

2023 Governance Best Practices Survey

*Exclusive Full Report:
Bank Services Members*

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Financial Institutions Group



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EXECUTIVE SUMMARY



Laura Alix is the director 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.

The vast majority of bank board members and CEOs believe their board proactively addresses the risks and opportunities facing their institutions, and that issues and challenges are adequately reflected in the board’s agenda. But a lack of various skill sets and knowledge could mean the board is ill-equipped to ask questions about key risks or business opportunities at a time when the operating environment looks increasingly tough.

Many boards, particularly at smaller banks, could be lacking expertise in critical areas that may be needed to address today’s challenges, according to Bank Director’s 2023 Governance Best Practices Survey, sponsored by Barack Ferrazzano’s Financial Institutions Group. Many respondents representing banks below \$1 billion in assets see gaps in board-level expertise around risk, regulations and technology. Overall, just a third say their board possesses cybersecurity expertise, while 95% say their board has finance and accounting experience.

Given the nature of the industry, accounting and audit expertise aren’t likely to be overrepresented on bank boards, says Robert Fleetwood, a partner in the financial institutions practice at Barack Ferrazzano. “The risk of not having specific technology or cyber expertise is that you don’t have someone overseeing management who understands the lingo and knows if what’s getting done is appropriate,” he adds. “You’re gonna have a board that might not have a true understanding of the possible significance of [data breaches or email hacks] and the practical effects of how to fix it if there is an issue.”

Respondents feel confident about their board’s ability to monitor risk, with 94% calling their board very or somewhat effective at executing that responsibility. When asked about duties specific to risk oversight, 81% say the board reviews, approves and monitors the bank’s risk limits, and 73% say they hold management accountable for adhering to the risk governance framework. Two-thirds say their board reviews and approves the bank’s risk appetite statement, which defines the level and types of risk a bank will take on.

While the board can’t be expected to be experts on everything, a diversity of professional backgrounds can help the board as a whole to ask better questions and provide a credible challenge to management. In anonymous comments, an independent director at a Midwest public bank offered this view: “Director expertise is essential.”

KEY FINDINGS

➔ Focus On Asset/Liability Management

A majority of respondents (83%) say their board revisited its asset/liability management policy over the past 12 months. Almost all (93%) believe their board is somewhat or very effective at monitoring asset/liability risk.

➔ Stamp Of Approval

Sixty-four percent — primarily representing banks below \$10 billion in assets — say their board approves individual loans, either as an entity or via a board-level committee, while 36% say their board approves policies and limits but not individual loans.

➔ Finding New Directors

Fifty-six percent say their board or governance/nominating committee cultivates an active pool of potential board candidates, while over a third (34%) say it does not. When asked what their board does to attract potential directors, many share in anonymous comments that they rely on personal networks or referrals from existing board members.

➔ Turnover In The Boardroom

Almost half (49%) say that one or two new directors have joined their board since January 2020, while 22% say that three or four new directors joined in that time. Twenty percent say that no new directors have joined their board in that three-year period.

➔ Dialing Up Diversity

More than half (57%) of respondents say their board has three or more diverse directors, as defined by gender, race or ethnicity — up slightly from last year's survey. Another 36% this year say their board has one or two directors who fit that definition.

➔ Zooming In

Eighty-three percent of all respondents say their board has established guidelines around virtual meeting attendance.

BOARD CULTURE

1. Does the board set expectations for individual directors in the following areas?

Respondents were asked to select all that apply.

96%



Attendance

80%



Respectful interaction with other board members

80%



Participating in board training and education

77%

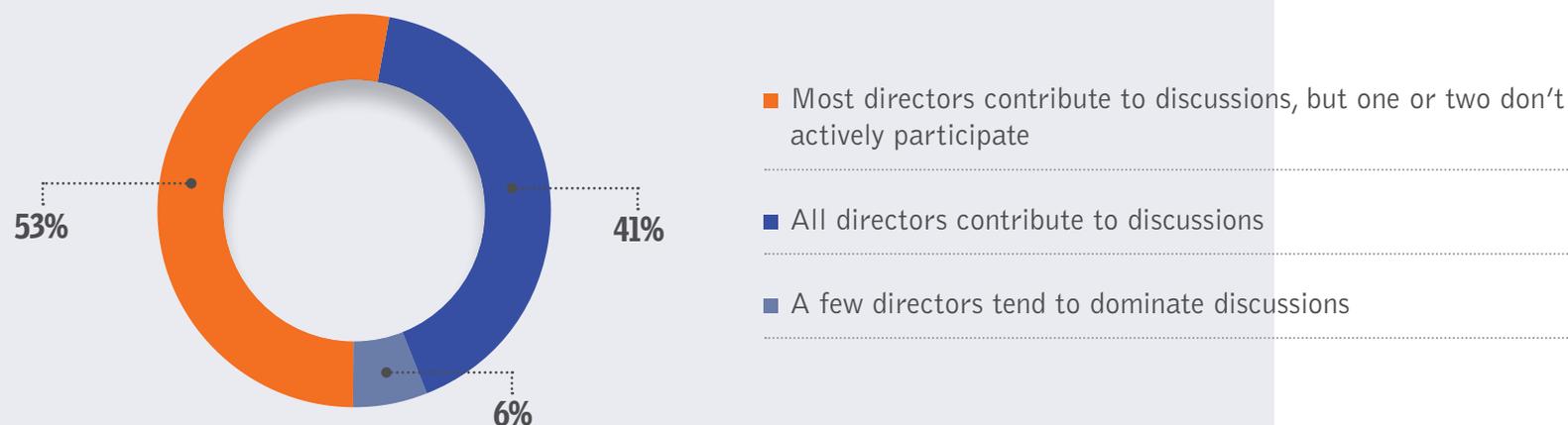


Contributing to board-level discussions

Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M-\$1B	<\$500M	Total
Attendance	100%	93%	96%	95%	96%	96%
Respectful interaction with other board members	92%	93%	87%	65%	78%	80%
Participating in board training and education	75%	87%	71%	80%	93%	80%
Contributing to board-level discussions	83%	87%	87%	58%	82%	77%
Contributing to committee-level discussions	83%	100%	81%	68%	67%	77%
Preparation for meetings	67%	73%	75%	58%	85%	71%
Engaging with bank executives	83%	80%	64%	58%	59%	64%
Using the bank's products and services	8%	27%	50%	38%	37%	38%
Engaging with shareholders/owners	33%	27%	27%	18%	59%	31%
Engaging with bank employees	25%	47%	29%	25%	22%	28%
Engaging with clients	17%	20%	10%	15%	15%	14%

Ownership Structure	Public	Private	Mutual	Total
Attendance	98%	93%	100%	96%
Respectful interaction with other board members	84%	77%	82%	80%
Participating in board training and education	84%	74%	86%	80%
Contributing to board-level discussions	82%	75%	73%	77%
Contributing to committee-level discussions	80%	75%	73%	77%
Preparation for meetings	77%	63%	82%	71%
Engaging with bank executives	71%	56%	73%	64%
Using the bank's products and services	25%	47%	46%	38%
Engaging with shareholders/owners	27%	40%	14%	31%
Engaging with bank employees	32%	24%	32%	28%
Engaging with clients	13%	18%	5%	14%

2. Do all board members actively contribute to board-level discussions?



Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M-\$1B	<\$500M	Total
Most directors contribute to discussions, but one or two don't actively participate	50%	47%	46%	66%	50%	53%
All directors contribute to discussions	42%	47%	48%	27%	46%	41%
A few directors tend to dominate discussions	8%	7%	6%	7%	4%	6%

Ownership Structure	Public	Private	Mutual	Total
Most directors contribute to discussions, but one or two don't actively participate	52%	51%	59%	53%
All directors contribute to discussions	39%	44%	36%	41%
A few directors tend to dominate discussions	9%	4%	5%	6%

3. How effective is your board at executing its responsibilities in the following areas?

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

Holding management accountable for achieving strategic goals in a safe and sound manner						
Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M- \$1B	<\$500M	Total
Very effective	58%	65%	66%	39%	50%	55%
Somewhat effective	42%	35%	28%	50%	47%	40%
Somewhat ineffective	-	-	4%	9%	-	4%
Completely ineffective	-	-	2%	-	3%	1%
Not applicable	-	-	-	2%	-	<1%

Meeting the board's fiduciary responsibilities to the bank's shareholders/owners						
Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M- \$1B	<\$500M	Total
Very effective	75%	94%	70%	67%	69%	72%
Somewhat effective	25%	-	19%	24%	17%	19%
Somewhat ineffective	-	6%	6%	2%	7%	5%
Completely ineffective	-	-	-	-	3%	<1%
Not applicable	-	-	6%	7%	3%	5%

Setting the bank's strategy

Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M- \$1B	<\$500M	Total
Very effective	33%	47%	33%	24%	37%	33%
Somewhat effective	67%	53%	58%	62%	53%	59%
Somewhat ineffective	-	-	9%	9%	10%	8%
Completely ineffective	-	-	-	4%	-	1%

Establishing/maintaining the bank's values, mission and vision

Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M- \$1B	<\$500M	Total
Very effective	50%	88%	70%	58%	53%	64%
Somewhat effective	50%	12%	26%	36%	47%	33%
Somewhat ineffective	-	-	4%	4%	-	3%
Not applicable	-	-	-	2%	-	<1%

Providing a credible challenge to management

Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M- \$1B	<\$500M	Total
Very effective	75%	53%	49%	31%	40%	45%
Somewhat effective	17%	41%	44%	56%	43%	45%
Somewhat ineffective	-	6%	6%	11%	13%	8%
Completely ineffective	8%	-	2%	2%	3%	3%

Monitoring risk across the enterprise

Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M- \$1B	<\$500M	Total
Very effective	67%	69%	51%	36%	43%	48%
Somewhat effective	33%	31%	42%	60%	43%	46%
Somewhat ineffective	-	-	7%	2%	7%	4%
Completely ineffective	-	-	-	2%	7%	2%

Setting the bank's risk appetite

Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M- \$1B	<\$500M	Total
Very effective	67%	65%	55%	58%	53%	57%
Somewhat effective	33%	29%	31%	36%	27%	31%
Somewhat ineffective	-	6%	15%	4%	13%	9%
Completely ineffective	-	-	-	2%	7%	2%

Monitoring asset/liability risks

Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M- \$1B	<\$500M	Total
Very effective	67%	65%	62%	57%	50%	59%
Somewhat effective	33%	29%	29%	36%	43%	34%
Somewhat ineffective	-	-	9%	7%	7%	6%
Completely ineffective	-	6%	-	-	-	<1%

Supporting an independent audit/risk function

Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M- \$1B	<\$500M	Total
Very effective	100%	82%	78%	76%	70%	78%
Somewhat effective	-	18%	20%	16%	30%	19%
Somewhat ineffective	-	-	2%	9%	-	3%

Establishing a succession plan for the CEO/key executives

Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M- \$1B	<\$500M	Total
Very effective	50%	18%	33%	47%	40%	38%
Somewhat effective	42%	59%	51%	27%	37%	42%
Somewhat ineffective	-	18%	16%	22%	13%	16%
Completely ineffective	8%	6%	-	4%	10%	4%

Overseeing compensation practices

Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M- \$1B	<\$500M	Total
Very effective	83%	75%	53%	36%	41%	50%
Somewhat effective	17%	25%	38%	44%	41%	38%
Somewhat ineffective	-	-	7%	18%	14%	10%
Completely ineffective	-	-	2%	2%	3%	2%

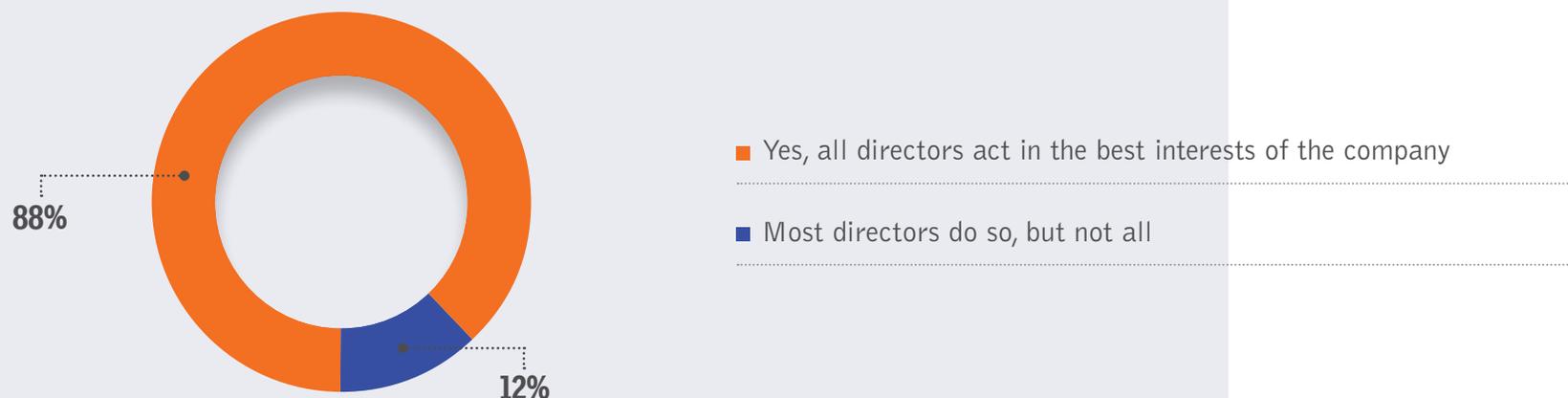
Reviewing/approving bank policies

Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M- \$1B	<\$500M	Total
Very effective	83%	77%	82%	71%	69%	76%
Somewhat effective	17%	18%	13%	24%	28%	20%
Somewhat ineffective	-	6%	6%	4%	3%	4%

Establishing expectations for the bank's culture

Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M- \$1B	<\$500M	Total
Very effective	33%	75%	51%	30%	53%	47%
Somewhat effective	58%	19%	44%	61%	33%	45%
Somewhat ineffective	8%	6%	6%	7%	10%	7%
Completely ineffective	-	-	-	2%	3%	1%

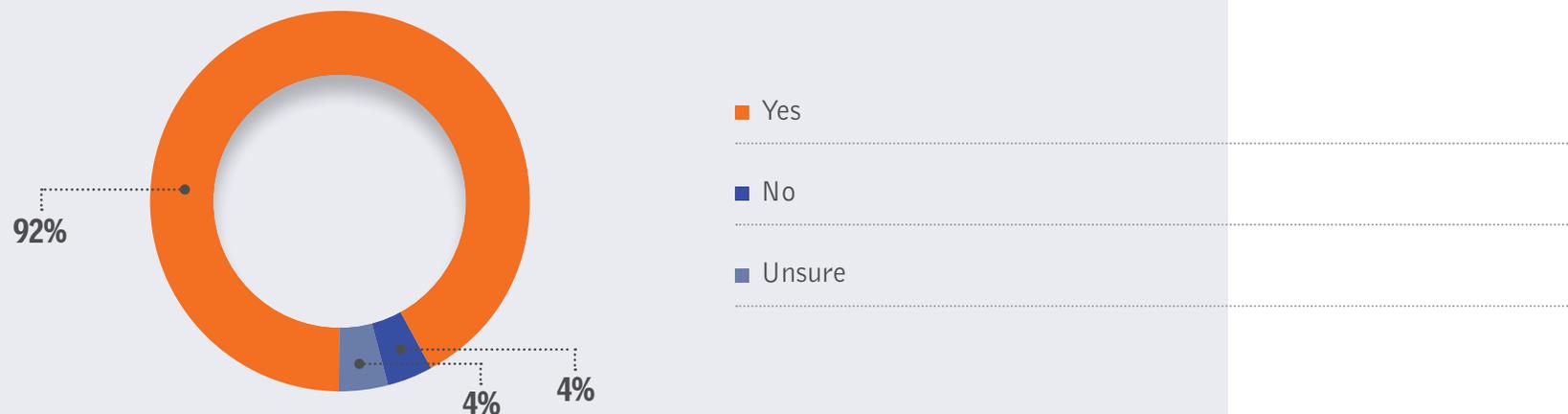
4. Do you believe that all directors act in the best interests of the bank and its shareholders?



Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M-\$1B	<\$500M	Total
Yes, all directors act in the best interests of the company	100%	93%	81%	89%	91%	88%
Most directors do so, but not all	-	7%	19%	11%	9%	12%

Ownership Structure	Public	Private	Mutual	Total
Yes, all directors act in the best interests of the company	92%	85%	86%	88%
Most directors do so, but not all	8%	15%	14%	12%

5. As a rule, do you believe your board adequately addresses conflicts of interest in the decision-making process?



Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M-\$1B	<\$500M	Total
Yes	100%	100%	92%	86%	96%	92%
No	-	-	6%	6%	-	4%
Unsure	-	-	2%	9%	4%	4%

Ownership Structure	Public	Private	Mutual	Total
Yes	90%	92%	100%	92%
No	2%	7%	-	4%
Unsure	8%	2%	-	4%

6. Does your board have guidelines in place that allow directors to attend board meetings virtually?

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

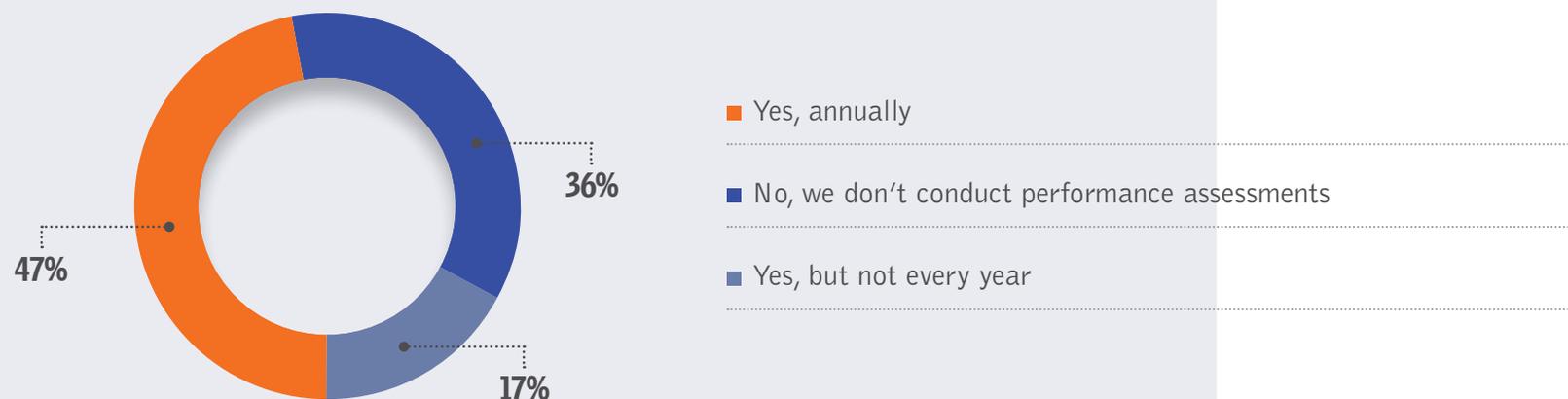


Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M-\$1B	<\$500M	Total
Yes	83%	87%	86%	85%	71%	83%
No	8%	7%	14%	10%	25%	14%
Unsure	8%	7%	-	5%	4%	4%

Ownership Structure	Public	Private	Mutual	Total
Yes	84%	81%	86%	83%
No	9%	17%	14%	14%
Unsure	7%	1%	-	4%

EVALUATING PERFORMANCE

7. Does your board conduct performance assessments?



Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M-\$1B	<\$500M	Total
Yes, annually	83%	87%	42%	38%	32%	47%
No, we don't conduct performance assessments	-	-	33%	53%	54%	36%
Yes, but not every year	17%	13%	25%	10%	14%	17%

Ownership Structure	Public	Private	Mutual	Total
Yes, annually	63%	30%	59%	47%
No, we don't conduct performance assessments	14%	59%	18%	36%
Yes, but not every year	23%	10%	23%	17%

8. Does your board conduct peer-to-peer evaluations of its members?

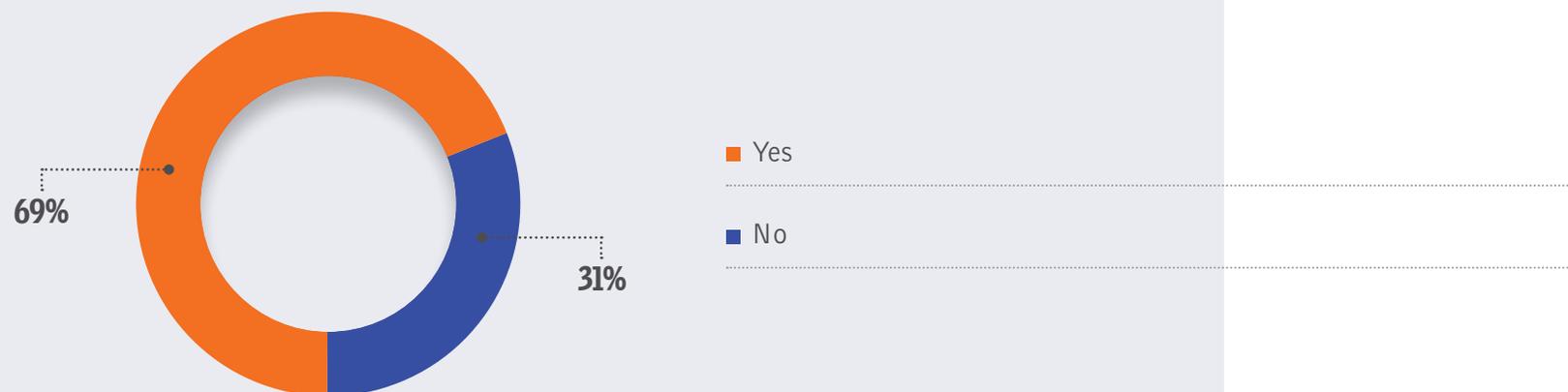
- No, we don't perform peer-to-peer evaluations, and we haven't discussed doing so
 ■ No, but we're considering it
 ■ Yes, annually
 ■ Yes, but not every year



Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M-\$1B	<\$500M	Total
No, we don't perform peer-to-peer evaluations, and we haven't discussed doing so	33%	40%	39%	43%	68%	45%
No, but we're considering it	25%	13%	33%	30%	18%	27%
Yes, annually	33%	33%	17%	23%	-	18%
Yes, but not every year	8%	13%	12%	5%	14%	10%

Ownership Structure	Public	Private	Mutual	Total
No, we don't perform peer-to-peer evaluations, and we haven't discussed doing so	32%	55%	46%	45%
No, but we're considering it	32%	28%	9%	27%
Yes, annually	27%	10%	23%	18%
Yes, but not every year	9%	7%	23%	10%

9. Is the role of the director on your board clearly defined, including qualifications and criteria for membership?



Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M-\$1B	<\$500M	Total
Yes	100%	100%	67%	56%	61%	69%
No	-	-	33%	44%	39%	31%

Ownership Structure	Public	Private	Mutual	Total
Yes	82%	56%	77%	69%
No	18%	44%	23%	31%

DIRECTOR LIABILITY

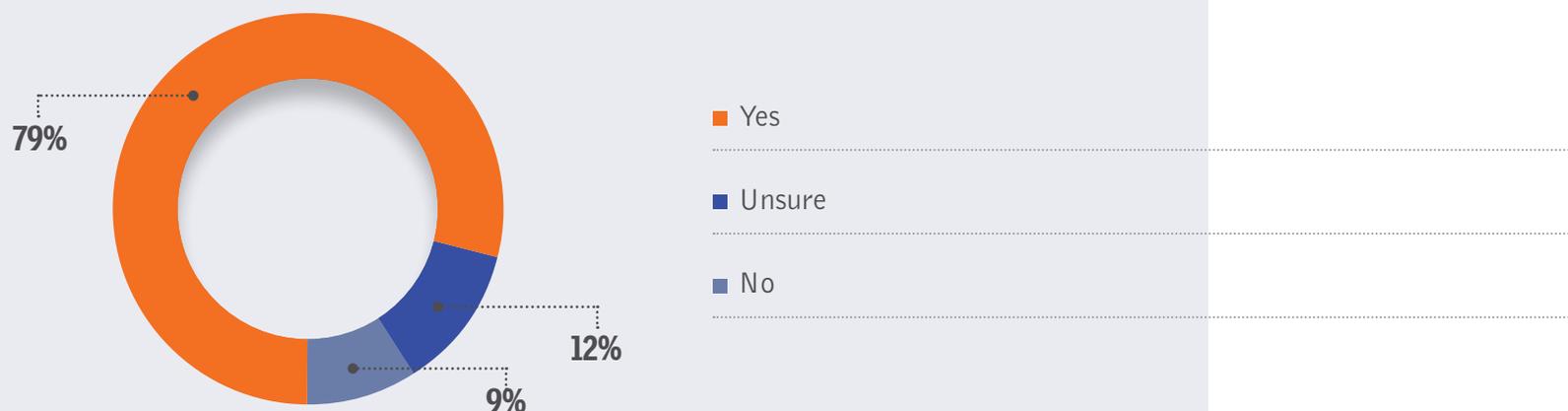
10. What is your board's practice regarding minutes?



Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M-\$1B	<\$500M	Total
We provide a thorough summary of our proceedings, including the essence of all discussions	64%	80%	73%	66%	83%	73%
We provide only a brief summary of board decisions	36%	20%	27%	34%	17%	27%

Ownership Structure	Public	Private	Mutual	Total
We provide a thorough summary of our proceedings, including the essence of all discussions	80%	63%	81%	73%
We provide only a brief summary of board decisions	20%	37%	19%	27%

11. Does your bank have an indemnification provision that covers directors' legal fees and any monetary judgments related to their role as a board member?

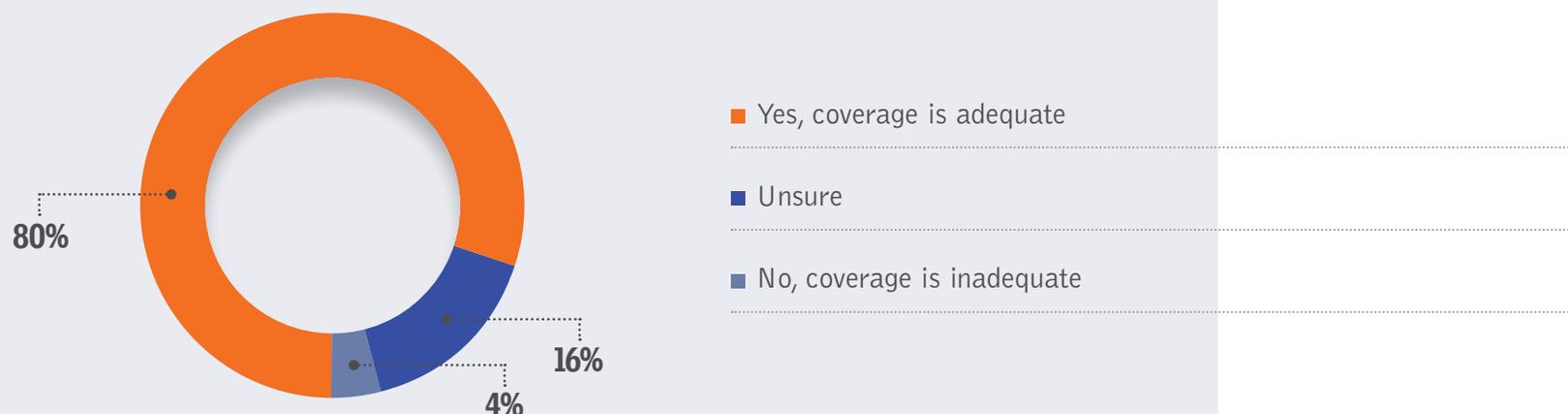


Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M-\$1B	<\$500M	Total
Yes	91%	80%	79%	74%	77%	79%
Unsure	-	13%	13%	14%	14%	12%
No	9%	7%	8%	11%	9%	9%

Ownership Structure	Public	Private	Mutual	Total
Yes	78%	80%	76%	79%
Unsure	14%	10%	14%	12%
No	8%	10%	10%	9%

12. As a director, do you believe you have adequate coverage under your board's directors and officers (D&O) insurance policy?

Question only asked of independent directors, chairs and lead directors. Numbers don't add up to 100 due to rounding. *Indicates a count of less than 10 within a category.



Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M-\$1B	<\$500M*	Total
Yes, coverage is adequate	91%	92%	82%	74%	50%	80%
Unsure	9%	8%	15%	22%	33%	16%
No, coverage is inadequate		-	4%	4%	17%	4%

Ownership Structure	Public	Private	Mutual	Total
Yes, coverage is adequate	90%	71%	71%	80%
Unsure	11%	18%	29%	16%
No, coverage is inadequate	-	11%	-	4%

RISK OVERSIGHT

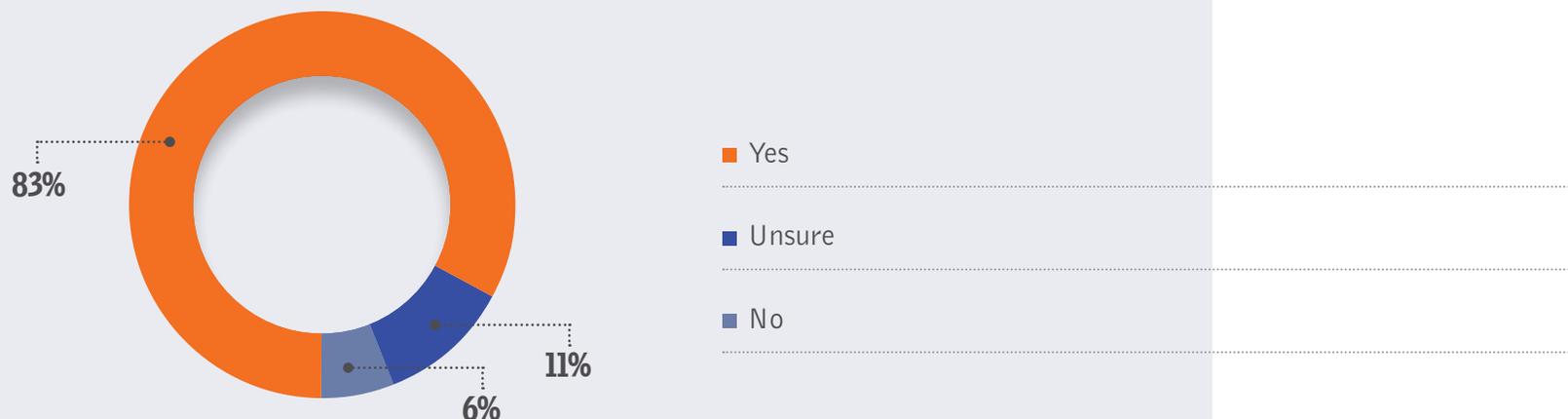
13. Considering the challenges facing banks today, do you believe your board has been more proactive or reactive to emerging areas of balance sheet risk?



Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M-\$1B	<\$500M	Total
Proactive	83%	82%	80%	73%	61%	75%
Reactive	17%	18%	20%	27%	39%	25%

Ownership Structure	Public	Private	Mutual	Total
Proactive	79%	72%	73%	75%
Reactive	21%	28%	27%	25%

14. Do you believe the board's meeting agenda adequately reflects the issues and challenges facing your institution?



Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M-\$1B	<\$500M	Total
Yes	92%	100%	80%	87%	71%	83%
Unsure	8%	-	13%	7%	19%	11%
No	-	-	7%	7%	10%	6%

Ownership Structure	Public	Private	Mutual	Total
Yes	86%	82%	82%	83%
Unsure	11%	12%	5%	11%
No	3%	7%	14%	6%

15. Which of the following tasks and responsibilities are part of risk oversight by your board and/or the applicable committee?

Respondents were asked to select all that apply.

81% Reviewing, approving and monitoring risk limits

81% Monitoring compliance with the risk governance framework

79% Ensuring that management can identify, measure, monitor, control and report about the risks facing the bank

79% Approving the bank's risk governance framework

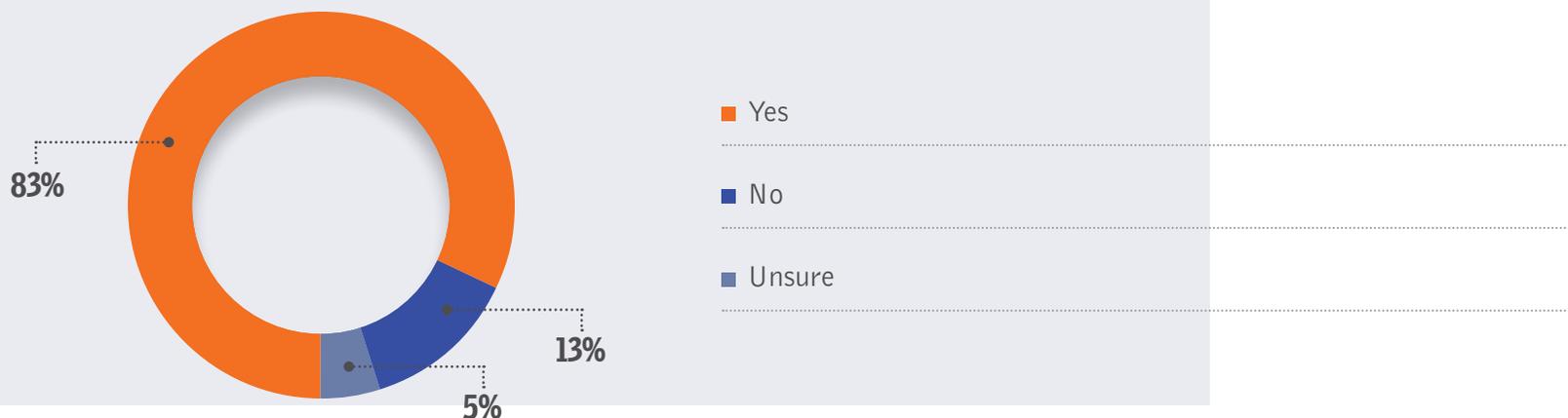


Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M-\$1B	<\$500M	Total
Reviewing, approving and monitoring risk limits	100%	93%	84%	74%	70%	81%
Monitoring compliance with the risk governance framework	100%	100%	90%	69%	61%	81%
Ensuring that management can identify, measure, monitor, control and report about the risks facing the bank	100%	100%	78%	66%	78%	79%
Approving the bank's risk governance framework	100%	100%	86%	69%	57%	79%
Regularly reviewing the bank's risk profile	73%	93%	86%	66%	65%	77%
Holding management accountable for adhering to the risk governance framework	91%	93%	80%	60%	57%	73%
Reviewing and approving the bank's risk appetite statement	91%	93%	69%	60%	39%	66%

Ownership Structure	Public	Private	Mutual	Total
Reviewing, approving and monitoring risk limits	90%	74%	81%	81%
Monitoring compliance with the risk governance framework	94%	66%	95%	81%
Ensuring that management can identify, measure, monitor, control and report about the risks facing the bank	86%	75%	71%	79%
Approving the bank's risk governance framework	88%	66%	95%	79%
Regularly reviewing the bank's risk profile	82%	71%	81%	77%
Holding management accountable for adhering to the risk governance framework	82%	61%	86%	73%
Reviewing and approving the bank's risk appetite statement	77%	54%	76%	66%

16. Over the past six to 12 months, has your board or a relevant committee revisited the bank's asset/liability management policies, processes and programs?

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

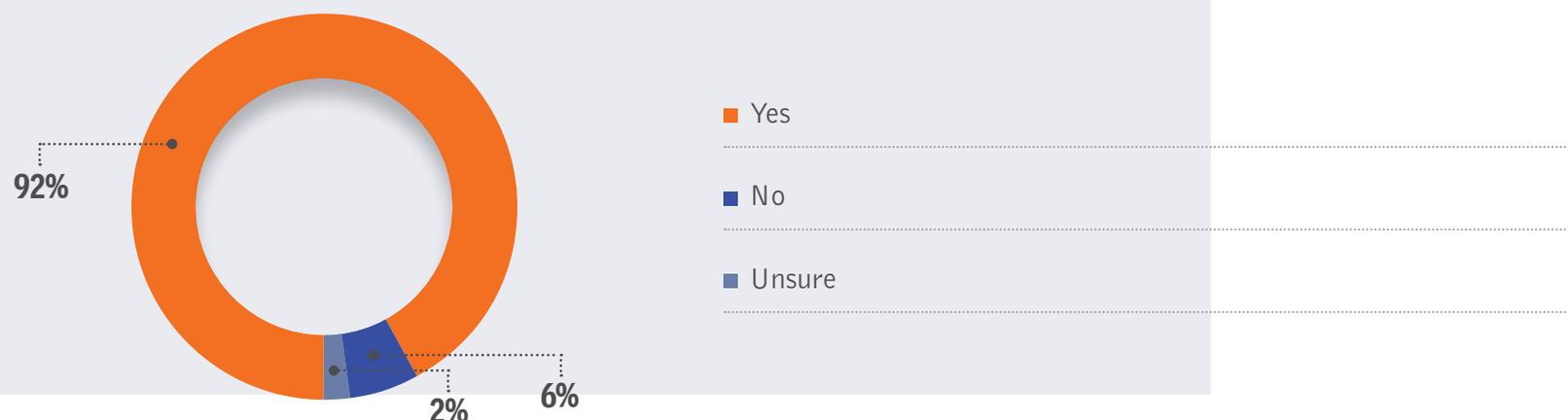


Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M-\$1B	<\$500M	Total
Yes	73%	87%	88%	71%	92%	83%
No	18%	7%	8%	23%	8%	13%
Unsure	9%	7%	4%	6%	-	5%

Ownership Structure	Public	Private	Mutual	Total
Yes	85%	79%	91%	83%
No	10%	18%	5%	13%
Unsure	6%	3%	5%	5%

17. Do the board and management team effectively use stress testing and other exercises to understand pressures to the bank's liquidity and capital positions?

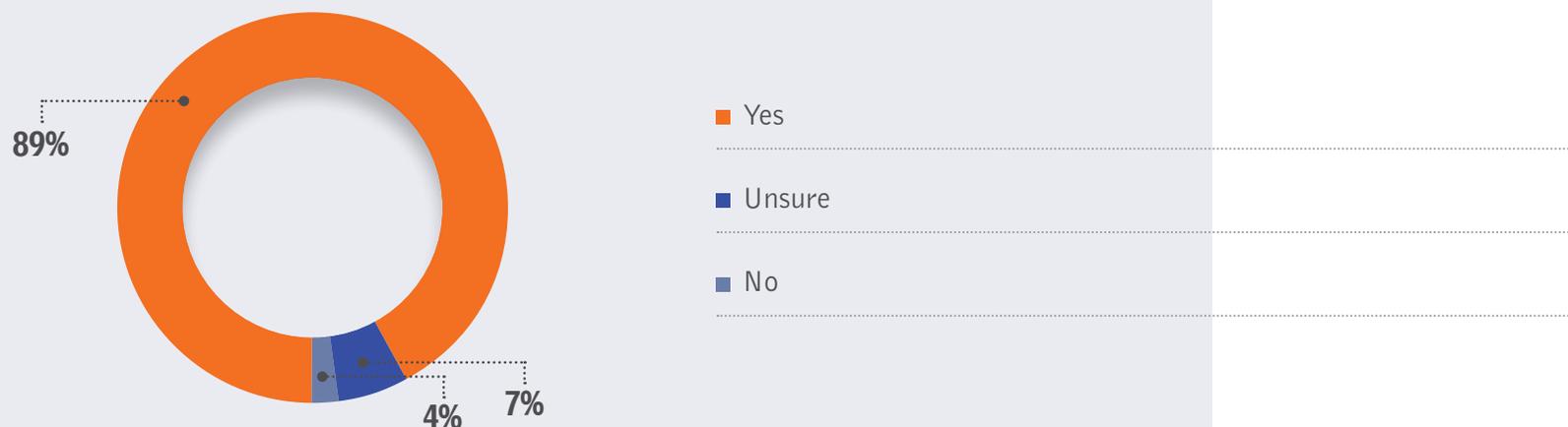
Question only asked of respondents indicating that their board effectively uses stress tests and similar practices.



Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M-\$1B	<\$500M	Total
Yes	91%	93%	92%	89%	96%	92%
No	9%	7%	4%	11%	-	6%
Unsure	-	-	4%	-	4%	2%

Ownership Structure	Public	Private	Mutual	Total
Yes	92%	90%	95%	92%
No	6%	7%	5%	6%
Unsure	2%	3%	-	2%

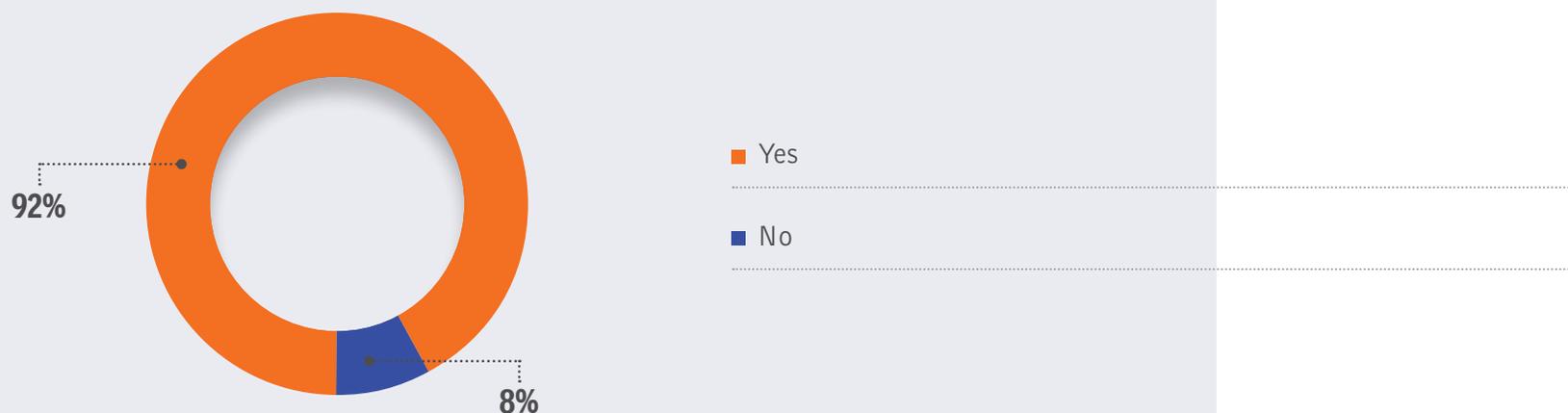
18. Does the management team and board create effective plans and strategies to deal with adverse scenarios uncovered in stress testing and similar exercises?



Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M-\$1B	<\$500M	Total
Yes	90%	93%	89%	87%	87%	89%
Unsure	-	7%	9%	7%	9%	7%
No	10%	-	2%	7%	4%	4%

Ownership Structure	Public	Private	Mutual	Total
Yes	92%	86%	90%	89%
Unsure	4%	11%	5%	7%
No	4%	4%	5%	4%

19. Does the bank have effective policies, procedures and infrastructure in place around risk governance and risk management practices to ensure effective oversight of the bank's activities?

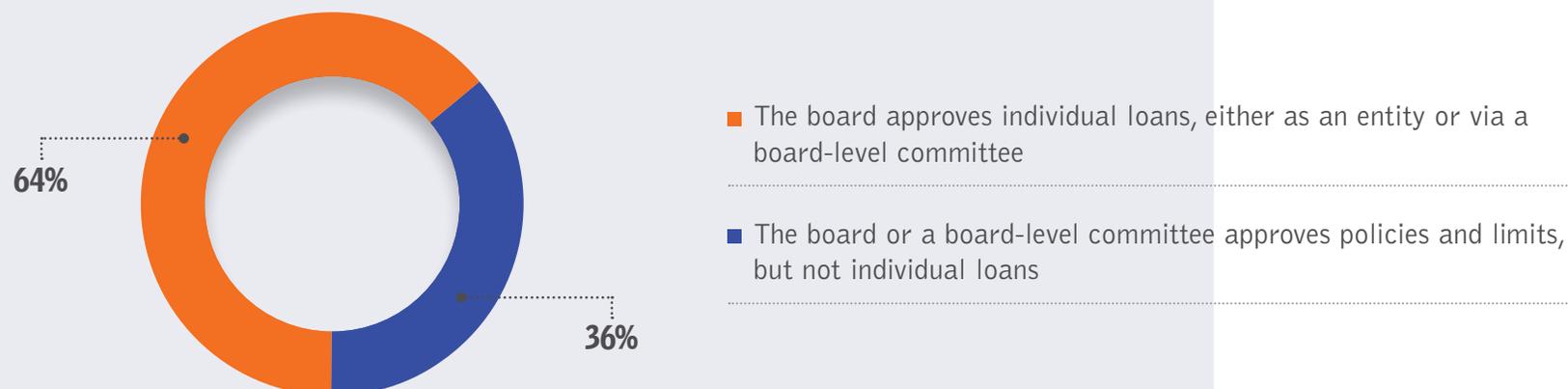


Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M-\$1B	<\$500M	Total
Yes	100%	93%	92%	88%	92%	92%
No	-	7%	8%	12%	8%	8%

Ownership Structure	Public	Private	Mutual	Total
Yes	96%	87%	95%	92%
No	4%	13%	5%	8%

20. What is the board's involvement in the loan approval process?

Respondents were asked to select the phrase that best describes their board's role in loan approvals.



Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M-\$1B	<\$500M	Total
The board approves individual loans, either as an entity or via a board-level committee	18%	53%	65%	82%	63%	64%
The board or a board-level committee approves policies and limits, but not individual loans	82%	47%	35%	18%	38%	36%

Ownership Structure	Public	Private	Mutual	Total
The board approves individual loans, either as an entity or via a board-level committee	58%	68%	67%	64%
The board or a board-level committee approves policies and limits, but not individual loans	42%	32%	33%	36%

21. How are environmental, social and governance (ESG) issues comprehensively addressed in the boardroom?

Respondents were asked to select all that apply.

- 52%** The board doesn't discuss or oversee ESG

- 20%** The board and management team are developing or will soon develop an ESG strategy

- 19%** Responsibility for ESG has been assigned to one or more committees

- 19%** The board and/or management team engage with company stakeholders on ESG to understand their concerns



Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M-\$1B	<\$500M	Total
The board doesn't discuss or oversee ESG	9%	13%	49%	69%	82%	52%
The board and management team are developing or will soon develop an ESG strategy	36%	33%	23%	14%	5%	20%
Responsibility for ESG has been assigned to one or more committees	55%	47%	21%	6%	-	19%
The board and/or management team engage with company stakeholders on ESG to understand their concerns	46%	40%	17%	6%	14%	19%
The board and management team have developed an ESG strategy and defined goals for the organization	36%	40%	9%	6%	-	12%
The board has set goals and incentives around ESG matters for the management team	9%	33%	9%	3%	-	9%

Ownership Structure	Public	Private	Mutual	Total
The board doesn't discuss or oversee ESG	33%	67%	57%	52%
The board and management team are developing or will soon develop an ESG strategy	28%	14%	19%	20%
Responsibility for ESG has been assigned to one or more committees	33%	5%	24%	19%
The board and/or management team engage with company stakeholders on ESG to understand their concerns	26%	16%	10%	19%
The board and management team have developed an ESG strategy and defined goals for the organization	24%	3%	10%	12%
The board has set goals and incentives around ESG matters for the management team	14%	3%	10%	9%

BOARD COMPOSITION & SUCCESSION

22. Does the board possess expertise in the following areas?

Respondents were asked to select all that apply.

95% 

Finance/accounting

87% 

Audit

69% 

Risk

Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M-\$1B	<\$500M	Total
Finance/accounting	100%	100%	98%	91%	86%	95%
Audit	82%	100%	98%	77%	71%	87%
Risk	91%	87%	77%	54%	52%	69%
Legal	73%	87%	73%	57%	38%	65%
Human resources	55%	73%	69%	54%	38%	59%
Regulations	64%	87%	63%	49%	33%	57%
Technology	82%	60%	50%	40%	52%	52%
M&A	91%	80%	52%	43%	19%	51%
Marketing	46%	73%	52%	46%	38%	50%
Public company	100%	93%	33%	9%	38%	40%
Cybersecurity	55%	33%	38%	26%	24%	33%

Ownership Structure	Public	Private	Mutual	Total
Finance/accounting	98%	90%	100%	95%
Audit	92%	81%	90%	87%
Risk	77%	66%	60%	69%
Legal	78%	53%	65%	65%
Human resources	57%	58%	70%	59%
Regulations	69%	49%	50%	57%
Technology	57%	41%	70%	52%
M&A	67%	39%	45%	51%
Marketing	49%	39%	85%	50%
Public company	77%	15%	20%	40%
Cybersecurity	33%	31%	40%	33%

23. How would you characterize your board's diversity as defined by race, gender or ethnicity?

Numbers do not add up to 100 due to rounding.

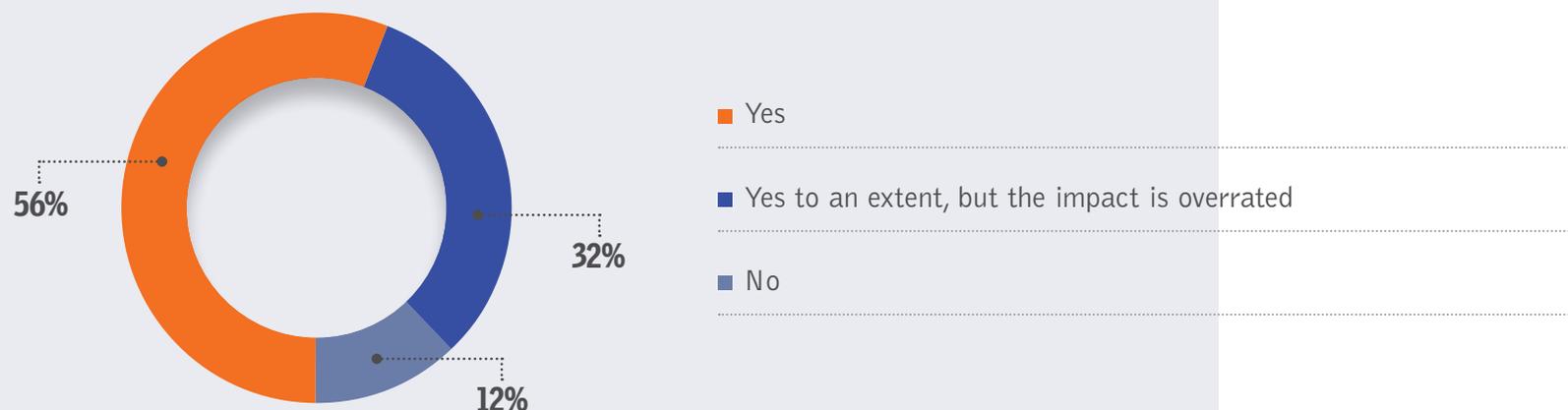
- We have three or more board members who fit that definition of diversity
- We have one or two directors who fit that definition of diversity
- We don't have any directors who fit that definition of diversity



Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M-\$1B	<\$500M	Total
We have three or more board members who fit that definition of diversity	91%	87%	60%	34%	50%	57%
We have one or two directors who fit that definition of diversity	9%	7%	38%	51%	41%	36%
We don't have any directors who fit that definition of diversity	-	7%	2%	14%	9%	7%

Ownership Structure	Public	Private	Mutual	Total
We have three or more board members who fit that definition of diversity	75%	38%	70%	57%
We have one or two directors who fit that definition of diversity	26%	48%	25%	36%
We don't have any directors who fit that definition of diversity	-	13%	5%	7%

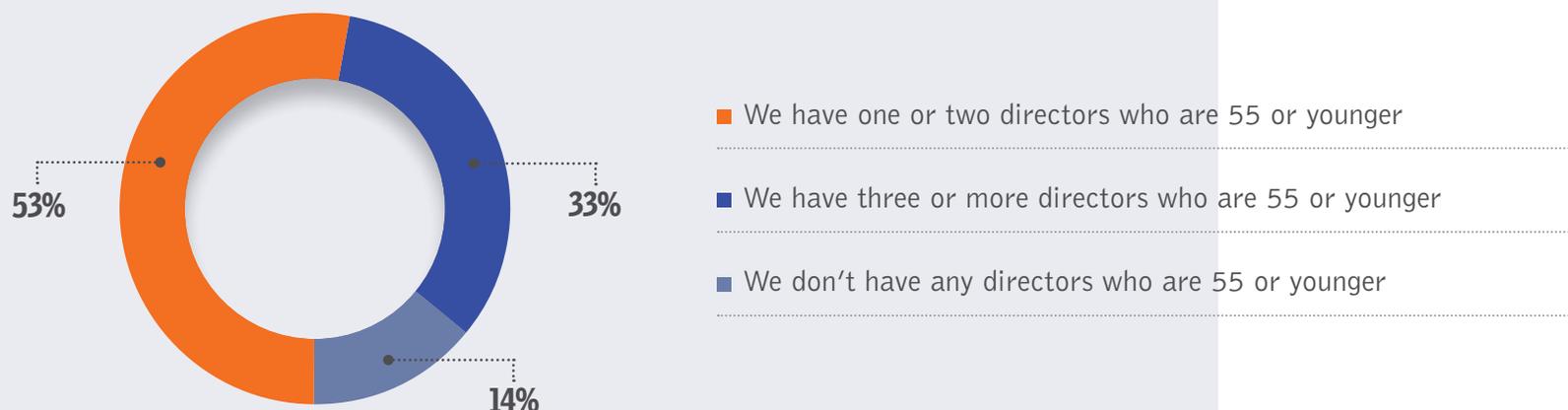
24. Do you believe that greater diversity, defined by race, gender and ethnicity, improves the performance of a corporate board?



Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M-\$1B	<\$500M	Total
Yes	36%	87%	63%	60%	24%	56%
Yes to an extent, but the impact is overrated	46%	7%	31%	31%	48%	32%
No	18%	7%	6%	9%	29%	12%

Ownership Structure	Public	Private	Mutual	Total
Yes	64%	50%	55%	56%
Yes to an extent, but the impact is overrated	32%	33%	30%	32%
No	4%	17%	15%	12%

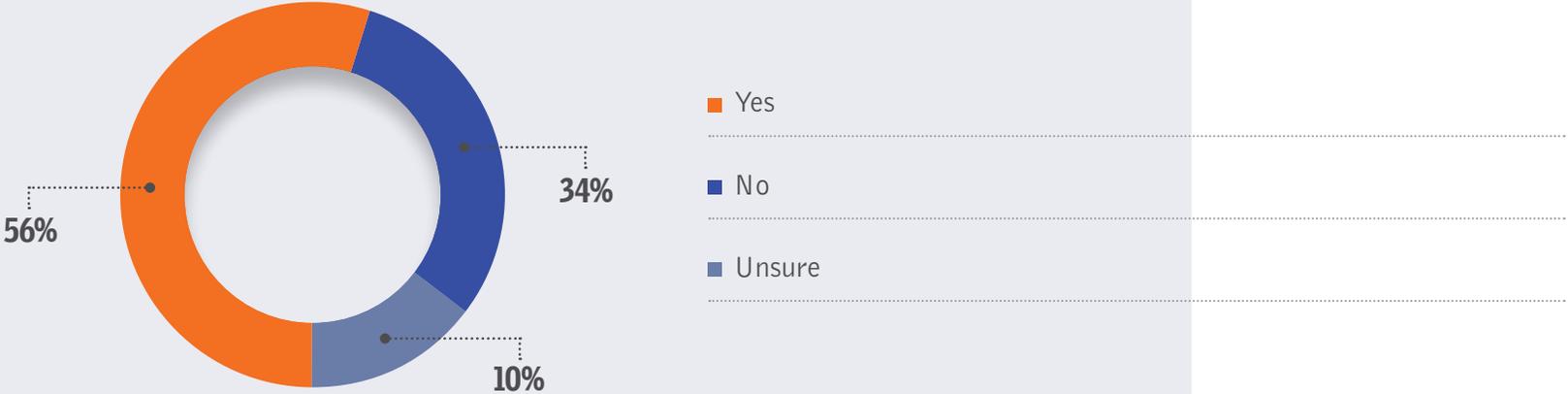
25. Are there any directors currently serving on your board who are under the age of 55 years old?



Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M-\$1B	<\$500M	Total
We have one or two directors who are 55 or younger	91%	47%	45%	57%	48%	53%
We have three or more directors who are 55 or younger	9%	40%	36%	31%	38%	33%
We don't have any directors who are 55 or younger	-	13%	19%	11%	14%	14%

Ownership Structure	Public	Private	Mutual	Total
We have one or two directors who are 55 or younger	56%	42%	75%	53%
We have three or more directors who are 55 or younger	30%	42%	15%	33%
We don't have any directors who are 55 or younger	14%	15%	10%	14%

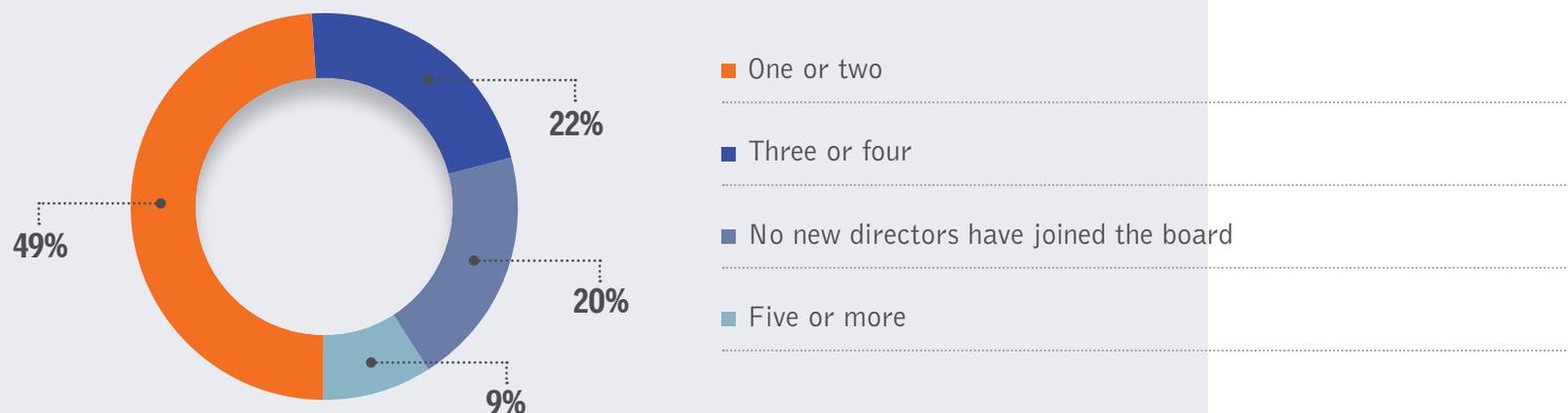
26. Does your board, or the governance/nominating committee, cultivate an active pool of candidates for board membership?



Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M-\$1B	<\$500M	Total
Yes	64%	73%	56%	51%	46%	56%
No	9%	27%	35%	37%	46%	34%
Unsure	27%	-	8%	11%	9%	10%

Ownership Structure	Public	Private	Mutual	Total
Yes	61%	45%	75%	56%
No	24%	47%	25%	34%
Unsure	16%	8%	-	10%

27. How many new directors have joined your bank's board since January 2020?



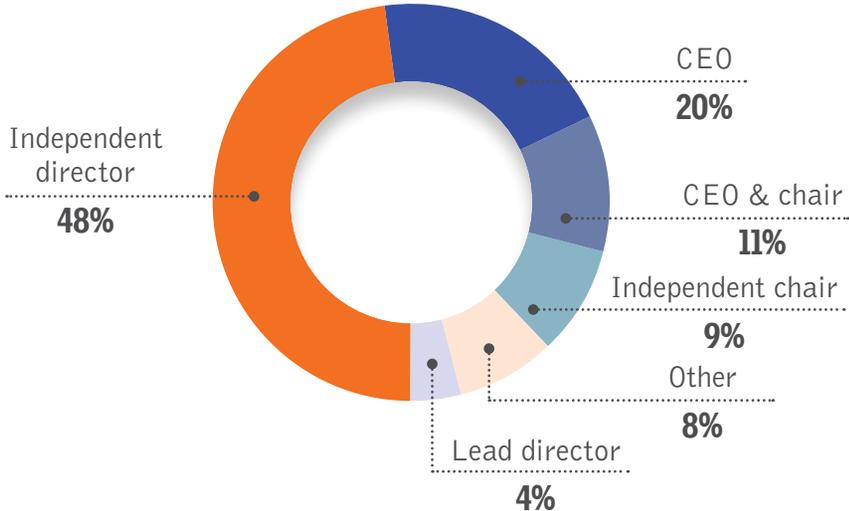
Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M-\$1B	<\$500M	Total
One or two	64%	53%	31%	60%	59%	49%
Three or four	18%	27%	29%	23%	5%	22%
No new directors have joined the board	9%	-	29%	14%	27%	20%
Five or more	9%	20%	10%	3%	9%	9%

Ownership Structure	Public	Private	Mutual	Total
One or two	47%	52%	45%	49%
Three or four	26%	17%	30%	22%
No new directors have joined the board	16%	23%	20%	20%
Five or more	12%	8%	5%	9%

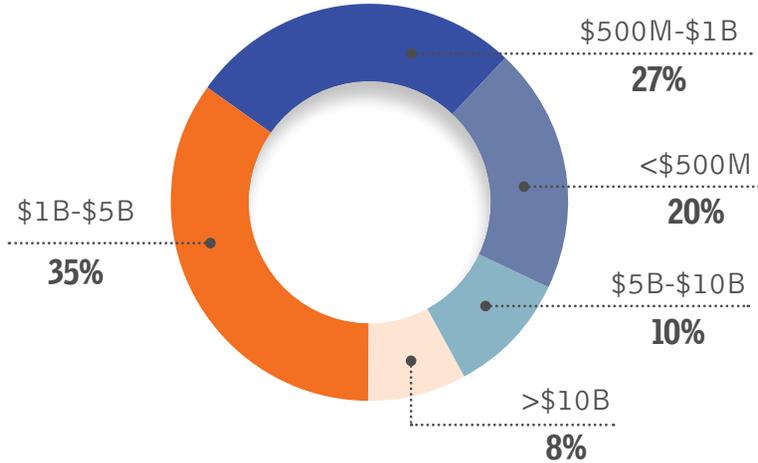
ABOUT THE SURVEY

Bank Director’s 2023 Governance Best Practices Survey, sponsored by Barack Ferrazzano Kirschbaum & Nagelberg, surveyed 195 independent directors, chairs and chief executives of U.S. banks below \$100 billion in assets. The survey regularly explores the fundamentals of board performance, and this year examined risk oversight, director liability, and board culture, performance and composition. The survey was conducted in April and May 2023.

TITLE

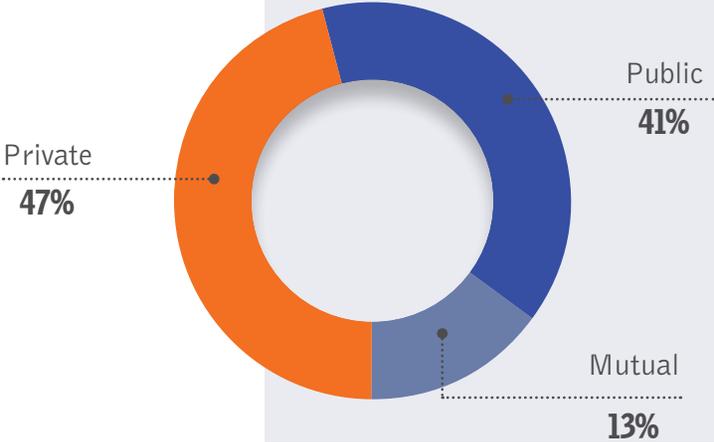


ASSET SIZE

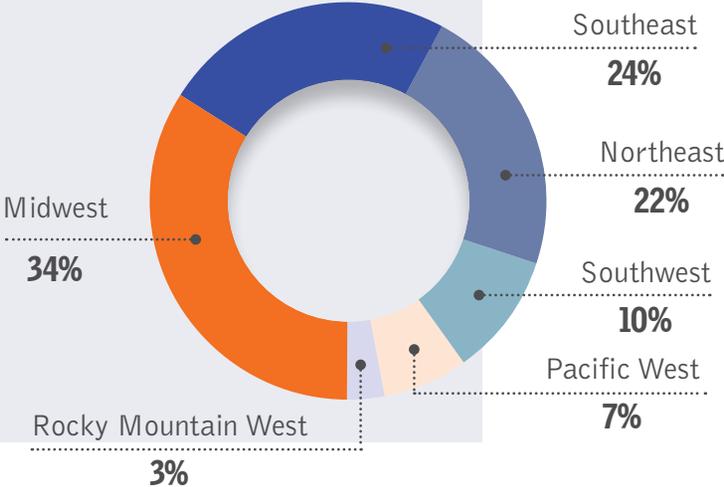


OWNERSHIP STRUCTURE

Numbers do not add up to 100 due to rounding.

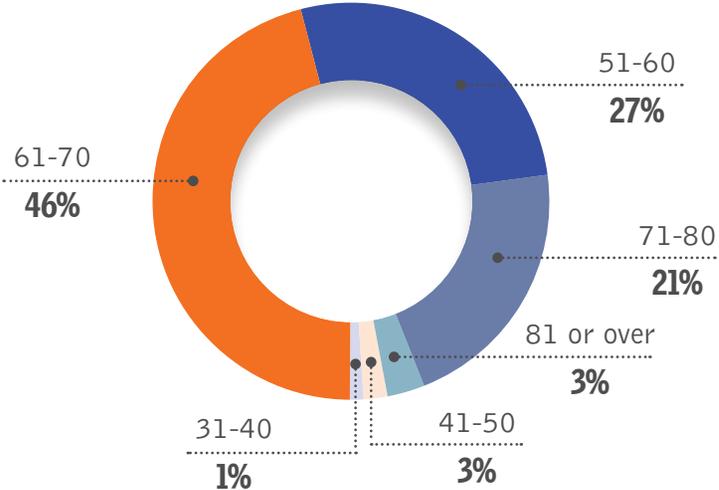


REGION*



RESPONDENT AGE

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



BOARD TENURE

11

Median Years Served on the Board

*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)