.

Median values reported. Proxy data included. \*Indicates a base county of less than 10 within a field.

| Committee Chairman               |          |              |               |                 |         |       |
|----------------------------------|----------|--------------|---------------|-----------------|---------|-------|
| Bank Asset Size                  | >\$10B   | \$1B - \$10B | \$500M - \$1B | \$250M - \$500M | <\$250M | Total |
| Audit committee                  | \$1,000* | \$750        | \$500         | \$300           | \$258   | \$500 |
| Compensation committee           | \$1,000* | \$650        | \$500         | \$400           | \$200   | \$500 |
| Governance/nominating committee  | \$1,000* | \$600        | \$400         | \$325*          | \$233*  | \$500 |
| Loan committee                   | -        | \$600        | \$400         | \$300           | \$200   | \$350 |
| Executive committee              | \$1,000* | \$800        | \$500         | \$250           | \$138*  | \$413 |
| Asset/liability (ALCO) committee | \$500*   | \$500*       | \$500         | \$300           | \$150*  | \$400 |
| Risk committee                   | \$1,000* | \$825        | \$550*        | \$100*          | \$215*  | \$600 |
| Compliance committee             | \$1,000* | \$1,000*     | \$400*        | \$300*          | \$175*  | \$500 |
| Technology committee             | -        | \$600*       | \$500*        | \$300*          | \$350*  | \$358 |
| Trust committee                  | \$1,000* | \$563*       | \$913*        | \$200*          | \$200*  | \$500 |

## 27. Enter the retainer your bank paid in FY 2018 to the members of each committee.

Median values reported. Proxy data included. \*Indicates a base count of less than 10 within a field.

| Committee Member                 |           |              |               |                 |           |           |
|----------------------------------|-----------|--------------|---------------|-----------------|-----------|-----------|
| Bank Asset Size                  | >\$10B    | \$1B - \$10B | \$500M - \$1B | \$250M - \$500M | <\$250M   | Total     |
| Audit committee                  | \$11,000  | \$6,000      | \$10,000*     | \$1,500*        | \$25,000* | \$8,800   |
| Compensation committee           | \$7,250   | \$3,000      | \$15,000*     | \$1,750*        | \$25,000* | \$6,000   |
| Governance/nominating committee  | \$20,000* | \$2,750      | -             | \$2,000*        | -         | \$5,000   |
| Loan committee                   | -         | \$7,500*     | \$10,000*     | \$4,000*        | \$25,000* | \$6,250*  |
| Executive committee              | \$70,000* | \$2,500*     | \$16,398*     | \$2,300*        | -         | \$6,000   |
| Asset/liability (ALCO) committee | -         | \$1,500*     | -             | \$800*          | \$25,000* | \$1,500*  |
| Risk committee                   | \$10,000  | \$4,000*     | -             | \$100*          | -         | \$6,750   |
| Compliance committee             | \$20,000* | \$6,000*     | -             | \$100*          | -         | \$10,000* |
| Technology committee             | \$12,500* | \$10,000*    | -             | \$1,500*        | -         | \$7,500*  |
| Trust committee                  | -         | \$6,000*     | -             | -               | -         | \$6,000*  |

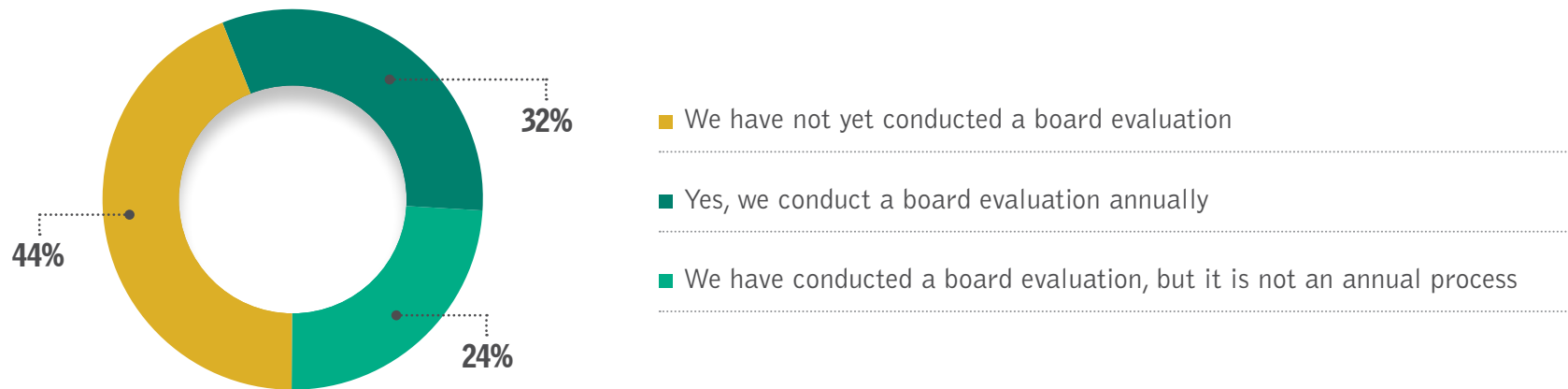
## 28. Enter the retainer your bank paid in FY 2018 to the chairman of each committee.

Median values reported. Proxy data included. \*Indicates a base count of less than 10 within a field.

| Committee Chairman               |           |              |               |                 |           |           |
|----------------------------------|-----------|--------------|---------------|-----------------|-----------|-----------|
| Bank Asset Size                  | >\$10B    | \$1B - \$10B | \$500M - \$1B | \$250M - \$500M | <\$250M   | Total     |
| Audit committee                  | \$15,000  | \$8,750      | \$4,500       | \$1,800*        | \$13,000* | \$10,000  |
| Compensation committee           | \$11,500  | \$5,000      | \$3,150*      | \$1,500*        | \$25,000* | \$7,500   |
| Governance/nominating committee  | \$10,000  | \$4,500*     | \$1,500*      | \$3,000*        | -         | \$7,000   |
| Loan committee                   | \$3,000*  | \$8,000      | \$10,000*     | \$4,500*        | \$25,000* | \$5,000   |
| Executive committee              | \$10,000* | \$3,650      | \$25,000*     | \$2,300*        | \$1,000*  | \$5,000   |
| Asset/liability (ALCO) committee | \$40,000* | \$5,000*     | \$2,500*      | \$800*          | \$25,000* | \$5,000   |
| Risk committee                   | \$10,000  | \$8,000      | \$1,500*      | \$1,000*        | -         | \$10,000  |
| Compliance committee             | \$20,000* | \$12,000*    | -             | \$100*          | -         | \$12,000* |
| Technology committee             | \$22,500* | \$4,000*     | -             | \$1,500*        | -         | \$20,000* |
| Trust committee                  | \$6,250*  | \$4,000*     | -             | -               | -         | \$4,500   |

## BOARD REFRESHMENT

**29. Does your board conduct an annual board evaluation to identify training gaps, evaluate board processes and procedures, and/or examine the performance of individual directors?**



| Ownership Structure   | Public | Private | Mutual | Total |
|---|--------|---------|--------|-------|
| We have not yet conducted a board evaluation                          | 27%    | 54%     | 42%    | 44%   |
| Yes, we conduct a board evaluation annually                           | 53%    | 18%     | 42%    | 32%   |
| We have conducted a board evaluation, but it is not an annual process | 20%    | 27%     | 16%    | 24%   |

### 30. Is the board evaluation used to identify underperforming or less engaged directors?

Question asked of respondents who indicate the board conducts an annual evaluation.



### 31. Does the board have a mandatory retirement age or similar mechanism to open seats for new board members?



- No, we do not have an age or tenure-based mechanism in place
- We have a mandatory retirement policy
- We have tenure or term limits
- Other

| Ownership Structure  | Public | Private | Mutual | Total |
|--|--------|---------|--------|-------|
| No, we do not have an age or tenure-based mechanism in place | 45%    | 65%     | 10%    | 53%   |
| We have a mandatory retirement policy                        | 49%    | 28%     | 85%    | 41%   |
| We have tenure or term limits                                | 3%     | 4%      | 5%     | 4%    |
| Other  | 3%     | 3%      | -      | 3%    |



75



### 32. What is the mandatory retirement age for board members?

*Median value reported. Question only asked of respondents who indicate their board has a mandatory retirement age.*

48



### 33. What is the age of your youngest board member?

*Median value reported.*

### 34. How long have you served on the board, and what is your age?

*Median values reported. Question only asked of independent directors and chairmen.*

13



**Tenure (years)**

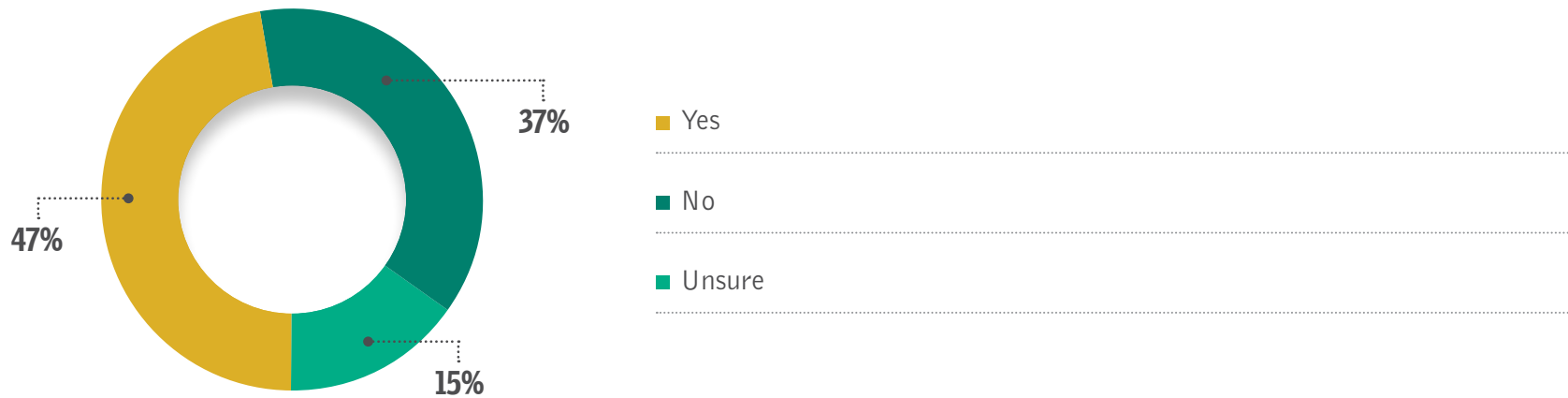
64



**Age**

## 35. Is the board and/or nominating/governance committee working to recruit younger directors?

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



| Ownership Structure | Public | Private | Mutual | Total |
|---------------------|--------|---------|--------|-------|
| Yes                 | 59%    | 41%     | 47%    | 47%   |
| No                  | 28%    | 43%     | 37%    | 37%   |
| Unsure              | 13%    | 17%     | 16%    | 15%   |

## 36. What challenges does your board face in attracting younger directors?

Respondents were asked to select all that apply. Only asked of respondents who indicated the board or governance/nominating committee is working to recruit younger directors.

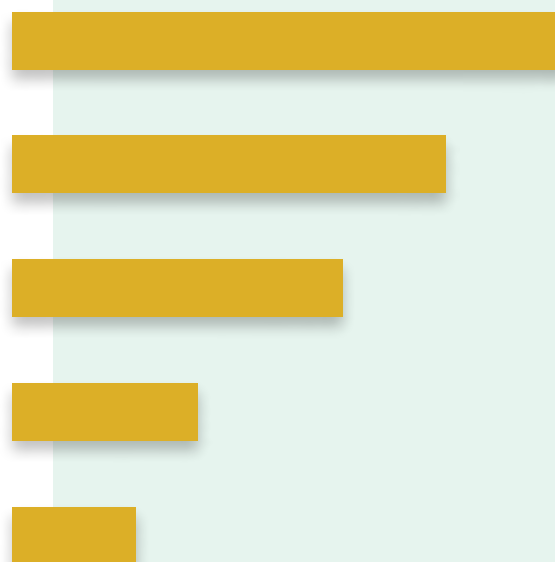
**54%** They lack the necessary experience

**42%** They're too focused on building their careers to serve on the board

**32%** They can't afford to make a sufficient investment in the bank

**18%** They're not interested in serving on a bank board

**12%** Other

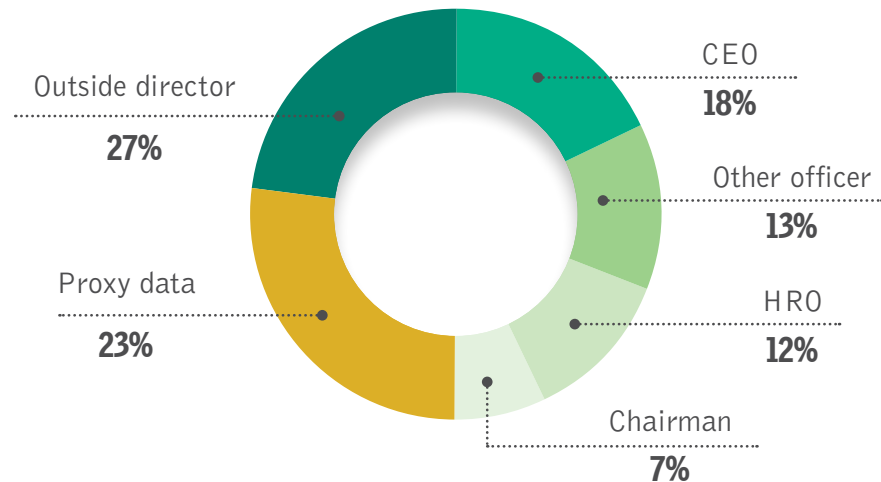


| Ownership Structure   | Public | Private | Mutual | Total |
|---|--------|---------|--------|-------|
| They lack the necessary experience                                  | 60%    | 52%     | 44%    | 54%   |
| They're too focused on building their careers to serve on the board | 49%    | 39%     | 33%    | 42%   |
| They can't afford to make a sufficient investment in the bank       | 32%    | 34%     | 22%    | 32%   |
| They're not interested in serving on a bank board                   | 8%     | 23%     | 33%    | 18%   |
| Other   | 8%     | 9%      | 44%    | 12%   |

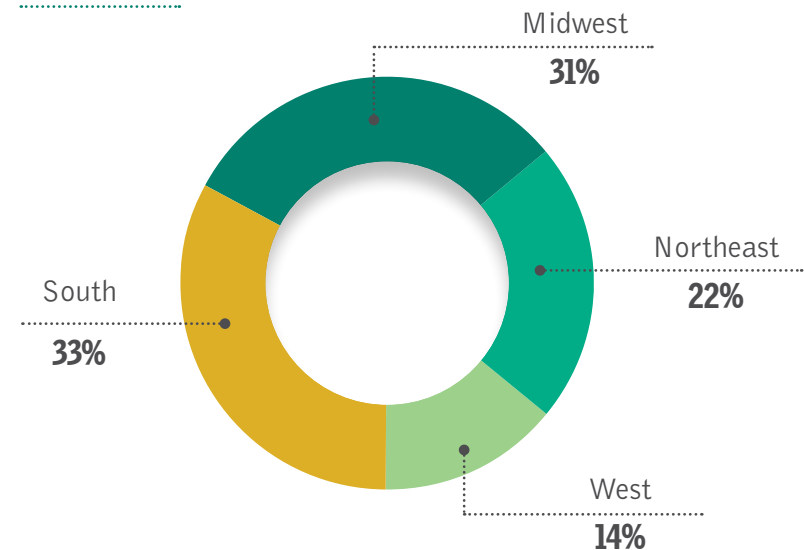
## ABOUT THE SURVEY

Bank Director's 2019 Compensation Survey, sponsored by Compensation Advisors, surveyed 348 independent directors, chief executives, human resources officers and other senior executives of U.S. banks to examine trends in director and CEO compensation, and how banks are approaching succession planning and board refreshment. The survey was conducted in April 2019. At the same time, compensation data for directors and CEOs in fiscal year 2018 was collected from the proxy statements of 103 publicly traded financial institutions. Thirty-one percent of respondents represent a financial institution between \$1 billion and \$10 billion in assets, and almost one-quarter a bank between \$500 million and \$1 billion. Forty-nine percent represent a publicly traded institution. Sixty-four percent are located in the South or the Midwest.

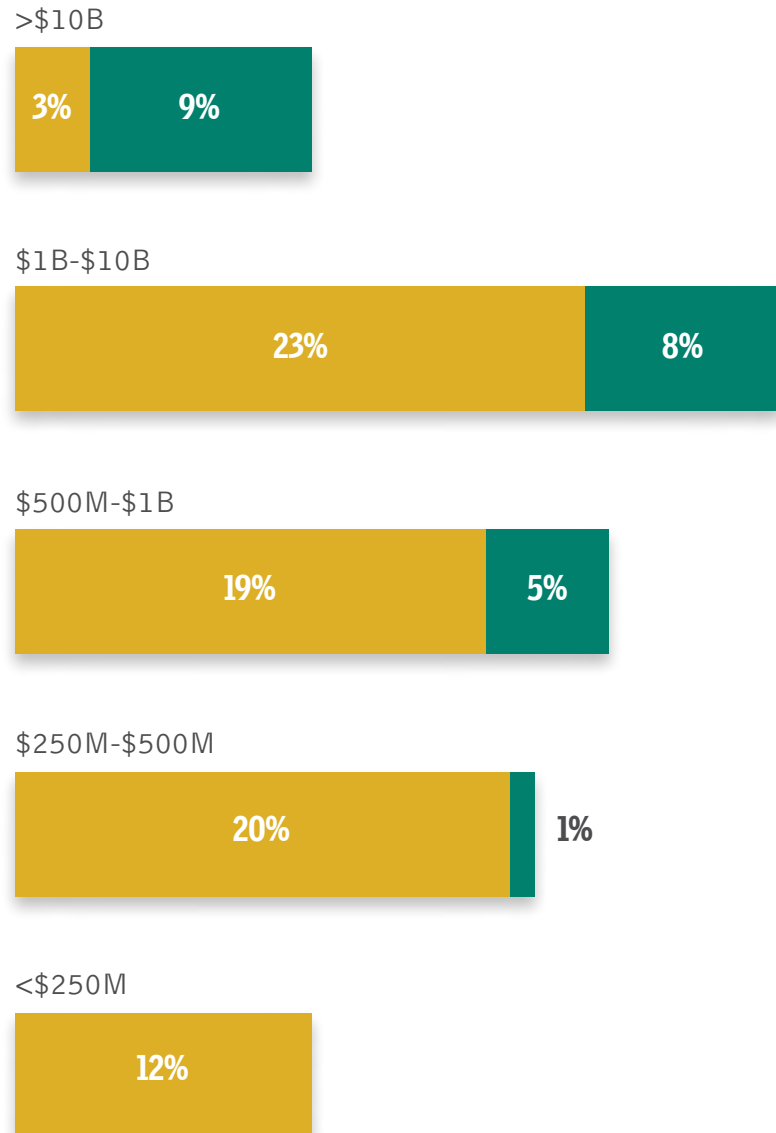
### TITLE



### REGION



## ASSET SIZE



■ Respondents ■ Proxy

## OWNERSHIP STRUCTURE

