

2023 Bank M&A Survey



*Exclusive Full Report:
Bank Services Members*

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EXECUTIVE SUMMARY

Year after year, Bank Director's annual M&A surveys find a wide disparity between the executives and board members who want to acquire a bank and those willing to sell one. That divide appears to have widened in 2022, with the number of announced deals dropping to 130 as of Oct. 12, according to S&P Global Market Intelligence. That contrasts sharply with 206 transactions announced in 2021 and an average of roughly 258 annually in the five years before the onset of the pandemic in 2020.

Prospective buyers, it seems, are having a tough time making the M&A math work these days. And prospective sellers express a preference for continued independence if they can't garner the price they feel their owners deserve in a deal.

Bank Director's 2023 Bank M&A Survey, sponsored by Crowe LLP, finds that acquisitions are still part of the long-term strategy for most institutions, with responding directors and senior executives continuing to point to scale and geographic expansion as the primary drivers for M&A. Of these prospective buyers, 39% believe their bank is likely to acquire another financial institution by the end of 2023, down from 48% in last year's survey who believed they could make a deal by the end of 2022.

"Our stock valuation makes us a very competitive buyer; however, you can only buy what is for sale," writes the independent chair of a publicly-traded, Northeastern bank. "With the current regulatory environment and risks related to rising interest rates and recession, we believe more banks without scale will decide to sell but the old adage still applies: 'banks are sold, not bought.'"

Less than half of respondents to the survey, which was conducted in September, say their board and management team would be open to selling the bank over the next five years. Many point to being closely held, or think that their shareholders and communities would be better served if the bank continues as an independent entity. "We obviously would exercise our fiduciary responsibilities to our shareholders, but we feel strongly about remaining a locally owned and managed community bank," writes the CEO of a small private bank below \$500 million in assets.

And there's a significant mismatch on price that prohibits deals from getting done. Forty-three percent of prospective buyers indicate they'd pay 1.5 times tangible book value for a target meeting their acquisition strategy; 22% would pay more. Of respondents indicating they'd be open to selling their institution, 70% would seek a price above that number.

Losses in bank security portfolios during the second and third quarters have affected that divide, as sellers don't want to take a lower price for a temporary loss. But the fact remains that buyers paid a median 1.55 times tangible book in 2022, based on S&P data through Oct. 12, and a median 1.53 times book in 2021.

KEY FINDINGS

➔ Focus On Deposits

Reflecting the rising rate environment, 58% of prospective acquirers point to an attractive deposit base as a top target attribute, up significantly from 36% last year. Acquirers also value a complementary culture (57%), locations in growing markets (51%), efficiency gains (51%), talented lenders and lending teams (46%), and demonstrated loan growth (44%). Suitable targets appear tough to find for prospective acquirers: Just one-third indicate that there are a sufficient number of targets to drive their growth strategy.

➔ Why Sell?

Of respondents open to selling their institution, 42% point to an inability to provide a competitive return to shareholders as a factor that could drive a sale in the next five years. Thirty-eight percent cite CEO and senior management succession.

➔ Retaining Talent

When asked about integrating an acquisition, respondents point to concerns about people. Eighty-one percent worry about effectively integrating two cultures, and 68% express concerns about retaining key staff. Technology integration is also a key concern for prospective buyers. Worries about talent become even more apparent when respondents are asked about acquiring staff as a result of in-market consolidation: 47% say their bank actively recruits talent from merged organizations, and another 39% are open to acquiring dissatisfied employees in the wake of a deal.

➔ Economic Anxiety

Two-thirds believe the U.S. is in a recession, but just 30% believe their local markets are experiencing a downturn. Looking ahead to 2023, bankers overall have a pessimistic outlook for the country's prospects, with 59% expecting a recessionary environment.

➔ Technology Deals

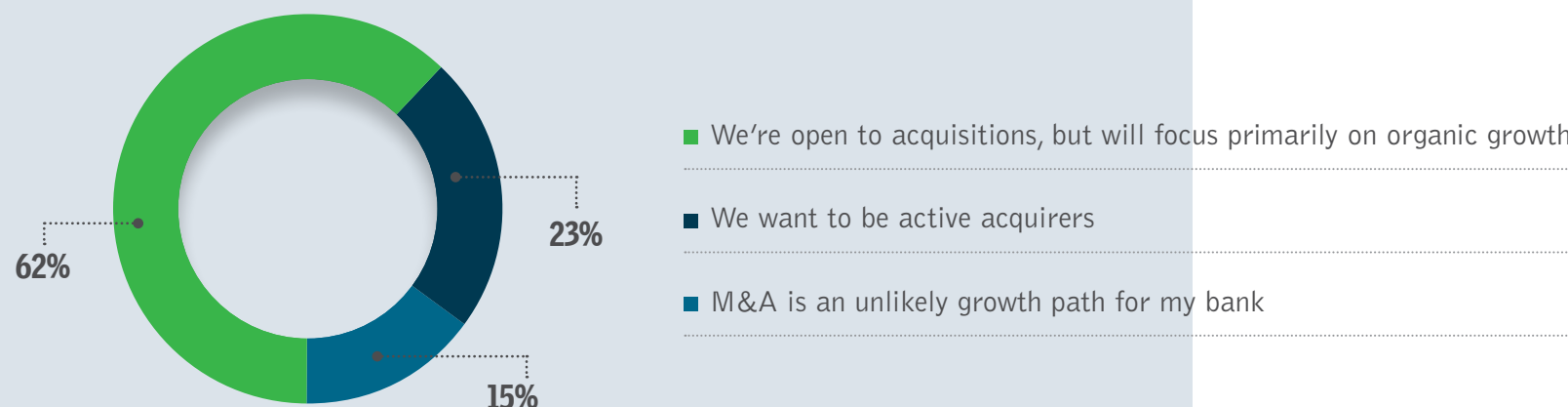
Interest in investing in or acquiring fintechs remains low compared to past surveys. Just 15% say their bank indirectly invested in these companies through one or more venture capital funds in 2021-22. Fewer (1%) acquired a technology company during that time, while 16% believe they could acquire a technology firm by the end of 2023. Eighty-one percent of those banks investing in tech say they want to gain a better understanding of the space; less than half point to financial returns, specific technology improvements or the addition of new revenue streams. Just one-third of these investors believe their investment has achieved its overall goals; 47% are unsure.

➔ Capital To Fuel Growth

Most prospective buyers (85%) feel confident that their bank has adequate access to capital to drive its growth. However, one-third of potential public acquirers believe the valuation of their stock would not be attractive enough to acquire another institution.

ACQUISITION PLANS

1. How would you characterize your bank's growth strategy over the next five years?



Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M-\$1B	\$250M-\$500M	<\$250M	Total
We're open to acquisitions, but will focus primarily on organic growth	50%	55%	69%	62%	68%	53%	62%
We want to be active acquirers	30%	40%	24%	23%	15%	17%	23%
M&A is an unlikely growth path for my bank	20%	5%	8%	15%	18%	30%	15%

Ownership Structure	Public	Private	Mutual	Total
We're open to acquisitions, but will focus primarily on organic growth	58%	63%	77%	62%
We want to be active acquirers	31%	18%	12%	23%
M&A is an unlikely growth path for my bank	10%	19%	12%	15%

2. What are the two primary factors that make M&A an important piece of your bank's growth strategy?

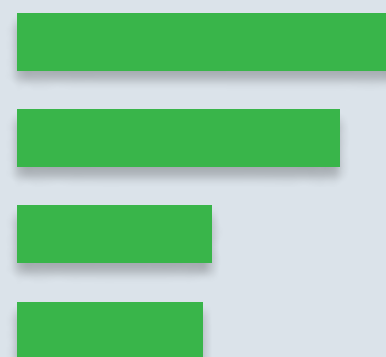
Respondents were asked to select no more than two options. Question only asked of those who describe their bank as an active acquirer or open to acquisitions.

45% Scale to drive technology and other investments

38% Geographic expansion

23% New business lines/revenue opportunities

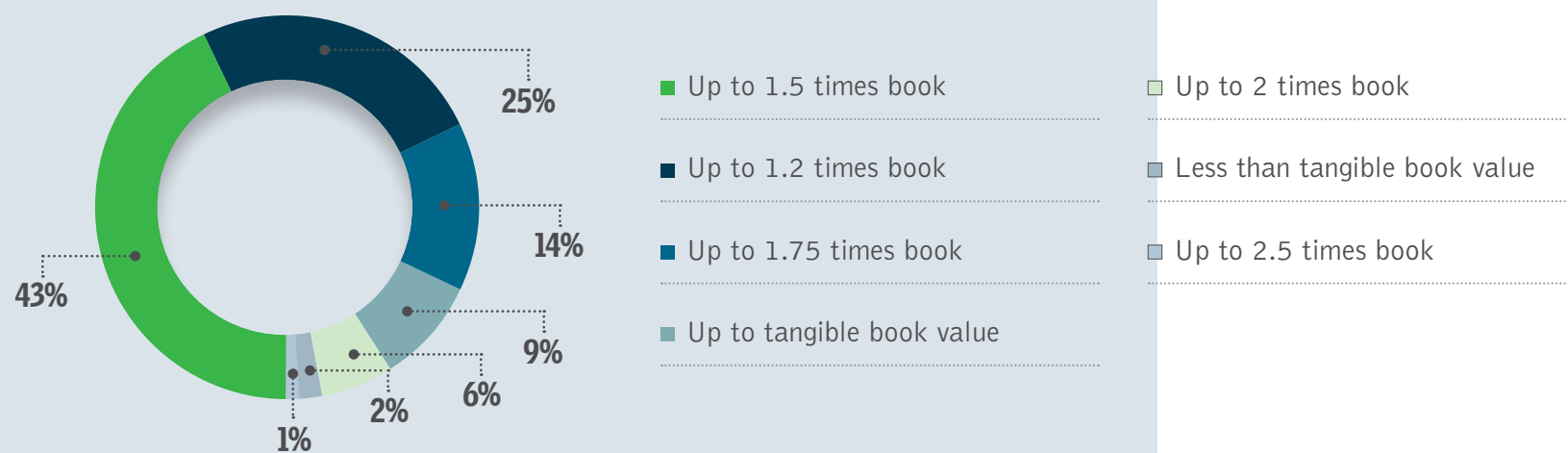
22% Customer acquisition



Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M-\$1B	\$250M-\$500M	<\$250M	Total
Scale to drive technology and other investments	44%	37%	47%	42%	54%	43%	45%
Geographic expansion	50%	47%	36%	44%	39%	14%	38%
New business lines/revenue opportunities	25%	26%	21%	22%	25%	24%	23%
Customer acquisition	25%	32%	24%	13%	18%	29%	22%
Adding a low-cost deposit base	25%	16%	26%	18%	18%	19%	21%
Cost savings	19%	16%	15%	24%	21%	14%	18%
Talent acquisition	6%	11%	16%	13%	11%	19%	14%
Pressures on profitability tied to the economic environment and similar factors	6%	-	10%	11%	7%	24%	10%
Loan portfolio diversification	-	16%	5%	2%	4%	14%	6%

3. At most, how much would you be willing to pay today to acquire another institution that meets your target acquisition strategy?

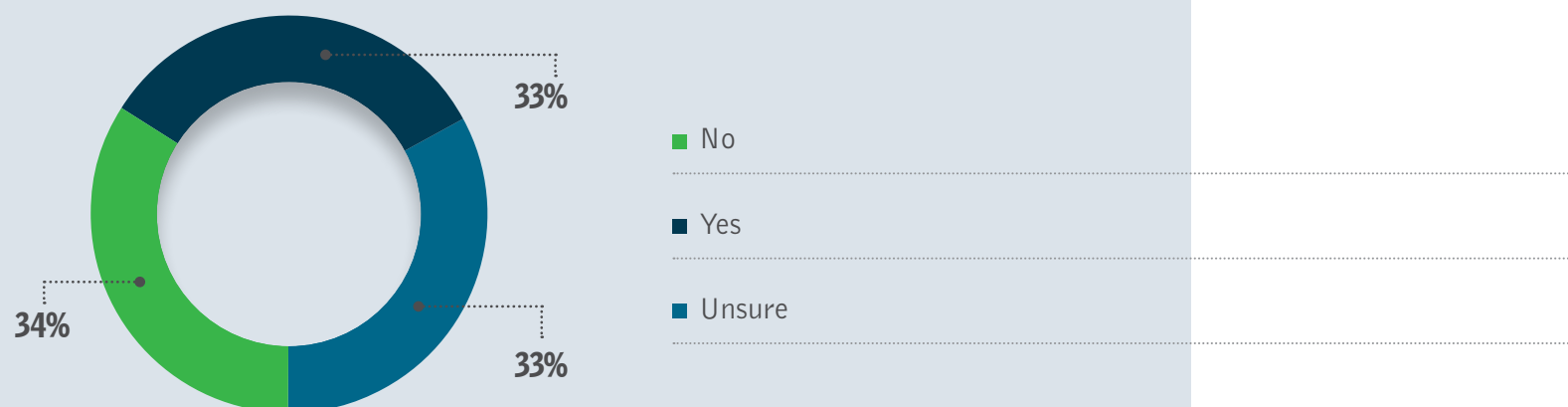
Question only asked of those who describe their bank as an active acquirer or open to acquisitions.



Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M-\$1B	\$250M-\$500M	<\$250M	Total
Up to 1.5 times book	38%	22%	48%	49%	43%	38%	43%
Up to 1.2 times book	19%	33%	26%	21%	25%	24%	25%
Up to 1.75 times book	6%	22%	15%	12%	21%	10%	14%
Up to tangible book value	19%	-	5%	12%	7%	19%	9%
Up to 2 times book	13%	22%	7%	2%	4%	-	6%
Less than tangible book value	-	-	-	2%	-	10%	2%
Up to 2.5 times book	6%	-	-	2%	-	-	1%

4. Are there a sufficient number of suitable acquisition targets to fuel your bank's growth strategy?

Question only asked of those who describe their bank as an active acquirer or open to acquisitions.

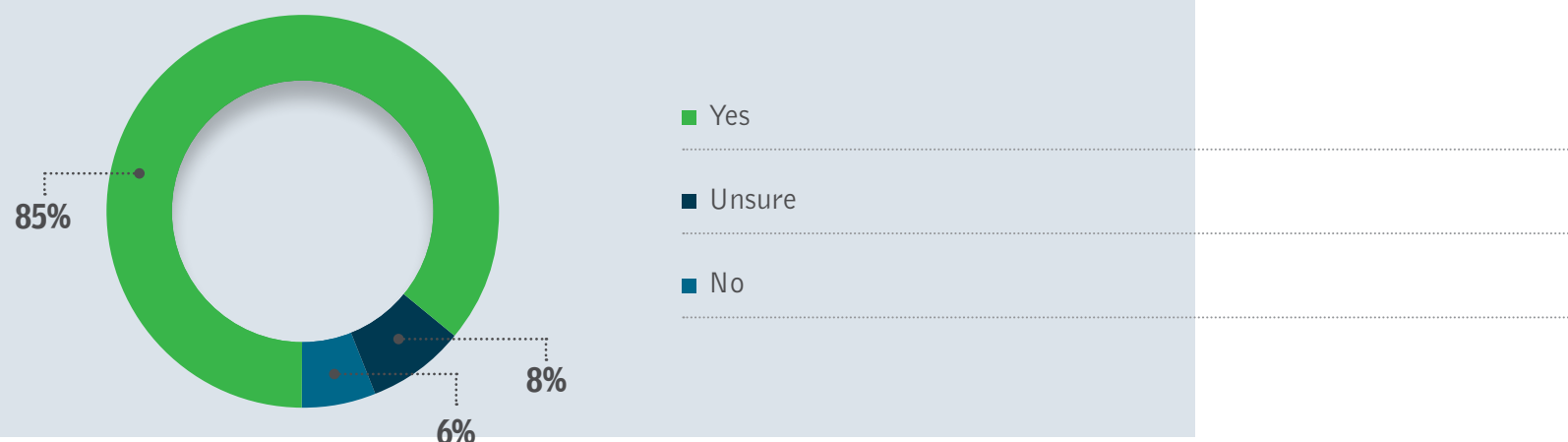


Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M-\$1B	\$250M-\$500M	<\$250M	Total
No	19%	16%	40%	38%	32%	38%	34%
Yes	63%	47%	36%	22%	36%	10%	33%
Unsure	19%	37%	24%	40%	32%	52%	33%

Ownership Structure	Public	Private	Mutual	Total
No	36%	34%	20%	34%
Yes	42%	23%	40%	33%
Unsure	22%	42%	40%	33%

5. Do you believe your bank has adequate access to capital to drive its growth strategy?

Question only asked of those who describe their bank as an active acquirer or open to acquisitions. Numbers don't add up to 100% due to rounding.

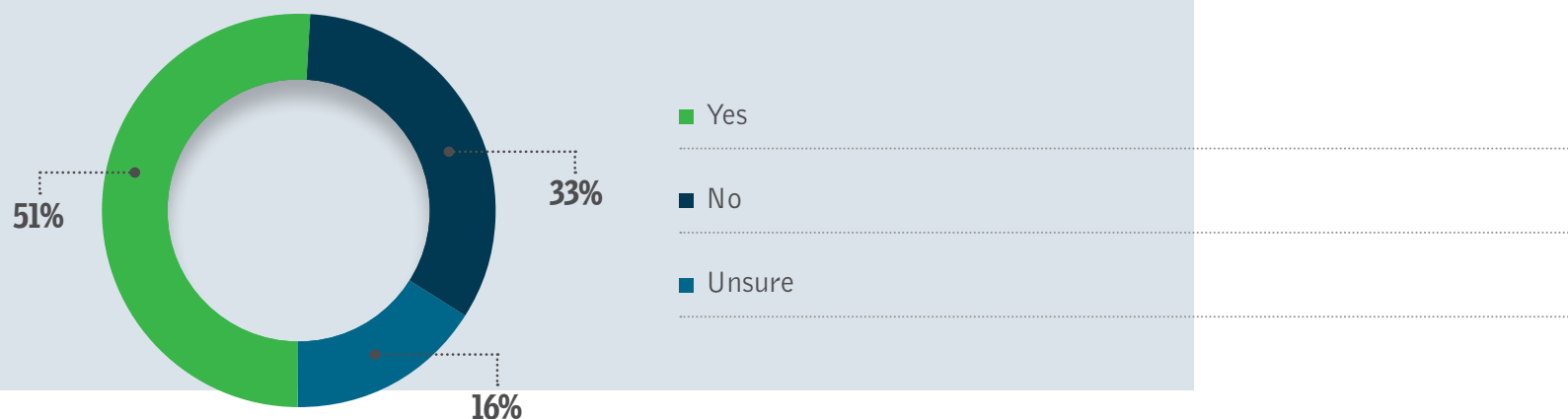


Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M-\$1B	\$250M-\$500M	<\$250M	Total
Yes	100%	95%	86%	80%	79%	86%	85%
Unsure	-	-	8%	11%	14%	10%	8%
No	-	5%	7%	9%	7%	5%	6%

Ownership Structure	Public	Private	Mutual	Total
Yes	92%	81%	73%	85%
Unsure	4%	13%	7%	8%
No	5%	6%	20%	6%

6. Do you believe that the valuation of your bank's stock today would be attractive enough to acquire an institution that meets your acquisition criteria?

Question only asked of respondents representing public banks who describe their bank as an active acquirer or open to acquisitions. *Indicates a count of less than 10 within a category.



Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M-\$1B	\$250M-\$500M*	Total
Yes	80%	65%	46%	15%	50%	51%
No	13%	18%	43%	54%	17%	33%
Unsure	7%	18%	11%	31%	33%	16%

7. Given the current environment, how likely is it that your institution will purchase the following by the end of 2023?

Bank(s)							
Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M-\$1B	\$250M-\$500M	<\$250M	Total
Very likely	24%	21%	13%	8%	3%	7%	11%
Somewhat likely	29%	32%	43%	25%	11%	17%	28%
Somewhat unlikely	14%	32%	32%	21%	34%	28%	28%
Very unlikely	29%	16%	12%	40%	49%	48%	31%
Unsure	5%	-	-	6%	3%	-	2%

Nondepository line(s) of business							
Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M-\$1B	\$250M-\$500M	<\$250M	Total
Very likely	15%	-	5%	2%	-	3%	4%
Somewhat likely	30%	24%	23%	18%	15%	21%	21%
Somewhat unlikely	20%	35%	20%	16%	18%	14%	19%
Very unlikely	30%	35%	49%	57%	68%	59%	52%
Unsure	5%	6%	3%	8%	-	3%	4%

Branch(es)							
Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M-\$1B	\$250M-\$500M	<\$250M	Total
Very likely	5%	-	3%	-	6%	10%	4%
Somewhat likely	-	17%	20%	16%	26%	13%	17%
Somewhat unlikely	10%	33%	32%	35%	23%	23%	28%
Very unlikely	80%	50%	43%	47%	46%	50%	49%
Unsure	5%	-	2%	2%	-	3%	2%

Loan portfolio(s)							
Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M-\$1B	\$250M-\$500M	<\$250M	Total
Very likely	-	-	5%	4%	-	-	2%
Somewhat likely	10%	39%	16%	12%	18%	17%	17%
Somewhat unlikely	35%	11%	28%	33%	29%	17%	27%
Very unlikely	55%	44%	50%	47%	53%	62%	51%
Unsure	-	6%	2%	4%	-	3%	2%

Technology or fintech firm(s)							
Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M-\$1B	\$250M-\$500M	<\$250M	Total
Very likely	-	6%	2%	-	-	7%	2%
Somewhat likely	30%	12%	21%	12%	3%	3%	14%
Somewhat unlikely	20%	18%	26%	22%	15%	17%	21%
Very unlikely	50%	59%	47%	63%	79%	69%	60%
Unsure	-	6%	5%	4%	3%	3%	4%

Lending team lift out(s)							
Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M-\$1B	\$250M-\$500M	<\$250M	Total
Very likely	15%	6%	15%	4%	6%	-	8%
Somewhat likely	40%	50%	34%	25%	18%	28%	30%
Somewhat unlikely	30%	11%	26%	12%	36%	10%	22%
Very unlikely	15%	28%	17%	45%	36%	55%	32%
Unsure	-	6%	8%	14%	3%	7%	8%

8. If your institution were to acquire another bank, how would you want to structure the transaction?

Question only asked of respondents indicating that their bank is likely to acquire another bank by the end of 2023. *Indicates a count of less than 10 within a category.

■ A combination of cash and stock
 ■ All cash
 ■ All stock
 ■ Unsure
 ■ Other



Bank Asset Size	>\$10B	\$5B-\$10B*	\$1B-\$5B	\$500M-\$1B	\$250M-\$500M*	<\$250M*	Total
A combination of cash and stock	46%	89%	39%	27%	-	43%	41%
All cash	9%	-	33%	13%	100%	-	24%
All stock	46%	11%	14%	33%	-	43%	23%
Unsure	-	-	8%	20%	-	-	7%
Other	-	-	6%	7%	-	14%	5%

Ownership Structure	Public	Private	Mutual*	Total
A combination of cash and stock	59%	23%	11%	41%
All cash	5%	53%	22%	24%
All stock	32%	13%	11%	23%
Unsure	5%	7%	22%	7%
Other	-	3%	33%	5%

9. If your institution were to acquire another bank by the end of 2023, what would be your biggest concerns about the integration?

Question only asked of respondents indicating that their bank is likely to acquire another bank by the end of 2023. Respondents were asked to select all that apply. *Indicates a count of less than 10 within a category.

81% Integrating two cultures

68% Retaining key staff

65% Integrating technology, including core systems



Bank Asset Size	>\$10B	\$5B-\$10B*	\$1B-\$5B	\$500M-\$1B	\$250M-\$500M*	<\$250M*	Total
Integrating two cultures	80%	78%	78%	73%	100%	100%	81%
Retaining key staff	50%	78%	67%	73%	60%	86%	68%
Integrating technology, including core systems	60%	44%	64%	73%	60%	86%	65%
Retaining customers	50%	78%	47%	33%	40%	29%	46%
Underwriting/credit philosophies	20%	33%	36%	60%	40%	43%	39%
Eliminating back office staff	-	-	14%	27%	20%	29%	15%
Reputation issues	10%	11%	11%	13%	-	43%	13%
Integrating products	-	22%	3%	20%	-	14%	9%
Branch rationalization	10%	11%	6%	7%	-	-	6%
Other	10%	-	-	-	-	-	1%

10. In your opinion, what would be the top five attributes of a target in today's environment?

Respondents were asked to select no more than five options.

Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M-\$1B	\$250M-\$500M	<\$250M	Total
Attractive deposit base	53%	65%	59%	62%	47%	59%	58%
Complementary culture	68%	71%	55%	51%	59%	52%	57%
Locations in growing markets	68%	59%	53%	38%	53%	48%	51%
Efficiency gains	42%	29%	48%	66%	41%	59%	51%
Talented lenders/lending teams	42%	41%	42%	47%	50%	52%	46%
Demonstrated/potential loan growth	42%	47%	42%	43%	50%	44%	44%
Complementary credit standards and/or consistent credit quality	53%	47%	45%	45%	41%	22%	42%
Target size	21%	29%	33%	40%	21%	22%	30%
Target's strong reputation/brand in its market(s)	26%	41%	17%	19%	29%	7%	21%
New business lines/sources of revenue	11%	29%	25%	17%	21%	19%	21%
Complementary business lines/sources of revenue	21%	24%	19%	11%	24%	19%	18%
High level of profitability	16%	-	16%	11%	24%	15%	14%
Technology platform/infrastructure	11%	6%	6%	6%	9%	7%	7%
Branch network overlap	-	-	5%	6%	3%	4%	4%
Strong digital footprint	-	6%	5%	2%	9%	-	4%
Aligned ESG objectives	-	-	6%	2%	-	-	2%

GROWTH & INVESTMENT OPPORTUNITIES

11. Which of the following types of nondepository acquisition targets are most attractive to your bank?

Question only asked of respondents indicating that their bank would be likely to purchase a nondepository line of business by the end of 2023. Respondents were asked to select all that apply. *Indicates a count of less than 10 within a category.

67% 

Investment management, wealth management and/or trust business

51% 

Insurance brokerage and/or agency

39% 

Specialty lending

Bank Asset Size	>\$10B*	\$5B-\$10B*	\$1B-\$5B	\$500M-\$1B*	\$250M-\$500M*	<\$250M*	Total
Investment management, wealth management and/or trust business	67%	75%	83%	67%	20%	50%	67%
Insurance brokerage and/or agency	56%	50%	44%	67%	60%	33%	51%
Specialty lending	56%	50%	44%	33%	20%	17%	39%
Residential mortgage origination	11%	25%	11%	56%	60%	33%	28%
Leasing company	33%	-	11%	22%	40%	17%	20%
Other	22%	-	6%	-	-	17%	8%

12. Did your bank directly or indirectly invest in fintechs in 2021-22?

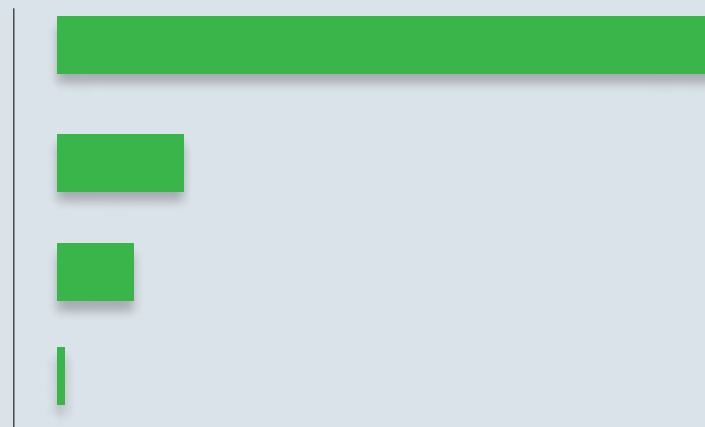
Respondents were asked to select all that apply.

78% Our bank has not invested in or acquired fintechs

15% Yes, our bank invested indirectly via participation in a venture capital fund(s) focused on fintechs

9% Yes, our bank invested directly in fintech companies

1% Our bank acquired one or more fintechs



Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M-\$1B	\$250M-\$500M	<\$250M	Total
Our bank has not invested in or acquired fintechs	55%	58%	71%	88%	94%	89%	78%
Yes, our bank invested indirectly via participation in a venture capital fund(s) focused on fintechs	35%	32%	19%	8%	6%	4%	15%
Yes, our bank invested directly in fintech companies	25%	5%	14%	4%	-	11%	9%
Our bank acquired one or more fintechs	-	5%	2%	2%	-	-	1%

Ownership Structure	Public	Private	Mutual	Total
Our bank has not invested in or acquired fintechs	69%	85%	88%	78%
Yes, our bank invested indirectly via participation in a venture capital fund(s) focused on fintechs	22%	12%	-	15%
Yes, our bank invested directly into fintech companies	14%	6%	6%	9%
Our bank acquired one or more fintechs	-	1%	12%	1%

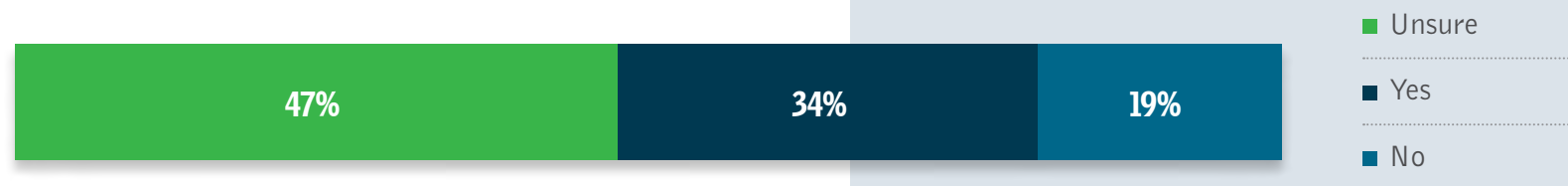
13. Why did your bank choose to invest in or acquire a fintech firm(s)?

Question only asked of respondents indicating their bank had acquired or invested in fintechs. Respondents were asked to select all that apply.

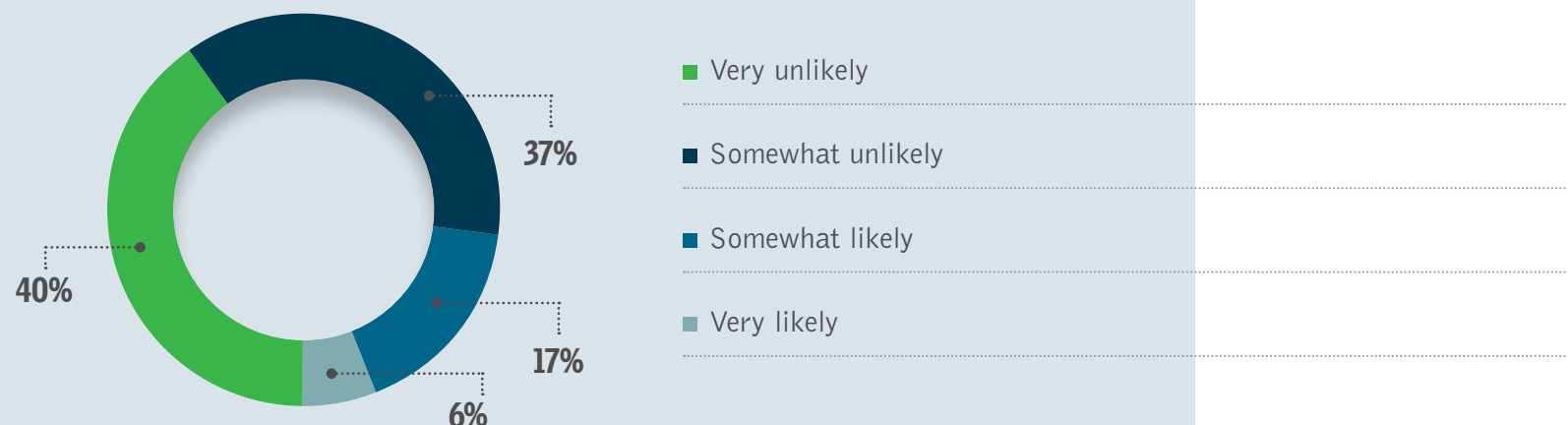


14. So far, has your bank's investment in fintechs largely achieved the overarching goals and objectives set by its board and management team?

Question only asked of respondents indicating their bank had acquired or invested in fintechs.



15. How likely is it that your bank will directly or indirectly invest in a fintech firm over the next fifteen months, through the end of 2023?

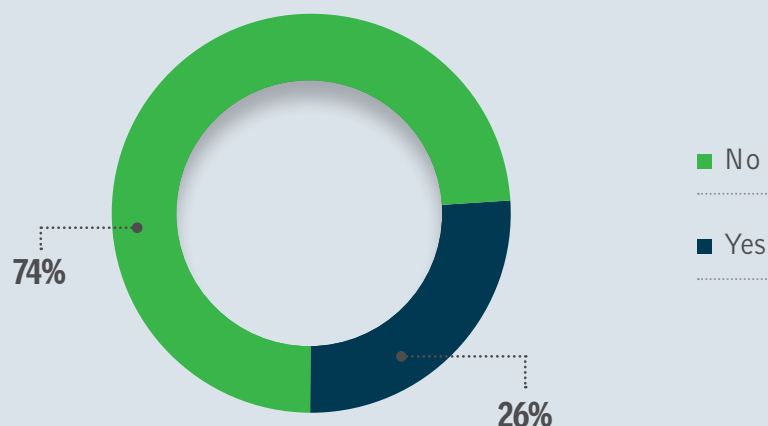


Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M-\$1B	\$250M-\$500M	<\$250M	Total
Very unlikely	15%	26%	30%	54%	46%	63%	40%
Somewhat unlikely	45%	37%	39%	33%	46%	22%	37%
Somewhat likely	25%	32%	22%	13%	9%	7%	17%
Very likely	15%	5%	9%	-	-	7%	6%

Ownership Structure	Public	Private	Mutual	Total
Very unlikely	32%	52%	18%	40%
Somewhat unlikely	40%	31%	53%	37%
Somewhat likely	21%	12%	29%	17%
Very likely	8%	5%	-	6%

EVALUATING WHETHER TO SELL

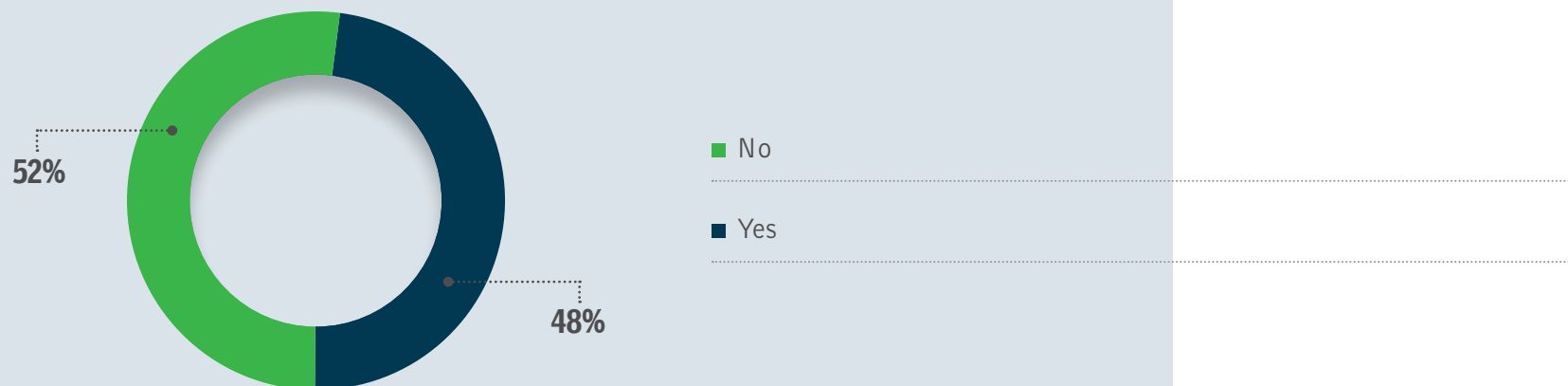
16. To your knowledge, did another financial institution express interest in acquiring your bank in 2021 or 2022?



Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M-\$1B	\$250M-\$500M	<\$250M	Total
No	84%	89%	80%	65%	65%	67%	74%
Yes	16%	11%	20%	35%	35%	33%	26%

Ownership Structure	Public	Private	Mutual	Total
No	81%	67%	77%	74%
Yes	19%	33%	24%	26%

17. Would your board and management team be open to selling the bank over the next five years, at the right price?



Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M-\$1B	\$250M-\$500M	<\$250M	Total
No	56%	50%	59%	53%	52%	31%	52%
Yes	44%	50%	41%	47%	49%	69%	48%

Ownership Structure	Public	Private	Mutual	Total
No	37%	56%	100%	52%
Yes	63%	44%	-	48%

18. Which of the following situations could drive your bank to sell in the next five years?

Question only asked of respondents indicating that their board and management team would be open to selling their institution over the next five years. Respondents were asked to select all that apply. *Indicates a count of less than 10 within a category.

42% Inability to provide a competitive return to shareholders

38% CEO/senior management succession

28% Regulatory compliance burden

28% Need to provide shareholder liquidity

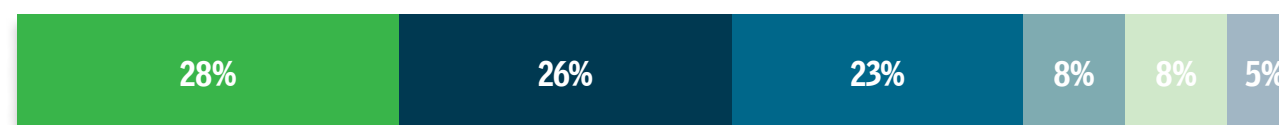


Bank Asset Size	>\$10B*	\$5B-\$10B*	\$1B-\$5B	\$500M-\$1B	\$250M-\$500M	<\$250M	Total
Inability to provide a competitive return to shareholders	14%	78%	46%	33%	56%	28%	42%
CEO/senior management succession	43%	44%	25%	24%	38%	67%	38%
Regulatory compliance burden	-	11%	17%	29%	50%	44%	28%
Need to provide shareholder liquidity	-	-	29%	29%	38%	44%	28%
Inability to operate efficiently	14%	-	21%	14%	38%	33%	22%
None of the above	57%	11%	29%	33%	6%	6%	22%
Inability to keep pace with digital evolution	-	11%	17%	14%	13%	33%	17%
Stiff competition in our market(s)	-	-	17%	5%	6%	11%	8%
Inability to attract low-cost deposits	-	-	13%	5%	6%	-	5%

19. If your bank were to consider a sale, what would be the minimum value that you'd be willing to accept for your institution?

Question only asked of respondents indicating that their board and management team would be open to selling their institution over the next five years. *Indicates a count of less than 10 within a category.

■ At least 2 times book
■ At least 1.75 times book
■ At least 1.5 times book
■ At least 2.5 times book
■ More than 2.5 times book
■ At least 1.2 times book

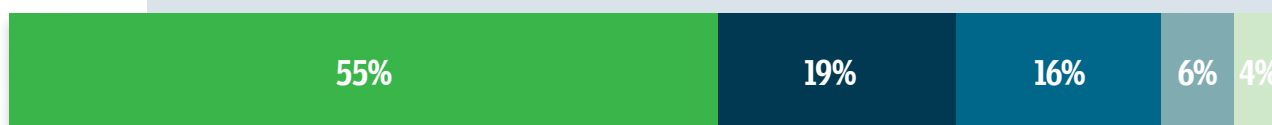


Bank Asset Size	>\$10B*	\$5B-\$10B*	\$1B-\$5B	\$500M-\$1B	\$250M-\$500M	<\$250M	Total
At least 2 times book	43%	22%	32%	29%	19%	29%	28%
At least 1.75 times book	14%	-	40%	24%	25%	29%	26%
At least 1.5 times book	-	22%	16%	24%	38%	29%	23%
At least 2.5 times book	14%	33%	4%	10%	6%	-	8%
More than 2.5 times book	14%	11%	8%	10%	6%	6%	8%
At least 1.2 times book	14%	11%	-	5%	6%	6%	5%

20. If your bank were to consider a sale in today's environment, how would you want to structure the transaction?

Question only asked of respondents indicating that their board and management team would be open to selling their institution over the next five years. *Indicates a count of less than 10 within a category.

■ A combination of cash and stock ■ All cash ■ Unsure ■ All stock ■ Other



Bank Asset Size	>\$10B*	\$5B-\$10B*	\$1B-\$5B	\$500M-\$1B	\$250M-\$500M	<\$250M	Total
A combination of cash and stock	29%	78%	76%	67%	25%	39%	55%
All cash	14%	-	4%	14%	38%	39%	19%
Unsure	29%	22%	4%	19%	25%	11%	16%
All stock	14%	-	12%	-	-	11%	6%
Other	14%	-	4%	-	13%	-	4%

Ownership Structure	Public	Private	Total
A combination of cash and stock	65%	43%	55%
All cash	4%	36%	19%
Unsure	19%	11%	16%
All stock	8%	5%	6%
Other	4%	5%	4%

PURSUING ORGANIC GROWTH

21. Does your bank view in-market consolidation as an opportunity to acquire talent?

Respondents were asked to select the option that best aligns with their bank's strategy.



Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M-\$1B	\$250M-\$500M	<\$250M	Total
Yes, we actively recruit talent from merged organizations	47%	67%	63%	34%	44%	26%	47%
We're open to acquiring talent following a merger, but don't actively recruit	26%	27%	31%	46%	47%	52%	39%
No, we don't typically acquire talent via in-market consolidation	26%	7%	7%	21%	9%	22%	14%

22. Does your bank view in-market consolidation as an opportunity to acquire customers?

Respondents were asked to select the option that best aligns with their bank's strategy.



Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M-\$1B	\$250M-\$500M	<\$250M	Total
Yes, we focus marketing efforts on customers who may be dissatisfied following a merger	53%	57%	68%	73%	59%	52%	63%
We believe we're positioned to attract customers, but don't actively promote to customers impacted by a deal	37%	43%	31%	23%	34%	37%	32%
No; to my knowledge, we don't typically gain customers from merged banks	11%	-	2%	5%	6%	11%	5%

23. In 2021-22, what means of organic growth has your bank engaged in?

Respondents were asked to select all that apply.

63% Adding staff in revenue-generating areas of the bank

50% New digital initiatives or upgrades that attract deposits

44% Adding new products within existing business areas

41% New digital initiatives or upgrades to drive loan originations

39% De novo expansion (offices or branches) in new markets

36% Shift in marketing and advertising strategies

29% Adding new business lines

5% Other

5% None of the above



Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M-\$1B	\$250M-\$500M	<\$250M	Total
Adding staff in revenue-generating areas of the bank	63%	67%	73%	59%	59%	48%	63%
New digital initiatives or upgrades that attract deposits	53%	60%	58%	34%	59%	37%	50%
Adding new products within existing business areas	47%	33%	48%	36%	47%	48%	44%
New digital initiatives or upgrades to drive loan originations	37%	67%	42%	39%	50%	19%	41%
De novo expansion (offices or branches) in new markets	42%	47%	50%	34%	31%	26%	39%
Shift in marketing and advertising strategies	26%	27%	42%	32%	41%	37%	36%
Adding new business lines	47%	40%	36%	16%	13%	33%	29%
Other	-	-	5%	14%	3%	-	5%
None of the above	-	-	3%	9%	-	11%	5%

24. Overall, how would you describe business conditions in the markets where your bank operates?

**Indicates a count of less than 10 within a category.*



Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M-\$1B	\$250M-\$500M	<\$250M	Total
Businesses are mostly strong, but some are stressed by inflation, hiring or other economic pressures	44%	57%	52%	53%	66%	82%	58%
Businesses are generally strong in spite of inflation, hiring and other economic pressures	56%	43%	45%	47%	34%	19%	41%
Most businesses in our markets are stressed	-	-	3%	-	-	-	1%

Region	Midwest	Northeast	Pacific West	Rocky Mountain West•	Southeast	Southwest	Total
Businesses are mostly strong, but some are stressed by inflation, hiring or other economic pressures	55%	73%	71%	57%	52%	44%	58%
Businesses are generally strong in spite of inflation, hiring and other economic pressures	42%	28%	29%	43%	48%	57%	41%
Most businesses in our markets are stressed	3%	-	-	-	-	-	1%

ECONOMIC OUTLOOK

25. Do you believe the U.S. economy is currently experiencing a recession? On the whole, are your bank's markets experiencing a downturn?

**Indicates a count of less than 10 within a category.*

U.S. economy							
Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M-\$1B	\$250M-\$500M	<\$250M	Total
Yes	50%	57%	51%	71%	91%	78%	66%
No	50%	43%	49%	29%	9%	22%	34%

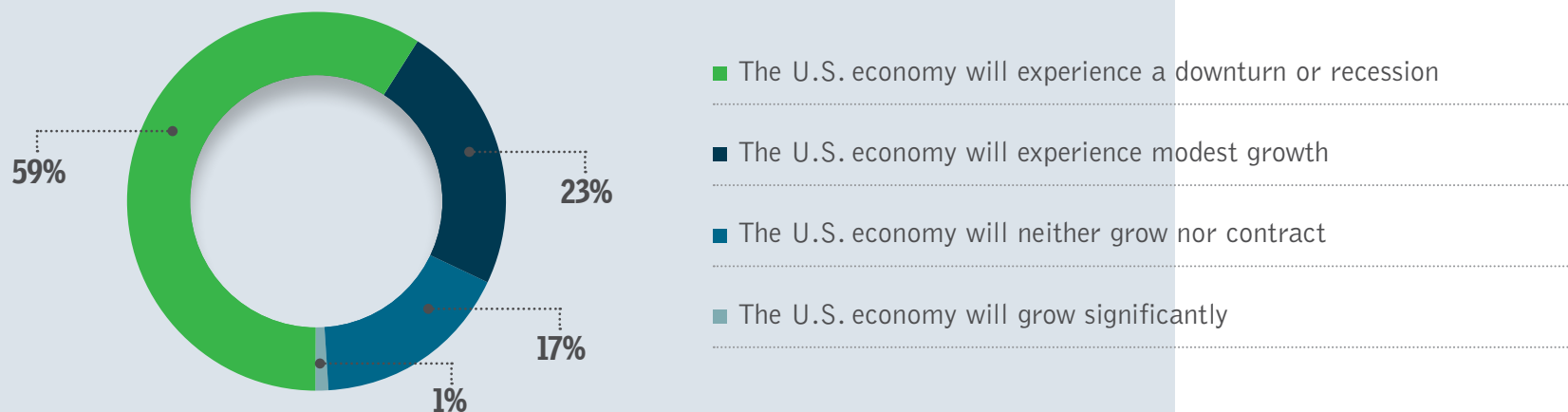
Your bank's markets							
Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M-\$1B	\$250M-\$500M	<\$250M	Total
Yes	24%	36%	25%	18%	44%	44%	30%
No	77%	64%	75%	82%	56%	56%	70%

U.S. economy							
Region	Midwest	Northeast	Pacific West	Rocky Mountain West*	Southeast	Southwest	Total
Yes	64%	60%	53%	83%	77%	70%	66%
No	36%	40%	47%	17%	23%	30%	34%

Your bank's markets							
Region	Midwest	Northeast	Pacific West	Rocky Mountain West*	Southeast	Southwest	Total
Yes	27%	48%	29%	14%	28%	13%	30%
No	73%	53%	71%	86%	72%	87%	70%

26. What is your outlook for the U.S. economy through the end of 2023, compared to 2022?

**Indicates a count of less than 10 within a category.*



Bank Asset Size	>\$10B	\$5B-\$10B	\$1B-\$5B	\$500M-\$1B	\$250M-\$500M	<\$250M	Total
The U.S. economy will experience a downturn or recession	67%	50%	55%	52%	72%	63%	59%
The U.S. economy will experience modest growth	17%	29%	24%	27%	22%	19%	23%
The U.S. economy will neither grow nor contract	11%	21%	21%	21%	6%	19%	17%
The U.S. economy will grow significantly	6%	-	-	-	-	-	1%

Region	Midwest	Northeast	Pacific West	Rocky Mountain West*	Southeast	Southwest	Total
The U.S. economy will experience a downturn or recession	64%	48%	47%	71%	64%	59%	59%
The U.S. economy will experience modest growth	22%	30%	24%	14%	16%	32%	23%
The U.S. economy will neither grow nor contract	13%	23%	29%	14%	18%	9%	17%
The U.S. economy will grow significantly	-	-	-	-	2%	-	1%

27. The Inflation Reduction Act, passed in August 2022, includes a 1% tax on stock buybacks. Will this make your bank more likely to accelerate plans to buy back stock before the end of 2022?

Question only asked of respondents representing publicly traded banks.

■ No ■ Unsure ■ Yes



28. Do you believe the 1% tax on stock buybacks in the Inflation Reduction Act will eventually make your bank reduce its buyback activity over the next three years?

Question only asked of respondents representing publicly traded banks.



■ No, we will likely continue to buy back stock consistent with current levels of activity

■ Yes

■ No, because our bank rarely buys back stock

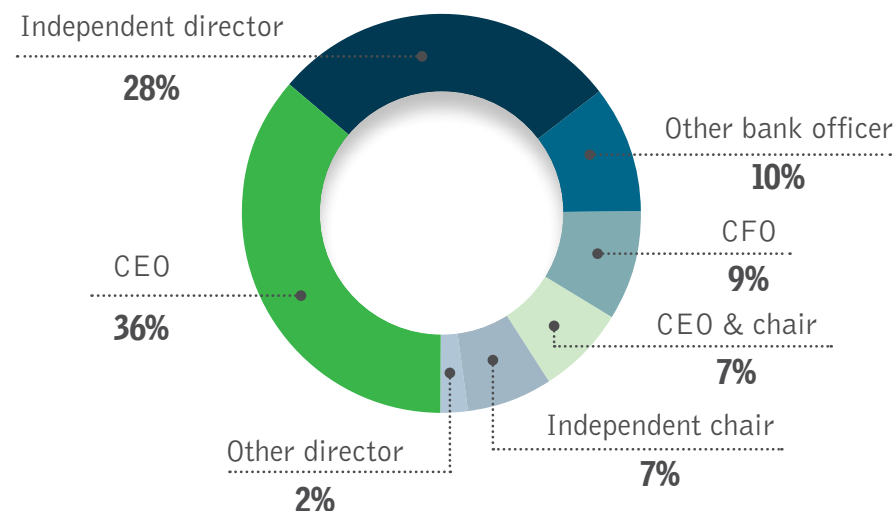
■ Unsure

ABOUT THE SURVEY

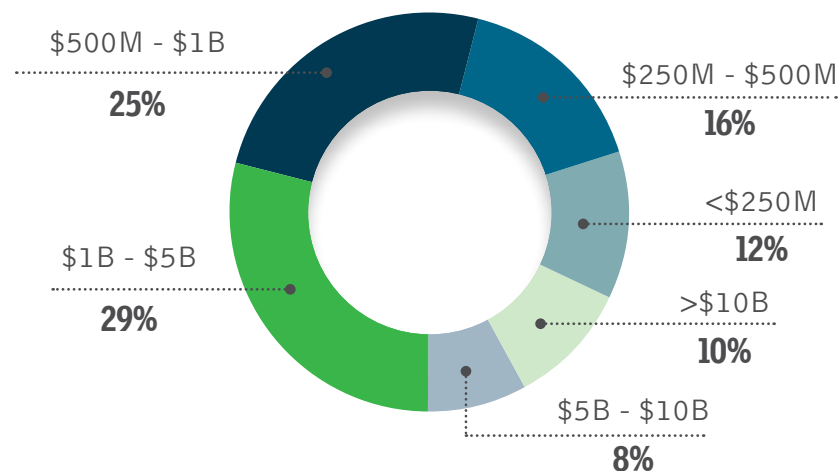
Bank Director's 2023 Bank M&A Survey, sponsored by Crowe LLP, surveyed 250 independent directors, CEOs, chief financial officers and other senior executives of U.S. banks below \$100 billion in assets to examine current growth strategies, particularly M&A. Almost half of the respondents represent banks that are privately held, while 43% represent a publicly traded institution. Thirty-six percent serve as the bank's CEO; more than one-third represent independent board members.

TITLE

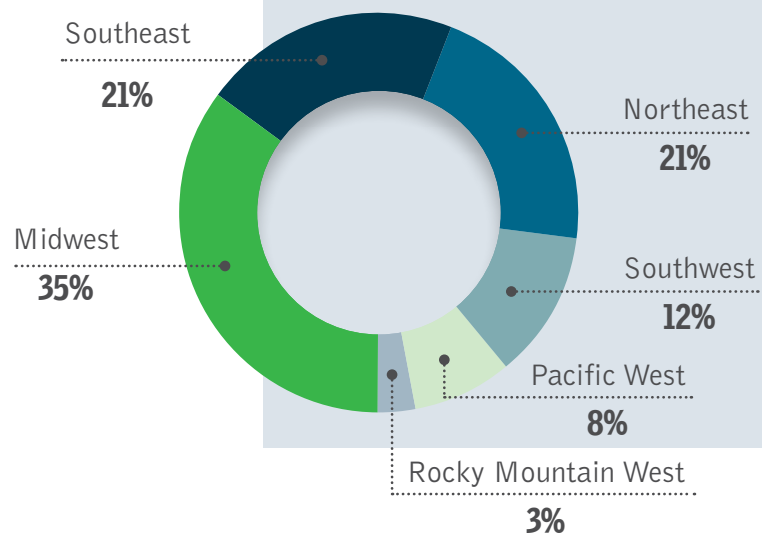
Numbers don't add up to 100% due to rounding.



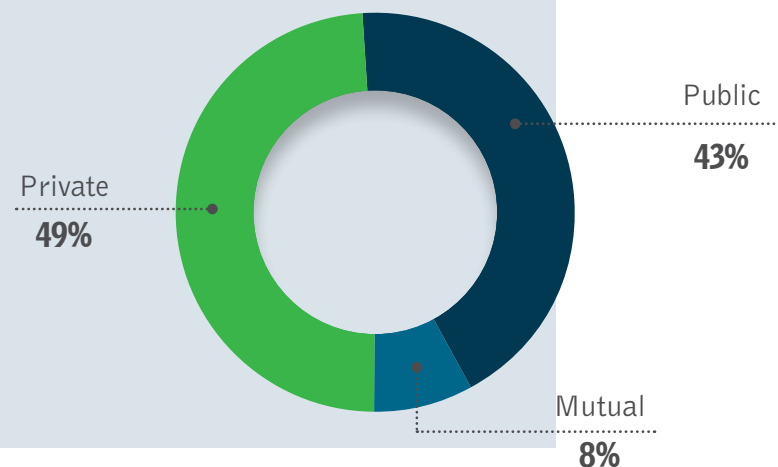
ASSET SIZE



REGION



OWNERSHIP



* Regions defined as follows: Midwest (IL, IN, IA, KS, MI, MN, MO, NE, ND, OH, SD, WI); Northeast (CT, ME, MA, NH, NJ, NY, PA, RI, VT); Pacific West (AK, CA, HI, OR, WA); Rocky Mountain West (CO, ID, MT, NV, UT, WY); Southeast (AL, AR, DE, DC, FL, GA, KY, LA, MD, MS, NC, SC, TN, VA, WV); Southwest (AZ, NM, OK, TX)

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