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Slate**

The logo for BALCH & BINGHAM LLP, with "BALCH" in a large, green, serif font and "& BINGHAM LLP" in a smaller, green, sans-serif font below it.

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The logo for BDS, featuring the letters "BDS" in a bold, black, sans-serif font, centered above a horizontal line.

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HIRING SIGNALS

**THE PENDULUM SWINGS
OUTWARD: EXTERNAL HIRING
RETURNS TO THE FORE**

After a first quarter that leaned inward, banks and credit unions looked to the market again – reaching outside their walls across nearly every major function.

2Q 2026 REPORT

Executive Summary

KEY SIGNALS

- **External hiring reasserted itself.** After the prior quarter's tilt toward promotion, the external hire rate climbed roughly 14 points to 58% of all filled roles; a decisive linked-quarter swing back toward the market.
- **Risk leadership went outside.** The external rate for chief risk roles jumped to more than 8 in 10, the sharpest single-quarter shift, as risk mandates broaden beyond credit and compliance.
- **Corner office opens up.** President/CEO hiring reached near-parity between internal and external candidates (about 52% internal), continuing a multi-quarter softening of the traditional promote-from-within default.
- **Ops flipped outward.** COO and operational leadership, the most internally filled category in 1Q26, moved sharply toward external, approaching parity.
- **The external surge broadened geographically.** The Midwest, West, and Southeast all posted double-digit jumps in external hiring, and the Northeast — 1Q26's most external region — held roughly flat, becoming the relative outlier

Executive hiring stayed active in the second quarter, but the direction of travel reversed.

Where the first quarter leaned toward promotion, the second quarter swung back toward the open market. It did so broadly, across function, region, and institution. The story was less about how much hiring occurred and more about where institutions chose to look for talent.

There was compression of the divide between “succession” and “capability” roles. In prior quarters, top-of-house transitions were filled predominantly from within, while specialized functions went external. This quarter, that boundary blurred: president/CEO roles moved toward an even split, COO roles tipped external, and risk leadership became one of the most externally sourced categories. Institutions are still buying specialized expertise, but they're increasingly willing to buy leadership and control functions, too.

The Midwest, West, and Southeast moved sharply outward, suggesting a market-wide shift rather than a regional phenomenon. The Northeast, which led external hiring in the first quarter, was the sole region that did not accelerate, a reminder that dense local talent pools can still be filled closer to home.

Talent mobility was noteworthy, with roughly six in ten out-of-market hires crossing state lines. Business development and specialized functions traveled farthest; top-of-house searches were filled comparatively closer to home — a sign that boards can find credible external leadership within their own regions.

THE BOTTOM LINE

A dual-track strategy still holds, but banks and credit unions reached more outside their walls more often for leadership roles. The question for boards is no longer whether to promote or hire; it is how deliberately they're managing a market that has tilted back toward the outside candidate.

METHODOLOGY

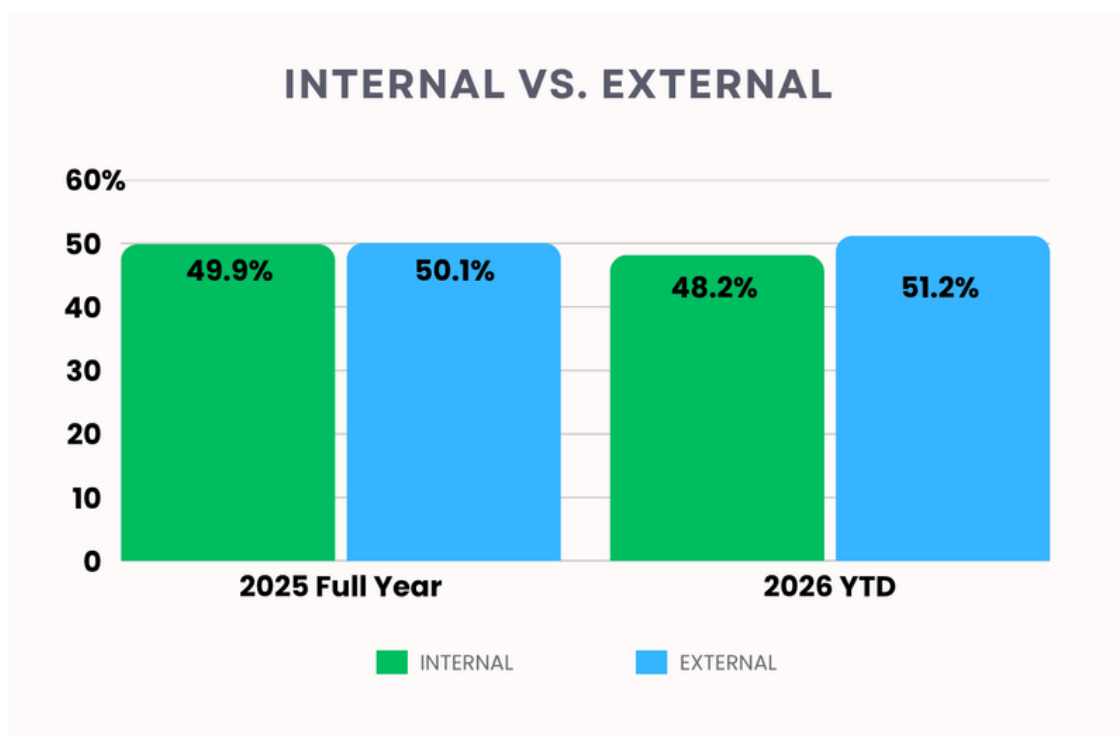
Our report tracked more than 300 hires and promotions at banks and credit unions, focusing on the director/SVP level and above. Each move was classified by function, institution, geography, institution size, and internal vs. external sourcing. Prior-employer location data was used to estimate if a vacancy was filled from within or outside a hiring institution's home state, providing a view into executive mobility.

Our dataset has expanded meaningfully as collection has deepened, so volume growth partly reflects more complete tracking vs. more hiring. This report emphasizes rates and shifts as the primary signal. We treat raw counts as context rather than trend.

Where useful, findings were compared with prior quarters to isolate directional shifts from seasonality. Historically, second quarters tend to run somewhat higher on external hiring than first quarters; the shifts described here exceed what seasonality alone would predict.

Section 1: Promotion vs. Recruitment

Executive hiring swung back toward an external market. Outside hires made up roughly 58% of all filled roles this quarter, up from 44% in 1Q26. The pendulum that had moved toward internal promotion earlier in the year decisively reversed direction. This isn't a story of institutions abandoning their benches; rather, it suggests that where succession was not immediately ready, boards and management teams were willing to test the market rather than wait.



HIRING SIGNAL

The market swung back outward, and credit unions moved with it. The inward focus of the first quarter looks, in hindsight, like a pause rather than a trend.

Section 2: Hiring by Function

The headline internal/external balance masks sharper differences by role. This quarter, nearly every major function moved toward external hiring, but the magnitude of the move varied dramatically, revealing where urgency is highest and where continuity still carries weight.

Function	2Q26 External	1Q26 External	Shift
Tech/Digital	85%	73%	+12 pts
Risk	83%	44%	+39 pts
Credit	77%	62%	+15 pts
Finance/Accounting	70%	58%	+12 pts
President/CEO/COO	50%	30%	+20 pts
People / HR	50%	50%	0 pts

Tech/Digital — 85% external

The ops/tech flip we called the defining function-level story of the first quarter intensified, with technology and digital leadership remaining the most externally sourced function. Institutions continue to recruit transformation leadership rather than promote it, reinforcing that the internal bench for modern technology and data leadership remains thin across much of the industry.

Risk — 83% external

The sharpest move belongs to risk leadership, with chief risk roles jumping to more than 80% external. Rob O'Halloran of BDS Yarmouth & Choate believes the surge reflects how much broader the role has become: risk leaders are now expected to cover areas such as third-party risk, cybersecurity/fraud, operational resilience, liquidity, and capital. Many institutions lack someone in-house who has expertise in all of those areas, so going outside can be more practical than building within. Retirements, credit concerns, and balance-sheet pressure likely added to the trend.

Credit — 77% external

Chief credit officers were recruited externally at a high rate this quarter. Boards increasingly treat credit expertise as an acquirable capability amid a demanding rate and portfolio environment. Lending and commercial roles moved the other way, staying majority-internal, a reminder that not all 'credit' functions behave alike. Finance and accounting roles showed a similar external pull to credit leadership.

People/HR — 50% external

Human-resources leadership sat at an even split this quarter, neither strongly promoted nor strongly recruited. The sample is small and should be read with caution, but HR shows none of the decisive external pull seen in risk, technology, and finance.

HIRING SIGNAL

Risk joined technology as a bought-not-built function. If your institution still assumes risk and control leadership will come from within, the market is signaling otherwise.

Section 3a: President and/or CEO — A Closer Look

Corner office leadership accounted for roughly 30% of all tracked hires, making president and/or CEO the biggest category by a wide margin and warranting dedicated analysis. What changed this quarter is not the volume of the category but the sourcing behind it.



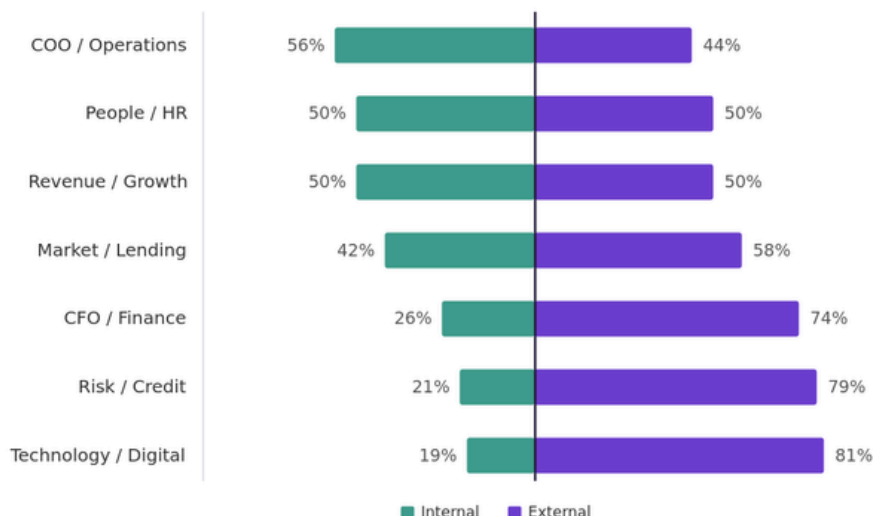
- **The internal preference softened**, with external hiring rising to 48% this quarter from 36% a year earlier. Boards are no longer defaulting to internal succession for the corner office — the split is now close to even.
- **By institution type**: Banks filled roughly half of president and/or CEO roles internally, while credit unions remained more continuity-oriented at about 69% internal. Each still values continuity at the top, but banks have moved appreciably closer to a market default.
- **By size**: Nearly all top-of-house hiring occurred at institutions with less than \$20 billion in assets, underscoring that community banks and smaller credit unions continue to drive the leadership-transition cycle.
- **Regional patterns**: The Southeast led president and/or CEO activity this quarter, followed by the Northeast and Midwest, with Texas alone posting the most moves of any state; a shift in the geographic center of leadership turnover relative to the Midwest-heavy first quarter.
- **Relocation**: external president and/or CEO searches were filled closer to home, with the out-of-state rate falling to roughly 43% from about 63% in the prior quarter. Boards appear to be finding credible external leadership within their own regions — a meaningful change from the national-search pattern of the prior quarter.

HIRING SIGNAL

The strategic caution we raised in the first quarter still applies. As boards open the corner office to outsiders, the discipline shifts from “is our internal successor ready?” to “are we running a credible, benchmarked search?” An even split between internal and external is healthy if both paths are deliberate rather than default.

Section 3b: Other Roles in Demand

EXTERNAL HIRE RATE BY ROLE GROUP



Market Leadership/Lending: 58% external

Focused on business development. Chief lending officers, market presidents, commercial heads, and chief banking officers tipped external. Institutions are recruiting revenue-generating leadership more than they did earlier in the year.

Technology/Digital: 81% external

These roles are the most externally sourced; the tilt intensified this quarter. Many banks and credit unions lack a deep bench for digital transformation, data strategy, and modern tech leadership, pushing them to the market for executives who can accelerate change.

Risk/Credit: 79% external

The sharpest shift, moving from near-parity in 1Q26 to heavily external. What we described last quarter as a split personality within the function — credit skewing one way, risk the other — gave way to a decisive external turn, as capabilities are viewed as acquirable.

CFO/Finance: 74% external

Finance leadership continued to lean into the market, up from a near-even split in 1Q26. This points to sustained demand for balance-sheet sophistication, capital-markets expertise, and fresh approaches to performance management that institutions are opting to buy vs. build.

COO/Operations: 44% external

Ops remained the group most likely to be filled internally, but the internal edge narrowed from 1Q26. There's value in institutional knowledge in operational leadership, where familiarity with internal processes, people, and execution risk matters as much as outside expertise — but the gap is closing.

Other Executive Roles: 50% external

Chief revenue officers, growth roles, and deposit officers were evenly split, compared to a more external profile in 1Q26. Demand for top-line leadership remains, but this quarter institutions were as likely to promote it as to recruit it.

HIRING SIGNAL

Outside talent now drives the roles tied to risk, finance, and digital transformation — sourced externally at rates near or above 75%. Operations remains the last stronghold of internal continuity, though even there the internal edge is narrowing. Banks and credit unions are importing capability where demands change fastest and defending continuity in fewer places than before.

Section 4: Geographic Patterns

In the second quarter, the regional story was one of convergence. The pull toward external candidates strengthened almost everywhere, narrowing regional differences that stood out in the prior period.

MIDWEST External surge leader. Succession is active, but more roles filled from outside	NORTHEAST Most internal. Deep local talent; hires closer to home	SOUTHEAST Highest volume. Led CEO/president activity.	WEST Most external. Strong importer of out-of-state talent.
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The quarter's most visible signal was a reversal of regional leadership trends.

The Northeast had the highest external hire rate in the first quarter, while the Midwest was the succession-heavy, promote-from-within region. Those positions swapped in the latest quarter: the Midwest and West had the largest external swings and now sit at the top of the external range, while the Northeast did not accelerate. Dense Northeastern talent markets appear able to let institutions fill vacancies closer to home, muting a pull toward outside candidates that reshaped the rest of the country.

The Southeast again led on volume and had the most balanced functional mix, while carrying the heaviest concentration of top-of-house activity. The West remained the most capability-driven region, with leadership and specialized roles dominating its mix.

Taken together, the data describes a hiring landscape where the external tilt is now broadly shared, even as the underlying reasons — succession in some regions, capability in others — still differ.

Region	Share of Hires	External Rate	Shift vs. 1Q26
Southeast	33%	60%	+18 pts
Northeast	26%	47%	-2 pts
Midwest	24%	64%	+22 pts
West	16%	65%	+20 pts

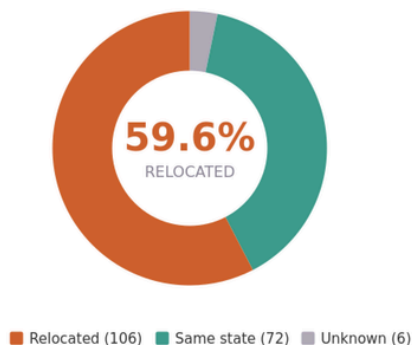
HIRING SIGNAL

Geography is a strategic variable. Institutions in dense, high-turnover markets can often recycle talent locally by hiring, while those in more rural markets either need to promote from within or widen their search parameters.

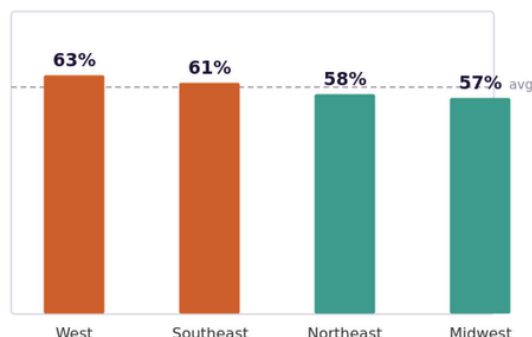
Section 5: Talent Mobility and Relocation

Among external hires with usable prior-location data, roughly 60% crossed state lines to start new roles — up from about 52% in the prior quarter. Relocation remains a central, and slightly intensifying, feature of external searches. The rate varies sharply by role and institution size.

EXTERNAL HIRE RELOCATION RATE



RELOCATION RATE BY REGION



By function: Business development and specialized functions traveled farthest, with roughly 75% of external hires crossing state lines. President/CEO searches were filled comparatively locally this quarter — around 43%, down sharply from 63% a quarter earlier. The top job became less of a national search and more of a regional one.

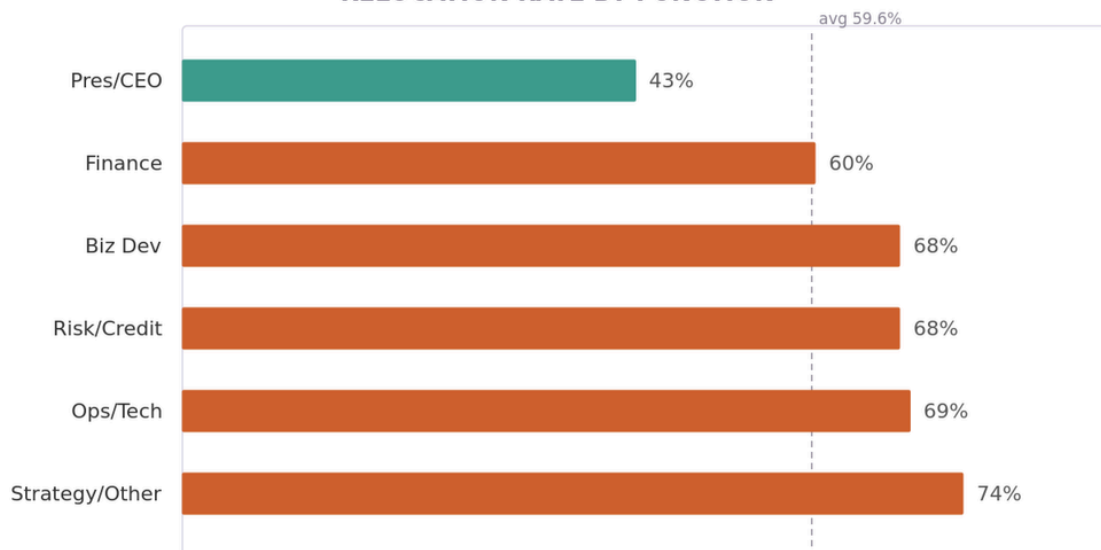
By size: A clear gradient held. Midsize institutions relocated a large majority of external hires (roughly 80%+), while smaller ones moved closer to half. Larger institutions, with only a handful of external hires, again offer too small a sample to generalize.

By region: The West and Southeast were the strongest net importers of talent, while the Midwest and Northeast leaned somewhat more local.

HIRING SIGNAL

Widening a search to “external” no longer automatically means widening it to “national.” For institutions designing CEO searches, that is a meaningful planning input.

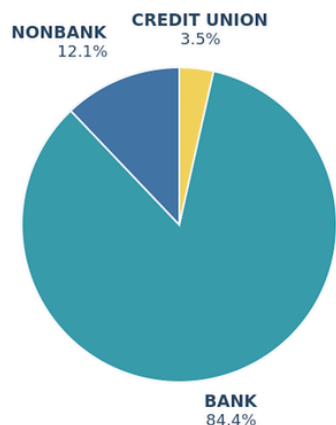
RELOCATION RATE BY FUNCTION



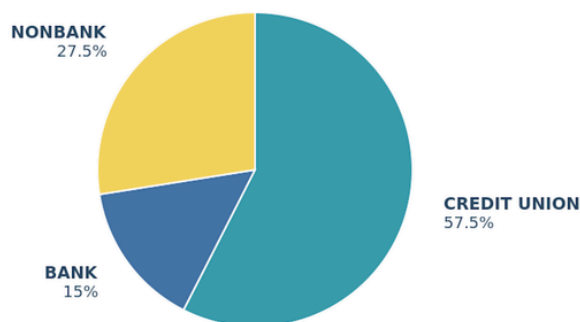
Section 6: Previous Employer Trends

Examining external hires with identifiable prior employers, the market remained rooted in traditional financial-services sources — though nonbank talent continued to play a substantial, structural role rather than an occasional one.

EXTERNAL HIRES TO BANKS



EXTERNAL HIRES TO CREDIT UNIONS



When banks recruited, the pattern was overwhelmingly peer-to-peer: roughly 84% of external bank hires came from other banks. Nonbank sourcing — consulting and accounting firms, fintechs, and payments companies — accounted for 12% this quarter, down from roughly a third in 1Q26. Banks leaned much more heavily on the industry's own ranks, a notable reversal worth watching in the second half.

Credit unions also had diversified sourcing. Roughly 57% of external hires came from other credit unions, preserving a strong within-sector pipeline. Of the remainder, nonbank employers (about 28%) outweighed banks (about 15%) — credit unions were more likely to look to adjacent industries than to banks when hiring outside their sector.

HIRING SIGNAL

This quarter, hiring turned back toward the industry's own ranks — banks especially leaned on peer institutions. Nonbank talent still matters, more so for credit unions than banks, but the peer-to-peer pipeline reasserted itself as the market's backbone. Watch whether nonbank sourcing rebuilds in the second half.

Section 7: What's Different in YTD25 vs. YTD26

Looking at midyear trends, the most striking finding is how little the headline moved even as the underlying behavior shifted. Across the first half of each year, the overall external hire rate barely changed — roughly 51% external in YTD25 and YTD26. On the surface, the market looks unchanged. Underneath, it is anything but.

Stability is an average of opposites

The flat YTD figure conceals a pronounced intra-year swing: 1Q leaned internal, but 2Q swung firmly external. The quarters largely cancel out in the YTD average. The lesson is to watch the trajectory, not the annual midpoint. The market was more volatile quarter-to-quarter.

Section 7: What's Different in YTD25 vs. YTD26 (continued)

Finance deepened its external tilt year-over-year

Comparing midyear data, finance and accounting leadership became meaningfully more external, rising roughly 8 points year over year. This is a clear structural shift in the data, consistent with sustained demand for balance-sheet and capital-markets sophistication.

Top-of-house openness rose on a YTD basis

President, CEO, and COO roles were modestly more external year-to-date than in 2025, extending an ongoing softening of internal-succession default. The change is gradual on a YTD basis but consistent in direction; the slow structural drift that compounds over time.

Is Your Institution Ready? A Board Self-Assessment

Our report's data benchmarks where the market is moving. A harder question is where your institution stands relative to it. Consider:

- Do you have at least two credible, deliberately developed internal candidates for your next CEO or president transition — or are you operating on assumption?
- For roles in tech, finance, and growth, is your candidate pool broad enough to include nonbank talent, or do you fish in the same pond as everyone else in your market?
- Do you know your relocation constraints before a search begins, or do you discover them mid-process when the best candidates have already moved on?
- When you last filled a C-suite role internally, was the candidate developed for the role or simply the most trusted person available?

If any of these questions are uncomfortable to answer, that's *your* signal. The institutions best positioned to win aren't waiting for a vacancy to start thinking about talent strategy.

Conclusion and Strategic Recommendations

The second quarter looked, on the surface, like a return to the external market. Underneath, it is better understood as a compression of the buy-versus-build divide that has organized this report since its inception. Functions that were once reliably internal, such as operations, risk, and increasingly the corner office, moved toward the market this quarter, while the functions that were already external stayed there. For boards and management teams planning the second half of 2026, several implications follow.

Treat succession as a search, not a promotion

With president/CEO hiring now near an even split between internal and external, the discipline that matters is running a credible, benchmarked process regardless of which candidate wins. Internal succession reduces onboarding risk only when the pipeline is built with intention; a default promotion carries hidden risk. Maintain an external slate even if you expect to promote.

Extend continuity planning to risk and operations

The quarter's biggest surprises — risk/COO roles tilting external — are a warning to boards relying on internal benches in control and execution functions. Where these turn over, boards are increasingly going outside. Build regional pipelines for risk and operations before vacancies arise, or be prepared to compete in an external market that now includes these roles.

Design searches around role-specific mobility

Mobility is real but uneven. Business development and specialized functions travel far; top-of-house searches were won closer to home this quarter. Set on-site and relocation expectations early, and calibrate the geographic net to the role — wide for capability and specialized roles, potentially narrower and more regional for leadership than the prior quarter suggested.

Keep the candidate definition broad

Nonbank sourcing is a standing feature. For tech, finance, risk, and growth roles, deliberately include leaders from fintech, payments, consulting, and analytics-heavy sectors. Broader sourcing expands optionality without lowering standards. Nonbank hiring cooled for banks even as it held for credit unions, but keeping the aperture open positions you for when the right candidate sits outside traditional banking.

Watch the credit union convergence

Credit unions moved meaningfully to the external market, narrowing a long-standing internal orientation relative to banks. Whether this is a durable shift or a one-quarter move is one of the most important open questions heading into the second half. Credit unions should ask whether their pipelines are keeping pace with a sector that is testing the market more than before.

BOTTOM LINE

Protect continuity where governance and culture matter most, but recognize that the list of places worth defending is shrinking. Banks and credit unions are reaching outside their walls for leadership, risk, and ops as readily as for tech and finance. The winners are those that treat every vacancy as a live market question — building benches with intention, defining “qualified” broadly, and designing searches around the realistic mobility of each role.

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