16TH

THE SIXTEENTH
BANK EXECUTIVE SURVEY

A GRANT THORNTON LLP STUDY PRODUCED IN ASSOCIATION WITH *BANK DIRECTOR* MAGAZINE

Grant Thornton

BANK DIRECTOR

Financial institution executives across the country are determined to shore up their foundations and capitalize on strengths to survive the year ahead, despite massive challenges facing both their industry and the national economy.

In 2009, the U.S. banking industry will undergo a seismic stress test—the result of which will determine the ultimate viability and resiliency of the nation's financial system. Few banks will emerge unscathed, yet the very turbulence that will crack the foundations of some institutions will present others with opportunities to grow—and even thrive.

With these events as a backdrop, *Bank Director* and Grant Thornton LLP collaborated once again to produce the 16th Bank Executive Survey, a comprehensive study of bankers' opinions and plans for the year ahead. The results that follow provide an assessment of how bank executives are managing the turmoil around them and outline the strategies they will take in the months to come.

THE OUTLOOK FOR BANKING AND THE ECONOMY

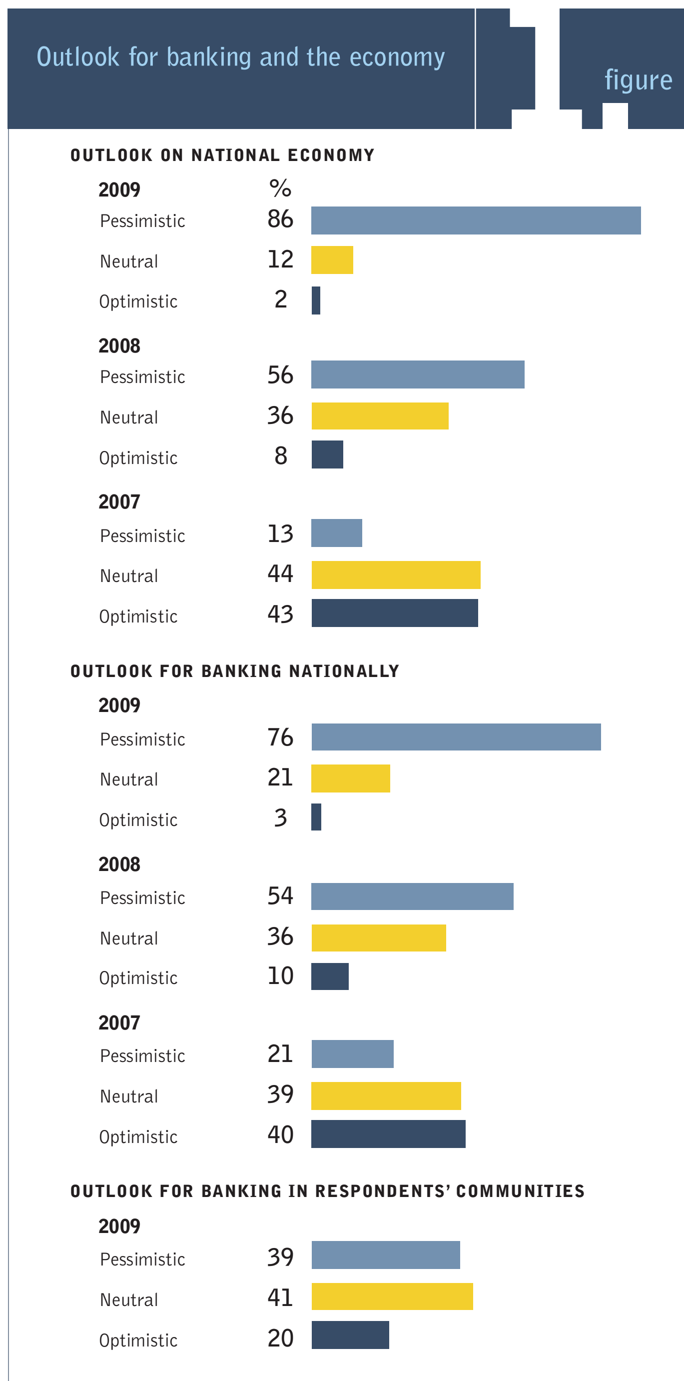
During the first quarter of the year, bankers experienced a flurry of legislative announcements and federal programs designed to jump-start the economy and bring about financial stability. In February, the Obama administration announced the American Recovery and Reinvestment Act of 2009 (ARRA), which authorized stimulus spending for nearly every industrial sector, and soon after, publicly detailed its Capital Assistance Program (CAP), which provides capital funding for qualified institutions. These plans are coexistent with last fall's Capital Purchase Program (CPP), administered under the $750 billion Troubled Asset Relief Program (TARP), which provides Treasury-funded infusions of capital to institutions.

Broadly stated, the government's core philosophy is to offer various avenues for assistance in improving banks' balance sheets by injecting much-needed capital and removing troubled assets. However, the acceptance of TARP funding also means restrictions on bonuses and incentive compensation, dividend payouts, and stock buybacks, as well as possible restrictions on the uses of that capital, such as for M&A transactions. In some cases, banks that applied for TARP funding initially are rethinking that decision in light of these considerations, and in the hope that a turnaround will be evident in the coming months.

Restoring confidence and optimism—A linchpin to stabilizing the markets will be bolstering consumer confidence, which plummeted in the first quarter. Moreover, as shown through results of the Bank Executive Survey, it's not just consumers who have the doldrums.

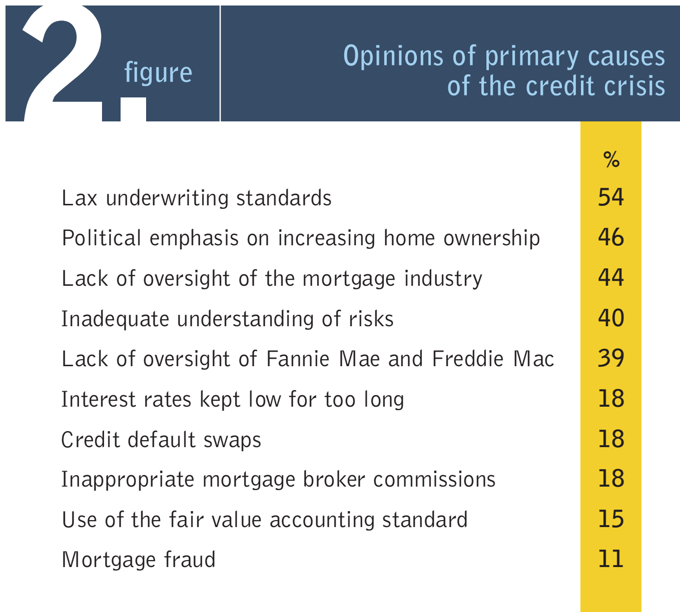
When the survey asked respondents at the close of last year about their outlook for 2009, nearly nine out of 10 bankers (86%) were pessimistic about the U.S. economy, and more than three-quarters (76%) were pessimistic about the business of banking. For the second year in a row, both sets of data represent a significant increase from the year before, when 56% were pessimistic about the national economic outlook and 54% were pessimistic about the national banking outlook. The results are even more dramatic when compared to 2007 when only 13% were pessimistic about the economy and 21% held a pessimistic outlook for the national banking picture (Figure 1).

A renewal of confidence, experts agree, will lay the groundwork for a positive chain reaction, but so far, that spark has not ignited. "For the first time in the history of the survey, not a single banker was highly optimistic about the outlook for the U.S. economy for 2009, nor the national business outlook for banking in 2009," says John Ziegelbauer, national managing partner of Grant Thornton LLP's Financial Institutions practice. When asked whether additional leadership is needed in this area, only 15% agreed that the Federal Reserve is doing a good job of managing the current crisis and 37% disagreed; 17% think Treasury is handling the situation well while 46% disagreed with that position. In a separate question, more than three-quarters (75%) of CEOs polled believed consumer confidence in the industry has diminished—a key factor in banks' ability to regain strength and capital to serve customers in the months ahead.



CREDIT AND LENDING ISSUES

Most observers agree there is no issue more critical to the health of our nation's economy than regaining a flow of credit and liquidity to the markets. In the wake of the subprime mortgage market collapse, a landslide of defaults and foreclosures created extreme tightening of underwriting standards and a near halt on lending—a situation that contributed significantly to the slide in the U.S. economy. When we asked bank executives what they believed to be the three leading causes for the current crisis, their top answers were lax underwriting standards (54%), the political mandate to increase home ownership (46%), and the general lack of oversight of the mortgage industry (44%). In addition, 40% of bank executives answered that the cause for the credit crisis was an



2 figure Opinions of primary causes of the credit crisis

	%
Lax underwriting standards	54
Political emphasis on increasing home ownership	46
Lack of oversight of the mortgage industry	44
Inadequate understanding of risks	40
Lack of oversight of Fannie Mae and Freddie Mac	39
Interest rates kept low for too long	18
Credit default swaps	18
Inappropriate mortgage broker commissions	18
Use of the fair value accounting standard	15
Mortgage fraud	11

inadequate understanding of the risks, 15% pointed toward the use of the fair value accounting standard, and 11% thought mortgage fraud was a significant causal factor (Figure 2).

"This is a particularly telling aspect of the survey," says *Bank Director* President TK Kerstetter. "The fact that 40% of bankers felt that financial executives did not fully understand the risks in which they were involved clearly illustrates that banks and boards have a lot of work to do in the area of enterprise risk management."

Where to go from here—There are varying opinions on when the credit markets and the economy will begin to turn upward. Many executives (44%) polled in November said they did not expect the credit crisis to abate until 2010, although some (39%) believed it might bottom out by the second half of 2009, and 8% believed it would turn in 2011 or beyond. Federal Reserve Chairman Ben Bernanke has posited that some recovery should be noted in late 2009, with a larger turn in 2010; however many economists still believe that a longer time will be needed for recovery—until 2011, 2012, or later.

The TARP plan has provided the primary form of aid for financial institutions. As of March, the government had granted nearly $200 billion of the $250 billion in capital allocated for the TARP program, with a second phase of the program, TARP II, involving another $100 billion of aid for consumers and businesses, nearing completion. Many executives participating in the Bank Executive Survey believed these allocations to be a mere drop in the bucket: 41% thought last November that the bailout plan would eventually cost the Treasury Department more than $700 billion. Twenty-three percent believed the cost will total between $250 billion and $700 billion; 10% believed the government will end up making money; 7% thought the government would break even. At year-end 2008, nearly half (47%) of the executives responding to the survey told us they were interested in participating in the TARP Capital Purchase Program.

To gain insight on how regulators should alter their general guidelines to provide more stability, we asked bank executives what type of adjustments they felt should be implemented. More than half (52%) agreed that regulators should readjust the weightings of certain assets and credit exposures; fewer (36%) felt regulators should alter Tier 1 capital definitions. In a related question, 32% agreed and 52% disagreed that the FDIC should insure all bank deposits, instead of maintaining the current insurance cap of $250,000 per depository account. We also asked whether bankers felt loan pricing and terms should be modified to reflect the current environment. With regard to adjustable-rate mortgages (ARMs), an overwhelming number of bank executives (81%) believed that

> *"Banks receiving [TARP] funds must be prudent and accountable…If used properly, it will help many financial institutions survive during this difficult period."*
>
> **JERRY S. VON ROHR,** CHAIRMAN AND CEO, RELIANCE BANK, ST. LOUIS, MISSOURI

repricing ARMs would not have an adverse effect on loan losses in the coming year, despite the volatility some experts argue may occur as a result.

The impact of accounting—Accounting revisions have also been a hotly debated topic as a means to improve banks' balance sheets and the flow of credit. When we asked bank executives whether they believed fair value accounting was the most appropriate method for banks to use to recognize the value of their financial assets held for sale or trading in earnings, only 18% of bank executives agreed and 60% disagreed.

"The move toward more fair value information reporting is ultimately a positive one for investors," says Grant Thornton's Ziegelbauer. "FAS 157 was developed in response to investor demand for more consistent, higher quality information. However, application of fair value accounting becomes more difficult when liquidity in the market dries up. Some of the assets held by banks are not being traded actively, or are traded under distressed circumstances. Many banks feel that marking their assets to reflect such distressed sales exaggerates the size of asset writedowns and the resulting hits to bank regulatory capital."

The FASB has issued additional guidance related to how fair value accounting should be applied in situations where trades are occurring in inactive markets or under distressed circumstances and has made changes to the rules governing the timing and measurement of other-than-temporary impairment. In the survey, 15% of bank executives stated they planned to use the fair value option provided by SFAS 159 in accounting for selected assets or liabilities in 2009. Forty-one percent do not plan on using that option. Taken together, Ziegelbauer affirms that the changes to FAS 157 and FAS 159 are very important issues for the banking industry.

Lay of the land—Looking deeper into banks' performance measures, we asked bank executives to report on specific aspects of their loan portfolios (Figure 3). Nearly all areas reported significant changes in performance from previous years, with the largest jumps noted in the anticipated increase of delinquencies (78% anticipate an increase, compared to 53% who anticipated increases last year); commercial loan losses (66%, compared to 41% the year before); consumer loan losses (54%, compared to 27% last year); and residential loan losses (44%, compared to 28% last year). Moreover, bank executives anticipated upticks in foreclosures (59% compared to 41% in 2008), refinancings (35% compared to 25% in 2008), and credit card fraud for 2009 (48% compared to 43% the year before).

Anticipated lending portfolio changes for 2009 — 3. figure

	% Increase	% No change	% Decrease
Commercial loan demand	27	28	45
Commercial loan losses	66	30	4
Consumer loan demand	14	36	50
Consumer loan losses	54	42	4
Core deposits	52	35	13
Credit/payment card fraud losses	48	49	3
Customer refinancing of loans	35	54	11
Documentation fraud losses	17	76	7
Number of delinquencies	78	20	2
Number of foreclosures	59	36	5
Residential mortgage loan demand	18	36	46
Residential mortgage loan loses	44	50	6
Source of liquidity	16	61	23
Use of derivative instruments	8	60	32

Many bank executives believe the fault lies in the industry's willingness to loosen underwriting standards at a time when more discipline—not less—was needed. Thirty-two percent reported they planned to tighten their underwriting standards in the coming year; an equal number did not foresee tightening in 2009.

FUNDING THE BANK

Running a close second to credit and asset quality issues this year are bankers' concerns about how to generate adequate funding in a recessionary economy. While some observers have suggested that banks could see an increase in deposits as consumers move away from declining returns on mutual funds, a more likely scenario is that consumers will simply have fewer discretionary funds to deploy due to debt burden and rising unemployment, thus creating net deposit shrinkage. In addition, with securitization markets tightened or closed, liquidity is a primary concern.

Funding is a key issue, according to 44% of bank executives who responded that finding adequate resources is currently a challenge for their banks. Accordingly, nearly half (48%) reported that they expect core deposit balances to remain flat or decrease this year.

4. figure — Funding sources used and anticipated

	% Plan to use in 2009	% Used in 2008
Core deposits	94	95
FHLB advances	77	85
Brokered deposits	40	45
Loan sales	32	28
Issue preferred stock	18	4
Issue common equity	10	5
Issue trust-preferred securities	4	4
Sales/leaseback transactions	4	1

5. figure — Likelihood of going public within three years

Very likely	5%
Somewhat likely	11%
Not at all likely	84%

SOURCES FOR FUNDING

As a reaction to the current environment, 24% of bank executives reported they had already made significant changes to their capital plans. Looking ahead, as bankers aim to expand their funding base to support the extension of new credit in 2009, the Bank Executive Survey asked respondents which sources they would be more likely to tap and how those sources would be deployed. Ninety-four percent of executives expected core deposits to remain the most prevalent funding source for 2009, just as they have for the past four years of the Bank Executive Survey (Figure 4). These are closely followed in popularity by Federal Home Loan Bank advances (77%), also in line with previous years' results. The survey shows a slight dropoff in the number of bank executives who anticipate using brokered deposits this year (40% compared to 45% who used them in 2008), and a significant increase in the anticipated issuance of preferred stock (18% compared to only 4% who issued it in 2008). Another change noted this year is an increase in anticipated loan sales in 2009 reported by 32% of respondents, compared to that anticipated by bank executives in 2008 (24%) and what they actually used in 2008 (28%). Those who responded from larger institutions (35% compared to 30% from smaller banks) and those who were more optimistic about the national outlook for banking (33% compared to 29% pessimistic respondents) were also more likely to anticipate using loan sales as a funding vehicle in 2009.

In addition, and possibly as another solution for funding constraints, a relatively high percentage of nonpublic institutions (16%) said it was likely they would undergo a public offering in the next three years (Figure 5). Compared to years

past, a larger than expected percentage of private institutions (13% in 2009 compared to 11% last year) said such a scenario was likely, and 25% (compared to 22% in 2008) of mutuals answered in the affirmative.

For nonpublic banks, including mutuals, access to capital is limited, concedes Grant Thornton's Ziegelbauer. "Even though pricing for IPOs might not be that good right now, many banks will be evaluating going public in the next few years in order to capitalize on growth opportunities," he explains.

STRATEGIES FOR GROWTH AND SUCCESS

Countering the notion that all U.S. banks are underperforming is the fact that some actually may be better positioned in the months ahead.

In that vein, we asked this year's bank executives to rate key measures of loan activity within their current bases of business. Interestingly, when examining anticipated loan demand, this year's results show a distinct skewing toward the poles. That is, we found a higher number of executives anticipating both increases and decreases in consumer loans (14% anticipating increases and 50% expecting decreases, compared to 9% and 38%, respectively, in 2008), commercial loans (27% anticipating increases and 45% expecting decreases, compared to 19% and 32%, respectively, in 2008), and residential mortgage loans (18% anticipating increases and 46% expecting decreases, compared to 13% and 48%, respectively, in 2008). When we analyzed these findings by public, private, and mutual institutions, we saw no discernable correlation between ownership structure and loan demand, with the exception of mutual bank executive respondents, who clearly anticipate higher levels of residential mortgage loan demand when compared with other financial institutions.

> *"I don't think consumers should lose confidence in smaller and regional banks. We keep doing what we've always done: taking care of the customer."*
>
> **SCOTT DUESER,** CEO, FIRST FINANCIAL BANKSHARES, ABILENE, TEXAS

Mergers and acquisitions—In terms of strategic growth, most investment bankers believe 2009 will not likely see an increase in mergers or acquisitions, although many said it could be an opportune time for well-positioned banks to buy or to undergo a merger of equals in a mutually beneficial, no-premium transaction. According to the survey, 23% of bank executives (with a slightly higher percentage, 26%, of larger institutions) reported they would likely grow through the acquisition of another bank or financial services organization in 2009; 13% reported interest in pursuing a joint venture or affiliation with a related financial services company, such as a real estate company or brokerage firm (Figure 6).

Figure 6. Actions bank executives anticipate taking to grow/compete in the next 12 months

	%
Increase cross-selling efforts to current customers	80
Attract new customers with existing products and services	77
Expand presence on the Internet	38
Provide customers with mobile banking options	26
Acquire another bank or financial services organization	23
Expand market area through acquiring additional branches	22
Expand market area through building additional branches	20
Enter joint venture/affiliation	13
Sell or close branch(es)	13

Divestitures of branches or other assets may provide opportunities for other institutions. Thirteen percent of bank executives said they will likely sell or close branches in 2009; 22% told us they expect to expand their market by purchasing additional branches. Twenty percent anticipate expanding their market areas by building additional branches, although this percentage is drastically lower than what we've seen during the last four years of the study, when as many as 50% or

7 figure — High-risk concerns for 2009 (with 2008 comparisons)

	2009 % All	% Small	% Large	2008 % All	% Small	% Large
Credit risk	48	43	58	37	33	47
Interest rate risk	35	38	32	39	38	41
Portfolio/market risk	33	31	35	20	16	24
Reputational risk	18	17	21	21	19	24
Online security	17	16	19	41	39	45
Regulatory compliance	16	14	20	45	47	42
Operational risk	11	10	14	28	29	28
Legal risk/shareholder suits	2	2	3	5	5	4

more banks expected to build additional branches in the year to come.

Retail customers and delivery—In general, banks are concentrating the lion's share of their efforts on cross selling to current customers (80%) or attracting new customers with their existing products and services (77%). In a related question, 51% say they will be increasing their share of deposits in the marketplace as a reaction to the credit crisis and subsequent consolidation in the financial services industry.

Bankers also understand that to remain on the leading edge, they must keep abreast of future needs. Therefore, many banks are gearing their retail efforts toward capturing the so-called Y-Generation of customers—those who are contemplating banking services as they move into early adulthood. When our survey asked executives whether their institution had begun to take steps both internally and externally to meet the banking needs of this generation of customers, 85% answered affirmatively. For instance, about 34% of larger banks and 21% of smaller banks are taking steps to invest in mobile banking as a chief means to reach this group. Only 15% do not feel they are meeting future generations' needs.

RISK MANAGEMENT

It's an understatement to say that risk management will test the mettle of every bank executive and board member this year. Risks within the financial services industry are pervasive—credit portfolio risk, liquidity risk, regulatory risk, legal risk, market risk—each is nearly boundless, as the shadows cast by the current economic crisis continue to broaden. Being able to identify, analyze, measure, and mitigate those risks will remain a full-time job.

Hot spots of risk—Within the broad scope of risk management this year, certain areas are more worrisome than others. In an effort to ascertain which risks executives find most troublesome, the Bank Executive Survey asked respondents to rate the relative level of risk among eight categories. Credit risk far outstripped the other categories, with 48% of executives rating it as a high-risk area (Figure 7). This finding had a positive correlation with institution size: 58% of large banks rated credit risk as a high risk, compared to 43% of smaller banks. Behind credit risk were concerns about interest rate risk (rated by 35% as high risk) and portfolio risk (rated by 33% as high risk). In particular, concern about portfolio risk increased significantly compared to last year, when only one

in five (20%) bankers felt it was a high-risk category. Interestingly, concerns about online risk appeared to drop: 41% perceived it as a high risk last year, compared to 17% who rated it as such for 2009. Upon reflection, however, this may be due to the relative rise in attention to other areas, rather than to an actual diminishment of perceived online risk.

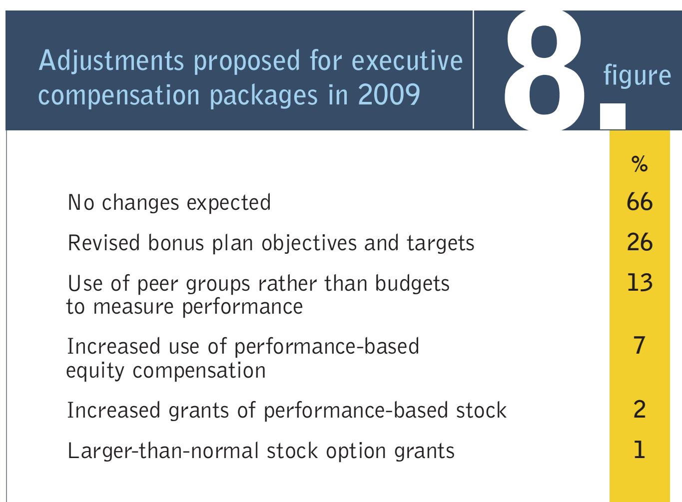
As a general overview, a greater percentage of large banks rated all risk categories higher compared to their small-bank counterparts. The one exception was interest rate risk, which, at 38%, compared to 32% for large banks, garnered a larger percentage of the higher risk rating among smaller institutions.

> *"[This year] it will be very difficult to balance the needs of customers and extend additional credit in light of regulatory pressure to maintain and improve credit quality."*
>
> **ROY L. HARMON JR.,** CEO, BANK OF TENNESSEE, JOHNSON CITY, TENNESSEE

EXECUTIVE COMPENSATION

The topic of executive compensation has reached a boiling point within the new political establishment. This February, in response to public outcry over bailout money being used for retention bonus payments, the Obama administration mandated a salary cap of $500,000 on executive pay for corporations receiving government assistance; almost immediately, a more stringent form of the cap appeared in the Senate version of the financial bailout bill. Title VII of the final legislation is even broader; it includes restrictions on compensation for all senior executive officers (any individual who is one of the top five most highly paid executives of a public company, as well as one of the top 20 highest-paid employees) and establishes incentive compensation caps according to a sliding scale related to the amount of TARP funding received. The act also outlines the provisions necessary for proxy disclosures related to senior officer compensation and a shareholder vote on executive pay. Thus, while not the primary intent of the legislation, the long-festering issue of executive compensation excesses became an easy target for political scrutiny, and, as such, its regulation became an extension for any party obtaining capital assistance.

To examine this topic more closely, we asked what changes or adjustments banks had proposed for executive compensation packages in 2009 in light of declining industry earnings. A little more than a quarter (26%) of the respondents said their banks had undergone revised bonus plan objectives and targets; 13% said they would use peer groups instead of budgets to measure performance. But by and large, two-thirds (66%) of banks did not expect to make any revisions to their executive plans (Figure 8). Yet of a list of compensation topics bank CEOs were asked to mark as high priorities, revisions to bonus and incentive plans garnered the largest share of responses (32%).



Adjustments proposed for executive compensation packages in 2009 — figure 8.

	%
No changes expected	66
Revised bonus plan objectives and targets	26
Use of peer groups rather than budgets to measure performance	13
Increased use of performance-based equity compensation	7
Increased grants of performance-based stock	2
Larger-than-normal stock option grants	1

"The impact of the new and emerging executive compensation and corporate governance rules will have a dramatic impact on how compensation plans are designed and pay is delivered," explains Henry Oehmann, Grant Thornton's director of National Executive Compensation Services, who says banks will continue to encounter

more apprehension over the impact that these limits, caps, and reporting requirements may have on other regulated and nonregulated industries. For banks that can afford to go outside of TARP for capital, it may be worth it to avoid the constraints of compliance, but for others, it will simply be part of the price paid to survive in the coming year.

> *"As a community bank, it is difficult to separate yourself from the image of the 'Wall Street banker' with salaries and bonuses on steroids."*
>
> **PATRICIA CLAUSEN,** CEO, NORTHSIDE COMMUNITY BANK, RIVERWOODS, ILLINOIS

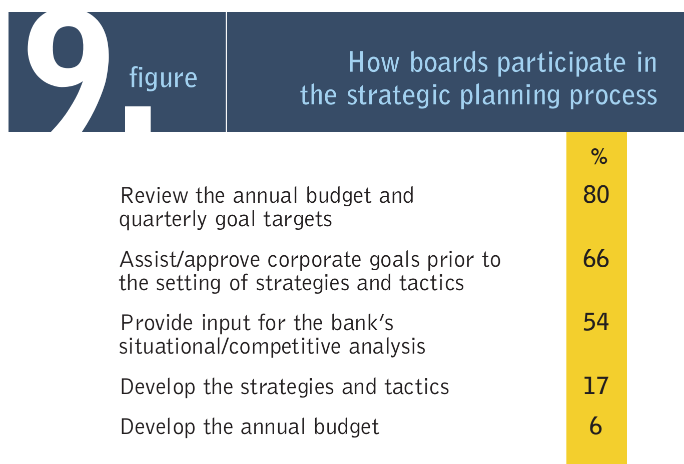
STRATEGIC PLANNING

Even when a bank is deflecting daily bullets, the importance of strategic planning cannot be overstated. It is specifically during times of crisis and volatility that the bank's experienced leaders must be able to look beyond the minutia and ensure the institution is following a well-thought-out blueprint to carry it successfully into the future.

When we asked executives how well they were handling strategic planning, 65% believed they are spending adequate time on the topic, while 30% said they are not spending enough time on it. Five percent said they are spending too much time on strategic planning.

"It is never acceptable for directors and officers to allow strategic planning to fall by the wayside," says *Bank Director*'s Kerstetter. "No matter what else is going on inside or outside the institution, the need for setting prudent corporate direction is one of the most important functions a board can perform."

The role of the board—In addition to ensuring the bank is spending adequate time on strategic planning, it is equally important to make sure time is spent on quality objectives and that such sessions involve all relevant directors and officers. For example, the vast majority of bank executives (92%) polled said they include their board in the strategic planning process and 8% don't do so. Of those, nearly 80% review the annual budget and quarterly goal targets; two-thirds (66%) assist or approve corporate goals prior to setting strategies and tactics; and a little more than half (54%) provide input for the bank's situational analysis. Only 6% help develop the annual budget, while 17% say their boards develops strategies and tactics (Figure 9). Although these findings demonstrate that the majority of boards are involved in these basic functions, there is room for many more to step up to the plate.



9. figure How boards participate in the strategic planning process

	%
Review the annual budget and quarterly goal targets	80
Assist/approve corporate goals prior to the setting of strategies and tactics	66
Provide input for the bank's situational/competitive analysis	54
Develop the strategies and tactics	17
Develop the annual budget	6

Planning for IFRS—One example of the need for forward thinking is in relation to the movement by the SEC (under its previous chair) to retire U.S. GAAP and adopt International Financial Reporting Standards (IFRS) by as early as 2014. In order to proactively plan for both domestic and international tax issues related to this conversion, a three- to five-year planning horizon that involves assessing an institution's tax function and business or legal structure may be needed. While IFRS is now the primary accounting standard used globally, the United States is one of the few countries that has not taken

aggressive steps to adopt it. Moreover, according to the Bank Executive Survey, IFRS is not resonating on many respondents' radars: Thirteen percent of the institutions surveyed do not expect IFRS to apply to their institutions, while nearly a third (28%) reported that IFRS is not yet a significant issue for their banks. More than half (51%) responded that they were not familiar with IFRS, and only 2% said they are prepared for the change to IFRS.

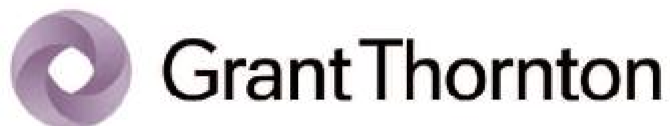
"While U.S. adoption of IFRS may be inevitable, it may not be catastrophic for banking institutions," says Dorsey Baskin, partner in the National Professional Standards Group for Grant Thornton. "Given the existing extent of convergence between applicable U.S. standards and IFRS and the ongoing efforts of the FASB and IASB to converge standards that remain out of sync, the full adoption of IFRS many years in the future could turn out to be more of a whimper than a bang."

SUMMARY

Overall, bankers are realistic about their prospects to operate profitably and see the industry grow and thrive in the coming year. Yet while they are much more pessimistic than in years past, they are far from defeated. Community bankers, in particular, have faith in the guiding principles that have kept their customers and communities strong for decades, and executives we spoke with are committed to retrenching and getting back to basics to survive the current firestorm around them. Building capital to strengthen each institution's foundation will be job one—even if, in some cases, it's attached to some level of governmental oversight and intervention. Just as important will be bankers' keen analysis of asset quality and keeping a firm hand on underwriting, especially at a time when political pressure will be applied to play a role in offering liquidity and support to the nation's economic stimulus plan.

ABOUT THE SURVEY

The 16th Bank Executive Survey presents a compilation of opinions of industry leaders on the current state and future direction of the industry. In early November 2008, *Bank Director* magazine mailed questionnaires to a national sample of approximately 3,000 chief executive officers and other senior officers of banks and savings institutions. A total of 339 completed questionnaires were returned for a response rate of 11.3%. Sixty-one percent of the respondents reported assets of less than $500 million, with 38% reporting assets greater than $500 million. More than one-third (33%) are publicly held, 55% are private corporations and 12% have mutual charters. Classified by primary federal regulators, 18% indicated the Federal Reserve; another 14% specified the Office of Thrift Supervision; 17%, the Office of the Comptroller of the Currency; and 51%, the FDIC. By region, the banks are headquartered in the Midwest (28%), the Northeast (19%), the Central states (19%), the Southeast (22%), and the West (12%). *Bank Director* and Grant Thornton LLP wish to thank the hundreds of bankers who participated in this year's study, which helps provide meaningful analysis and education for all bank executives and directors who receive this publication.



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