

2022 Risk Survey

Exclusive Full Report: Bank Services Members

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EXECUTIVE SUMMARY

Despite geopolitical turmoil following Russia's invasion of Ukraine, the Federal Reserve opted to raise interest rates 25 basis points in March — its first increase in more than three years — in an attempt to fight off a high rate of inflation that saw consumer prices rising by 7.9% over the preceding year, according to the Bureau of Labor Statistics.

"Inflation remains elevated, reflecting supply and demand imbalances related to the pandemic, higher energy prices, and broader price pressures," the central bank said in a statement. The Federal Open Market Committee (FOMC) is the policymaking body within the Fed that sets rates, and Fed Chairman Jerome Powell remarked further that the FOMC will continue to act to restore price stability.

"We are attentive to the risks of further upward pressure on inflation and inflation expectations," Powell said, adding that the FOMC anticipates a median inflation rate of 4.3% for 2022. He believes a recession is unlikely, however. "The U.S. economy is very strong and well-positioned to handle tighter monetary policy."

Six more rate hikes are expected in 2022, which overshoots the aspirations of the directors, CEOs, chief risk officers and other senior executives responding to Bank Director's 2022 Risk Survey, conducted in January. Respondents reveal a high level of anxiety about interest rate risk, with 71% indicating increased concern. When asked about the ideal scenario for their institution, almost three-quarters say they'd like to see a moderate rise in rates in 2022, by no more than one point — significantly less than the 1.9% anticipated by the end of the year.

Moss Adams LLP sponsors Bank Director's annual Risk Survey, which also focuses on cybersecurity, credit risk, business continuity and emerging issues, including banks' progress on environmental, social and governance (ESG) programs. More than half of the respondents say their bank doesn't yet focus on ESG issues in a comprehensive manner, and just 6% describe their ESG program as mature enough to publish a disclosure of their progress.

Developments in this area could be important to watch: The term ESG covers a number of key risks, including climate change, cybersecurity, regulatory compliance with laws such as the Community Reinvestment Act and operational risks like talent.

"Finding employees is becoming much harder and has us [looking] at outsourcing (increased risk) or remote workers (increased risk)," writes one survey respondent. Workers want to work for ethical companies that care about their employees and communities, according to research from Gallup. Could a focus on ESG become a competitive strength in such an environment?

KEY FINDINGS

➔ Top Risks

Respondents also reveal increased anxiety about cybersecurity, with 93% saying that their concerns have increased somewhat or significantly over the past year. Along with interest rate risk, regulatory risk (72%) and compliance (65%) round out the top risks. One respondent, the CRO of a Southeastern bank between \$1 billion and \$5 billion in assets, expresses specific concern about “heightened regulatory expectations” around overdraft fees, fair lending and redlining, as well as rulemaking from the Consumer Financial Protection Bureau around the collection of small business lending data.

➔ Enhancing Cybersecurity Oversight

Most indicate that their bank conducted a cybersecurity assessment over the past year, with 61% using the Cybersecurity Assessment Tool offered by the Federal Financial Institutions Examination Council (FFIEC) in combination with other methodologies. While 83% report that their program is more mature compared to their previous assessment, there’s still room to improve, particularly in training bank staff (83%) and using technology to better detect and/or deter cyber threats and intrusions (64%). Respondents report a median budget of \$200,000 for cybersecurity expenses in fiscal year 2022, matching last year’s survey.

➔ Setting ESG Goals

While most banks lack a comprehensive ESG program, more than half say their bank set goals and objectives in several discrete areas: employee development (68%), community needs, investment and/or volunteerism (63%), risk management processes and risk governance (61%), employee engagement (59%), and data privacy and information security (56%).

➔ Protecting Staff

More than 80% of respondents say at least some employees work remotely for at least a portion of their work week, an indicator of how business continuity plans have evolved: 44% identify formalizing remote work procedures and policies as a gap in their business continuity planning, down significantly compared to last year’s survey (77%). Further, banks continue to take a carrot approach to vaccinations and boosters, with most encouraging rather than requiring their use. Thirty-nine percent require, and 31% encourage, employees to disclose their vaccination status.

➔ Climate Change Gaps

Sixteen percent say their board discusses climate change annually — a subtle increase compared to last year’s survey. While 60% indicate that their board and senior leadership team understand the physical risks to their bank as a result of more frequent severe weather events, less than half understand the transition risks tied to shifts in preferences or reduced demand for products and services as the economy adapts.

RISK HEATMAP

1. Have your concerns about the following risk categories increased or decreased over the past year?

Compliance						
Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M-\$1B	<\$500M	Total
Increased significantly	30%	10%	16%	13%	16%	16%
Increased somewhat	39%	57%	46%	48%	59%	49%
No change	30%	33%	37%	38%	25%	34%
Decreased somewhat	-	-	1%	3%	-	1%

Consumer						
Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M-\$1B	<\$500M	Total
Increased significantly	9%	5%	3%	8%	2%	5%
Increased somewhat	39%	30%	38%	28%	32%	34%
No change	44%	65%	55%	63%	61%	57%
Decreased somewhat	9%	-	4%	3%	5%	4%

Credit

Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M-\$1B	<\$500M	Total
Increased significantly	-	-	3%	8%	2%	3%
Increased somewhat	22%	43%	42%	33%	54%	41%
No change	57%	33%	32%	38%	33%	36%
Decreased somewhat	22%	24%	22%	20%	12%	20%
Decreased significantly	-	-	1%	3%	-	1%

Cybersecurity

Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M-\$1B	<\$500M	Total
Increased significantly	39%	57%	53%	35%	61%	50%
Increased somewhat	57%	38%	43%	50%	34%	43%
No change	4%	5%	4%	15%	5%	6%

Environmental/climate risk

Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M-\$1B	<\$500M	Total
Increased significantly	13%	5%	3%	3%	4%	5%
Increased somewhat	44%	57%	45%	18%	20%	36%
No change	39%	38%	48%	73%	71%	55%
Decreased somewhat	4%	-	3%	5%	-	3%
Decreased significantly	-	-	1%	3%	4%	2%

Interest rate risk

Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M-\$1B	<\$500M	Total
Increased significantly	9%	14%	20%	28%	38%	23%
Increased somewhat	61%	43%	45%	48%	51%	48%
No change	26%	33%	30%	20%	7%	24%
Decreased somewhat	4%	10%	5%	5%	4%	5%

Legal

Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M-\$1B	<\$500M	Total
Increased significantly	-	-	2%	-	7%	2%
Increased somewhat	17%	29%	22%	15%	29%	22%
No change	70%	62%	75%	85%	60%	72%
Decreased somewhat	13%	10%	1%	-	4%	4%

Liquidity

Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M-\$1B	<\$500M	Total
Increased significantly	-	-	3%	5%	9%	4%
Increased somewhat	4%	10%	7%	5%	18%	9%
No change	48%	60%	47%	48%	49%	49%
Decreased somewhat	48%	30%	31%	35%	16%	30%
Decreased significantly	-	-	12%	8%	9%	8%

Operational

Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M-\$1B	<\$500M	Total
Increased significantly	13%	10%	8%	3%	5%	7%
Increased somewhat	44%	35%	33%	43%	41%	38%
No change	39%	45%	53%	48%	55%	50%
Decreased somewhat	4%	10%	7%	8%	-	6%

Regulatory

Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M-\$1B	<\$500M	Total
Increased significantly	39%	19%	15%	23%	20%	20%
Increased somewhat	30%	57%	56%	43%	62%	52%
No change	13%	24%	25%	33%	18%	23%
Decreased somewhat	17%	-	4%	3%	-	4%

Reputational

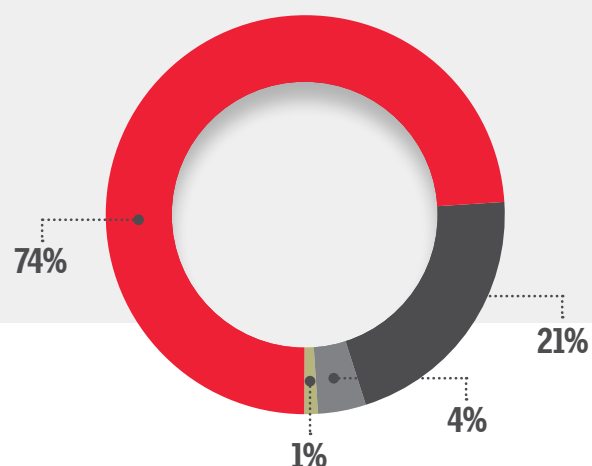
Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M-\$1B	<\$500M	Total
Increased significantly	-	5%	-	3%	5%	2%
Increased somewhat	17%	24%	21%	28%	23%	22%
No change	65%	67%	71%	70%	71%	70%
Decreased somewhat	17%	5%	9%	-	2%	6%

Strategic						
Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M-\$1B	<\$500M	Total
Increased significantly	13%	10%	8%	11%	10%	9%
Increased somewhat	39%	38%	46%	50%	55%	47%
No change	44%	43%	45%	37%	36%	42%
Decreased somewhat	4%	10%	1%	3%	-	2%

THE LOAN PORTFOLIO

2. Considering interest rates in 2022 and their impact on your financial institution, do you hope the Federal Reserve's Federal Open Market Committee will ...?

CISOs, CIOs and CTOs weren't asked this question.



- Raise interest rates moderately by the end of 2022, by no more than one point
- Raise interest rates significantly by the end of 2022, between one and three points
- Maintain the federal funds rate at current levels through 2022, between 0% and 0.25%
- Raise interest rates dramatically by the end of 2022, by more than three points

Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M-\$1B	<\$500M	Total
Raise interest rates moderately by the end of 2022, by no more than one point	52%	77%	77%	78%	73%	74%
Raise interest rates significantly by the end of 2022, between one and three points	48%	18%	18%	19%	16%	21%
Maintain the federal funds rate at current levels through 2022, between 0% and 0.25%	-	6%	2%	3%	11%	4%
Raise interest rates dramatically by the end of 2022, by more than three points	-	-	2%	-	-	1%

3. Has your bank adjusted concentrations in its loan portfolio in the following areas in response to strategic shifts or economic changes?

CISOs, CIOs and CTOs weren't asked this question. *Indicates a count of less than 10 within a category.

■ Increased ■ Didn't change ■ Decreased ■ Not applicable



Agriculture						
Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M-\$1B	<\$500M	Total
Increased	-	6%	7%	3%	9%	6%
Didn't change	76%	53%	54%	58%	55%	57%
Decreased	-	6%	5%	3%	7%	4%
Not applicable	24%	35%	35%	36%	30%	33%

Agriculture							
Region	Midwest	Northeast	Pacific West	Rocky Mountain West*	Southeast	Southwest	Total
Increased	8%	-	17%	-	9%	-	6%
Didn't change	64%	37%	39%	33%	63%	76%	57%
Decreased	4%	-	6%	17%	9%	3%	4%
Not applicable	24%	63%	39%	50%	20%	21%	33%

■ Increased
 ■ Didn't change
 ■ Decreased
 ■ Not applicable



Commercial & industrial

Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M-\$1B	<\$500M	Total
Increased	29%	35%	36%	14%	27%	30%
Didn't change	71%	65%	59%	73%	64%	64%
Decreased	-	-	3%	3%	2%	2%
Not applicable	-	-	1%	11%	7%	4%

Commercial & industrial

Region	Midwest	Northeast	Pacific West	Rocky Mountain West*	Southeast	Southwest	Total
Increased	25%	39%	22%	17%	32%	30%	30%
Didn't change	72%	51%	72%	67%	65%	58%	64%
Decreased	-	2%	-	17%	-	9%	2%
Not applicable	3%	7%	6%	-	3%	3%	4%

■ Increased
 ■ Didn't change
 ■ Decreased
 ■ Not applicable



Commercial real estate

Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M-\$1B	<\$500M	Total
Increased	29%	24%	43%	19%	32%	33%
Didn't change	53%	59%	54%	69%	57%	58%
Decreased	19%	12%	3%	8%	9%	8%
Not applicable	-	6%	-	3%	2%	1%

Commercial real estate

Region	Midwest	Northeast	Pacific West	Rocky Mountain West*	Southeast	Southwest	Total
Increased	26%	44%	53%	33%	21%	39%	33%
Didn't change	64%	49%	35%	50%	66%	58%	58%
Decreased	8%	7%	12%	-	11%	3%	8%
Not applicable	1%	-	-	17%	3%	-	1%

■ Increased
 ■ Didn't change
 ■ Decreased
 ■ Not applicable



Construction and development loans

Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M-\$1B	<\$500M	Total
Increased	10%	24%	38%	30%	16%	28%
Didn't change	67%	71%	57%	65%	75%	64%
Decreased	24%	-	6%	5%	5%	7%
Not applicable	-	6%	-	-	5%	1%

Construction and development loans

Region	Midwest	Northeast	Pacific West	Rocky Mountain West*	Southeast	Southwest	Total
Increased	14%	44%	28%	33%	32%	30%	28%
Didn't change	82%	49%	50%	50%	60%	61%	64%
Decreased	3%	7%	22%	-	8%	6%	7%
Not applicable	1%	-	-	17%	-	3%	1%

■ Increased
 ■ Didn't change
 ■ Decreased
 ■ Not applicable



Consumer loans

Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M-\$1B	<\$500M	Total
Increased	19%	24%	15%	3%	14%	14%
Didn't change	81%	71%	68%	75%	77%	73%
Decreased	-	-	14%	14%	2%	9%
Not applicable	-	6%	3%	8%	7%	5%

Consumer loans

Region	Midwest	Northeast	Pacific West	Rocky Mountain West*	Southeast	Southwest	Total
Increased	13%	17%	22%	33%	11%	6%	14%
Didn't change	76%	63%	56%	50%	81%	82%	73%
Decreased	7%	17%	-	-	5%	12%	9%
Not applicable	4%	2%	22%	17%	3%	-	5%

■ Increased
 ■ Didn't change
 ■ Decreased
 ■ Not applicable



Mortgage/home equity loans

Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M-\$1B	<\$500M	Total
Increased	29%	12%	33%	22%	23%	26%
Didn't change	67%	71%	51%	60%	61%	58%
Decreased	5%	6%	14%	14%	5%	10%
Not applicable	-	12%	3%	5%	11%	6%

Mortgage/home equity loans

Region	Midwest	Northeast	Pacific West	Rocky Mountain West*	Southeast	Southwest	Total
Increased	26%	27%	22%	17%	32%	24%	26%
Didn't change	61%	51%	56%	33%	61%	61%	58%
Decreased	10%	20%	6%	-	5%	9%	10%
Not applicable	3%	2%	17%	50%	3%	6%	6%

■ Increased
 ■ Didn't change
 ■ Decreased
 ■ Not applicable



SBA or other small business loans

Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M-\$1B	<\$500M	Total
Increased	33%	35%	38%	24%	25%	32%
Didn't change	62%	65%	51%	65%	57%	57%
Decreased	5%	-	2%	3%	5%	3%
Not applicable	-	-	8%	8%	14%	8%

SBA or other small business loans

Region	Midwest	Northeast	Pacific West	Rocky Mountain West*	Southeast	Southwest	Total
Increased	29%	40%	33%	33%	31%	30%	32%
Didn't change	61%	48%	61%	50%	61%	55%	57%
Decreased	4%	-	-	-	3%	6%	3%
Not applicable	6%	13%	6%	17%	6%	9%	8%

■ Increased
 ■ Didn't change
 ■ Decreased
 ■ Not applicable



Loans to the energy sector

Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M-\$1B	<\$500M	Total
Increased	10%	6%	3%	3%	2%	4%
Didn't change	52%	65%	49%	41%	46%	49%
Decreased	24%	6%	5%	8%	7%	8%
Not applicable	14%	24%	43%	49%	46%	40%

Loans to the energy sector

Region	Midwest	Northeast	Pacific West	Rocky Mountain West*	Southeast	Southwest	Total
Increased	6%	2%	6%	-	-	6%	4%
Didn't change	50%	42%	44%	33%	56%	52%	49%
Decreased	4%	-	6%	-	14%	21%	8%
Not applicable	40%	56%	44%	67%	31%	21%	40%

■ Increased
 ■ Didn't change
 ■ Decreased
 ■ Not applicable



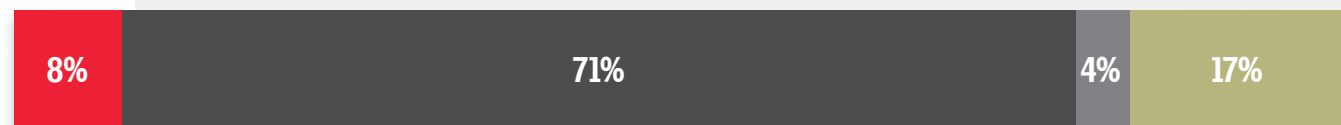
Loans to the hospitality industry

Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M-\$1B	<\$500M	Total
Increased	10%	-	7%	8%	5%	6%
Didn't change	30%	12%	46%	54%	57%	45%
Decreased	60%	77%	40%	32%	18%	39%
Not applicable	-	12%	7%	5%	21%	9%

Loans to the hospitality industry

Region	Midwest	Northeast	Pacific West	Rocky Mountain West*	Southeast	Southwest	Total
Increased	6%	2%	17%	-	6%	9%	6%
Didn't change	51%	39%	44%	67%	43%	39%	45%
Decreased	29%	49%	39%	-	46%	49%	39%
Not applicable	14%	10%	-	33%	6%	3%	9%

■ Increased
 ■ Didn't change
 ■ Decreased
 ■ Not applicable



Loans to the healthcare sector

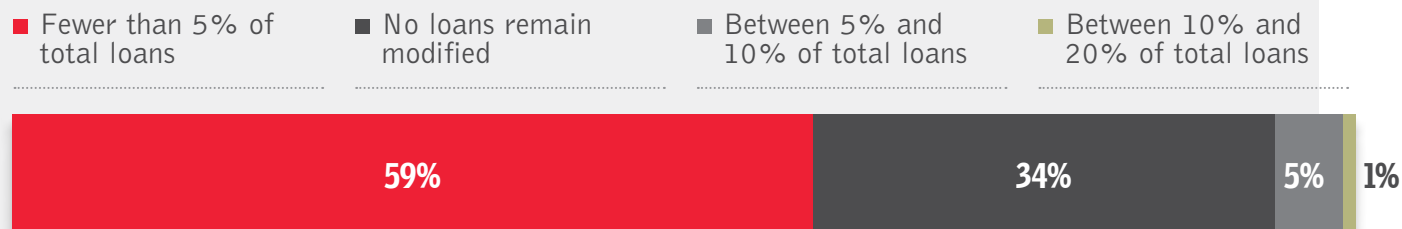
Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M-\$1B	<\$500M	Total
Increased	10%	6%	8%	11%	7%	8%
Didn't change	81%	82%	73%	67%	61%	71%
Decreased	10%	-	5%	3%	5%	4%
Not applicable	-	12%	15%	19%	27%	17%

Loans to the healthcare sector

Region	Midwest	Northeast	Pacific West	Rocky Mountain West*	Southeast	Southwest	Total
Increased	7%	10%	11%	-	8%	9%	8%
Didn't change	74%	61%	67%	33%	78%	79%	71%
Decreased	4%	5%	6%	-	3%	6%	4%
Not applicable	15%	24%	17%	67%	11%	6%	17%

4. Thinking about loans modified due to the Covid-19 pandemic, what percentage of your bank's total loans remained modified through the end of 2021?

Numbers don't add up to 100% due to rounding. CIOs, CTOs and CISOs were not asked this question. *Indicates a count of less than 10 within a category.



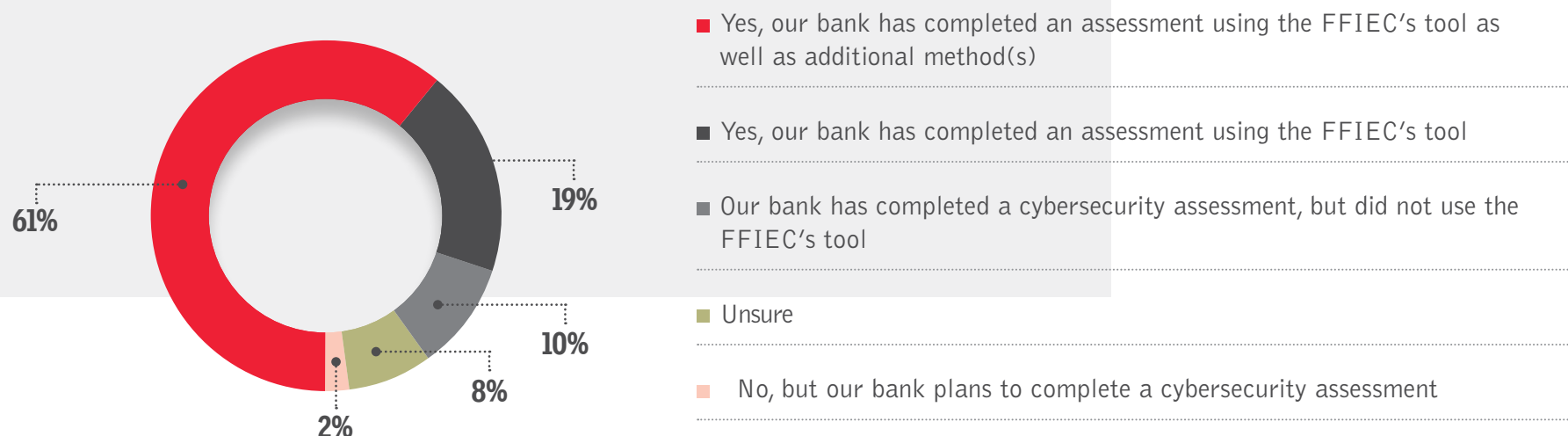
Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M-\$1B	<\$500M	Total
Fewer than 5% of total loans	71%	47%	70%	46%	49%	59%
No loans remain modified	24%	35%	23%	49%	49%	34%
Between 5% and 10% of total loans	-	18%	7%	5%	-	5%
Between 10% and 20% of total loans	5%	-	1%	-	2%	1%

Region	Midwest	Northeast	Pacific West	Rocky Mountain West*	Southeast	Southwest	Total
Fewer than 5% of total loans	56%	78%	56%	83%	43%	61%	59%
No loans remain modified	36%	22%	33%	17%	46%	33%	34%
Between 5% and 10% of total loans	7%	-	6%	-	8%	6%	5%
Between 10% and 20% of total loans	1%	-	6%	-	3%	-	1%

CYBER THREATS & BUSINESS CONTINUITY

5. Has your bank conducted a cybersecurity assessment using the FFIEC Cybersecurity Assessment Tool (CAT) or another methodology over the past 12 months?

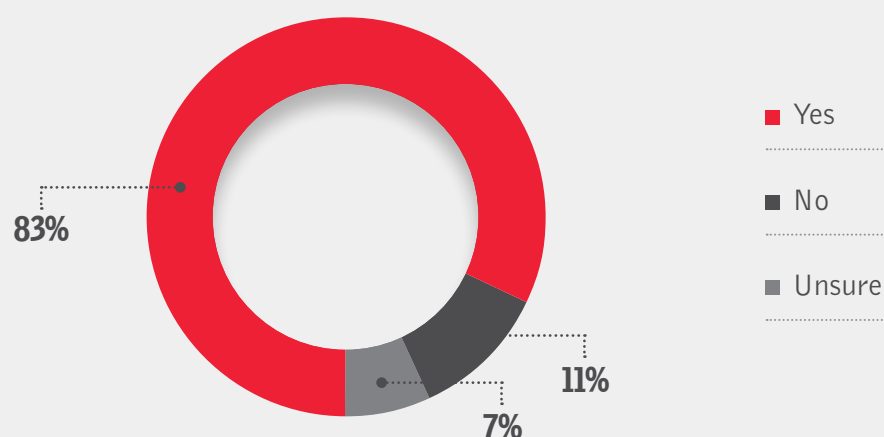
Chief credit officers and chief lending officers were not asked this question.



Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M-\$1B	<\$500M	Total
Yes, our bank has completed an assessment using the FFIEC's tool as well as additional method(s)	83%	86%	58%	50%	58%	61%
Yes, our bank has completed an assessment using the FFIEC's tool	11%	7%	22%	19%	20%	19%
Our bank has completed a cybersecurity assessment, but did not use the FFIEC's tool	-	7%	8%	13%	18%	10%
Unsure	6%	-	10%	16%	3%	8%
No, but our bank plans to complete a cybersecurity assessment	-	-	1%	3%	3%	2%

6. Overall, did the maturity of your bank's cybersecurity program increase in 2021, compared to your bank's previous assessment?

Question asked of respondents indicating that their bank completed a cybersecurity assessment. Numbers don't add up to 100% due to rounding.

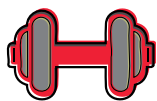


Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M-\$1B	<\$500M	Total
Yes	94%	100%	84%	86%	65%	83%
No	-	-	9%	14%	23%	11%
Unsure	6%	-	7%	-	13%	7%

7. Where do you see room to improve your bank's cybersecurity program?

Respondents were asked to select all that apply. Chief credit officers and chief lending officers were not asked this question.

83%



Training for bank staff

64%



Technology to better detect and/or deter cyber threats and intrusions

43%

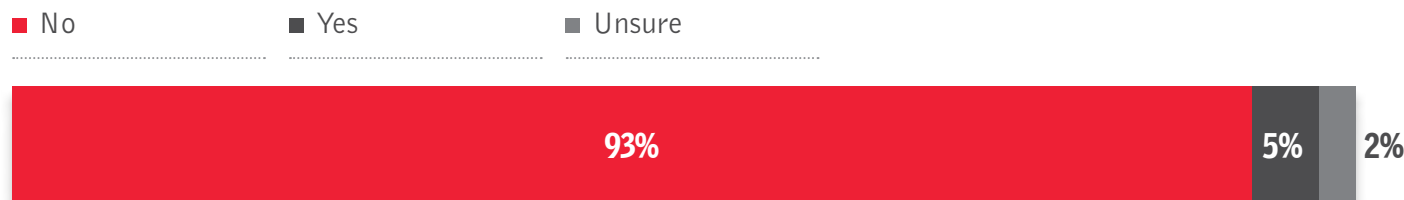


Internal controls

Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M-\$1B	<\$500M	Total
Training for bank staff	67%	93%	80%	88%	88%	83%
Technology to better detect and/or deter cyber threats and intrusions	67%	71%	69%	75%	43%	64%
Internal controls	22%	29%	47%	59%	40%	43%
Attracting/retaining quality cybersecurity personnel	72%	50%	47%	16%	25%	39%
Better internal communication	33%	21%	41%	19%	38%	34%
Better cybersecurity monitoring for staff working remotely	17%	21%	39%	16%	25%	28%
More board expertise/training	22%	21%	20%	22%	23%	21%
Increased governance/oversight by the board	11%	-	23%	38%	13%	20%
Better communication with external groups	11%	7%	17%	13%	20%	15%
Other	11%	-	1%	6%	3%	3%

8. Has your bank experienced a data breach or ransomware attack within the past two years (2020-2021)?

Chief credit officers and chief lending officers were not asked this question.



Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M-\$1B	<\$500M	Total
No	89%	100%	90%	97%	95%	93%
Yes	11%	-	6%	3%	5%	5%
Unsure	-	-	4%	-	-	2%

9. Please share or estimate the total cost to your bank as a result of the cyberattack experienced by your bank in 2020-21.

Question only asked of respondents indicating that their bank has experienced a data breach or ransomware attack.

\$250,000

Median Cyberattack Cost

10. Has one or more of your bank's vendors experienced a data breach or ransomware attack within the past two years (2020-2021)?

Chief credit officers and chief lending officers were not asked this question.

■ Yes, but our bank was unaffected ■ No ■ Unsure ■ Yes, and our bank was directly impacted



Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M-\$1B	<\$500M	Total
Yes, but our bank was unaffected	78%	64%	65%	56%	48%	61%
No	6%	29%	18%	22%	35%	22%
Unsure	6%	7%	15%	16%	13%	13%
Yes, and our bank was directly impacted	11%	-	1%	6%	5%	4%

11. Did your bank update its third-party vendor management policies, processes and/or risk oversight in response to these recent cyberattack(s) affecting your vendor(s)?

Question asked of respondents indicating that a vendor experienced a data breach or cyberattack.

■ Yes ■ No ■ Unsure



12. Are any of the following activities part of the board's oversight of the bank's cybersecurity risk management program?

Respondents were asked to select all that apply. Chief credit officers and chief lending officers were not asked this question.

Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M-\$1B	<\$500M	Total
Participates in board-level training to understand the cyber risks facing the bank	78%	79%	80%	77%	80%	79%
Ensures management continually works to improve the cybersecurity program	94%	86%	79%	61%	65%	75%
Understands and is apprised of deficiencies in the bank's cybersecurity risk program	83%	86%	70%	74%	60%	71%
Understands the impact a cyber incident would have on the bank's financial position	67%	79%	72%	55%	63%	67%
Reviews current and needed resources and tools as part of the budget process	61%	64%	69%	61%	63%	65%
Incorporates cyber threat analysis as part of the enterprise risk management function	72%	86%	62%	55%	38%	58%
Reviews/approves a cyber risk appetite statement	61%	71%	62%	58%	40%	57%
Considers short and long-term perspectives when developing its cybersecurity strategy	56%	71%	47%	52%	45%	50%
Reviews detailed metrics or scorecards that outline cyber incidents	44%	57%	48%	42%	25%	42%
Uses data and relevant metrics to facilitate strategic decisions and monitor cyber risk	33%	50%	37%	42%	20%	35%
Holds business units accountable for managing related cyber risks	33%	50%	34%	26%	23%	31%
Considers the impact of the bank's cyber risks to other critical entities (such as telecommunications or energy)	17%	29%	32%	32%	35%	31%
Benchmarks cybersecurity staffing against peer institutions	33%	14%	20%	13%	10%	17%
None of the above	-	7%	-	3%	3%	2%

13. How much has your bank budgeted for cybersecurity expenses, including personnel and technology, for fiscal year 2022?

Chief credit officers and chief lending officers were not asked this question. *Indicates a count of less than 10 within a category.

\$200,000

Median Cybersecurity Budget

Bank Asset Size	>\$10B*	\$5B-\$10B*	\$1B-\$5B	\$500M-\$1B	<\$500M	Total
Median Cybersecurity Budget	\$3,747,539	\$512,500	\$360,750	\$150,000	\$100,000	\$200,000

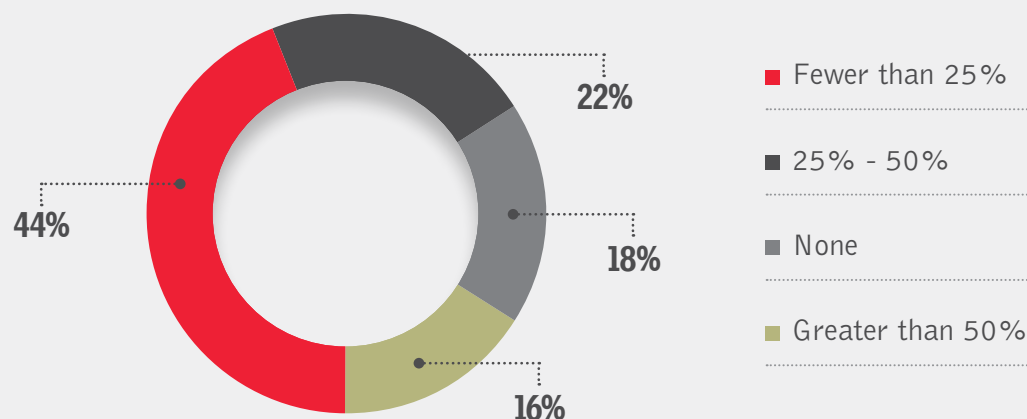
14. Where do you see room to improve your bank's pandemic/business continuity plan?

Respondents were asked to select all that apply.

Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M-\$1B	<\$500M	Total
Educating and training employees	42%	47%	63%	53%	55%	56%
Formalizing remote work procedures/policies	53%	27%	48%	38%	43%	44%
Measuring the risks to the institution	26%	47%	44%	34%	33%	38%
Ensuring the bank's IT infrastructure can adapt in a crisis	21%	27%	41%	44%	40%	38%
Monitoring threats	16%	27%	39%	34%	50%	37%
Working with service providers/vendors	32%	47%	38%	34%	30%	36%
Documenting and defining the bank's strategic response	16%	33%	41%	25%	43%	35%
Providing better tools and/or resources to staff	16%	20%	42%	25%	30%	32%
Ensuring appropriate oversight	16%	7%	39%	34%	25%	30%
Developing a comprehensive framework to continue critical operations	11%	7%	31%	25%	33%	26%
Creating an effective testing program	16%	20%	31%	22%	25%	25%
Communicating with stakeholders, including shareholders/owners, customers and employees	26%	40%	28%	19%	18%	25%
Communicating with regulators	-	7%	23%	13%	13%	15%
Coordinating with government agencies	16%	7%	6%	9%	15%	10%

15. What percentage of your bank's employees currently work remotely for at least a portion of their regular work week?

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



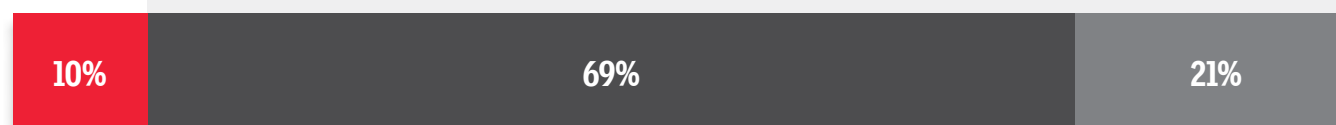
Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M-\$1B	<\$500M	Total
Fewer than 25%	39%	38%	40%	61%	43%	44%
25% - 50%	39%	38%	25%	18%	8%	22%
None	-	13%	13%	15%	40%	18%
Greater than 50%	22%	13%	22%	6%	10%	16%

Region	Midwest	Northeast	Pacific West	Rocky Mountain West*	Southeast	Southwest	Total
Fewer than 25%	59%	21%	25%	50%	36%	52%	44%
25% - 50%	13%	39%	31%	17%	26%	17%	22%
None	18%	3%	19%	17%	32%	21%	18%
Greater than 50%	10%	36%	25%	17%	7%	10%	16%

16. Has your bank required or encouraged employees to receive the Covid-19 vaccine or booster, or are employees required or encouraged to disclose their vaccination status to human resources or their supervisor?

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

■ Require ■ Encourage ■ Don't require/encourage



Covid-19 vaccine						
Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M-\$1B	<\$500M	Total
Require	16%	13%	14%	6%	3%	10%
Encourage	68%	56%	73%	64%	73%	69%
Don't require/encourage	16%	31%	14%	30%	25%	21%

Covid-19 vaccine							
Region	Midwest	Northeast	Pacific West	Rocky Mountain West*	Southeast	Southwest	Total
Require	6%	22%	6%	17%	13%	3%	10%
Encourage	72%	72%	75%	83%	77%	45%	69%
Don't require/encourage	22%	6%	19%	-	10%	52%	20%



Covid-19 booster						
Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M-\$1B	<\$500M	Total
Require	-	6%	7%	3%	-	4%
Encourage	61%	63%	75%	64%	62%	67%
Don't require/encourage	39%	31%	19%	33%	39%	29%

Covid-19 booster							
Region	Midwest	Northeast	Pacific West	Rocky Mountain West*	Southeast	Southwest	Total
Require	5%	6%	-	-	7%	-	4%
Encourage	66%	82%	73%	100%	74%	38%	67%
Don't require/encourage	30%	12%	27%	-	19%	62%	29%

■ Require ■ Encourage ■ Don't require/encourage

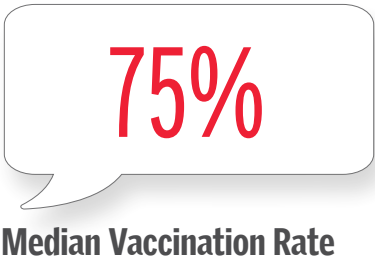


Disclosure of vaccination status						
Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M-\$1B	<\$500M	Total
Require	44%	38%	55%	31%	13%	39%
Encourage	28%	19%	30%	38%	37%	31%
Don't require/encourage	28%	44%	16%	31%	50%	30%

Disclosure of vaccination status							
Region	Midwest	Northeast	Pacific West	Rocky Mountain West*	Southeast	Southwest	Total
Require	25%	63%	31%	50%	57%	28%	39%
Encourage	33%	25%	44%	33%	29%	31%	31%
Don't require/encourage	42%	13%	25%	17%	14%	41%	30%

17. To your knowledge, what percentage of your bank’s employees are currently vaccinated against Covid-19?

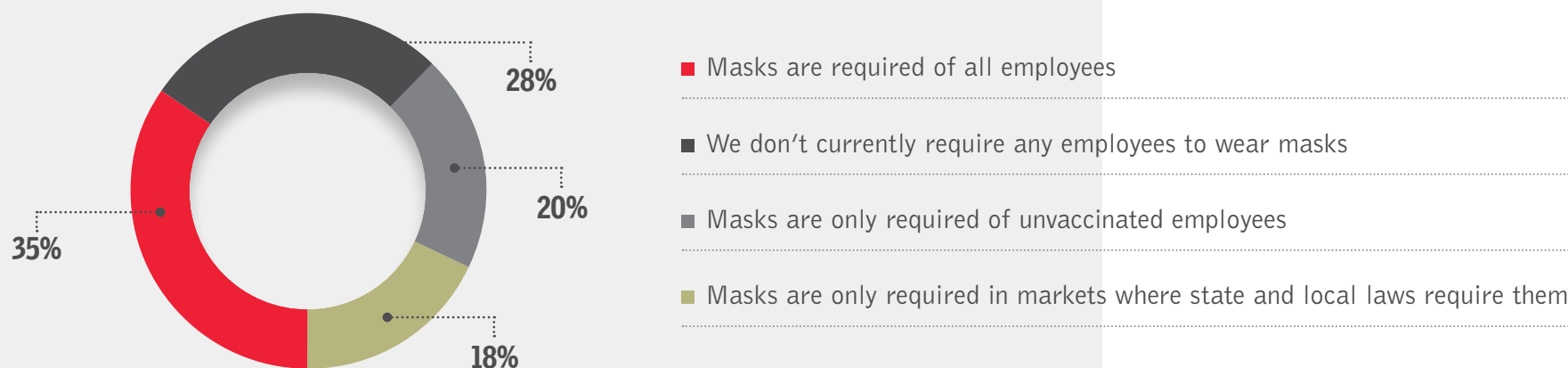
**Indicates a count of less than 10 within a category.*



Region	Midwest	Northeast	Pacific West	Rocky Mountain West*	Southeast	Southwest	Total
Median Vaccination Rate	75%	83%	85%	78%	75%	70%	75%

18. Are masks generally required in the bank's offices or branches?

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

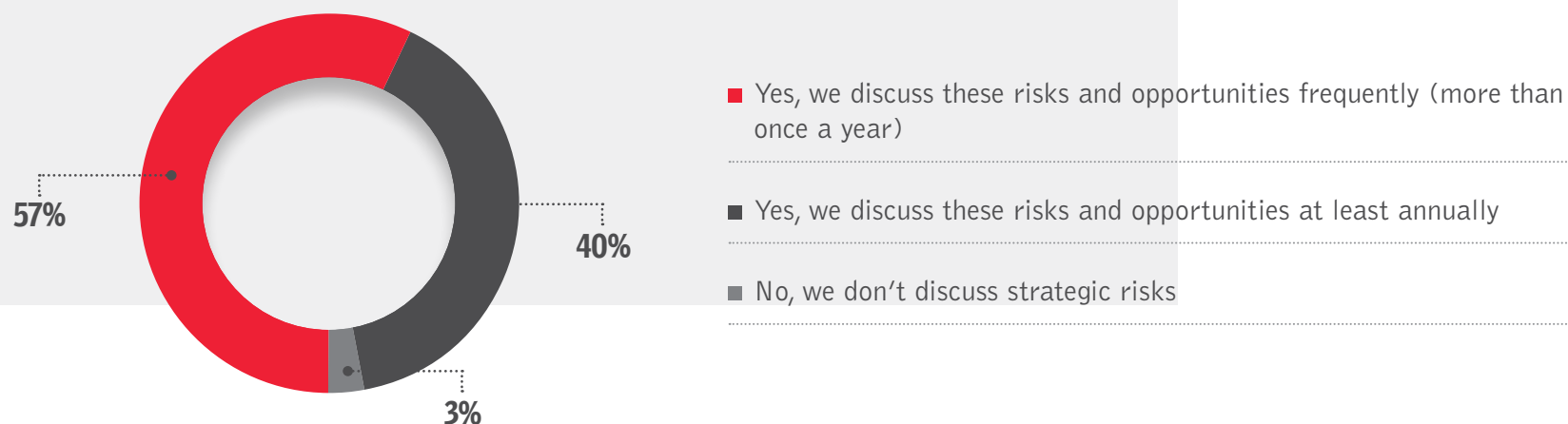


Region	Midwest	Northeast	Pacific West	Rocky Mountain West*	Southeast	Southwest	Total
Masks are required of all employees	35%	59%	50%	17%	19%	17%	35%
We don't currently require any employees to wear masks	31%	6%	13%	17%	29%	55%	28%
Masks are only required of unvaccinated employees	15%	24%	19%	17%	39%	7%	20%
Masks are only required in markets where state and local laws require them	19%	12%	19%	50%	13%	21%	18%

EMERGING ISSUES

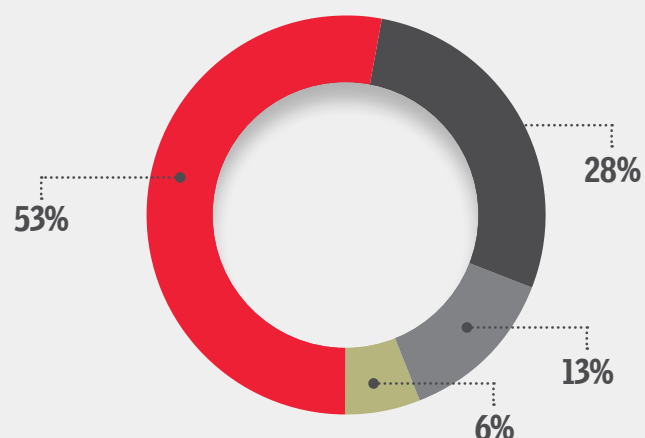
19. Do your board and executive team regularly discuss long-term prospects for your bank and the industry, looking ahead at the next five to ten years to consider strategic risks and opportunities?

Question asked of CEOs, CFOs and independent board members.



Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M-\$1B	<\$500M	Total
Yes, we discuss these risks and opportunities frequently (more than once a year)	44%	78%	57%	68%	47%	57%
Yes, we discuss these risks and opportunities at least annually	56%	22%	37%	32%	50%	40%
No, we don't discuss strategic risks	-	-	6%	-	3%	3%

20. How would you describe the maturity of your bank's environmental, social and governance (ESG) initiatives?



- We don't yet focus on ESG issues in a comprehensive manner
- We're gaining an understanding of our current state and setting goals around desired ESG targets
- We're making progress toward established goals, but don't yet disclose our progress
- We publicly disclose our progress to all company stakeholders through a comprehensive report or similar means

Ownership	Public	Private	Mutual	Total
We don't yet focus on ESG issues in a comprehensive manner	39%	69%	33%	53%
We're gaining an understanding of our current state and setting goals around desired ESG targets	37%	18%	43%	28%
We're making progress toward established goals, but don't yet disclose our progress	14%	12%	14%	13%
We publicly disclose our progress to all company stakeholders through a comprehensive report or similar means	10%	1%	10%	6%

21. Has your bank set goals and objectives in any of the following areas?

Respondents were asked to select all that apply.

68% Employee development

63% Community needs/investment/volunteerism

61% Risk management processes/risk governance

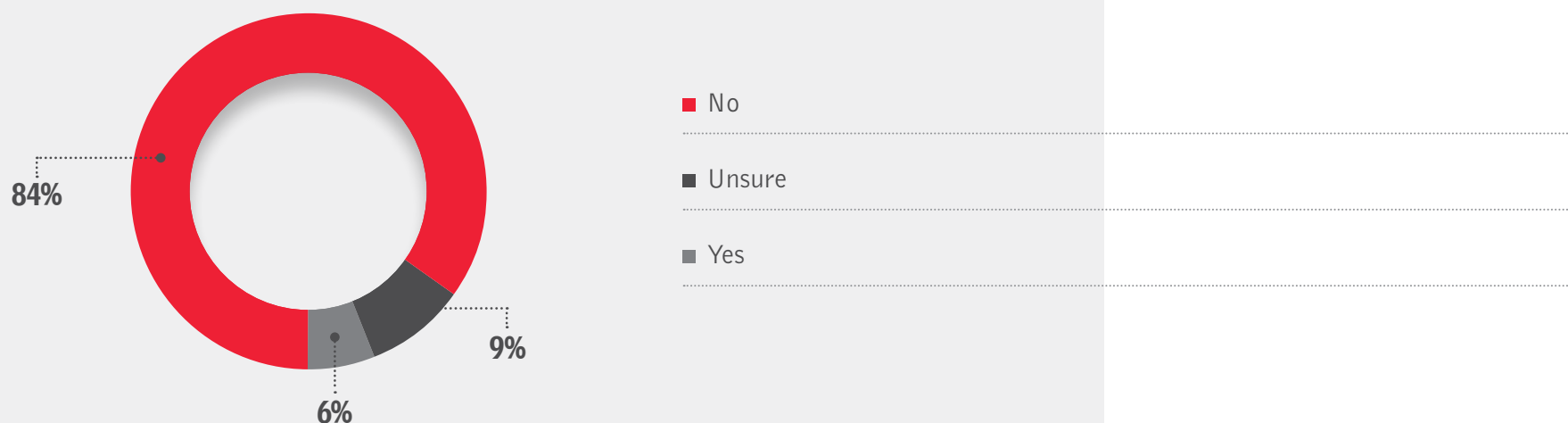
59% Employee engagement



Ownership	Public	Private	Mutual	Total
Employee development	63%	68%	86%	68%
Community needs/investment/volunteerism	65%	58%	76%	63%
Risk management processes/risk governance	69%	54%	67%	61%
Employee engagement	59%	56%	71%	59%
Data privacy/information security	51%	58%	62%	56%
Corporate governance processes	57%	35%	67%	47%
Diversity, equity and inclusion	62%	26%	52%	43%
Financial/economic inclusion	26%	21%	29%	24%
None of the above	8%	14%	10%	11%
Green initiatives/sustainability	9%	2%	5%	5%
Climate risk	3%	4%	14%	5%

22. Are investors or other company stakeholders asking for more disclosure about your bank's ESG initiatives?

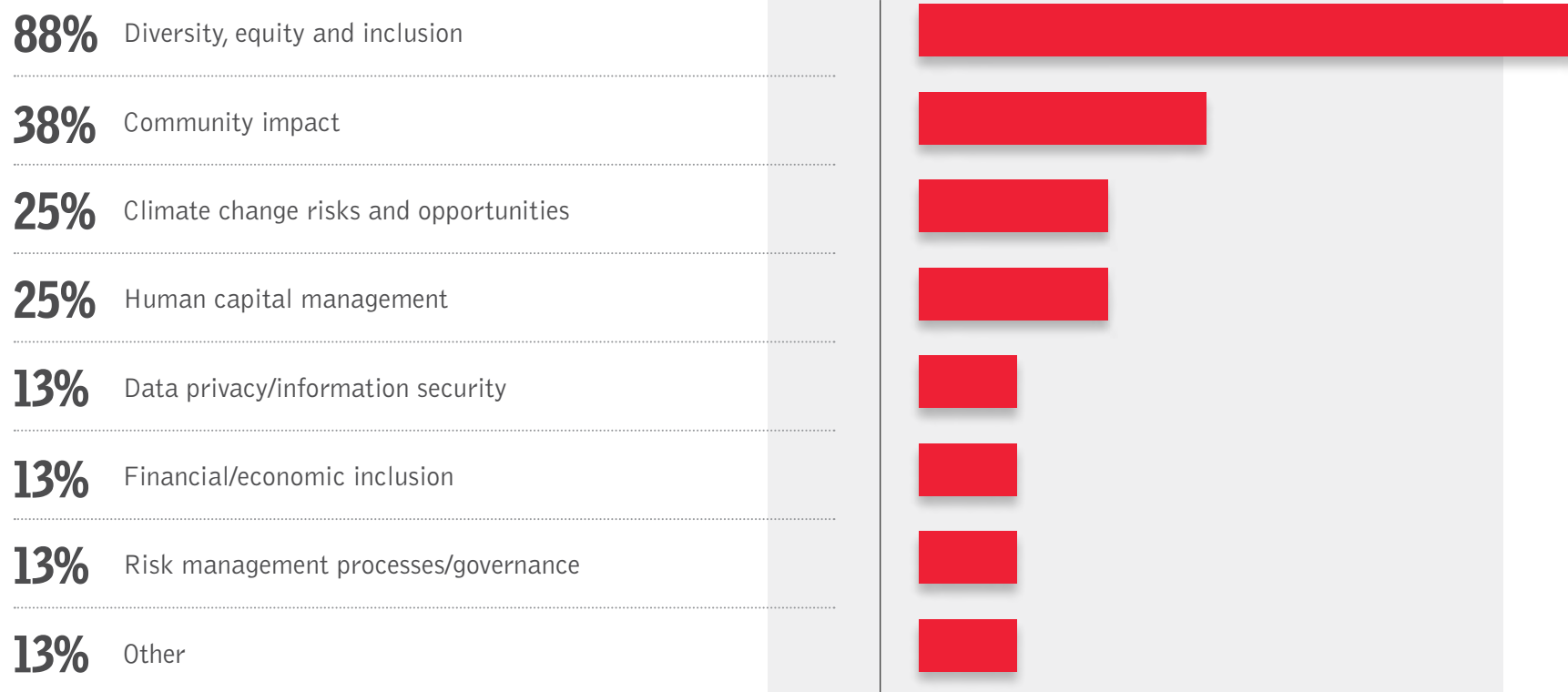
Question asked of CEOs, CFOs, COOs and independent board members. Numbers don't add up to 100% due to rounding.



Ownership	Public	Private	Mutual	Total
No	67%	97%	95%	84%
Unsure	18%	3%	5%	9%
Yes	16%	-	-	6%

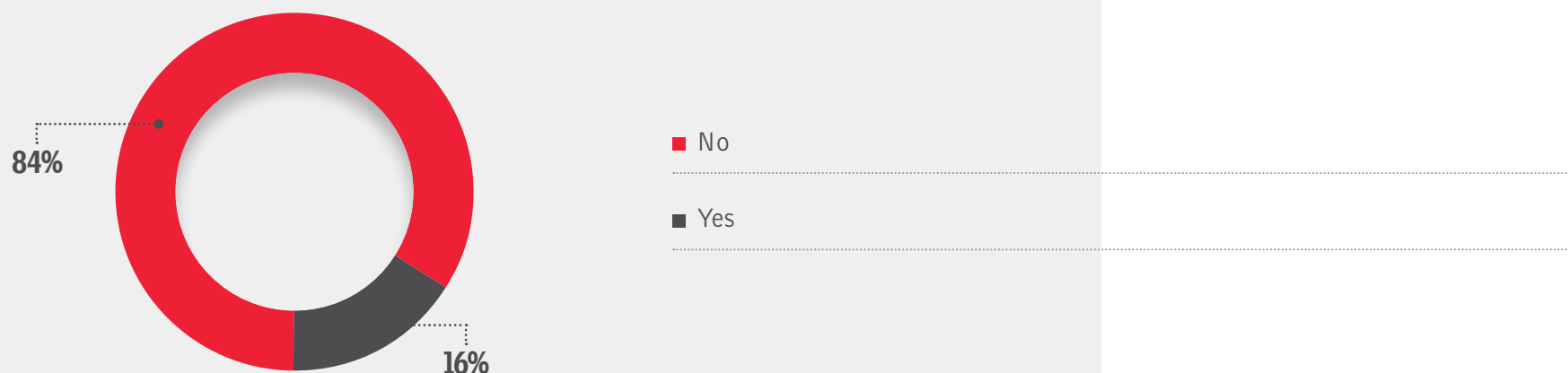
23. In which areas are they seeking more disclosure?

Question only asked of CEOs, CFOs, COOs and independent board members indicating that investors and other stakeholders were seeking more disclosure. Respondents were asked to select all that apply.



24. At least annually, does the board discuss climate change as part of its analysis and understanding of the risks facing the institution?

Question asked of CEOs, CFOs, COOs, chief risk officers and independent board members.



Ownership	Public	Private	Mutual	Total
No	77%	89%	86%	84%
Yes	23%	11%	14%	16%

25. Climate change broadly impacts the financial industry in two ways: PHYSICAL risks, as a result of more frequent severe and/or adverse weather events, and TRANSITION risks, due to shifts in preferences or reduced demand for certain products and services in response to mitigating or adapting to climate change. Do you believe that your board and senior leadership team adequately understand the physical and transition risks facing the bank tied to climate change?

CISOs, CIOs and CTOs were not asked this question. Numbers don't add up to 100% due to rounding.



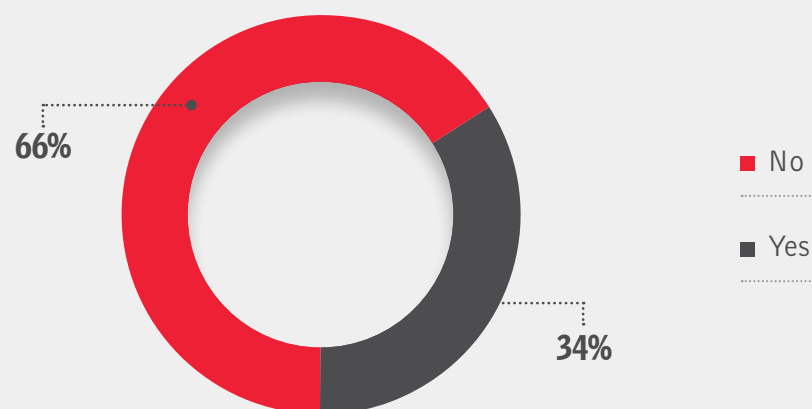
Physical risks				
Ownership	Public	Private	Mutual	Total
Yes	57%	65%	48%	60%
No	44%	35%	52%	41%



Transition risks				
Ownership	Public	Private	Mutual	Total
Yes	47%	43%	33%	43%
No	53%	57%	67%	57%

26. Has a natural disaster, such as a hurricane, tornado, flood or fire, impacted part of your bank's geographic footprint within the past two years?

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



Region	Midwest	Northeast	Pacific West	Rocky Mountain West*	Southeast	Southwest	Total
No	82%	63%	69%	33%	43%	60%	66%
Yes	18%	38%	31%	67%	57%	40%	34%

27. Which of the following types of natural disasters have affected your bank's market(s) in the past two years?

Question asked of respondents indicating that a natural disaster impacted part of their institution's geographic footprint. Respondents were asked to select all that apply. *Indicates a count of less than 10 within a category.

73% Hurricane/tornado/severe storm

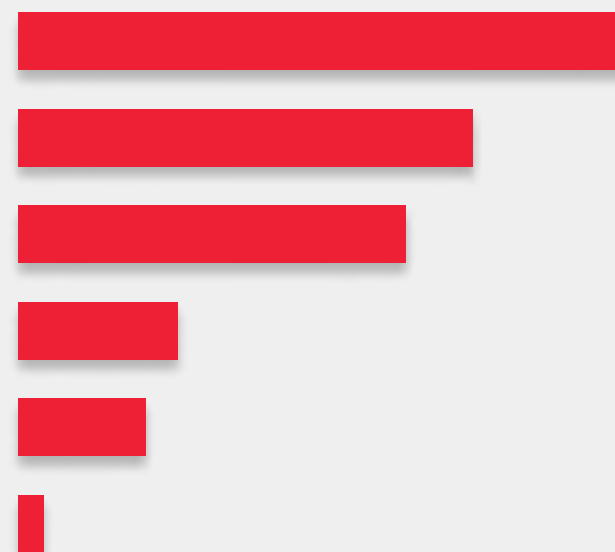
54% Winter storm/ice

46% Flooding

19% Wildfire/fire

15% Drought

3% Other



Region	Midwest	Northeast	Pacific West*	Rocky Mountain West*	Southeast	Southwest	Total
Hurricane/tornado/severe storm	67%	92%	40%	25%	100%	50%	73%
Winter storm/ice	58%	75%	20%	-	38%	90%	54%
Flooding	42%	75%	20%	50%	44%	30%	46%
Wildfire/fire	8%	8%	80%	75%	-	20%	19%
Drought	25%	-	60%	25%	-	20%	15%
Other	8%	-	-	25%	-	-	3%

28. Please share or estimate the total cost to your bank — in terms of damage to buildings, lost productivity etc — incurred due to the natural disasters that have affected your institution over the past two years.

Question asked of CEOs, CFOs, COOs, CROs and board members indicating that a natural disaster impacted part of their bank's geographic footprint.

\$100,000

Median Cost of Natural Disasters

29. Did the natural disasters over the past two years impact your ability to serve customers in your geography?

Question asked of CEOs, CFOs, COOs, CROs and independent board members indicating that a natural disaster impacted part of their institution's geographic footprint. *Indicates a count of less than 10 within a category.



Region	Midwest	Northeast	Pacific West	Rocky Mountain West*	Southeast	Southwest	Total
The disaster(s) had no effect on our ability to serve our customers	55%	50%	25%	67%	43%	22%	43%
The disaster(s) had little effect on our ability to serve customers	18%	17%	75%	33%	43%	44%	34%
Yes, the disaster(s) somewhat affected our ability to serve customers	27%	25%	-	-	7%	33%	19%
Yes, the disaster(s) significantly affected our ability to serve customers	-	8%	-	-	7%	-	4%

30. Over the past 12 months, has your bank made changes to products and services offered to consumers in response to Biden administration initiatives or expectations of a tighter regulatory environment?

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

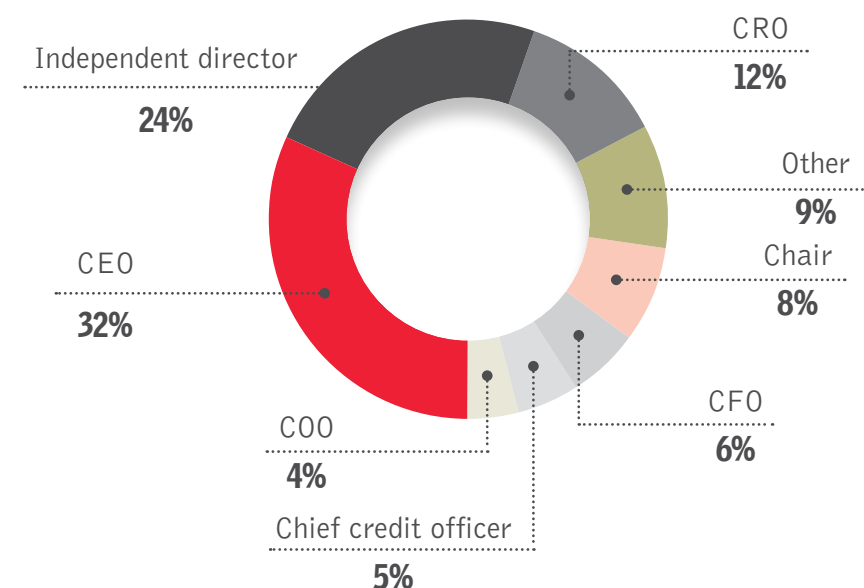


Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M-\$1B	<\$500M	Total
No, we haven't made changes	71%	73%	74%	73%	72%	73%
No, but we plan to make changes	12%	20%	9%	15%	23%	15%
Yes, we've made changes to consumer products and services	18%	7%	17%	12%	5%	13%

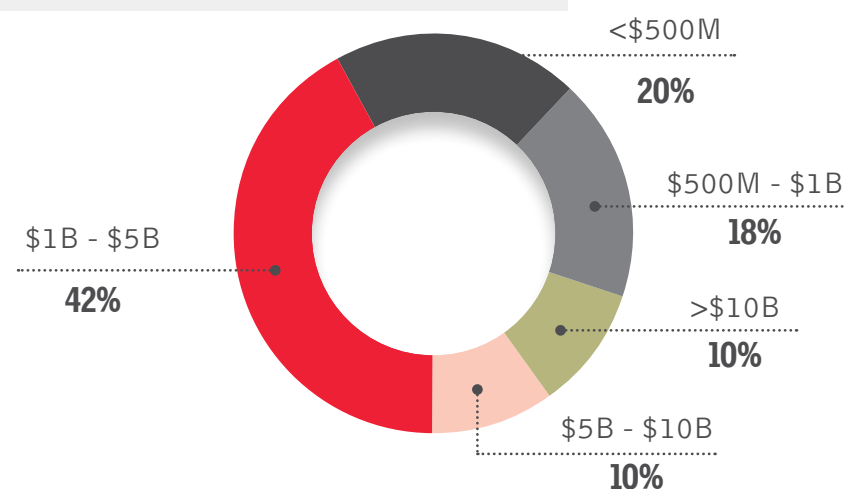
ABOUT THE SURVEY

Bank Director's 2022 Risk Survey, sponsored by Moss Adams, surveyed 222 independent directors, chief executive officers, chief risk officers and other senior executives of U.S. banks below \$100 billion in assets to gauge their concerns and explore several key risk areas, including credit risk, cybersecurity and emerging issues such as ESG. The survey was conducted in January 2022.

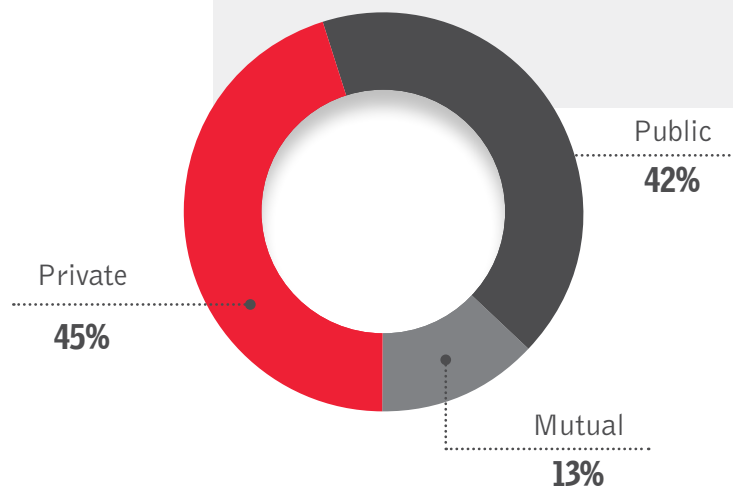
TITLE



ASSET SIZE

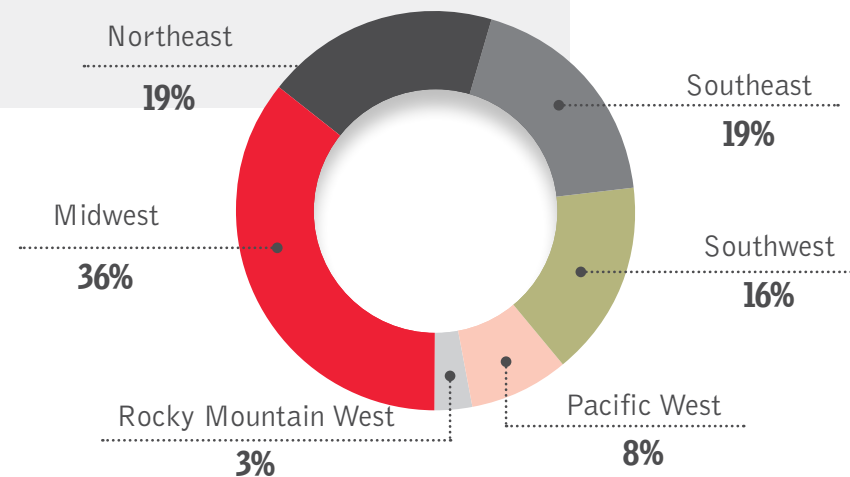


OWNERSHIP STRUCTURE



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)