Bank Director
Strong Board. Strong Bank.



2027 Bank M&A Survey

SPONSORED BY:

Crowe

November 2026
Research

TABLE OF CONTENTS

Executive Summary 3

Key Findings 4

Growth & Profitability Outlook 5

Acquisition Plans 10

Sentiments About Selling 23

About The Survey 27

About Bank Director

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Bank Director

About Crowe

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Crowe



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.

EXECUTIVE SUMMARY

Banks still have an appetite for making acquisitions, but with a limited number of suitable targets for sale, they could settle instead for poaching other banks' lending teams to juice growth.

Bank Director's 2027 Bank M&A Survey, sponsored by Crowe, finds that overall M&A sentiment is stable compared with a year ago. Just over half of respondents are open to acquisitions but focused primarily on organic growth, while a quarter want to be active acquirers. Additionally, 38% say another financial institution expressed interest in acquiring their bank in 2025 or 2026, similar to last year's findings.

Yet, respondents say it's less likely that they will buy another bank. Thirty-five percent of bank executives and directors say their bank is likely to make a whole bank acquisition in 2027, down from 45% last year. Those prospects could be tied to deal activity for 2026, which has lagged compared to the previous year. According to S&P Global Market Intelligence, 122 deals were announced through the third quarter of 2026, compared with 135 as of the third quarter last year.

Interest in acquiring and faster regulatory approvals under the Trump administration don't mean much without a supply of willing sellers. Two-thirds of potential acquirers cite a lack of suitable targets as a top barrier to making a deal. Additionally, the percentage who say their board and management team would be open to selling for the right price in the next five years fell slightly from last year to 46%.

While it's possible that some bank boards could be swayed by an attractive price or the potential upside of a combination, many prefer to remain independent, says Patrick Vernon, strategy and transaction advisory partner with Crowe. "There are still plenty of opportunities to grow independently — from expanding into new business lines or markets to improving profitability," he says. Indeed, bank leaders still plan to leverage M&A to drive growth. Thirty-five percent believe it is very or somewhat likely their bank will lift out a lending team, representing an increase of 11 percentage points from a year ago. And banks have seen indirect gains from acquisitions: 62% say their institution picked up customers as a result of in-market consolidation in 2025 or 2026.

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KEY FINDINGS

Other Growth Avenues

Seventy-one percent say that growth of fee income-generating businesses is one of their bank's top three strategies for organic growth over the next 18 months, followed by opening locations in new markets (47%) and increasing share in existing markets via hiring (43%).

Barriers to Entry

Pricing expectations remain a top barrier to acquisitions in this year's survey, according to three-quarters of respondents, and the survey highlights some of the disparity between buyers and sellers. Fifty-two percent of potential acquirers say they would be willing to pay up to 1.5 times tangible book value for a target that meets their bank's strategy, compared with 44% last year and 40% in the 2025 survey. Meanwhile, 26% say they would accept a minimum price of 1.5 times book value to sell their bank, but two-thirds name a higher multiple as the minimum they would accept.

Looking to Buy

More than half say their bank approached another organization about a potential acquisition in the past 18 months, but most of those (30%) say discussions didn't pan out. The remainder either announced or completed an acquisition (17%) or were in active discussions (8%) at the time the survey was conducted.

Bringing AI Into M&A

Less than a third of respondents who approached another institution about an acquisition used artificial intelligence in some aspect of the M&A process. Those who did cite due diligence or document review (82%) as an area where they implemented AI.

Credit Consciousness

Bank leaders place greater emphasis on credit and asset quality this year. Forty-two percent say complementary credit standards would be a top attribute in a potential target, up from 31% last year, and 49% say asset quality concerns would be a top barrier to an acquisition, a 15-percentage point increase.

Longer-Term Disruptions

Respondents cite general economic uncertainty or volatility (62%), nonbank fintechs obtaining bank charters (61%) and competition from cryptocurrency or stablecoin issuers (50%) as the top three greatest disruptions to the industry over the next three years.

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GROWTH & PROFITABILITY OUTLOOK

1. What are your bank's top three strategies for growth in the next 18 months?

Respondents were asked to select up to three responses.

71% 

Organic growth of fee income-generating businesses

47% 

Opening branches or offices in new markets

43% 

Increase share in existing markets by hiring lending teams

28% 

Expand into new markets via M&A

24% 

Focus on digital deposit growth

20% 

Increase share in existing markets via M&A

10% 

Focus on digital loan growth

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2. 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 response options.

71%	Competition from other financial institutions offering more attractive rates
33%	Talent shortage in key growth areas
32%	Economic uncertainty or fear of recession
31%	High interest rate environment
31%	Competition from fintechs
22%	Limited or sluggish demand for loans
19%	Slow new business formation in our markets
11%	Need for more capital
11%	Increased compliance burden
2%	Tightened underwriting standards
2%	Regulatory approval needed for new products or services

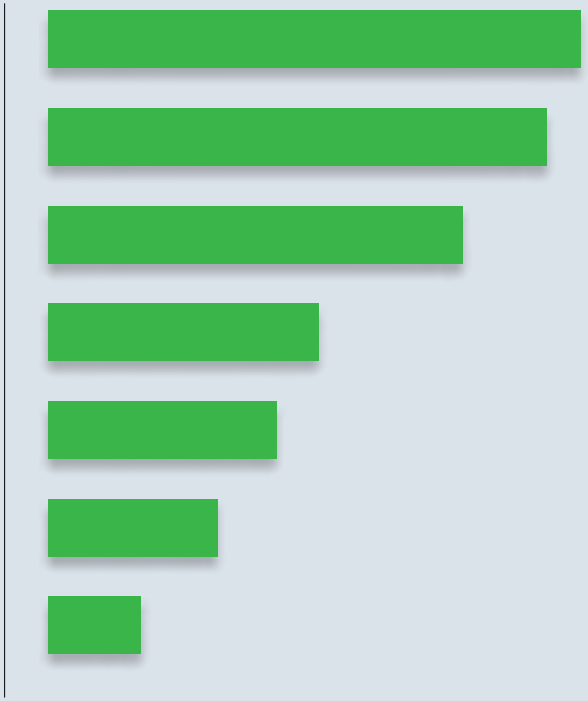


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3. What do you consider the top three challenges to profitability facing your bank?

Respondents were asked to select up to three response options.

63%	Technology costs
59%	Deposit costs
49%	Compensation and benefits costs
32%	Slow or sluggish loan demand
27%	Regulatory compliance costs
20%	Costs associated with the bank's branch network s
11%	Declining fee revenue



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4. Has your bank been able to capitalize on growth opportunities resulting from M&A in your markets in 2025-26?

Respondents were asked to select all that apply.

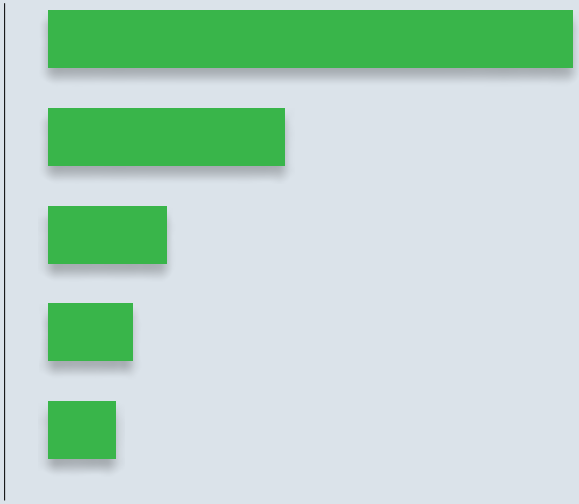
62% We've picked up customers from recent consolidation

28% Consolidation did not impact our market(s) in 2025-26

14% We've acquired business lines from merging banks

10% Other

8% We've acquired branches from merging banks

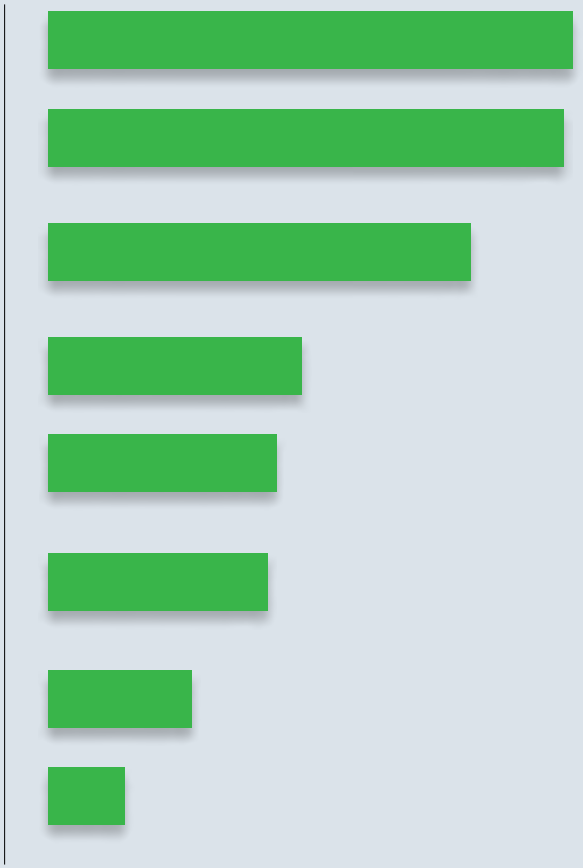


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5. What do you see as the top three greatest disruptions to the banking industry over the next three years?

Respondents were asked to select up to three responses.

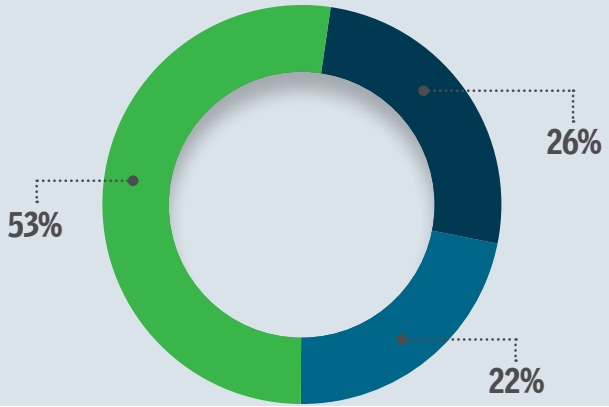
62%	General economic uncertainty or volatility
61%	Nonbank fintechs obtaining bank charters
50%	Competition from cryptocurrency or stablecoin issuers impacting bank deposits
30%	Competitive pressures due to artificial intelligence adoption
27%	Global political volatility
26%	Expected wealth transfer from boomers to younger generations
17%	Long-term regulatory uncertainty
9%	Increasing wealth gap for American consumers



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ACQUISITION PLANS

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



- We're open to acquisitions, but will focus primarily on organic growth
- We want to be active acquirers
- M&A is an unlikely growth path for my bank

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7. 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.

75% 

Attractive deposit base

62% 

Complementary culture

49% 

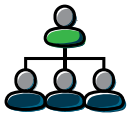
Locations in growing markets

45% 

Efficiency gains/potential cost saves

42% 

Complementary credit standards and/or consistent credit quality

37% 

Talented lenders/lending teams

37% 

Target size

29% 

Complementary business lines/sources of revenue

25% 

Target's strong reputation/ brand in its market(s)

19% 

New business lines/sources of revenue

19% 

Demonstrated/potential loan growth

14% 

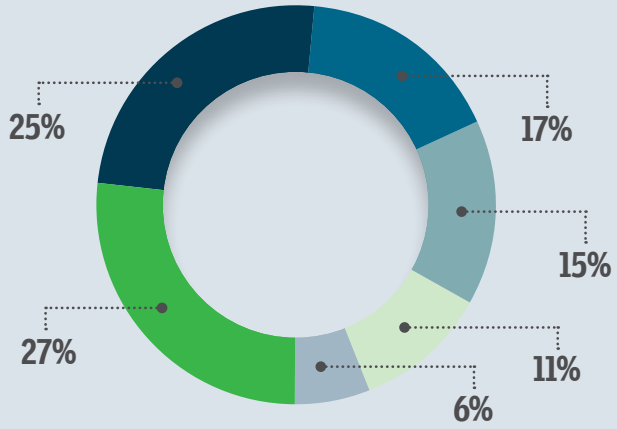
High level of profitability

11% 

Technology platform/ infrastructure

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



- Quarterly
- Infrequently or as needed
- Yearly
- Monthly
- Bimonthly (every two months)
- The board doesn't discuss M&A strategy

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9. Thinking about your board's discussions about M&A in 2026, which of the following topics were addressed?

71% 

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

67% 

Identifying or discussing potential targets

59% 

M&A trends, including pricing

52% 

Capital impact of a potential transaction

52% 

Attributes of an attractive target for our bank's strategy

46% 

Your bank's valuation

32% 

How the bank would successfully execute a transaction

29% 

Interest from potential buyers

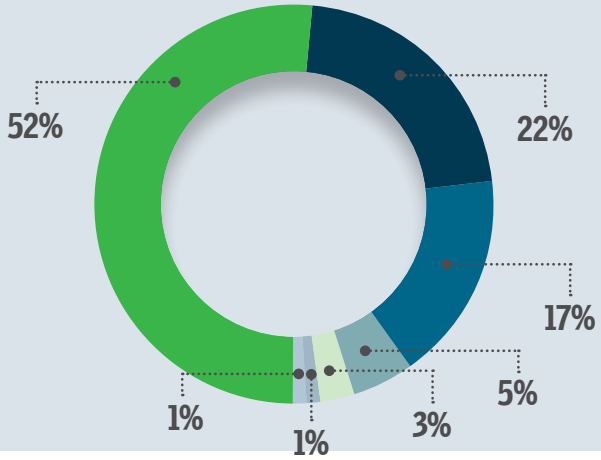
2% 

Other

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10. 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.

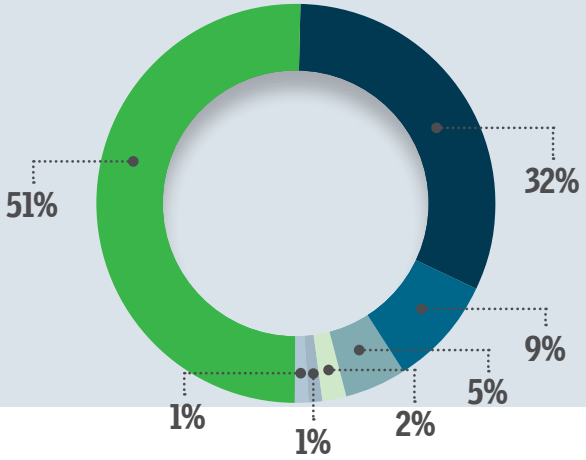


- Up to 1.5 times tangible book
- Up to 1.2 times tangible book
- Up to 1.75 times tangible book
- Up to 2 times tangible book
- Up to tangible book value
- Less than tangible book value
- More than 2.5 times tangible book

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11. Of the following, which factor would most influence your bank to pay more for a target?

Question only asked of those who describe their bank as an active acquirer or open to acquisitions. Respondents were asked to select the option that best aligns with their bank's strategy.



- High level of core deposits
- High growth potential of the combined bank
- Strong credit quality
- Strong efficiency ratio
- Complementary business lines
- Attractive securities portfolio
- Attractive yields in the loan portfolio

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

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

75% 

Pricing expectations of potential targets

66% 

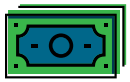
Lack of suitable targets in desired markets/areas

51% 

Culture/integration of personnel

49% 

Concerns about asset quality of potential targets

42% 

Demands on my bank's capital

26% 

Unfavorable core provider contract terms/conditions

23% 

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

21% 

Technology integration

21% 

Lack of experience in doing acquisitions

14% 

Uncertainty about the future economy or the future of banking

11% 

Commercial real estate concentration

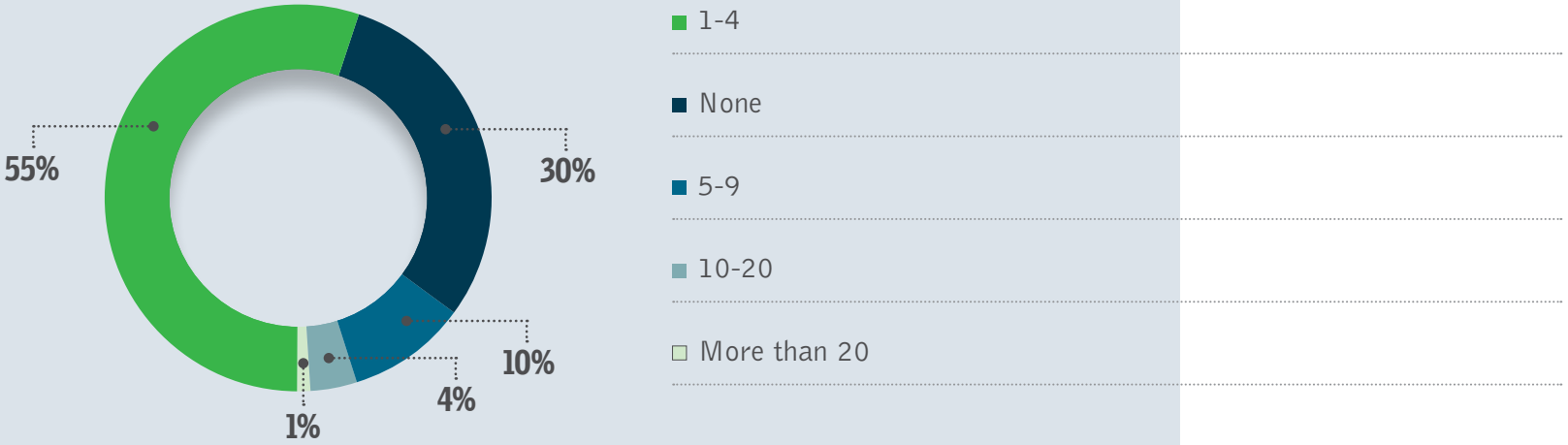
1% 

Uncertainty about ability to gain regulatory approval

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

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



14. At what asset size would a target be too small for your bank to acquire?

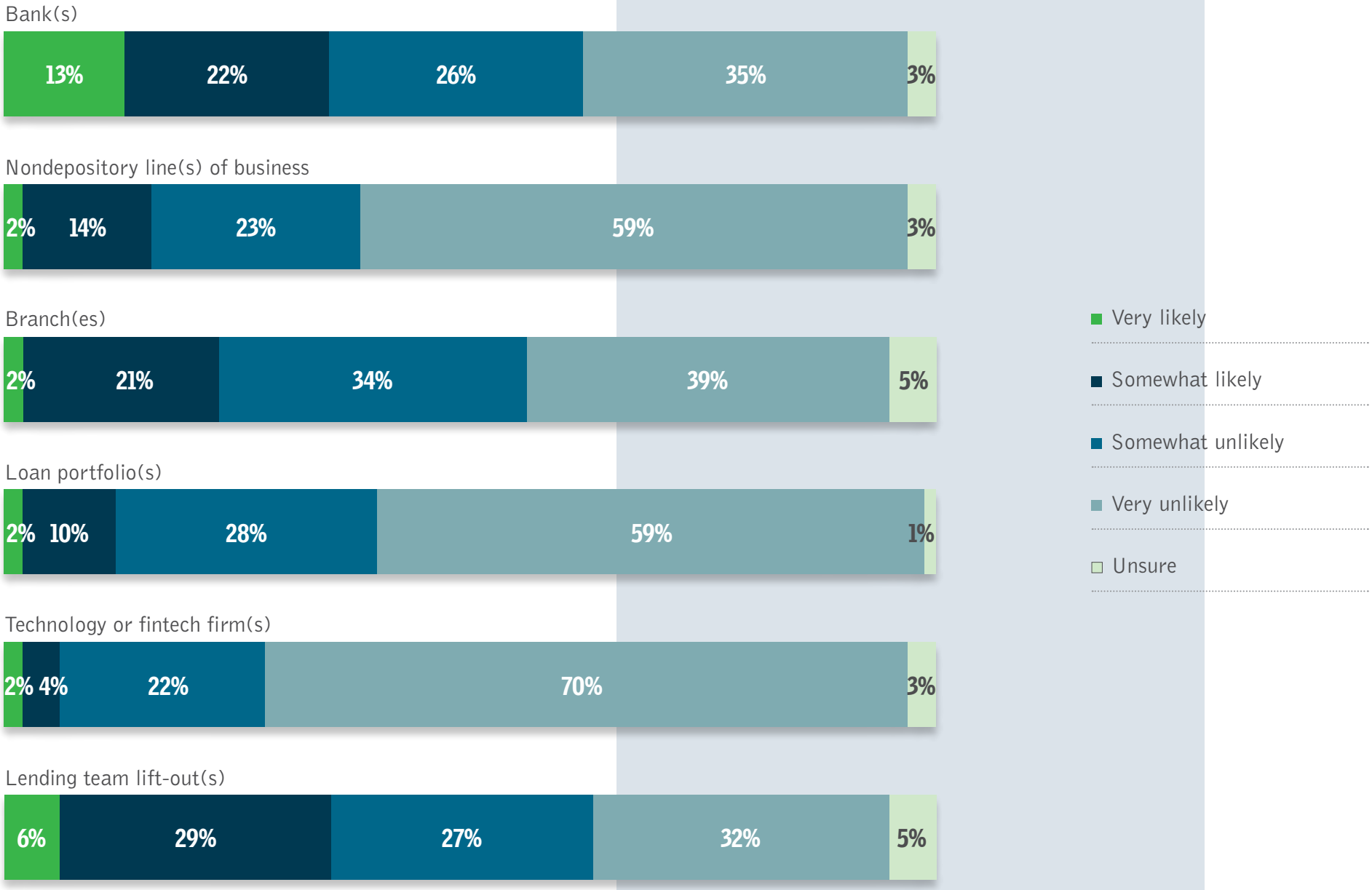
Median values reported. Respondents were asked to report the asset size that best aligns with their bank's size and strategy as a whole number. Question only asked of respondents who indicated their board discusses M&A strategy.

$100,000,000

Median asset size too small to acquire

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15. Given the current environment, how likely is it that your institution will purchase the following by the end of 2027?



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16. Has your bank approached another organization to make an acquisition in the past 18 months?

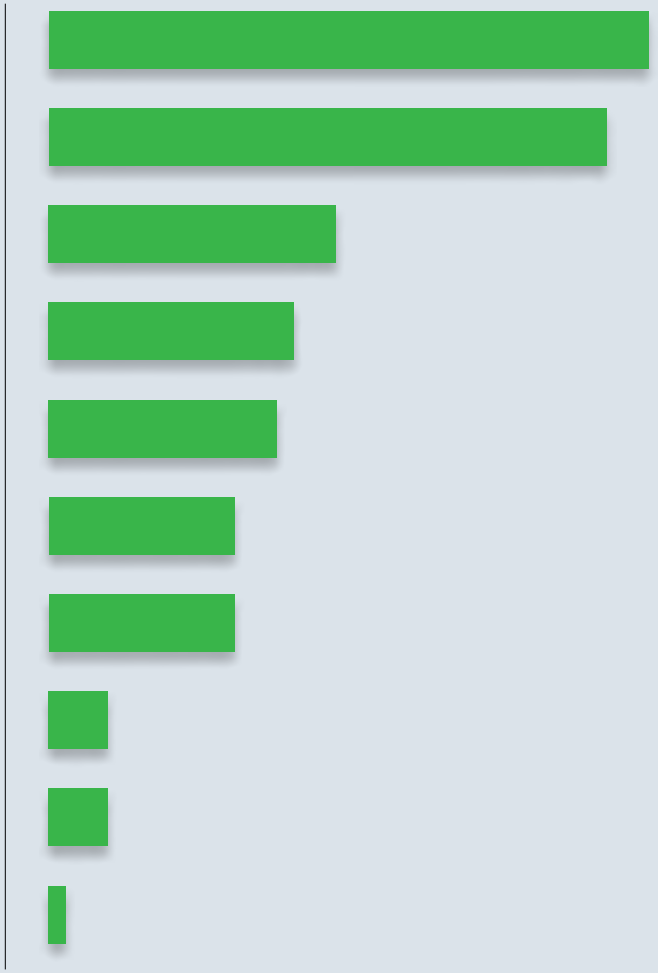


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17. What were the top three factors that influenced your M&A strategy over the past 18 months?

Question only asked of respondents who indicated their bank had approached another organization about a possible acquisition over the past 18 months. Respondents were asked to select up to three response options.

71%	Geographic expansion
66%	Core deposit growth
34%	Talent acquisition
29%	Scale to drive investments in technology and other areas
27%	Cost savings
22%	Complementary businesses/revenue lines
22%	Loan growth
7%	Profitability pressures
7%	Customer acquisition beyond deposit and loan growth
2%	New product expertise

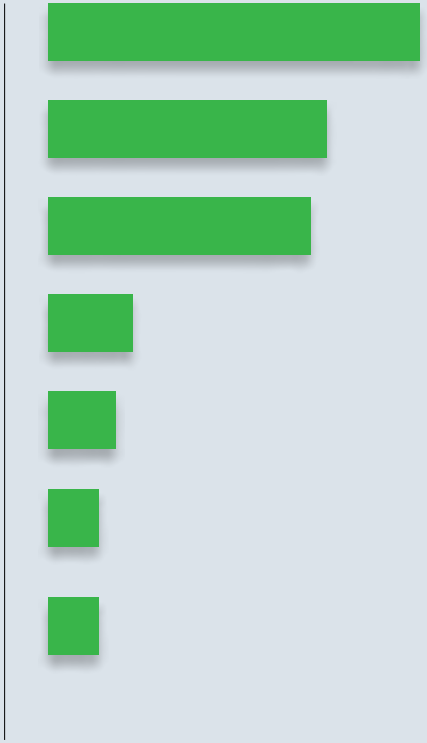


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18. Thinking about M&A discussions over the past 18 months, why did those not work out?

Question only asked of respondents who indicated their bank had approached another organization about an acquisition, but those discussions did not lead to a deal.

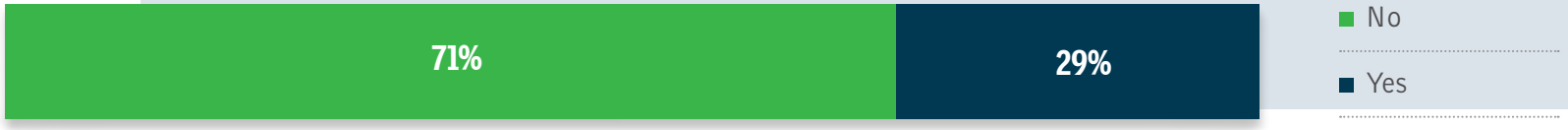
44%	The target ultimately wasn't interested in selling
33%	The acquisition target ultimately went with a different buyer
31%	We couldn't come to an agreement on pricing
10%	The cultural fit wasn't right
8%	Other
6%	Credit quality issues uncovered during due diligence
6%	Financial issues or unexpected costs uncovered during due diligence



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19. Has your bank employed artificial intelligence technologies for any part of the M&A process?

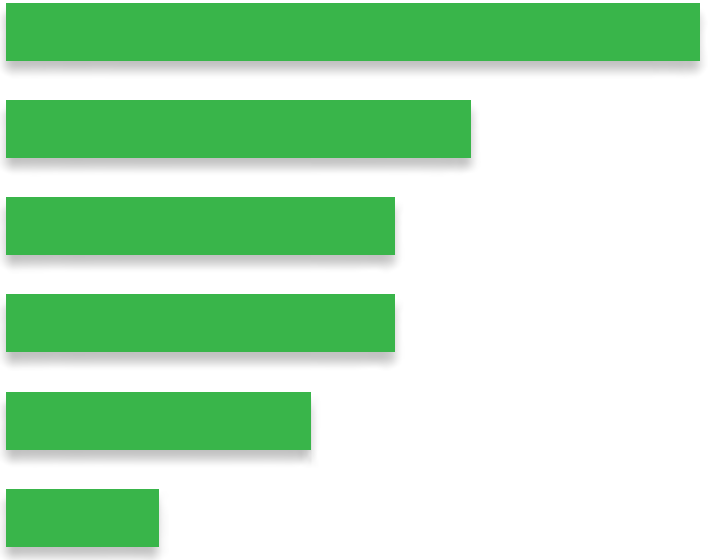
Question only asked of respondents who indicated their bank completed or announced an acquisition in the last 18 months or is in active discussions with a seller.



20. In what part of the M&A process has your bank used AI?

Question only asked of respondents who indicated their bank has used AI in its M&A process. Respondents were asked to select all that apply.

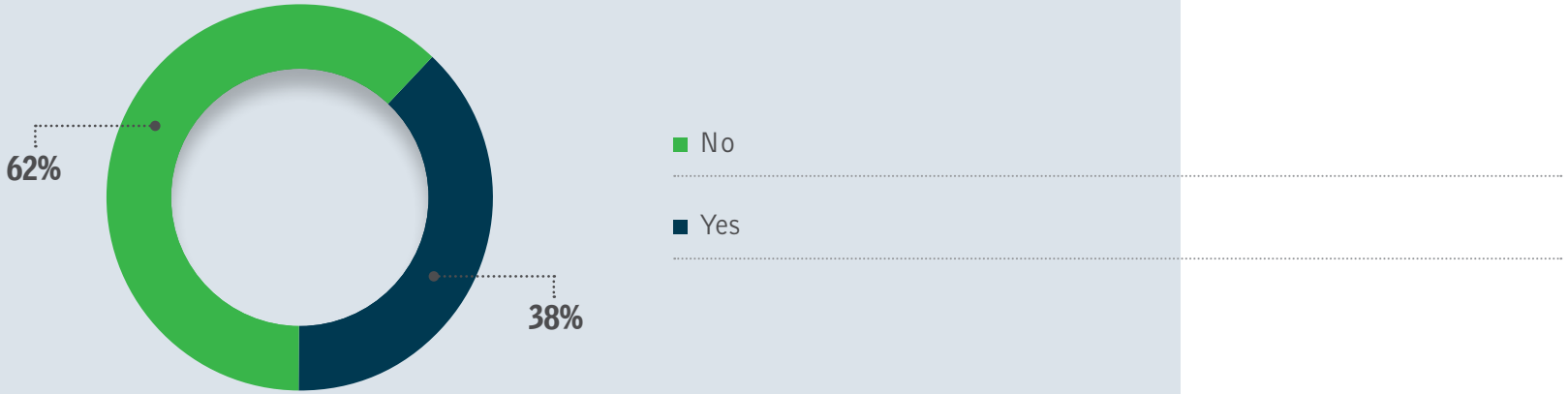
82%	Due diligence and/or document review
55%	Credit and/or deposit analysis
46%	Identifying acquisition targets
46%	Operational efficiency assessment
36%	Post-merger integration
18%	Refinement of merger assumptions and/or pricing considerations



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SENTIMENTS ABOUT SELLING

21. To your knowledge, did another financial institution express interest in acquiring your bank in 2025 or 2026?



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

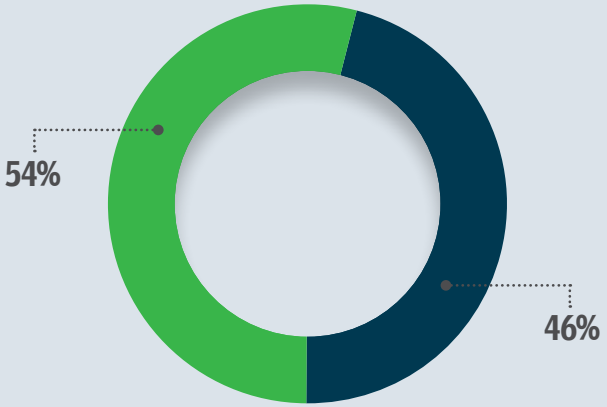
Question only asked of respondents who indicated their bank had been approached by a possible buyer.

48%	We had no interest in selling
25%	Discussions were preliminary and/or went nowhere
12%	We couldn't come to an agreement on pricing
10%	We didn't move forward because the cultural fit wasn't right
7%	Other
2%	We didn't move forward because of timing of core/vendor contracts
2%	We accepted an offer



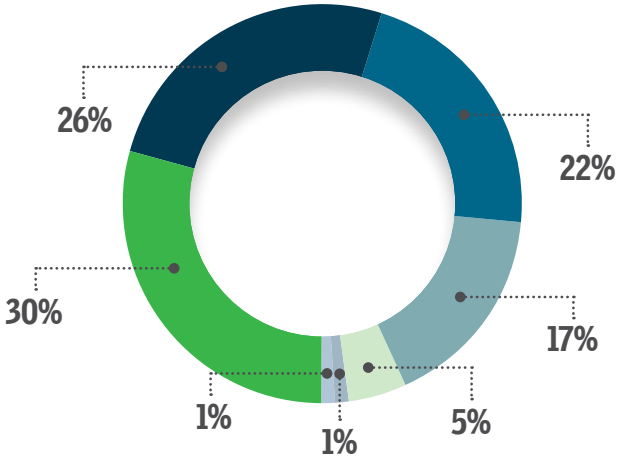
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23. Would your board and management team be open to selling the bank over the next five years, at the right price?



- No
- Yes

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



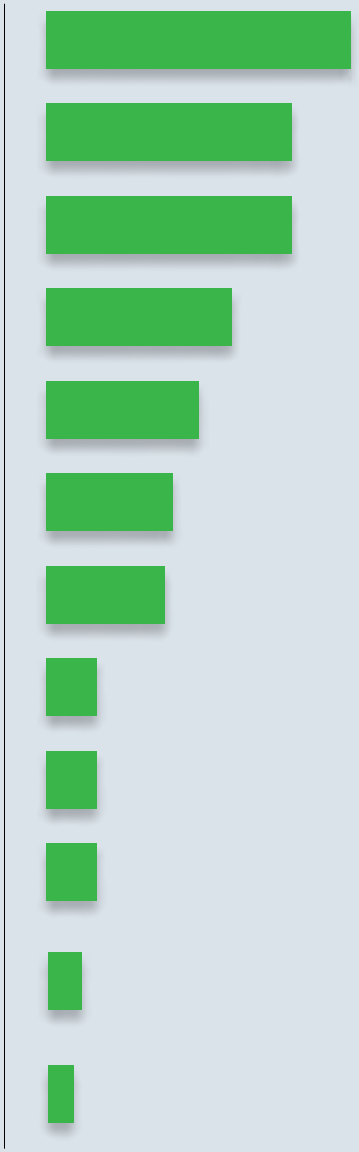
- At least 2 times tangible book
- At least 1.5 times tangible book
- At least 1.75 times tangible book
- At least 2.5 times tangible book
- At least 1.2 times tangible book
- Less than tangible book value
- At least tangible book

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25. 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 five years. Respondents were asked to select all that apply.

36%	Improve efficiency
29%	I don't believe changes are needed
29%	Improve overall profitability
22%	Grow business lines that generate fee income
18%	Address problem loans
15%	Reduce concentration of non-core, higher cost deposits
14%	Restructure the securities portfolio
6%	Reduce commercial real estate concentrations
6%	Downsize less profitable lending businesses
6%	Other
4%	Renegotiate employment contracts to tie up key producers or executives
3%	Renegotiate core processor or key vendor contract(s)



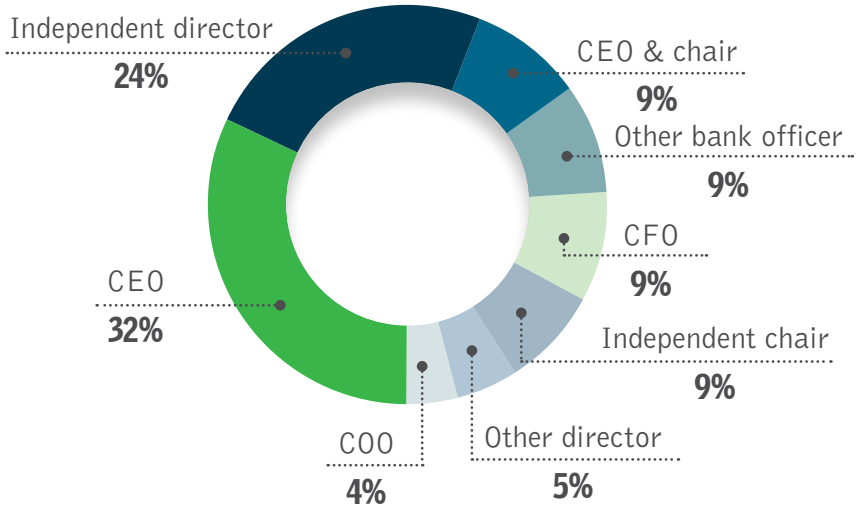
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ABOUT THE SURVEY

Bank Director's 2027 Bank M&A, sponsored by Crowe, surveyed 199 independent directors, CEOs, chief financial officers and other senior executives of U.S. banks to examine how they're thinking about organic growth strategies, M&A and profitability challenges. A majority of respondents represent banks under $5 billion in assets.

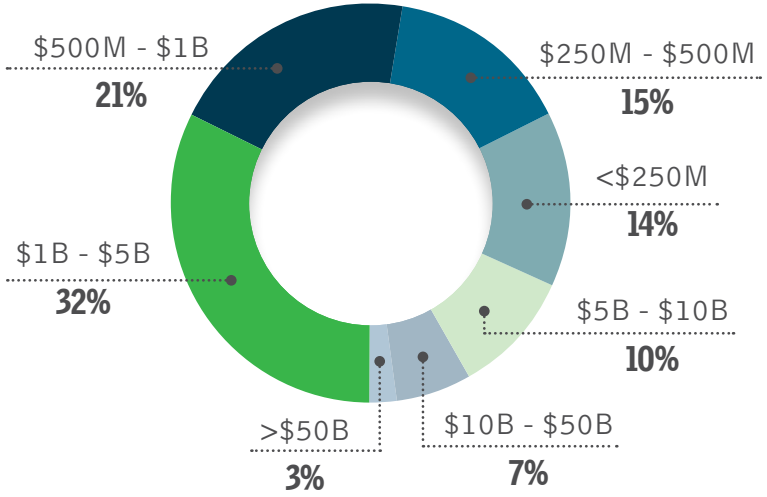
TITLE

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



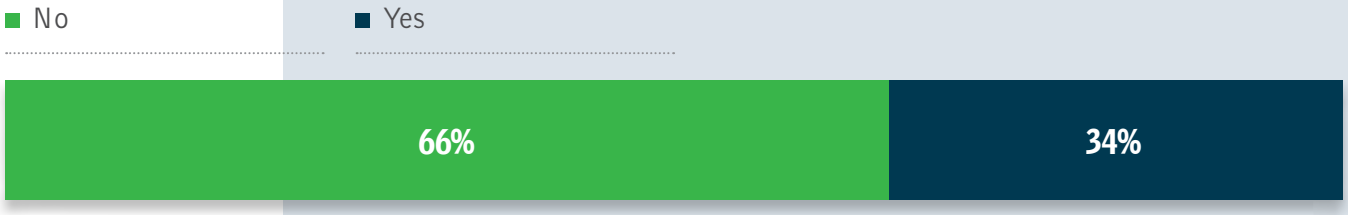
ASSET SIZE

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



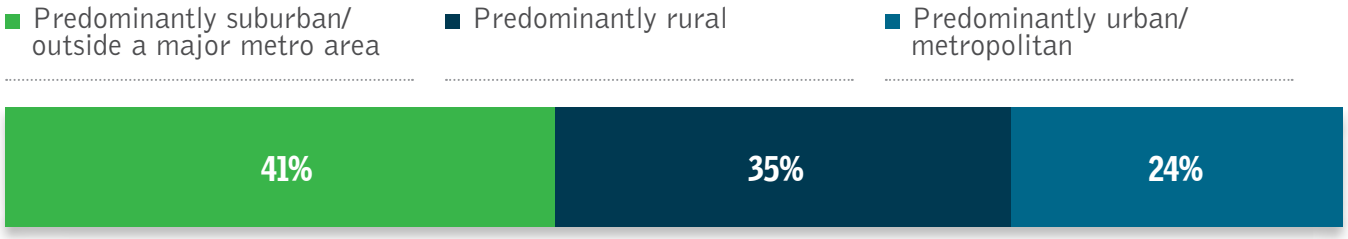
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IS AT LEAST 30% OF YOUR BANK CONTROLLED BY A SINGLE FAMILY?



HOW WOULD YOU PRIMARILY DESCRIBE YOUR BANKS' MARKETS?

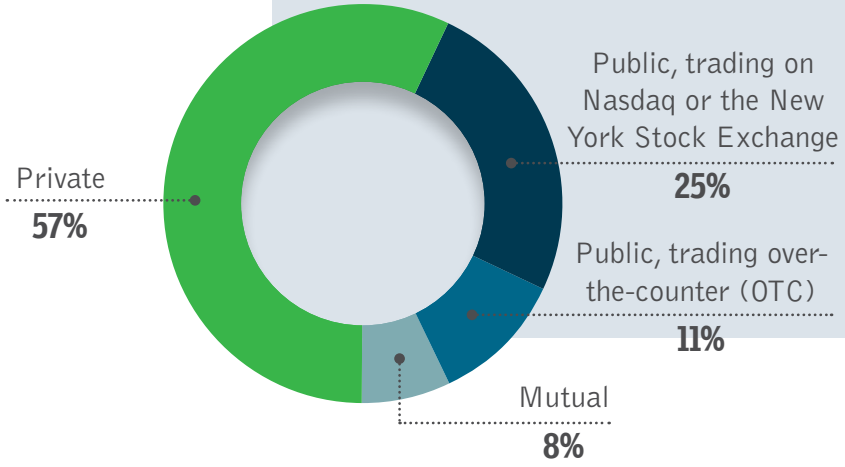
Respondents were asked to select the option that best matches the markets their bank primarily serves.



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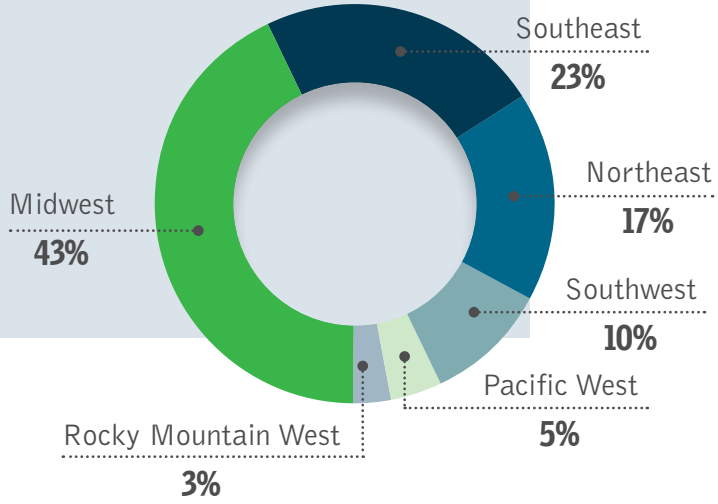
OWNERSHIP

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



REGION

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



*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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