

RANKING BANKING®

BEST  
LEADERSHIP  
TEAMS

## Summary Analysis

**F**irst Citizens BancShares is building the largest family-run bank in the U.S. The Raleigh, North Carolina-based financial holding company, with \$56.9 billion in assets as of the third quarter 2021, will become one of the 20 largest banks in the country once its pending merger with CIT Group, announced in October 2020, finally closes. First Citizens is “graduating into the big bank club,” says Brady Gailey, managing director at Keefe, Bruyette & Woods. He doesn’t see any red flags barring regulatory approval of the deal; on Sept. 30, 2021, the two banks extended their merger agreement to March 1, 2022. “[First Citizens] is a high quality, impressive southeast franchise,” he says. “The combined new bank can reach a level of higher profitability that neither bank could have reached on their own before.”

First Citizens ranked third in our analysis of the best leadership teams; the Holding family owns about 25% of the company, explains Gailey, and controls 50% through its class A/B share structure. Frank Holding’s grandfather was elected president in 1935; a Holding has led the bank since. “They’re very much a family bank.”

Strong leaders generate long-term, consistent results, says Crowe LLP Partner Kara Baldwin. “A great leader isn’t necessarily going to switch and change” their overarching strategy, she explains. They may exhibit flexibility in achieving those goals, but consistency is the name of the game.

FS Bancorp, with \$2.2 billion in assets in Mountlake Terrace, Washington, ranked first in our examination of the best leadership teams. San Francisco-based First Republic Bank, with \$173 billion in assets as of the third quarter 2021, placed second.

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**Vickie Jarman** / chief human resources officer, FS Bancorp

Executive teams develop and execute a company's long-term vision; they also foster its culture. With that in mind, Bank Director examined a bevy of metrics to analyze the leadership teams of the best banks. The combined tenure of CEO and CFO teams, along with total shareholder return, were examined to reward long-term performance and commitment; as a direct measure of this, TSR received a double weight. Diversity also received a double weight, and was examined based on gender and total diversity (the percentage of women, professionals from different ethnic and racial backgrounds, and members of the LGBTQ community, where disclosed). Ratings from Indeed and Glassdoor, two job search platforms that collect employee feedback, provide a view on how the leadership teams are viewed by current and former employees. An accomplishment bonus rewards significant initiatives such as M&A. All of these factors were ranked and averaged to create a final score.

Earning the top spot, FS Bancorp rated among the best for diversity within the leadership team; more than half represent women or other diverse characteristics. The bank's collaborative culture "puts a priority on implementing the best ideas, period," says Chief Human Resources Officer Vickie Jarman. "We need all different ideas, with people with different backgrounds and genders and thought processes to make this the place that it is today," she says. Demonstrating diversity within leadership also opens the door for others, she adds.

"We really do try to hire and promote the best and the brightest," says CEO Joseph Adams — candidates that fit into the bank's "smart, driven, nice" employee culture, which drove the bank to the top spot in the community banks category. "A lot of those have turned out to be women." Like the much larger First Citizens, FS Bancorp more than doubled TSR over the five-year period we examined.

Second-ranked First Republic Bank has the most tenured team; CEO James Herbert II founded the bank in 1985. A quarter of the leadership team exhibits diversity. It rated well with employees, based on Glassdoor and Indeed reviews.

#### MOST TENURED CEO/CFO TEAM

.....  
**First Republic Bank**  
 42 years

#### HIGHEST CEO APPROVAL, GLASSDOOR

.....  
**TowneBank**  
 100%

While none of the banks in our analysis are currently led by a woman, First Republic named one as co-CEO in 2021: Hafize Gaye Erkan, who has served as president since 2017.

First Citizens rated moderately well for diversity, with one-third women. Holding's sister, Hope Holding Bryant, serves on the executive team, along with Chief Risk Officer Lorie Rupp. Rounding out the top five, NASB Financial ranked fourth with one of the more diverse leadership teams in the ranking. Half exhibit diverse characteristics, and the bank earned a five-year TSR of 165%. Like First Republic, employees gave fifth-ranked SVB Financial Group favorable ratings on Glassdoor and Indeed. And the company has made bold moves in line with its mission to serve the so-called innovation economy: It closed its acquisition of Boston Private Financial Holdings in July 2021, bolstering its wealth management and private banking capabilities.

## How They Ranked: Best Leadership Teams



		TICKER	SCORE	CEO APPROVAL, GLASSDOOR (AUG. 2021)	CEO/CFO COMBINED TENURE (YEARS)
1	FS Bancorp	FSBW	<b>7.60</b>	n/a	27
2	First Republic Bank	FRC	<b>9.00</b>	96%	42
3	First Citizens BancShares	FCNC.A	<b>9.50</b>	87%	20
4	NASB Financial	NASB	<b>9.75</b>	86%	27
5	SVB Financial Group	SIVB	<b>11.00</b>	95%	14
6	JPMorgan Chase & Co.	JPM	<b>12.58</b>	82%	16
7	University Bancorp	UNIB	<b>12.80</b>	n/a	38
8	PNC Financial Services Group	PNC	<b>13.06</b>	86%	16
9	Popular	BPOP	<b>14.08</b>	92%	12
10	Lakeland Financial Corp.	LKFN	<b>14.83</b>	n/a	14

SOURCE: S&P Global Market Intelligence, Glassdoor, Indeed, bank websites and other public information. Glassdoor/Indeed scoring not included if there were fewer than 20 reviews.

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**Brady Gailey** / managing director, Keefe, Bruyette & Woods