Compensation
Advisory Partners

Industry Report // 2025-2026

Regional Banks

Compensation Advisory Partners (CAP) analyzed executive compensation trends across 40 regional banks, focusing on 2025 CEO pay levels and compensation practices. The study examined three groups based on 2025 fiscal year-end asset size: “Small Banks” [$1B - $5B in assets (n=13)], “Medium Banks” [$5B - $10B in assets (n=14)] and “Large Banks” [$10B - $20B in assets (n=13)]. This report compares compensation levels and incentive plan design across the groups and highlights key developments shaping the banking industry in 2026.

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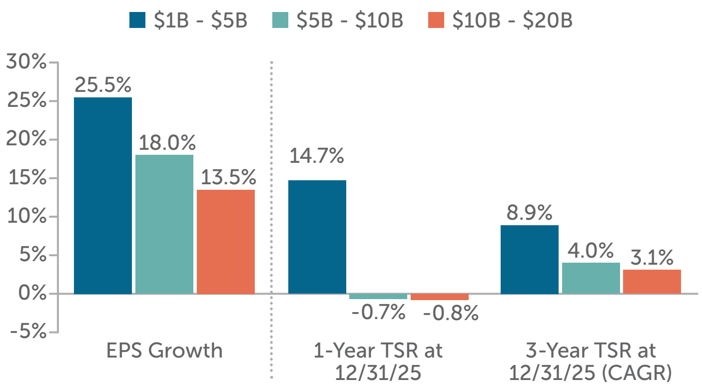
Key Takeaways

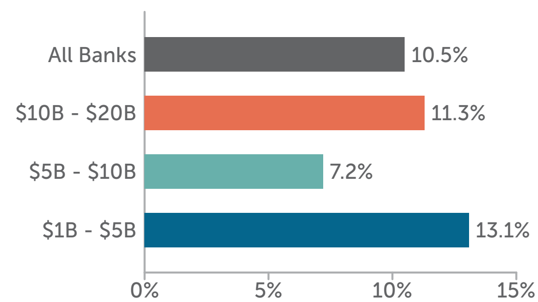
2025 Pay and Performance Outcomes

- Year-over-year bank financial performance improved across all asset sizes in 2025. 1-year Total Shareholder Return (TSR) was positive for the small banks only
- Total CEO compensation, at median, rose by an average of +11 percent across all asset groups, compared to a +15 percent increase in 2024
- Small banks experienced the largest increase in total pay (+13 percent), supported by strong year-over-year financial performance and 1-year TSR

EPS and TSR Performance (At Median) by Bank Size



Median Change in CEO Actual Total Direct Compensation (2024 vs. 2025)



Annual and Long-term Incentive Plan Metrics

- The most prevalent incentive plan metrics are included in the chart below
- Performance against individual goals is widely used with just under half the banks in our sample

Most Common Incentive Plan Metrics	
Annual Incentive Plan	**Long-term Incentive Plan**
Return on Assets (ROA)	Relative TSR
Efficiency Ratio	Return on Equity (ROE)
Asset Quality	ROA
Net Income	EPS

Special One-Time Awards

- Special one-time awards were granted by 15 percent of the full sample, consistent with 13 percent last year
- Three CEOs received special awards, ranging from $65K to $2.1M in total value. All other awards were granted to non-CEO named executive officers, ranging from $1.5K to $270K

Looking Ahead

- Regional banks entered 2026 from a stronger financial position, following improved earnings and profitability across much of the industry in 2025
- The 2026 outlook has strengthened as the year has progressed, with current analyst estimates for key financial measures generally above those from February 2026
- Nearly all banks are expected to improve performance versus 2025, and all banks in the sample have posted positive TSR through August 2026

2025 Pay and Performance Outcomes

Performance Results

In 2025, regional bank performance improved, supported by a more favorable operating environment. Profitability strengthened across a majority of the industry, with double-digit earnings growth from 2024.

Among all three asset groups, small banks delivered the strongest performance in 2025, with EPS, net income, pre-tax operating income and pre-provision net revenue (PPNR) growing at higher rates than at medium and large banks. Small banks also outperformed on 1- and 3-year TSR through December 31, 2025.

	Median Percent Change Year Ended December 31, 2025		
Metric	**Small Banks** ($1B - $5B Assets)	**Medium Banks** ($5B - $10B Assets)	**Large Banks** ($10B - $20B Assets)
EPS	25.5%	18.0%	13.5%
Net Income	22.0%	19.5%	15.3%
Pre-tax Operating Income	27.0%	21.3%	13.8%
Pre-Provision Net Revenue	28.3%	20.9%	16.1%
ROE	71 (bps)	88 (bps)	-4 (bps)
1-Year TSR at 12/31/25	14.7%	-0.7%	-0.8%
3-Year TSR at 12/31/25 *(CAGR)*	8.9%	4.0%	3.1%

Notes: CAGR = Compound Annual Growth Rate; bps = Basis points

***Source**: S&P Capital IQ Financial Database*

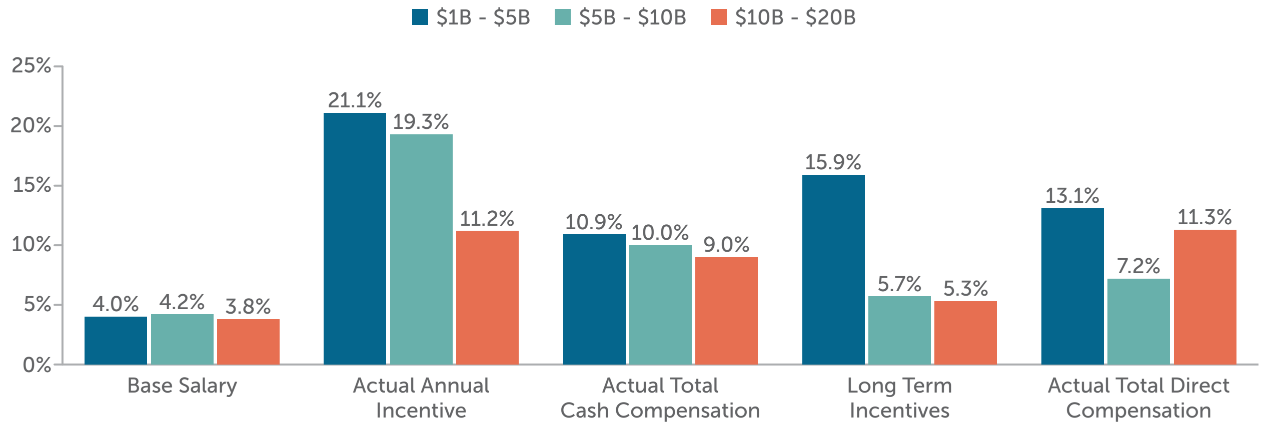
CEO Total Pay Changes

CEO actual total compensation[1] (base salary, annual incentive payouts, and long-term incentives) increased across all bank asset groups. Small banks recorded the largest increase (+13 percent), followed by large banks (+11 percent) and medium banks (+7 percent). While compensation continued to rise, growth moderated from the prior year, particularly among large banks, where the increase slowed from +22 percent to +11 percent. Growth also eased among medium banks, from +10 percent to +7 percent, while small bank growth was relatively unchanged (+14 percent to +13 percent).

Annual incentive payouts remained the primary driver of compensation growth, with double-digit increases across all three asset groups, supported by strong 2025 financial performance. Long-term incentive trends diverged by asset size: small banks posted a significant +16 percent increase, up from +4 percent last year, while growth among large banks slowed from +16 percent to +5 percent, reflecting a normalization in grant levels following stronger prior-year increases. Medium banks remained relatively steady at approximately +6 percent growth. Base salary increases were modest, with median increases of approximately +4 percent across all three asset groups.

1 For 2025, includes 2025 base salary, annual incentive payout based on 2025 performance and 2026 long-term incentive grants. For 2024, includes 2024 base salary, annual incentive payout based on 2024 performance and 2025 long-term incentive grants. Excludes companies where there was a change in CEO

Median Change in CEO Actual Compensation by Element (2024 vs. 2025)

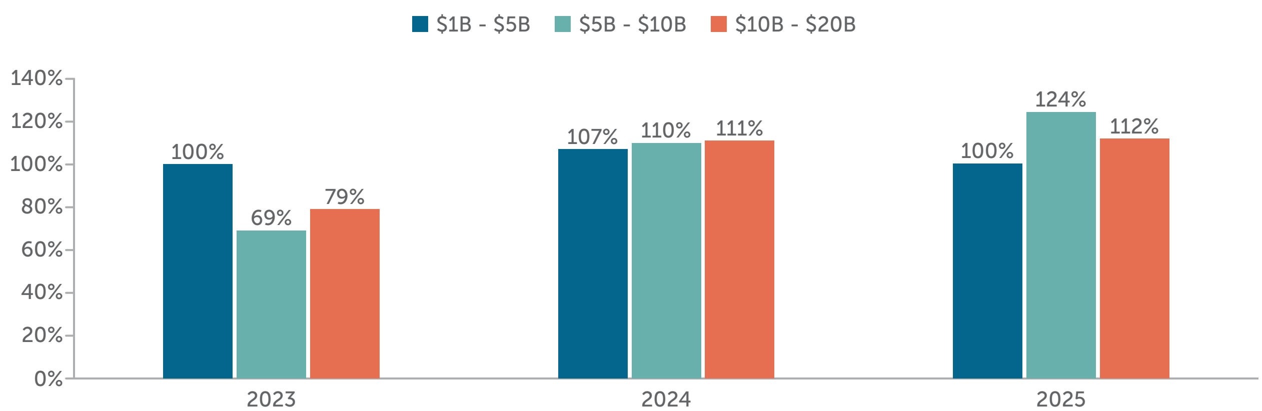


CEO Annual Incentive Payouts

In 2025, median CEO annual incentive payouts were at or above target across all three bank asset groups. Over two-thirds of the banks (70 percent of the total sample) paid above-target bonuses, up from 55 percent in 2024.

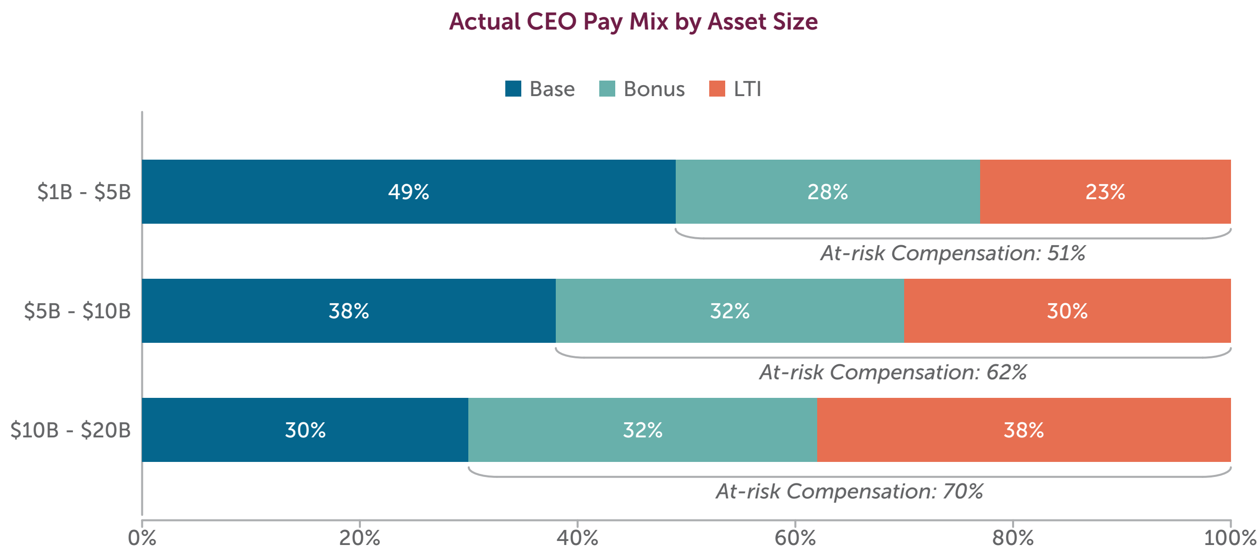
In the past three years, CEO annual incentive payout trends varied by asset size. Small banks, at median, consistently paid CEO annual incentive payouts at or above target across all three years. Medium and large banks experienced greater variability in payouts as a percentage of target over the past three years.

CEO Median Payout as Percent of Target



CEO Pay Mix

CEOs at the larger banks receive a greater portion of total compensation through at-risk or variable pay (i.e., annual or long-term incentives), while CEOs at smaller banks receive a larger portion through fixed compensation (i.e., base salary). Year-over-year, the proportion of at-risk compensation increased slightly at medium banks (from 59 percent to 62 percent), decreased modestly at small banks (from 53 percent to 51 percent) and remained the same at large banks (70 percent).



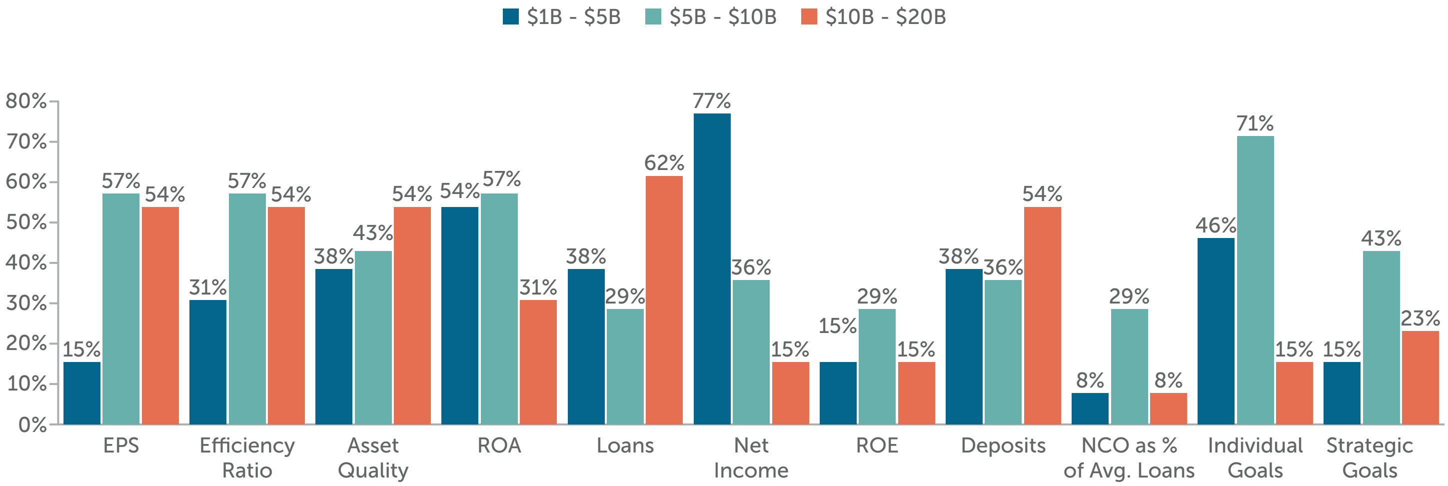
Pay Practices

Annual Incentive Plans

The most common annual incentive plan funding approach is "goal attainment," where actual financial performance is measured against pre-established targets set at the start of the fiscal year. The banks in our sample typically utilize several corporate metrics when determining their annual incentive payouts. Approximately 90 percent of the small, medium and large banks use three or more weighted financial metrics. ROA, Efficiency Ratio, Asset Quality, Net Income, Deposits, Loans, and EPS are among the most prevalent metrics used at these banks. Net Income remains the most prevalent metric among small banks, while medium and large banks more frequently use EPS and Efficiency Ratio, reflecting greater emphasis on shareholder returns and efficiency at larger institutions. Among the banks that use them, Earnings (EPS and Net Income) were typically weighted more (on average approximately 40 percent of the total plan) than Returns (ROA or ROE), Efficiency Ratio and Asset Quality metrics (approximately 15 to 25 percent of the total plan).

Individual goals are prevalent among all asset groups, providing accountability for executive-specific priorities beyond financial results. Banks in the sample predominantly incorporate individual performance as a standalone weighted metric (typically 20 percent weighting). When compared to the total sample, the medium and large banks are more likely to incorporate strategic goals, reflecting the greater complexity of their organizations and increased emphasis on areas such as risk management, customer experience, and relationship growth.

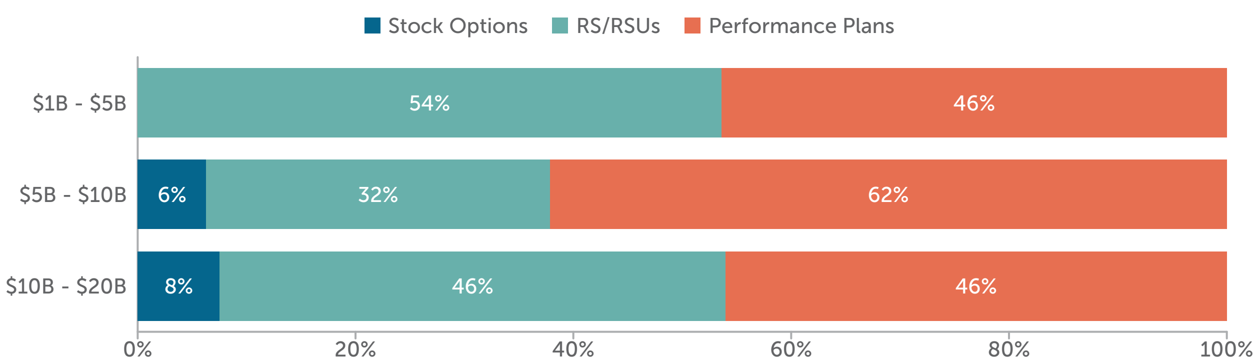
Annual Incentive Metric Prevalence by Asset Size



Long-term Incentive (LTI) Plans

The most common long-term incentives used across industries, including the banking industry, include stock options, time-vested stock [Restricted Stock (RS) or Restricted Stock Units (RSUs)] and performance-vested stock. Similar to the broader market, the banks in our sample use a portfolio approach for their LTI plans, with approximately 70 percent of these banks granting two or three LTI vehicles. The small and medium banks more frequently use a single LTI vehicle (35 percent, on average), and only two banks in the entire sample did not grant equity. The LTI mix among the three groups is consistent, with stock options continuing to be the least utilized equity vehicle, on average about 0 to 8 percent of the overall LTI mix. Time-based RS and performance-based awards, by contrast, are prevalent across banks of all sizes, with 65% of the total sample using both.

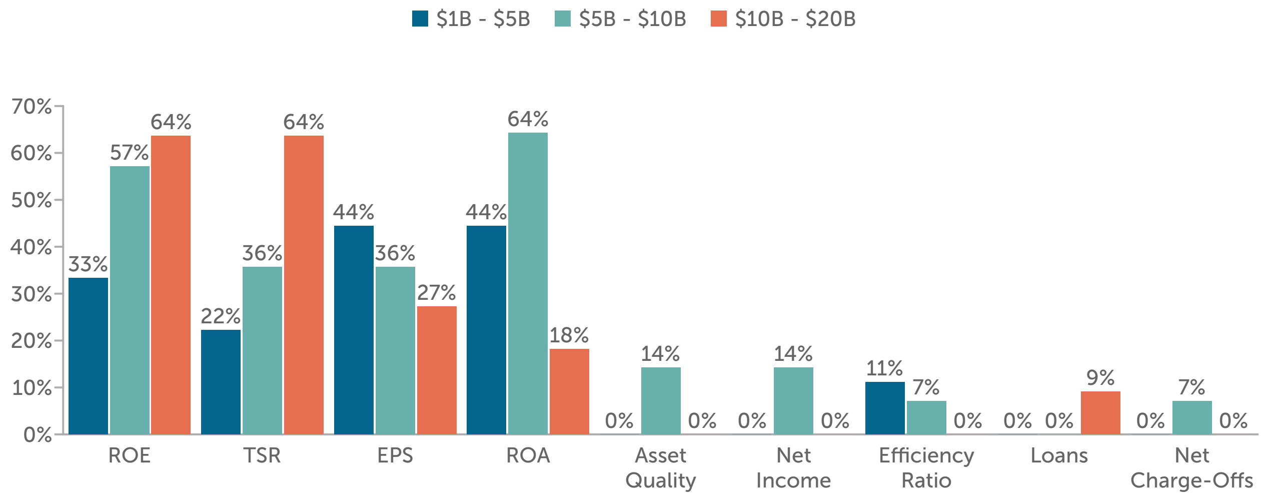
Average CEO LTI Mix by Asset Size



Performance-based awards are typically granted annually and have overlapping 3-year performance periods. Payouts can fluctuate based on achievement of performance measures, and the upside is normally limited to 150 to 200 percent of the target level. Approximately 80 percent of companies in each asset grouping (that utilize performance plans) measure performance against two to four metrics. The most prevalent metrics used are Returns, relative TSR and EPS for all three groupings, and it is common that two of these measures are paired together to determine all, or the majority of, the payout.

TSR is almost exclusively measured on a relative basis, often measured against either the company-defined peer group or an industry index. In our sample, relative TSR is used mostly as a weighted metric, and only 8 percent of all banks use it as a modifier of the calculated payout. Further, only 5 percent of all banks in the sample use absolute TSR as a cap on the calculated payout (e.g., limited to 100% of target if TSR is negative during the performance period). Other common relative metrics include ROE, ROA and EPS growth. Among the total sample, approximately 60 percent of banks use a relative measure other than TSR.

Performance Plan Metric Prevalence by Asset Size



Special One-Time Awards

Special one-time awards were granted by 15 percent of banks in the full sample, consistent with 13 percent last year. Award structures varied and included time-based RS or RSUs, cash payments, or a combination of the two. Notably, only one award was subject to performance-based conditions.

Three CEOs received an award in 2025, and values varied widely (from $65K to $2.1M). All other awards were granted to non-CEO named executive officers, ranging from $1.5K to $270K.

The rationale for granting these awards generally fell into three categories: recognition of exceptional leadership and performance in 2025, executive retention, and acknowledgement of contributions related to significant bank transactions (i.e., M&A activity).

Looking Ahead

Regional banks entered 2026 following improved financial performance in 2025. Earnings and profitability generally strengthened across the industry, while shareholder returns varied by bank size, with small banks delivering the strongest one-year TSR.

The outlook for 2026 has strengthened as the year has progressed. Compared with analyst estimates from February 2026, current estimates as of August 2026 are generally higher across key financial measures, indicating improved expectations for bank performance. All banks in the sample also have positive TSR through August 2026. Compared with 2025 actual results, expected year-over-year performance varies by bank, although nearly all are on track to improve across key financial measures.

Looking ahead, banks remain well positioned, although results will continue to vary based on each company's business mix, growth strategy and operating environment. For compensation committees, the focus will be on maintaining strong alignment between executive pay, company performance and shareholder returns, particularly following increases in CEO compensation across all three asset groups in 2025.

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Please contact us at (212) 921-9350 or info@capartners.com if you have any questions about the issues discussed above or would like to discuss your own executive compensation issues. You can access our website at www.capartners.com for more information on executive compensation.

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Regional Banks in CAP's Study *(n=40)*

Small Banks
($1B - $5B in assets)

- Bar Harbor Bankshares
- Capital City Bank Group, Inc.
- Community West Bancshares
- First Business Financial Services, Inc.
- First US Bancshares, Inc.
- LCNB Corp.
- MVB Financial Corp.
- National Bankshares, Inc.
- Oak Valley Bancorp
- Riverview Bancorp, Inc.
- SB Financial Group, Inc.
- Sierra Bancorp
- Union Bankshares, Inc.

Medium Banks
($5B - $10B in assets)

- 1st Source Corporation
- Amerant Bancorp Inc.
- Camden National Corporation
- CNB Financial Corporation
- Farmers National Banc Corp.
- German American Bancorp, Inc.
- Heritage Commerce Corp.
- Heritage Financial Corporation
- Independent Bank Corporation
- National Bank Holdings Corporation
- Park National Corporation
- Stock Yards Bancorp, Inc.
- Univest Financial Corporation
- Westamerica Bancorporation

Large Banks
($10B - $20B in assets)

- Banner Corporation
- Community Financial System, Inc.
- Eagle Bancorp, Inc.
- Enterprise Financial Services Corp.
- First Bancorp
- First Busey Corporation
- First Commonwealth Financial Corporation
- First Financial Bankshares, Inc.
- First Foundation Inc.
- First Merchants Corporation
- OFG Bancorp
- Seacoast Banking Corporation of Florida
- Trustmark Corporation