Bank Director
Strong Board. Strong Bank.

2026 Bank M&A Survey

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Crowe

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Research

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About Bank Director

Bank Director reaches the leaders of the institutions that comprise America's banking industry. Since 1991, Bank Director has provided board-level research, peer insights and in-depth executive and board services. Built for banks, Bank Director extends into and beyond the boardroom by providing timely and relevant information through *Bank Director* magazine, board training services and the financial industry's premier event, Acquire or Be Acquired. For more information, please visit **www.bankdirector.com**.

About Crowe

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EXECUTIVE SUMMARY

The gap between buyers' and sellers' pricing expectations may be closing as potential acquirers look for ways to add low cost deposits.

Bank executives and directors taking part in Bank Director's 2026 Bank M&A Survey, sponsored by Crowe, suggest they've had more conversations about dealmaking in the past year. Thirty-seven percent report that another financial institution expressed interest in acquiring their bank in 2024 or 2025, up from 27% who said the same a year earlier.

Potential buyers may be more willing to pay higher multiples, too, which could bring more sellers to the table. Forty-four percent of survey respondents say they would be willing to pay up to 1.5 times tangible book value for a target that meets their criteria, and 20% would pay up to 1.75 times tangible book value, compared with 40% and 9% who said the same a year ago.

That shift in expectations could reflect higher pricing multiples in bank deals to date in 2025. According to an analysis by S&P Global Market Intelligence, which measures deal value to tangible common equity, acquirers paid a median 150% of tangible common equity as of Sept. 2, 2025, compared with 131% in 2024 and 124% in 2023.

Among respondents who are active buyers or open to acquiring, 41% cite a desire for low cost deposits (41%) as a primary motivation, up from 29% a year ago. Respondents also cite geographic expansion (41%) and scale to drive technology and other investments (38%) among the reasons M&A factors into their strategy.

A quarter of respondents say their bank is somewhat or very likely to buy branches in 2026, up from 18% who said the same last year. Patrick Vernon, strategy and transaction advisory partner at Crowe, says he's advised some bank clients on branch acquisitions over the past year and notes deposit acquisition was the primary motivation, rather than geographic expansion.

Funding costs, rather than slow loan growth or regulatory compliance, remain the No. 1 obstacle to profitability, according to 61% bank leaders. Respondents also express concern about the impact of technology costs (48%) and compensation and benefits expenses (45%), which are elevated compared to last year's survey.

"Something common that we're hearing in the industry is, 'How do we attract and retain depositors?' and 'What's the value in a strong deposit book?'" Vernon says. "There aren't really effective ways to go out and get a large number of deposits in the market right now if you're not considering M&A."

Laura Alix is the director of research for Bank Director, an information resource for directors and officers of financial companies. You can connect with her on LinkedIn.

KEY FINDINGS

Boardroom Discussions

Forty percent of survey respondents say their board discusses M&A on a quarterly basis, while 28% discuss it yearly. In those discussions in 2025, boards focused on M&A in the context of overall strategy (73%), potential targets (65%) and M&A trends (58%).

Angling For A Better Price

Forty-four percent say they could grow fee-generating businesses in order to get a better price in a sale. Twenty-nine percent see a need to reduce their concentration of non-core, higher cost deposits, and 19% could renegotiate key vendor contracts. Twenty-two percent believe that no changes are needed.

Mixed Plans On Subordinated Debt

Twenty-one percent report their bank has subordinated debt that's set to mature or reset in 2025 or 2026. Of those, 31% have not yet decided how they want to address it. Others plan to raise new debt to replace it (23%), let the interest rest float as the debt amortizes (23%) or use existing capital to call the debt (23%).

Organic Growth Drivers

Respondents largely expect commercial real estate (67%) and commercial and industrial lending (65%) will fuel organic growth in 2026. Additionally, 38% expect growth from fee-driven businesses, such as wealth management and treasury management.

Limited Interest In Crypto

In July 2025, federal banking regulators released guidance for banks looking to provide crypto or digital asset custody services, but few banks seem interested in exploring it. Just 21% say their institution is looking into providing these services, while 44% have not even discussed it.

Optimistic On The Economy

Fifty-seven percent anticipate that the U.S. economy will grow at a moderate pace through the end of 2026, while 15% anticipate a downturn or recession.

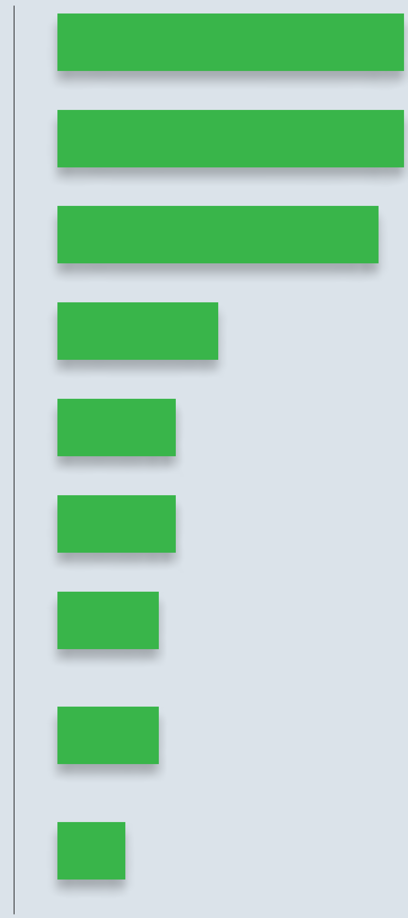
ACQUISITION PLANS

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

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

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

41%	Geographic expansion
41%	Adding a low-cost deposit base
38%	Scale to drive technology and other investments
19%	Customer acquisition
14%	Talent acquisition
14%	New business lines/revenue opportunities
12%	Cost savings
12%	Pressures on profitability tied to the economic environment and similar factors
8%	Loan portfolio diversification



3. What would you consider the top five barriers to your bank in making an acquisition in today's environment?

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

74%
Pricing expectations of potential targets

71%
Lack of suitable targets in desired markets/areas

55%
Culture/integration of personnel

49%
Demands on my bank's capital

34%
Concerns about asset quality of potential targets

32%
Unfavorable core provider contract terms/conditions

29%
Lack of experience in doing acquisitions

20%
Technology integration

19%
Commercial real estate concentration

19%
Our stock doesn't trade at a high enough premium or limited volume of trading

16%
Uncertainty about the future economy or the future of banking

4%
Uncertainty about ability to gain regulatory approval

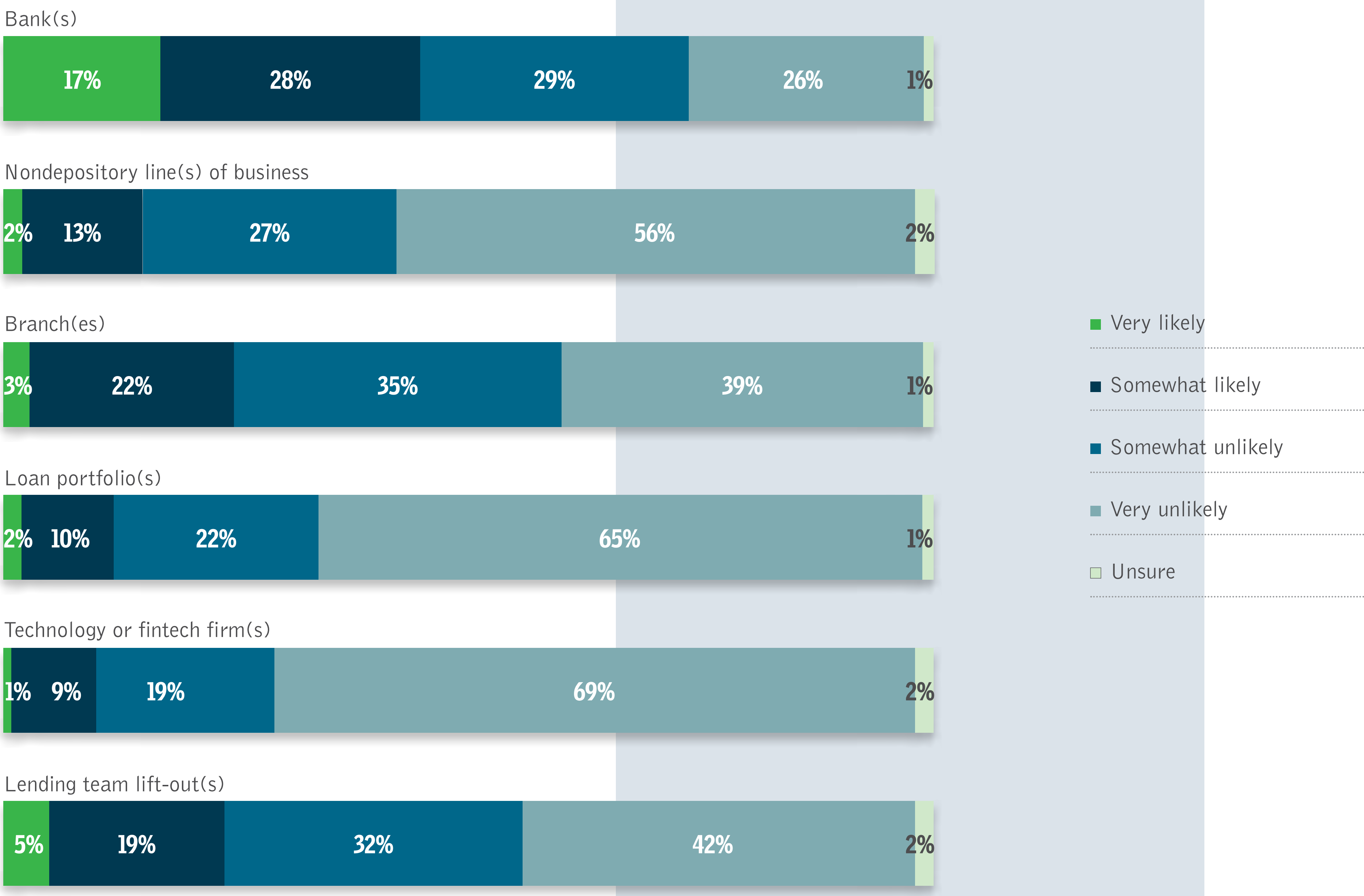
1%
Other loan concentration

4. 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.

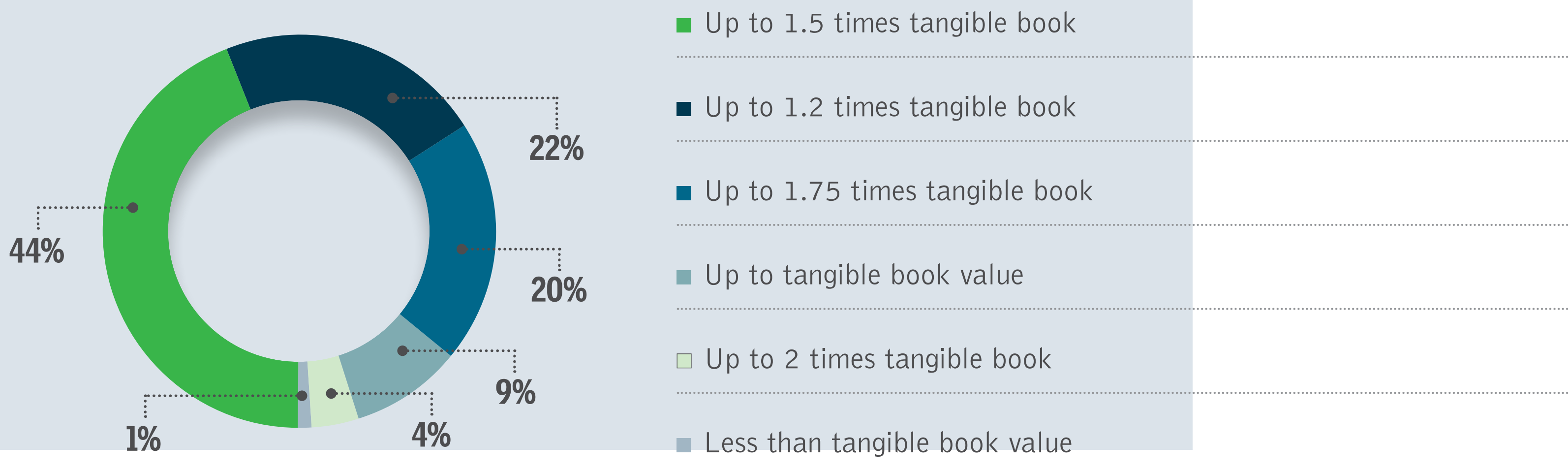
70%	Attractive deposit base
54%	Complementary culture
50%	Efficiency gains/potential cost saves
45%	Geographic expansion
40%	Locations in growing markets
36%	Talented lenders/lending teams
34%	Target size
31%	Complementary credit standards and/or consistent credit quality
25%	Complementary business lines/ sources of revenue
20%	Target's strong reputation/brand in its market(s)
19%	Demonstrated/potential loan growth
18%	New business lines/sources of revenue
16%	High level of profitability
10%	Technology platform/ infrastructure
8%	Branch network overlap
2%	Strong digital footprint

5. Given the current environment, how likely is it that your institution will purchase the following by the end of 2026?



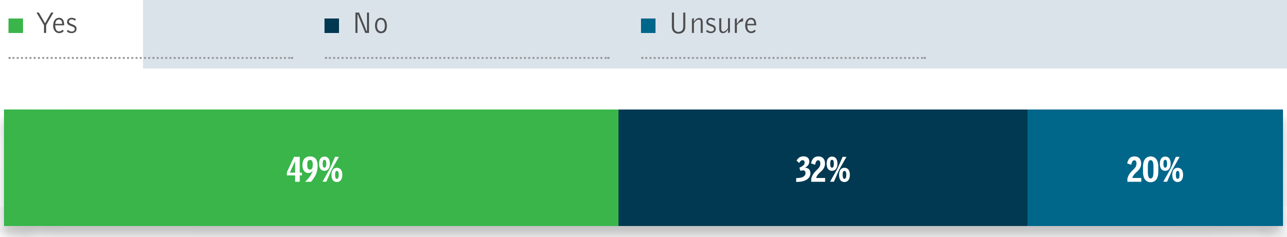
6. At most, how much would you be willing to pay today to acquire another institution that meets your target acquisition strategy?

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



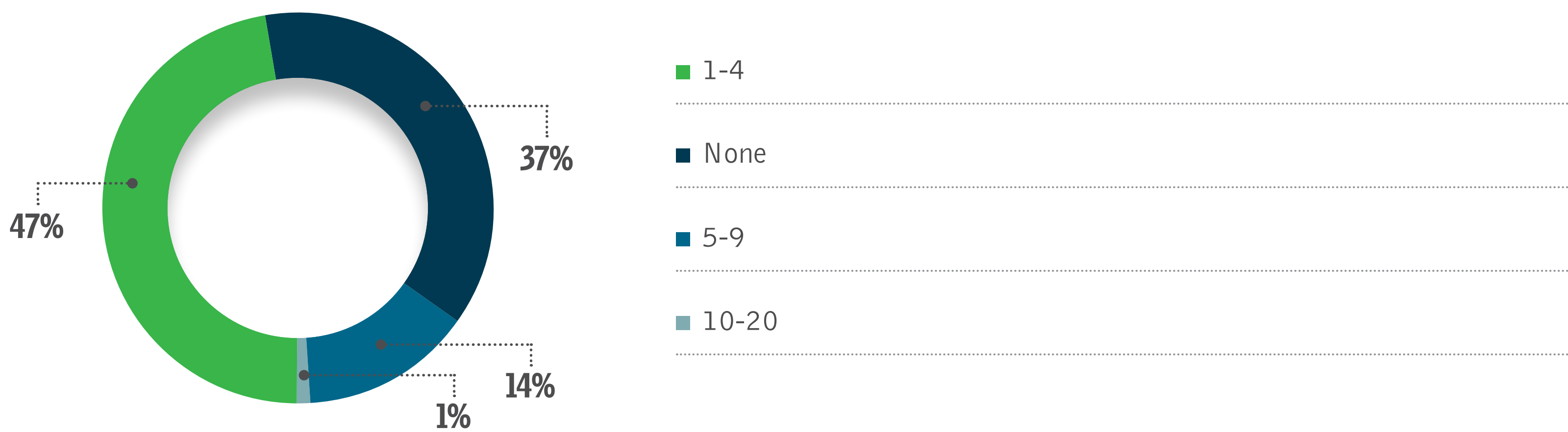
7. Do you believe that the valuation of your bank's stock today would be attractive enough to acquire an institution that meets your acquisition criteria?

Question only asked of CEOs, chairs, independent directors and chief financial officers from publicly traded banks who indicated their organization is open to M&A or interested in being an active acquirer.



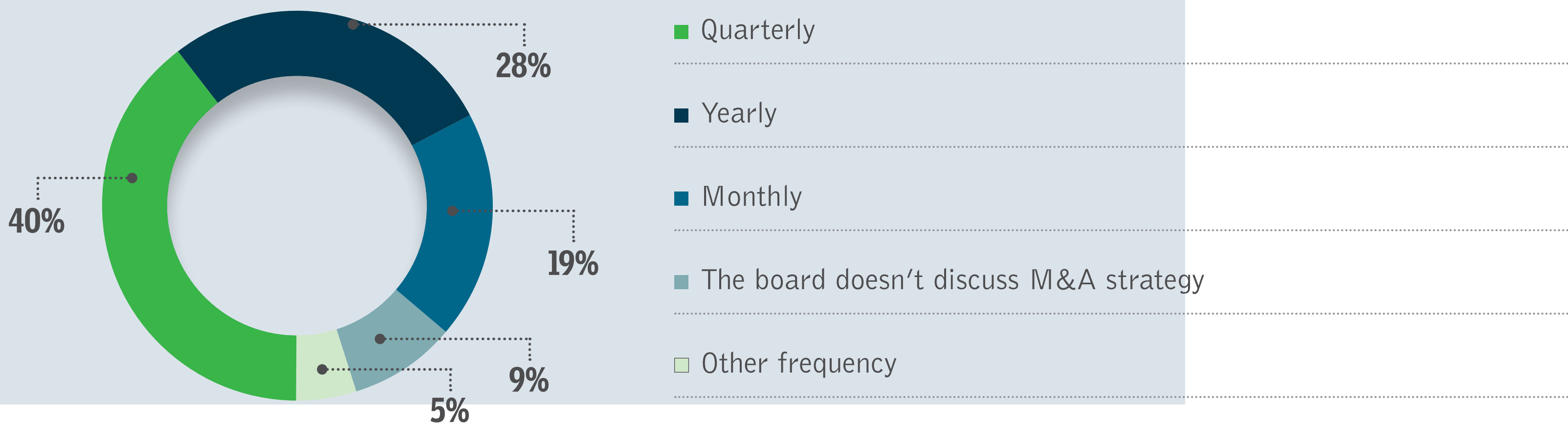
8. How many feasible or likely acquisition targets is your bank currently assessing?

Question only asked of respondents who indicated their organization is open to M&A or interested in being an active acquirer.



DISCUSSIONS ABOUT M&A

9. How often does your bank's board discuss M&A? This could include trends, pricing, prospective targets, interest from possible buyers or sellers, et al.



10. Thinking about your board's discussions about M&A in 2025, which of the following topics were addressed?

Question not asked of respondents who indicated their board does not discuss M&A. Respondents were asked to select all that apply.

73%
How M&A fits within the bank's overall strategy

65%
Identifying or discussing potential targets

58%
M&A trends, including pricing

55%
Capital impact of a potential transaction

46%
Attributes of an attractive target for our bank's strategy

39%
Your bank's valuation

29%
Interest from potential buyers

24%
How the bank would successfully execute a transaction

2%
Other

11. Over the past 18 months, has your bank discussed M&A strategy or a potential deal with an outside advisor?

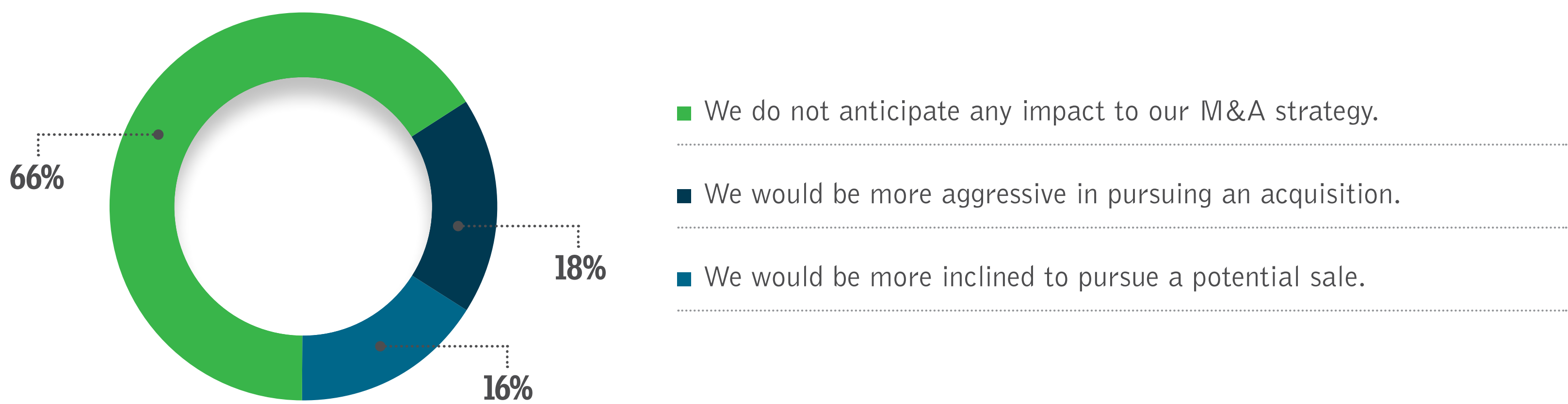
12. Why did your bank speak with an advisor?

Question only asked of respondents who indicated their bank had spoken with an outside advisor in the prior 18 months. Respondents were asked to select all that apply.

Bank Asset Size	Total
To identify targets	57%
To negotiate deal terms	27%
Estimate purchase accounting impact for deal negotiations, investor presentations, or other planning ahead of deal announcement	20%
We were approached by a potential buyer	18%
To render a fairness opinion	18%
To identify buyers	15%
For help raising additional capital	10%
Consultation on communication plans	10%
Other	9%
Regulatory compliance, financial, or other due diligence	6%
Tax implications or structuring	6%
Navigating the regulatory approval process and preparing required filings	5%
Credit due diligence	4%
Consultation on entering new business lines	2%
Integration planning	2%

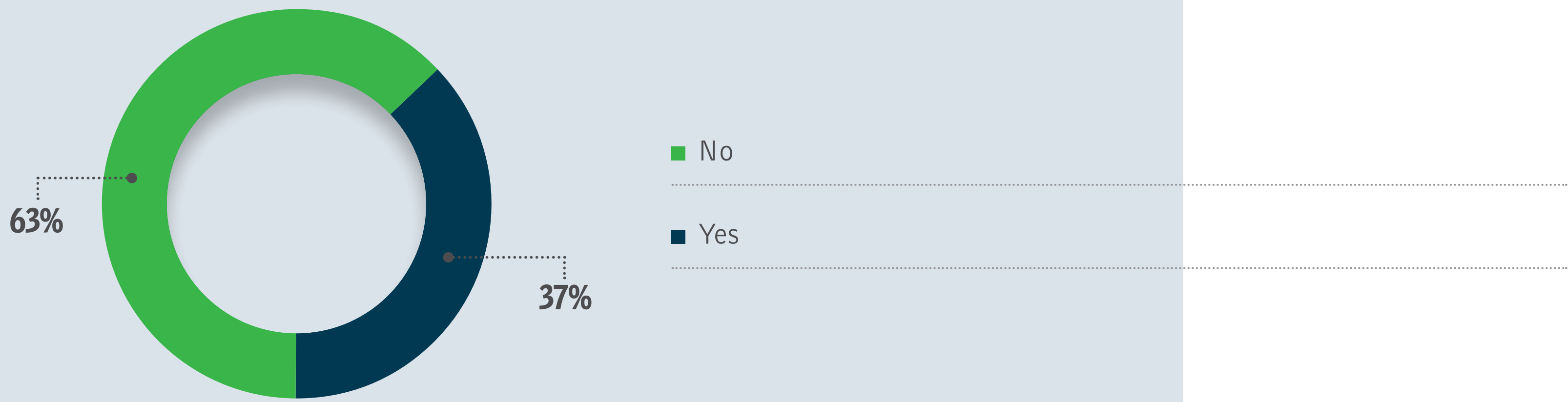
13. Did the pace of regulatory approvals in 2025 impact your institution's interest in pursuing M&A activity?

14. How would faster regulatory approval time influence your bank's M&A posture in 2026 and beyond?



SENTIMENTS ABOUT SELLING

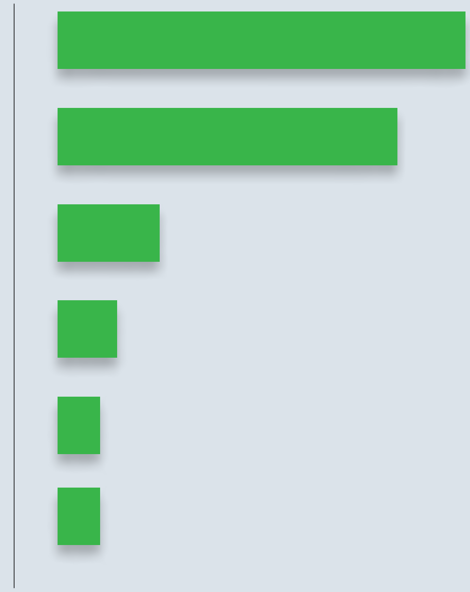
15. To your knowledge, did another financial institution express interest in acquiring your bank in 2024 or 2025?



16. What were the results of those discussions with a prospective acquirer/ merger partner?

Question only asked of respondents who indicated their bank had been approached by a possible buyer. Respondents were asked to select all that apply.

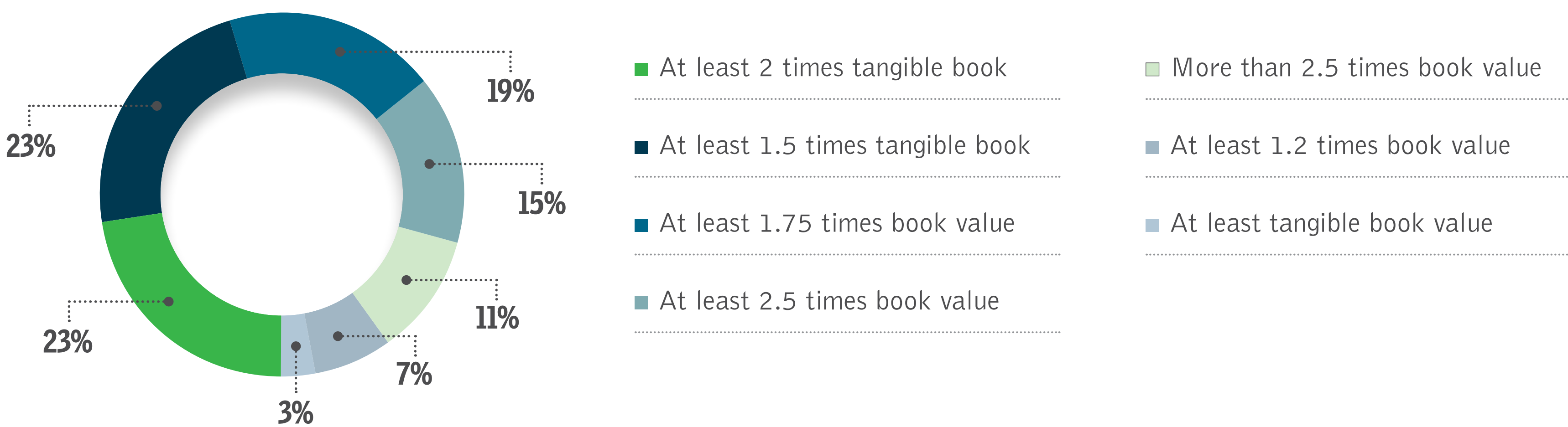
48%	Discussions were preliminary and/or went nowhere
40%	We had no interest in selling
12%	We didn't move forward because we didn't like the price
7%	We didn't move forward because the cultural fit wasn't right
5%	We accepted an offer
5%	Other



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

18. Does your bank assess its value and share that information with the board on at least an annual basis?

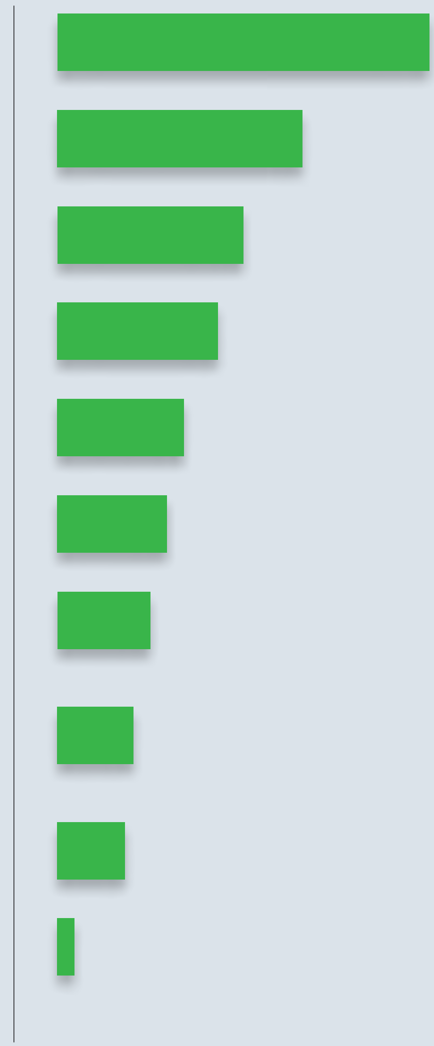
19. If your bank were to consider a sale, what would be the minimum value that you'd be willing to accept for your institution?



20. What changes do you believe your bank could make that would result in a better price if you sell within the next five years?

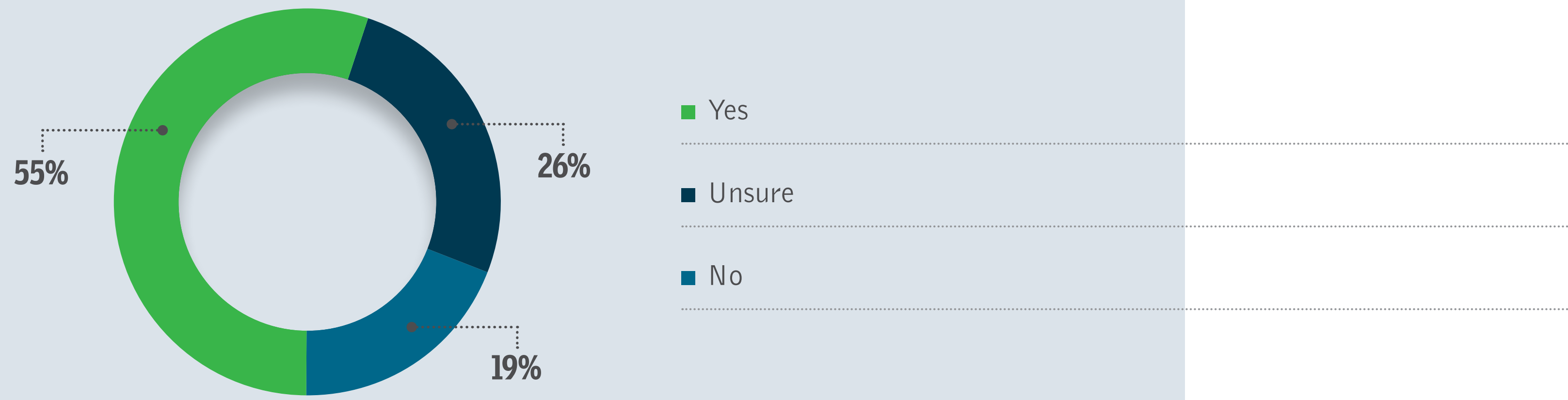
Question only asked of respondents who indicated their bank's management team would be open to selling within the next 5 years. Respondents were asked to select all that apply.

44%	Grow business lines that generate fee income
29%	Reduce concentration of non-core, higher cost deposits
22%	I don't believe changes are needed
19%	Renegotiate core processor or key vendor contract(s)
15%	Restructure the securities portfolio
13%	Reduce commercial real estate concentrations
11%	Address problem loans
9%	Renegotiate employment contracts to tie up key producers or executives
8%	Other
2%	Address weaknesses in the bank's BSA/AML program



21. Do you believe there are enough prospective buyers that would offer an attractive price for your bank?

Question only asked of respondents who indicated their bank's management team would be open to selling within the next five years.



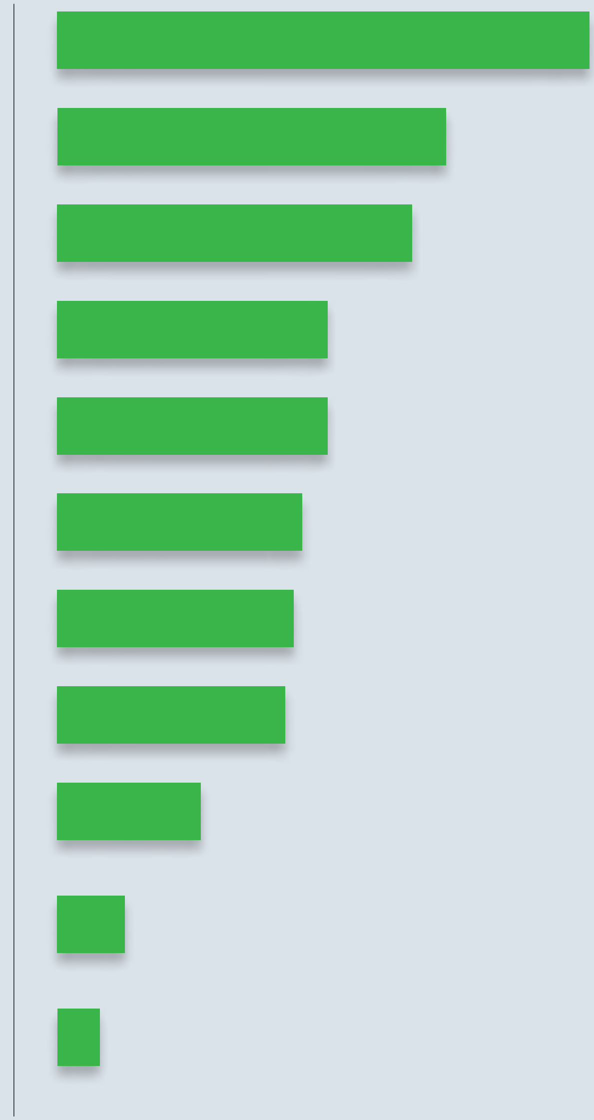
22. Do you believe that pressures on profitability could compel your bank to sell over the next 24 months?

ORGANIC GROWTH & PROFITABILITY

23. In 2024-25, what means of organic growth has your bank engaged in?

Respondents were asked to select all that apply.

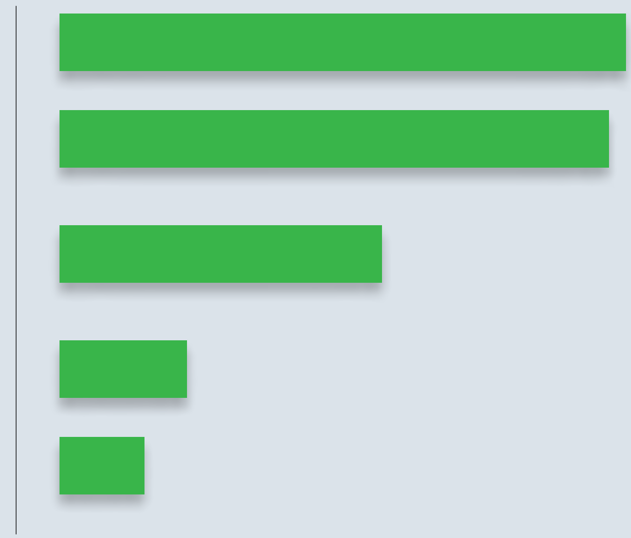
63%	Adding staff in revenue-generating areas of the bank
46%	Shift in marketing and advertising strategies
42%	New digital initiatives or upgrades that attract deposits
32%	Adding new products within existing business areas
32%	Adding new business lines or products
29%	De novo expansion (offices or branches) in new markets
28%	New or upgraded customer relationship management tools
27%	New customer referral initiatives
17%	New digital initiatives or upgrades to drive loan originations
8%	Launching a niche digital brand to attract deposits or originate loans
5%	Other



24. What do you see as the primary driver(s) of organic growth for your bank in 2026?

Respondents were asked to select no more than three options.

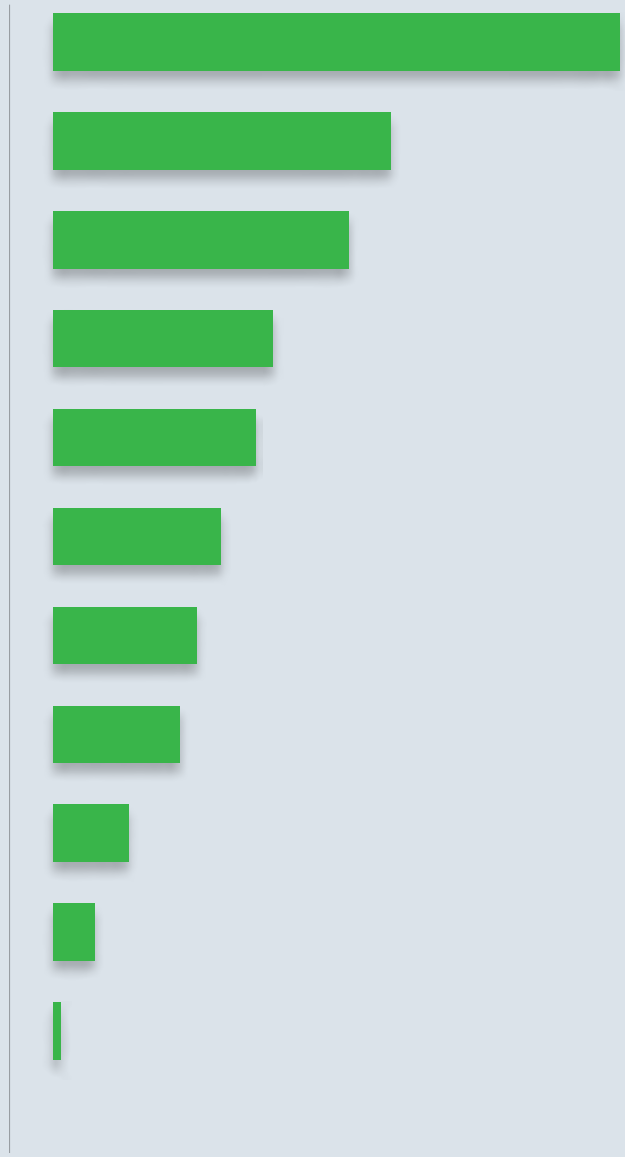
67%	Commercial real estate lending
65%	Commercial & industrial lending
38%	Fee-driven businesses (e.g. wealth management, treasury management)
15%	Consumer lending
10%	Other



25. What do you see as the top three obstacles to achieving organic growth in the current environment?

Respondents were asked to select no more than three options.

67%	Competition from other financial institutions offering more attractive rates
40%	Economic uncertainty or fear of recession
35%	Talent shortage in key growth areas
26%	Limited or sluggish demand for loans
24%	Competition from fintechs (i.e .neobanks, online lenders)
20%	High interest rate environment
17%	Need for more capital
15%	Slow new business formation in our markets
9%	Increased compliance burden
5%	Tightened underwriting standards
1%	Regulatory approval needed for new products or services



26. What do you consider the top three challenges to profitability facing your bank?

Respondents were asked to select no more than three options.

61%
Deposit costs

48%
Technology costs

45%
Compensation and benefits costs

30%
Slow or sluggish loan demand

25%
Regulatory compliance costs

21%
Difficulty in retaining talented employees

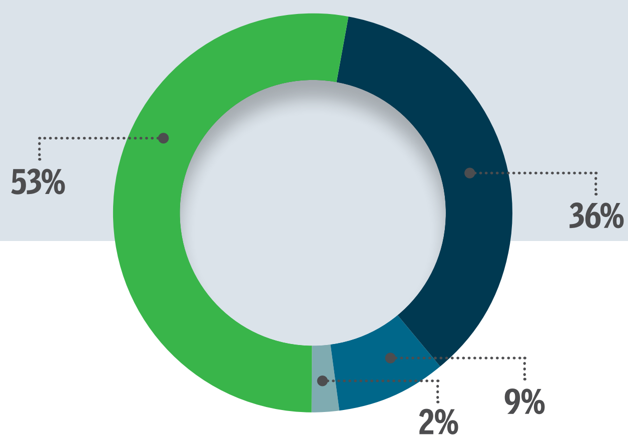
17%
Costs associated with the bank's branch network

16%
Declining fee revenue

6%
Underwater assets

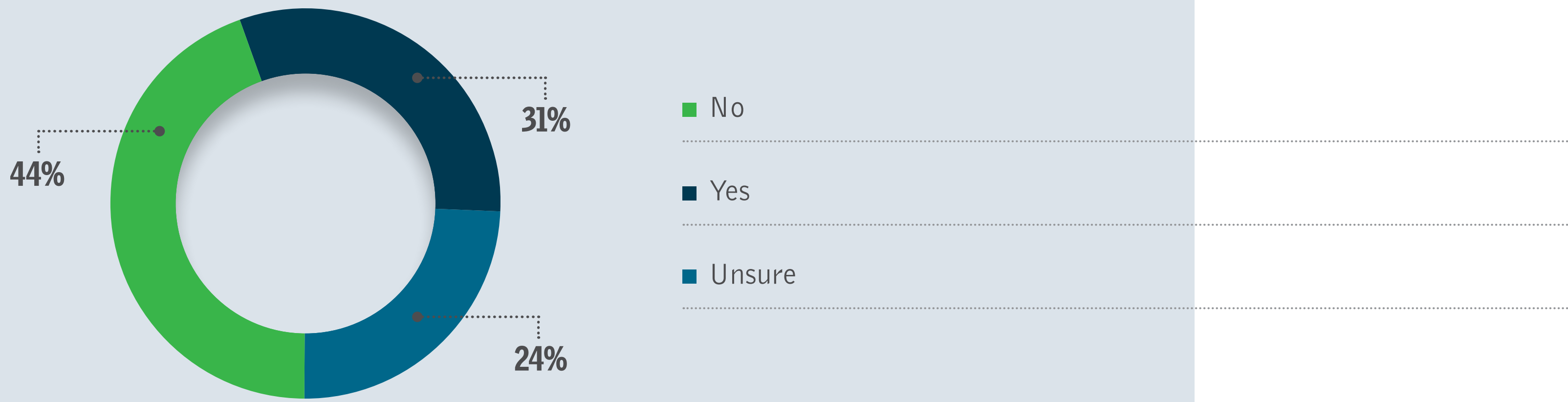
REGULATORY & ECONOMIC OUTLOOK

27. In April 2025, the Financial Accounting Standards Board announced it would effectively eliminate the "double count" of expected credit losses on certain loans when recording a transaction under the Current Expected Credit Losses (CECL) methodology. How do you expect this change to impact your bank's approach to M&A?



- I expect no change to our overall M&A strategy or pricing considerations
- I expect no change to our overall M&A strategy, but expect an impact to deal pricing as a result
- This makes us more likely to engage in M&A
- This makes us less likely to engage in M&A

28. Do you want to see more de novo bank formation?

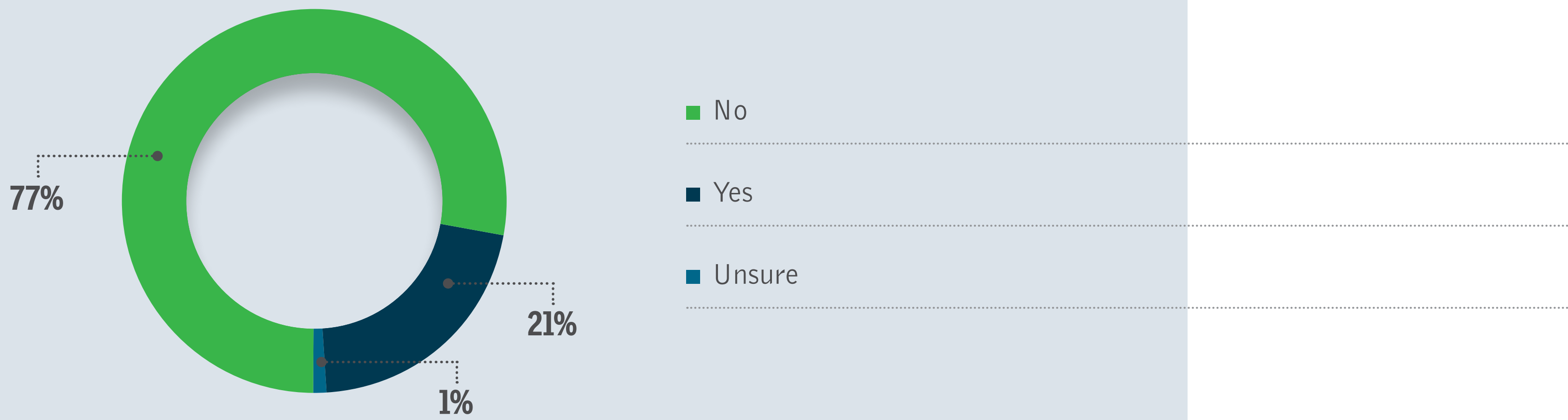


29. What do you see as the primary obstacles to de novo bank formation?

Respondents were asked to select all that apply.

57%	Minimum capital requirements
49%	Lack of initial profitability
43%	Return to shareholders
21%	Time to obtain a charter
3%	Other

30. Does your bank have subordinated debt that will mature or reset in 2025-2026?

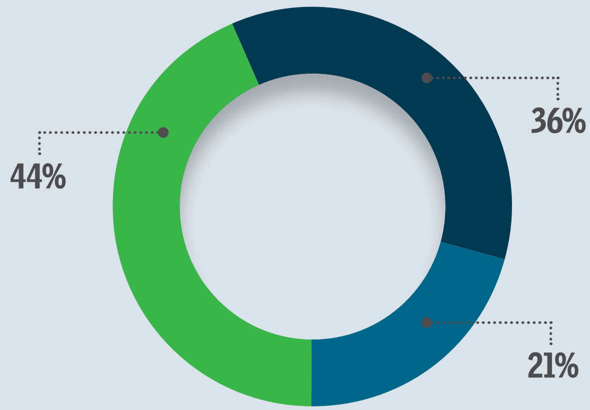


31. What do you plan to do when that subordinated debt matures or resets?

Respondents were asked to select all that apply. Question only asked of respondents who indicated their bank has subordinated debt set to mature or reset in 2025-2026.

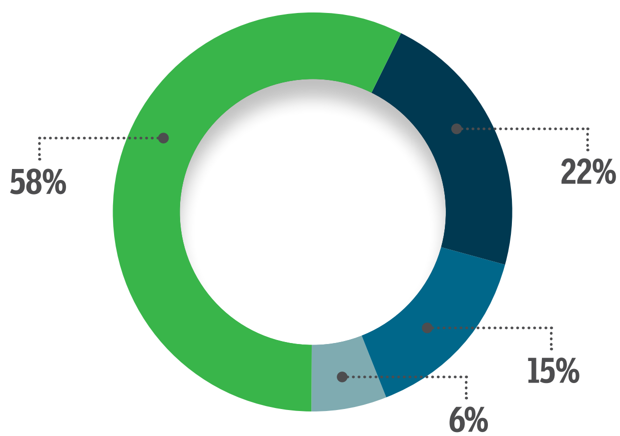
31%	We haven't decided yet
23%	Raise new capital to replace the sub debt
23%	Let the interest rate float as the debt amortizes
23%	Use existing capital to call the debt
14%	Other

32. In July 2025, the federal banking regulators published guidance for banks looking to provide crypto or digital asset custody services. Is this a potential growth area your bank is exploring?



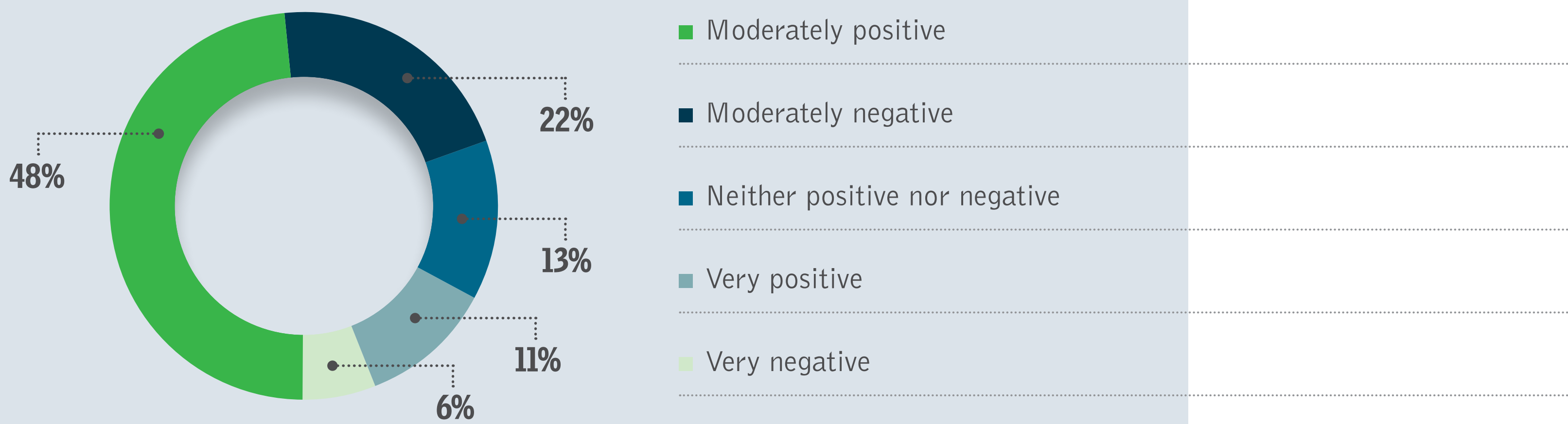
- We have not discussed this
- We've discussed this and will not provide these services
- We've discussed this and are looking into providing these services

33. What is your outlook for the U.S. economy through the end of 2026, compared to 2025?



- The U.S. economy will experience modest growth
- The U.S. economy will neither grow nor contract
- The U.S. economy will experience a downturn or recession
- The U.S. economy will grow significantly

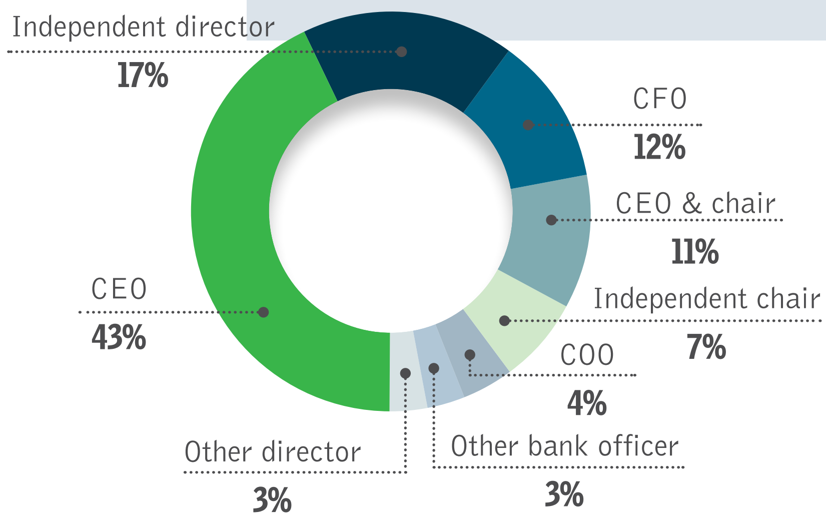
34. How do you feel about the effect of President Trump's policies and actions on the economy so far?



ABOUT THE SURVEY

Bank Director's 2026 Bank M&A Survey, sponsored by Crowe, surveyed 188 independent directors, CEOs, chief financial officers and other senior executives of U.S. banks below $100 billion in assets to examine organic growth strategies, M&A and profitability challenges. Sixty-one percent represent banks that are privately held, while a third represent a publicly traded institution. Over half serve as the bank's CEO.

TITLE



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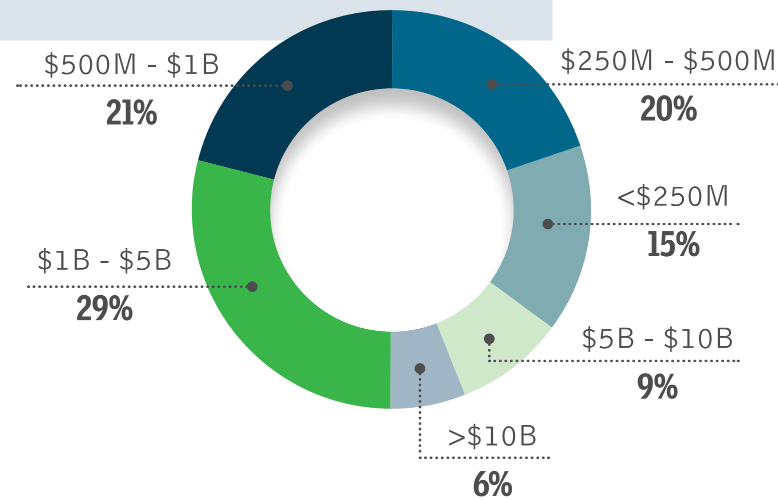
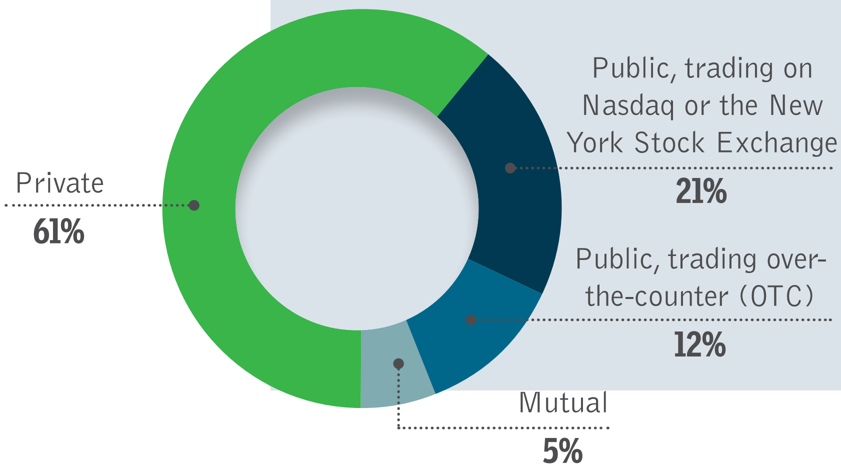
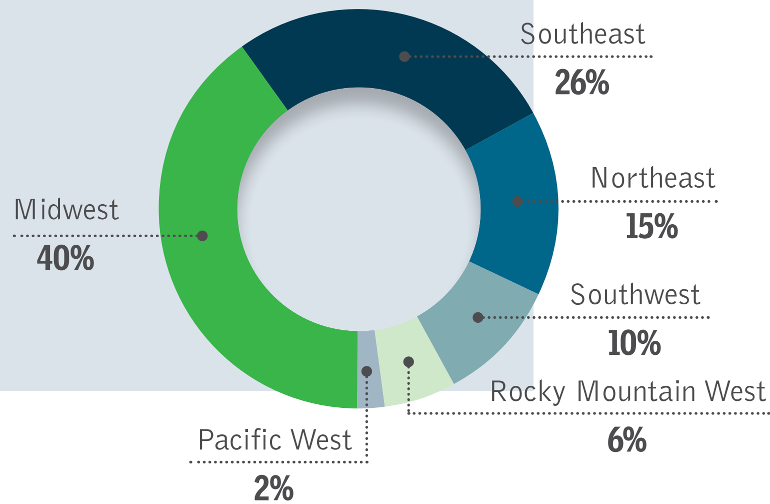


OWNERSHIP



REGION



*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)