
June 2026 – CCBN Directors Roundtable

Director Compensation Trends and Compensation Committee Best Practices



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Key Topics To Be Covered

Board Compensation

01

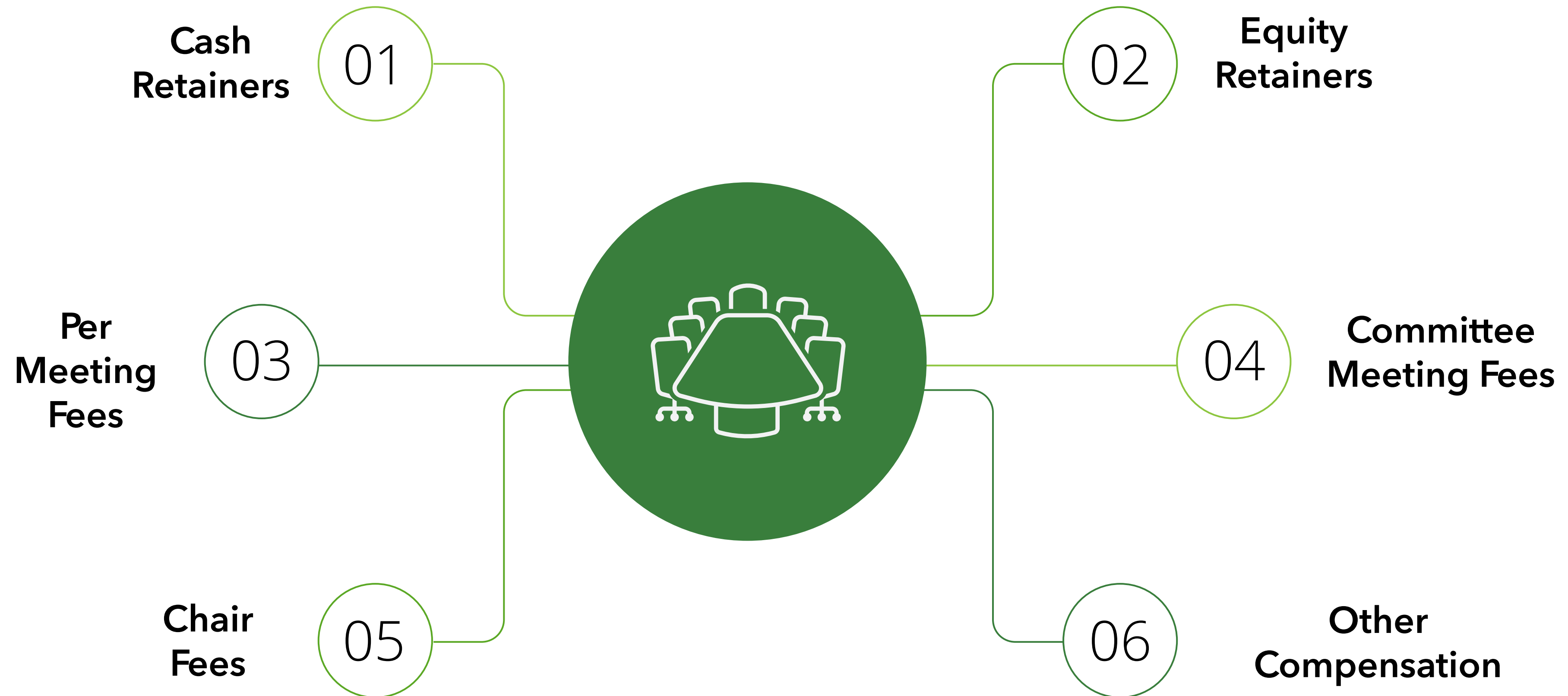
Compensation Committee Best Practices

02

Board Compensation

01

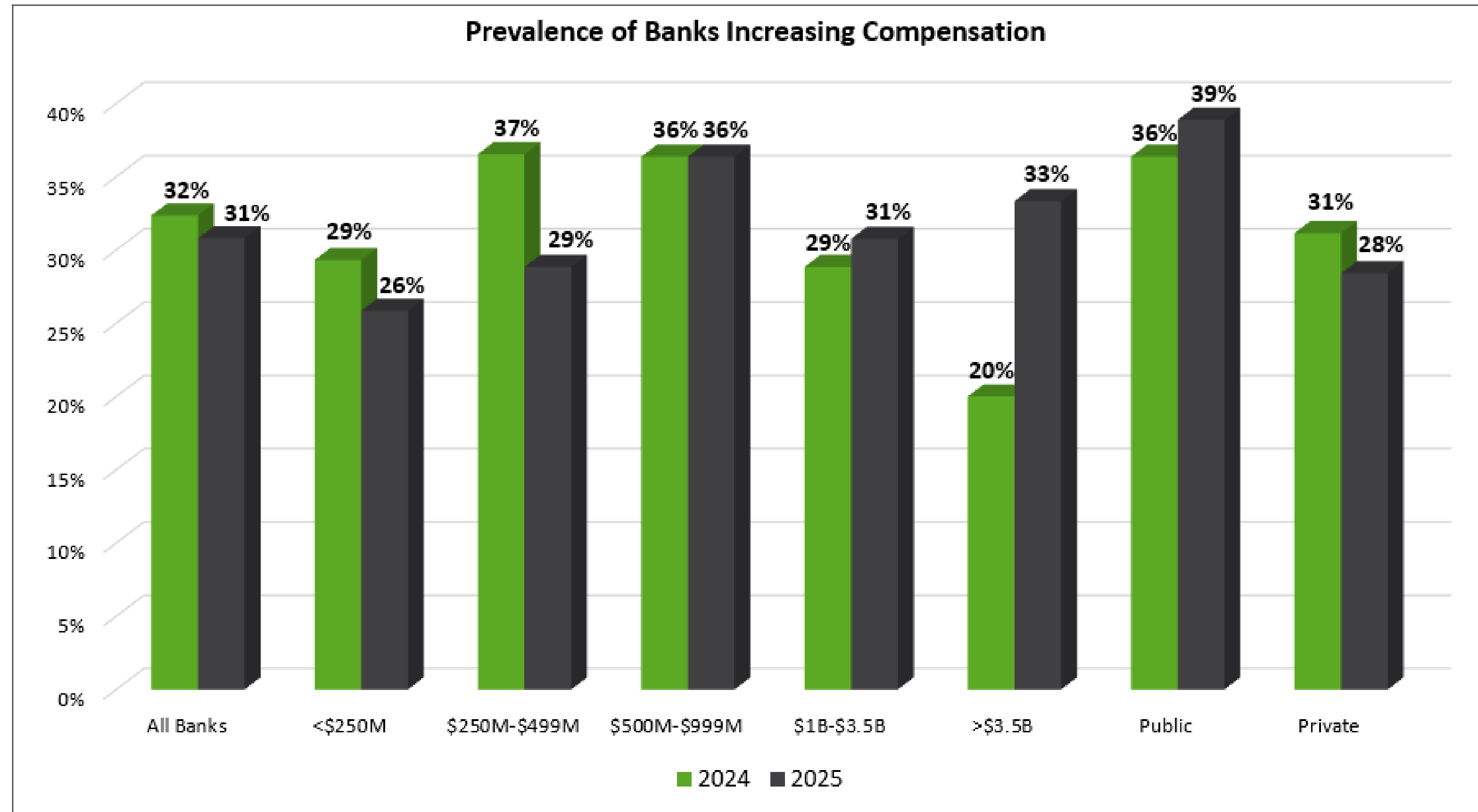
Director Compensation



Director Compensation Trends

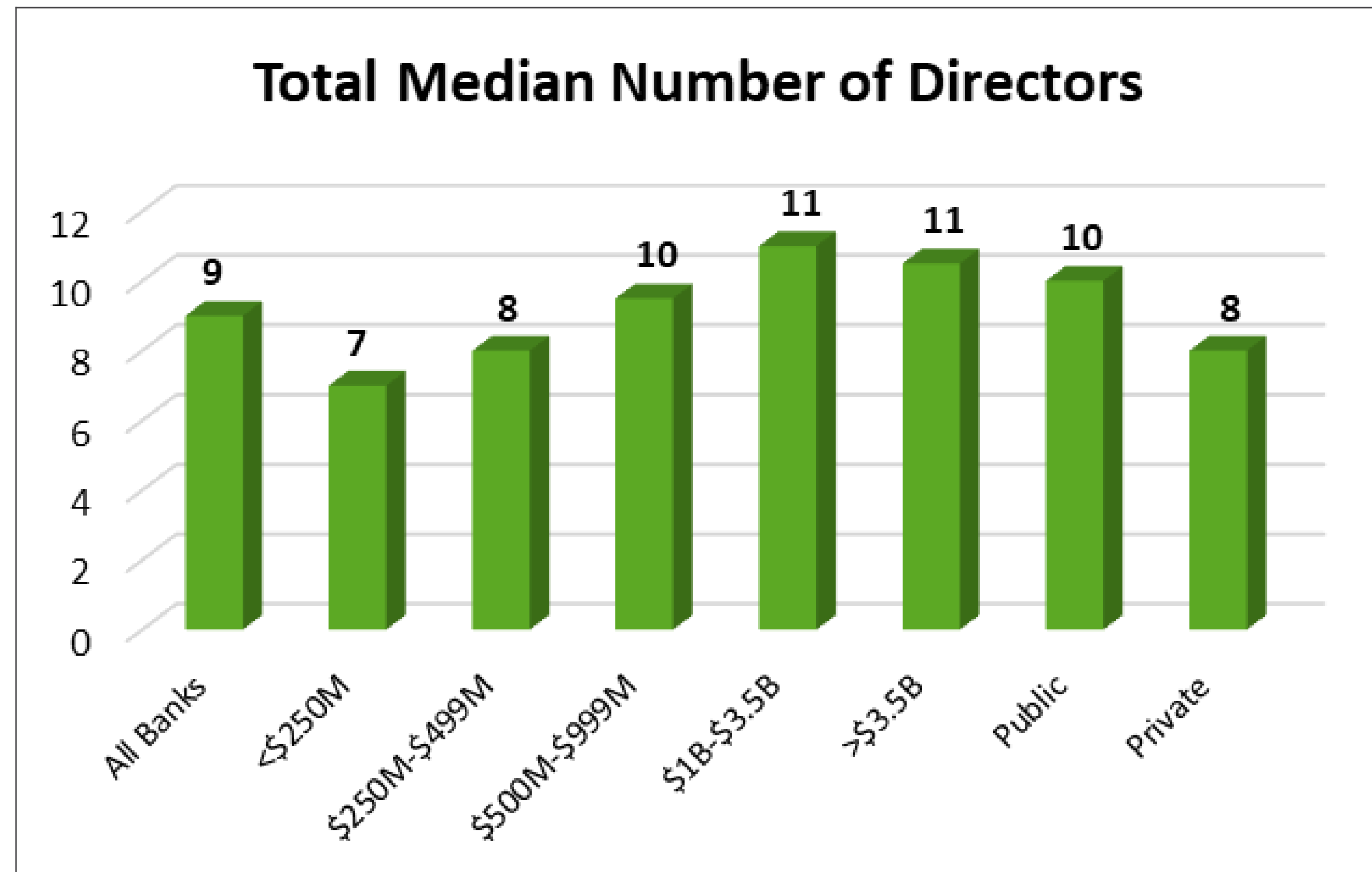
- ✓ Gradual increases in Director compensation over the last 10 years.
 - *Typically, director compensation adjustments occur every 2 or 3 years (not annually)*
- ✓ Director compensation should have a different philosophy from executive compensation.
 - **Pay for time and expertise focus**
- ✓ Director **annual incentives** based on bank results are **frowned upon by regulators**.
 - *Focus should be on long-term results and sustainability*
- ✓ **Use of equity as a component of director compensation is considered a best practice.**
 - *Typically, an equity retainer and restricted stock (vs. stock options)*
 - *Shorter vesting for director equity grants*
- ✓ **Increased focus on retainers** and a decreased focus on per meeting fees
- ✓ Director compensation differentiation for chairs versus non-chairs

Increase Director Compensation?



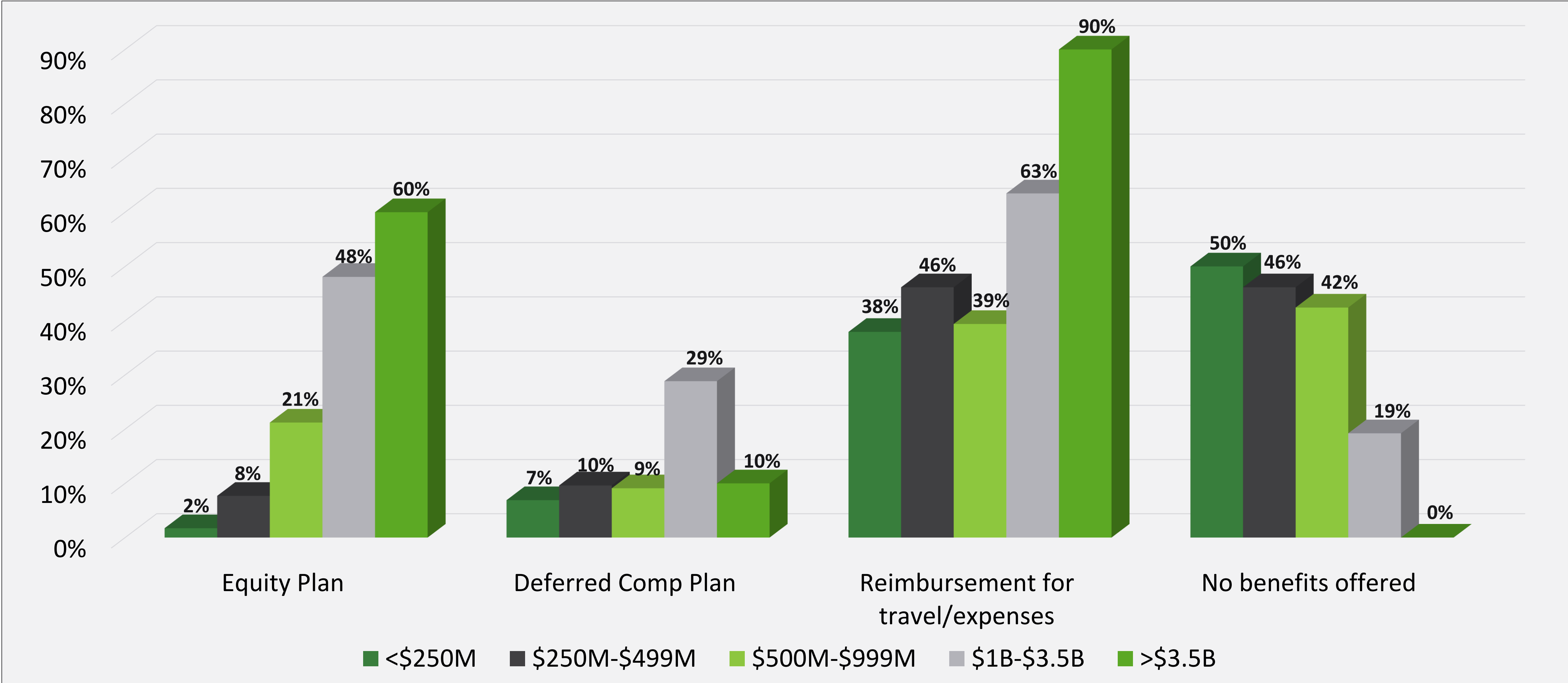
- Approximately **1/3** of the participating banks increased director compensation in 2024 and another 1/3 plan to (or already have) increased director compensation in 2025.
- The median increase for the banks that increased director compensation was **10%** in 2024, and **8%** in 2025.
- On average, Directors spend 6 to 8 hours per month on board activities.

Number of Directors



- Board sizes typically range from 7-14 directors, with a median of 9 directors.
- Typically, the board will consist of one or two employee/inside directors, while the remaining board members are outside/independent directors.

Director Benefits



Director Compensation (Avg. Director)* - BCG Director Survey



- Total compensation consists of fees earned or paid in cash, stock awards, option awards, non-equity incentive plan compensation, change in pension and non-qualified deferred compensation earnings, and all other compensation.
- The table below shows the total compensation paid to an average director. An average director excludes the board chair, employee directors, and any directors with extraordinary events in 2024 (i.e. retirement or partial year board service).

Data Cut	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)	Option Awards (\$)	Total Granted Equity (\$)	Non-Equity Incentive Plan Comp (\$)	Change in Retirement Benefits (\$)	All Other Comp (\$)	Total Comp Per Average Director (\$)
All Banks, Med=\$534M (n=238)								
Average	25,053	18,936	20,407	19,111	7,955	14,155	5,580	28,989
25th Percentile	14,088	10,357	4,725	9,939	3,025	5,048	758	15,150
50th Percentile	21,179	15,515	5,000	15,549	4,000	11,457	1,500	24,250
75th Percentile	29,845	25,753	35,752	26,626	11,200	22,834	8,185	35,814

* Each column represents the summary statistics for the banks that have this form of compensation (0's are excluded); therefore, total compensation per average director is not a sum of the previous columns.

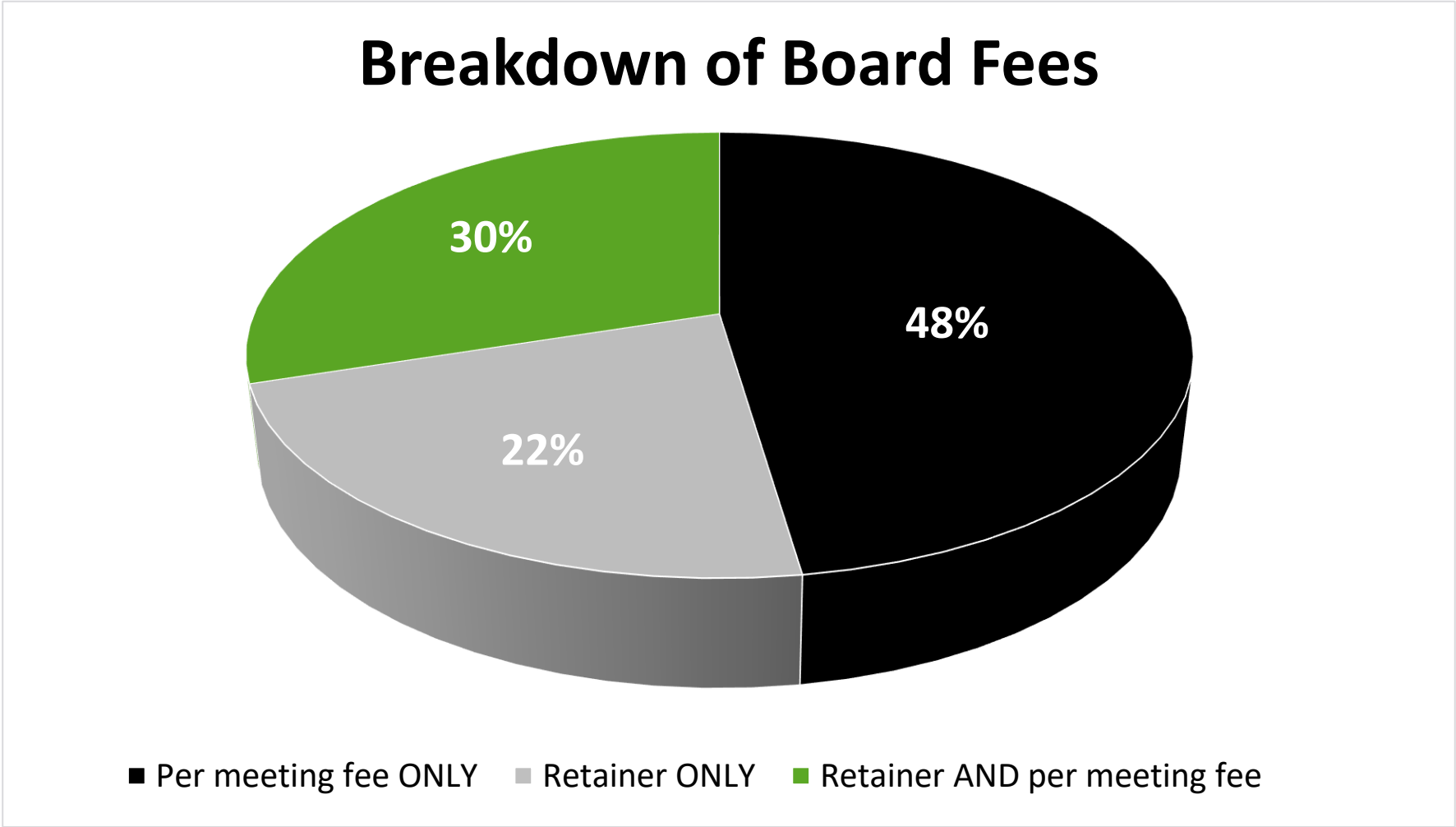
Cash Retainer & Board Meeting Fees



The following table breaks out the amount of the annual retainers (cash and/or equity) paid, the number of meetings, and the amount paid per holding company and bank board meeting.

Data Cut	Holding Company Board			Bank Board		
	Retainer ¹ (\$)	Total Number of HC Board Meetings	Per HC Board Meeting Fee (\$)	Retainer ¹ (\$)	Total Number of Bank Board Meetings	Per Bank Board Meeting Fee (\$)
All Banks						
Average	16,580	7	1,115	18,509	12	1,127
25th Percentile	6,000	4	375	8,400	12	744
50th Percentile	10,800	6	750	14,200	12	1,000
75th Percentile	22,000	12	1,250	24,000	12	1,500

¹Retainers include both cash and equity retainers paid to directors.



Committee Meetings & Per Meeting Fees



The table below shows the number of committee meetings held during 2024 and the amount of the per meeting fee paid for attendance at meetings.

*** For banks that pay an annual retainer in lieu of a per meeting fee or in addition to a per meeting fee, we convert this to a per meeting fee for this analysis.*

Data Cut	Avg # Cmtc Mtgs	Avg Per Mtg Fee (\$)	Audit		Compensation		Executive		Nominating and/or Corp. Gov.		ALCO/ Investment		Loan		Compliance/ Risk		Trust	
			# Mtgs	Per Mtg Fee (\$)	# Mtgs	Per Mtg Fee (\$)	# Mtgs	Per Mtg Fee (\$)	# Mtgs	Per Mtg Fee (\$)	# Mtgs	Per Mtg Fee (\$)	# Mtgs	Per Mtg Fee (\$)	# Mtgs	Per Mtg Fee (\$)	# Mtgs	Per Mtg Fee (\$)
All Banks																		
Average	8	398	6	446	3	417	7	410	3	408	6	403	21	366	5	403	6	355
25th Percentile	5	213	4	250	1	250	1	200	1	250	4	250	12	200	4	250	4	225
50th Percentile	7	350	4	350	2	375	4	300	2	363	4	375	12	300	4	400	4	350
75th Percentile	10	500	6	500	4	500	12	500	4	500	6	500	28	500	6	500	8	444

Board & Committee Chair Compensation (Additional)



We show the prevalence of banks that pay additional fees to the board chair/lead director and committee chairs.

Role	Prevalence of Participants Paying <i>Additional Fees</i>					Typical <i>Additional Fee Range</i>
	All Banks	<\$1B	>\$1B	Public	Private	
Board Chair/Lead Independent Director	38%	34%	52%	65%	30%	\$1,300 - \$21,000
Audit Committee Chair	41%	29%	67%	68%	31%	\$400 - \$8,000
Compensation Committee Chair	32%	18%	58%	51%	24%	\$100 - \$6,300
Executive Committee Chair	15%	12%	27%	27%	12%	\$100 - \$5,000
Nominating and/or Corporate Governance Committee Chair	34%	22%	59%	56%	20%	\$200 - \$4,800
ALCO/Investment Committee Chair	19%	11%	38%	33%	14%	\$100 - \$3,400
Loan Committee Chair	22%	15%	40%	38%	16%	\$700 - \$5,000
Compliance/Risk Committee Chair	18%	5%	50%	38%	14%	\$200 - \$5,000
Trust Committee Chair	17%	15%	22%	36%	8%	\$400 - \$4,000
Technology/IT Committee Chair	14%	9%	29%	18%	13%	\$200 - \$2,500

Compensation Committee Best Practices



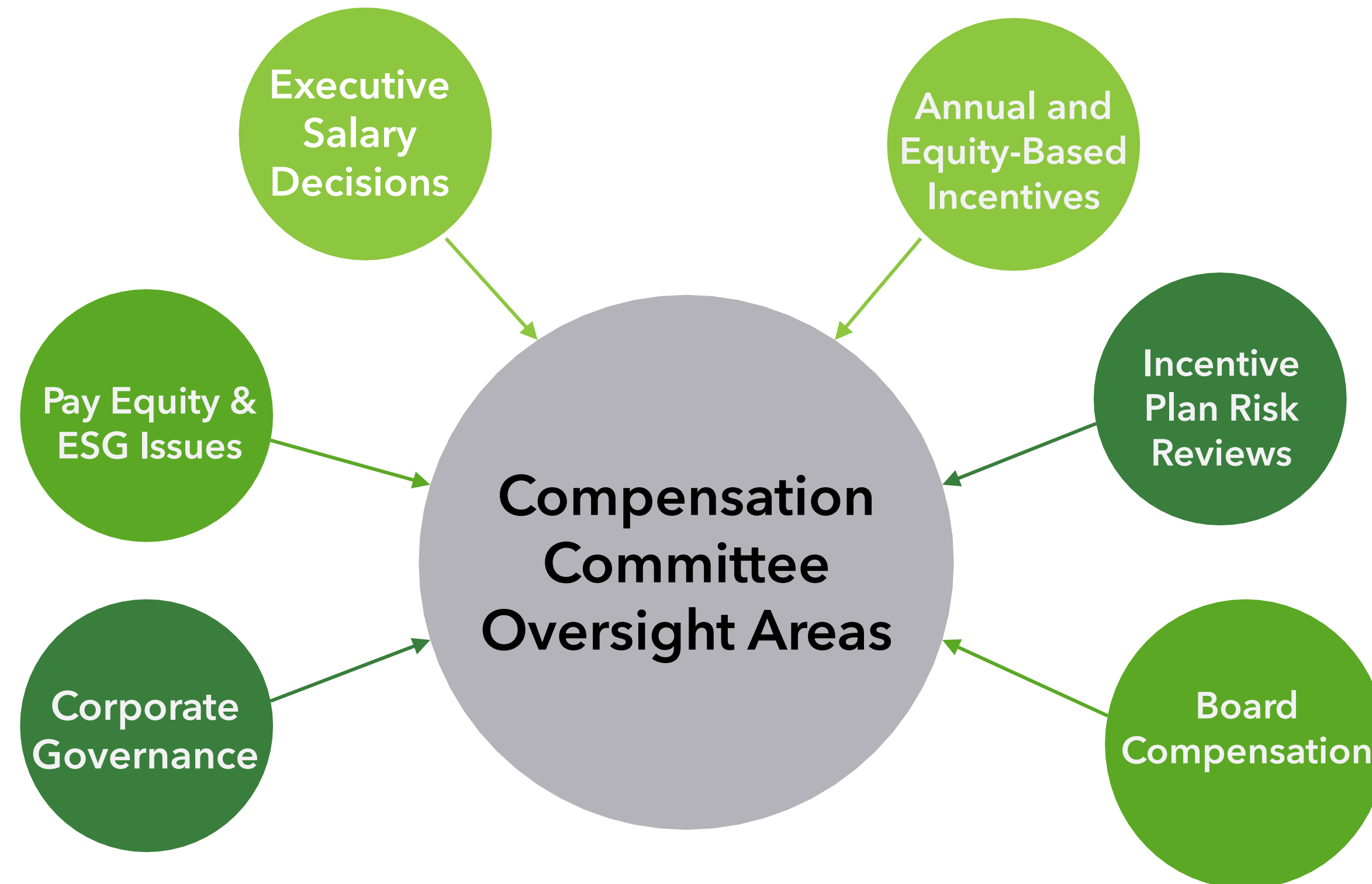
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Compensation Committee Purpose



Historical Definition: The Compensation Committee exists to approve and monitor executive pay and ensure that shareholders receive an appropriate risk-adjusted return on their investment while still motivating employees to maximize performance through properly structured compensation plans.

TODAY - THE SCOPE/RESPONSIBILITIES HAVE INCREASED!



Committee Composition & Expertise

Membership

- Typically, 3-5 outside/independent directors
- CEO is not a member, but should participate upon request
- Top HR executive and/or Sr. Risk Officer often serve as advisors to the Committee
- Rotation debate - balance between the time to gain expertise with "new thinking"/perspectives
- 2-to-3-year term was typical, but this has been increasing with expertise required

Nomination Process

- Typically, outside/independent directors of full board who are nominated by Nominating/Governance Committee
- Chair requires a level of expertise in today's environment
- CEO should NOT nominate or recommend directors to serve on this committee

Compensation Committee Independence



How to Assess Committee Member Independence

- The SEC has rules on Compensation Committee independence. These rules mirror best practice guidelines used by the National Association of Corporate Directors (NACD) and Dodd Frank. The key factors of assessing Committee independence are listed below:

Key Factors of Assessing Committee Independence

- Director is not an employee or affiliate of the Bank or a Subsidiary.
- Director does not receive any consulting or advisory income from the Bank for services other than participation on the board.
- Director's business does not do any work or receive income from the Bank.
- Director does not have a personal or business relationship with any employee of the Bank.

Compensation Committee Charter



The Charter sets the “rules of engagement” for the Committee

Rules of Engagement

Defines role, responsibility, and accountability

- Examples: CEO Compensation, Board Compensation, Risk Reviews, etc.

Should have an overall mission statement

- Short and long-term goals

Identifies the level of authority related to compensation decisions

- Determine/recommend, approve, review, etc.

Identifies the compensation programs it oversees and reviews

- Salary, cash incentives, equity plans, agreements, severance (CIC), etc.

Discusses the composition and requirements of the Committee

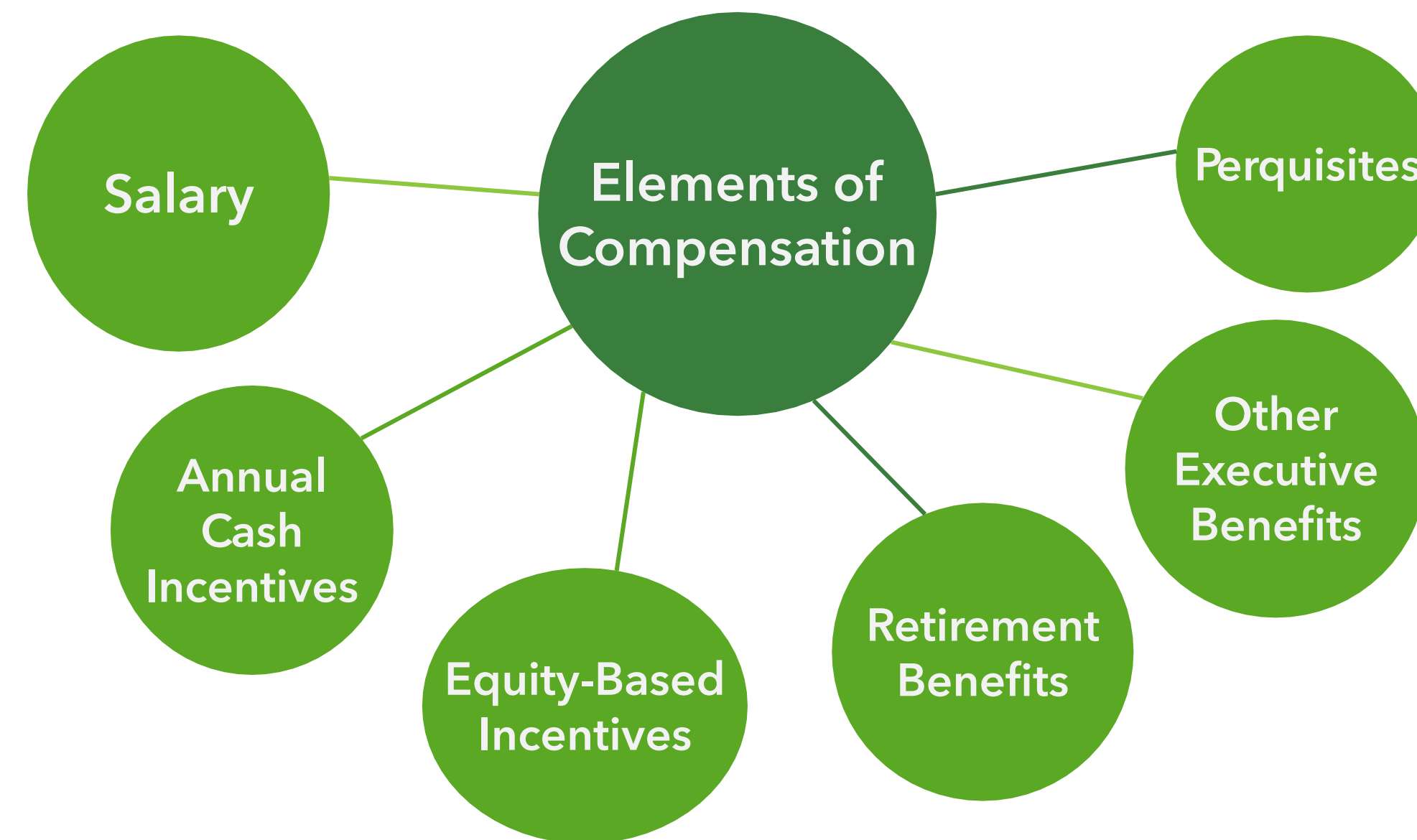
- Independence, education, attendance, etc.

Compensation Philosophy Statement



Provides a framework to help the organization make compensation related decisions, assess the effectiveness of its programs, and communicate a consistent “message” to shareholders, management, and employees about the role of compensation.

Defines the use and objects of each element of compensation:



*** The Compensation Philosophy should be reviewed annually and can certainly change over time*

Discusses how the pay elements should compare based on:

- The market
- The bank’s own performance

Sample Compensation Committee Calendar

Quarter	Activities
1 st (Decision Making)	<ul style="list-style-type: none"> - Finalize CEO's performance review & determine CEO salary adjustment - Determine/approve incentive award(s) (cash and/or equity) for prior year - Review top executive officers' base salary adjustments and incentive awards - Establish overall bank, CEO, and top executive officer performance goals for the year - Public filers – start CD&A portion of proxy statement and committee certification
2 nd (Governance)	<ul style="list-style-type: none"> - Public filers – finalize CD&A and annual proxy tables prior to disclosure - Ensure incentive plans are finalized and rolled out for the current year - Conduct risk review of compensation plans - Review Committee Charter, Compensation Philosophy, Membership/Committees, etc. - Compensation Committee continuing education
3 rd (Market Studies & Planning)	<ul style="list-style-type: none"> - Review incentive programs, perquisites, benefits in case there is a need for adjustments - Conduct updated market reviews – executive and board compensation - Assess pay versus performance
4 th (Strategy & Prep)	<ul style="list-style-type: none"> - Review and recommend adjustments to director pay if appropriate - Approve any compensation program / incentive plan adjustments for the following year - Review preliminary performance results, discuss possible payouts, etc. - Review Compensation Committee performance

Committee Meetings & Meeting Agendas

Effective meetings and agendas are critical for today's Compensation Committee

Committee Meetings

- Typically, there are a minimum of 3 to 4 meetings per year
- Chair leads the meeting & ensures adequate time for discussion and questions
- Advanced distribution of meeting materials is critical and essential!
- Ensure there is an executive session at each meeting (even if not needed)
- Quality minute taking and detailed minutes for every meeting
- Distribute previous meeting minutes shortly after meeting so topics are "fresh" and edits are easy to make
- Outside advisors often invited to participate (at least phone)

Meeting Agendas

- Developed jointly with Committee Chair and Management
- Management often has a pre-meeting with Chair to ensure items/agenda are adequate and there are no "surprises"

Compensation Committee Reference Book



What & Why?

- Online resource that contains historical and current compensation related items (always easily accessible for Committee Members)
- Most Committee members have other jobs and don't focus solely on compensation

Examples of Items Included

- Committee Charter & Compensation Philosophy
- Calendar, member contact information, meeting dates & times, agendas
- Compensation program plan documents and summaries
- Meeting minutes and historical risk reviews
- Compensation profiles for top executives (multi-year)
 - ✓ *Salary history, incentive payouts, performance reviews, etc.*
- Compensation studies/market comparisons (historical and current)
- Company performance vs. peer performance summaries
- Educational materials
- Regulation reference materials
- Other appropriate items

Questions?



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We assess compensation plans compared to market utilizing various market data and our industry expertise.

- ✓ Executive Total Compensation Review
- ✓ Cash Compensation Review
- ✓ Annual Cash Incentive Plan Design
- ✓ Equity-Based Incentive Plan Design

Board Consulting

Rely on us to optimize your board compensation and governance through tailored reviews and education.

- ✓ Board Total Compensation Review
- ✓ Committee Education & Best Practices
- ✓ CEO Reviews & Board Evaluations
- ✓ Compensation Philosophy Development

Staff Consulting

Help your bank align pay structures with industry standards, strategic goals, and best practices.

- ✓ Base Salary Review
- ✓ Salary Administration & Grade Structure Design
- ✓ Annual Incentive Plan Design & Reviews
- ✓ Performance Management & Reviews

Governance Consulting

Certify that your bank meets evolving SEC, shareholder, and regulatory requirements.

- ✓ Proxy Disclosures - CD&A Assistance
- ✓ Pay vs. Performance Analysis
- ✓ Risk Assessments of Incentive Plans
- ✓ Compensation Committee Toolkit

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Mr. Michael Blanchard is the CEO of Blanchard Consulting Group. He has extensive experience in the human resources field and has conducted or supported over 500 compensation planning, market research, and organizational development projects over the past seventeen years, with over thirteen years specific to the banking industry. Mike has presented to various national and state banking associations including the American Bankers Association, the Southeastern Bank Management and Director Conference, and the Western Independent Bankers association on a variety of compensation and board governance topics. With a master's degree in advanced industrial and organizational psychology, Mr. Blanchard's experience includes advising clients on assessing total compensation, incentive planning, and performance appraisals.