



Opening the door to new ideas

THE

Board Chair Forum

NEWSLETTER

Gerrish Smith Tuck, Consultants and Attorneys

April 2026

Spring is here! Well, mostly. We have seen people in some of the nation's popular ski resorts hoping for some late winter snow to improve the ski conditions, and we have seen people in other mountainous areas wishing the snow would stop so that spring can begin budding. But in our travels to various climates around the country this spring, and in particular with strategic planning and shareholder issues always coming to the forefront in the spring, we thought it might be appropriate to address some of those typical issues and concerns in this month's edition of *The Board Chair Forum Newsletter*.

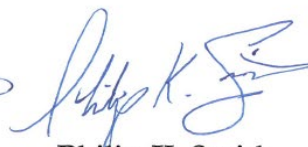
More specifically, we take a look at the ongoing and dynamic merger and acquisition market and the push by many to try to find an acquisition. We question whether that is always the best strategy and look at what at least one alternative might be. In addition, we review some strategic planning nuances for rethinking the most common elements of your strategic plan. We also ask you to think about the role that technology plays at the Board and Board Chair level and the evolution of technology, and question whether you are now thinking of technology as a board level issue rather than a management level issue.

We hope this month's edition of *The Board Chair Forum Newsletter* sparks some thoughts and questions in your mind, and we hope it provides some valuable insight to you.

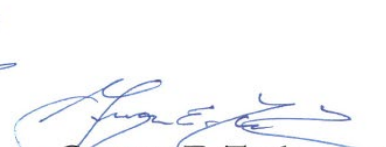
Happy Reading!



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Board Chair's Summary

- ◆ *When is Buying Another Bank Not a Good Idea?*
- ◆ *Review Your Strategic Plan Basics*
- ◆ *Is Technology a Governance Issue?*

When is Buying Another Bank Not a Good Idea?

If your organization is focused on growth in terms of asset size, geography, number of customers, etc., it would seem like pursuing the acquisition of another financial institution would always be a good idea. However, while all of those objectives are likely met with any acquisition at any price, the greater question is whether the pursuit and acquisition of another institution is the best “capital allocation” decision that the Board could make, given all of the circumstances.

Far too often, we see boards assume an acquisition is always the best option, with thinking like “We will never get this opportunity again,” or something similar. The reality is that the more accurate focus should be on questions like “Are our shareholders better off with us pursuing this transaction, and is the organization financially better off pursuing this transaction?”. However, we often see that type of question get relegated to a secondary consideration. But, normally if an organization has an opportunity to pursue an acquisition, it typically means that the organization has access to excess capital or borrowing capabilities to fund the purchase price, and, therefore, it also means the organization has

access to that same capital for alternative uses. Those should be considered as viable options anytime an acquisition is being considered in order to ensure the organization pursues the best course of action.

Interestingly, there have been some recent public examples that back up this consideration. If you have seen any of the headlines recently from some of the activist investors who tend to buy up blocks of stock in “quasi-public” bank holding companies, some of those investors have specifically come out in opposition to the organizations pursuing other acquisition transactions. Rather, some of these activist investors have specifically argued that the organization should, alternatively, consider stock buybacks with excess capital resources rather than pursuing acquisitions. That is particularly true if an organization has a listed security and its trading value is less than its book value. A recent activist investor added an individual to the Board of Directors of a bank holding company in the hope to influence the banking organization to forego acquisitions in favor of stock buybacks. The comment from the investor was that there is no rational reason that the organization wouldn’t simply buy back shares (and forego acquisitions) as an economic truism of a way to increase its value.

The point was also made by the investor that any bank or bank holding company should buy back stock at a discount to its tangible book value if it has the opportunity to do so, and to prioritize that strategy over pursuing an acquisition because, particularly if they are trading below book value and are utilizing stock, it is unwise to do the acquisition because the bank will wind up paying a premium it really cannot afford. Furthermore, whenever we conduct a financial analysis and compare the use of capital to fund an acquisition versus the use of capital to buy back an organization’s own stock, the resulting metrics on the stock buyback are often much better than the proposed acquisition. It is also true that there certainly is less risk in buying back your own stock where you are not trying to find appropriate cost savings and revenue enhancements that are necessary to make an acquisition work.

So from the Board Chair position as well as other directors, the caution is to not automatically assume that an acquisition is the best approach. Consider stock buyback

transactions or other value enhancing techniques. In particular, if you happen to be public or quasi-public, know that you have a target on your back by some of these activist investors. As one such party recently was quoted as saying, “Banks with a cheap stock price, excess capital, and dreams of mergers and acquisitions fit the profile of a potential target” (for the activist investor to purchase their shares). Some of these groups take the position that you should either sell the bank, or if you are planning to stay independent, you must buy back stock. So be on your guard even if you are private, because your stockholders are seeing these headlines.

Review Your Strategic Plan Basics

We are currently in the midst of the spring strategic planning season and we typically also see another surge in strategic planning during the fall and close to budget time. As we have commented numerous times in our newsletters over the years, and as most of you know, we conduct scores of planning sessions every year for banks of all different sizes, in all parts of the country. The result is that no two planning sessions are the same. However, when we see commonalities, we like to point those out because we do think there are some universal truths about ways to ensure you are conducting planning correctly.

One of the things that we have primarily encouraged banks to do as part of their planning process is not to get too hung up on “textbook” strategic planning, where you feel it is necessary to wordsmith your Mission Statement to death, review internal and external strengths, weaknesses, opportunities, and threats every year, or in other ways follow a rigid format. Rather, we generally recommend taking the time on the front end to figure out what the actual topics are that need to be discussed and focus on substantive discussion and decision making rather than an esoteric feel-good session.

We have recently seen in a number of circumstances, however, where a bank and its holding company actually did need to go back to some of the elementary principles of planning and revisit what they have done in the past in order to provide a more current and

modern approach to things. That often starts with revisiting the Mission Statement. That process does not need to take up the first four hours of your planning session, but if your Mission Statement is actually a series of jumbled paragraphs put together 20 years ago that have no relevance for what you are current doing, and are so lengthy that no one knows what they say, then it is time to update them. As we have noted over recent years, we have seen organizations begin to look at trying to create organizational tag lines that are, in essence, used as the Mission Statement because they convey the same thing. Examples might be “Creating Value Every Day,” or “A Better Bank, Not a Bigger Bank,” or “People First.”

We have even seen a couple of banks use the opportunity of updating their Mission Statement to really involve the entire organization by soliciting thoughts and comments from employees, holding a contest for the best new tag line, or something similar. The focus is to make sure that the core strategic issues for your community bank do align with where your community bank is actually going and its modern practices. If you haven’t taken the time to update your Mission Statement in some time, it can be done relatively easily (in fact, we have had a number of banks ask us to review all of their documentation and provide some proposed updates and modifications prior to the actual planning session) so periodically you need to go back to the basics and review those core items as well.

Is Technology a Governance Issue?

The Board Chair is the individual responsible for working with the Board to develop the overall direction of the organization, and also for determining what things are relevant for the Board of Directors to consider, while staying out of management’s hair and not micromanaging. As always, that line remains blurred on what is micromanagement and what is exercising appropriate fiduciary duties.

Recently, one of the things we have been discussing across the country is for the Board Chair, boards of directors, and the organization as a whole to revisit how they view technology in general. Is technology an operational and tactical function overseen by

management and relegated to those one or two people in the bank that have technical expertise and are charged with helping us keep things on track? Historically, that was the way most banks operated. However, with the recent acceleration of the pace of new and different types of technology, we think all financial institutions can no longer take that approach. Rather, we now see technology not as a tactical/operational issue, but as a board governance and strategic issue. We encourage organizations to elevate technology oversight to that type of level going forward. The reason we recommend that is the evolution of how we view technology in financial institutions.

Historically, as mentioned, technology was the bastion of one or two people in the bank and they were primarily charged with helping us remember our passwords and updating software on our computers. Then the role of technology and the employees charged with technology evolved into being defensive in nature in terms of preventing cybersecurity attacks, preventing fraud, and otherwise preventing bad actors and bad things from harming the organization. However, we see an additional evolution of the function to being one that is more strategic and offensive-minded in terms of knowing what products and services are appropriate for an organization of your size and complexity, and understanding how technology drives economic value and shareholder value. In that sense, the technology component should be elevated as a type of board governance focus to ensure that it is part of the overall direction and risk management of the organization and being administered in a way that creates shareholder value and provides efficiency for employees and the products and services customers desire. So, if you haven't rethought your technology strategy and how you view it within the organization, it is time to do so.

Meeting Adjourned


As we head into the spring season and spring strategic planning as well as annual meetings, continue to keep your shareholders in mind and make sure both of those types of events are conducted for their benefit, with as much clarity and simplicity as possible. We will look forward to seeing many of you at upcoming state conferences and

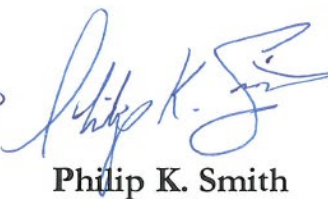
conventions now and into the summer, and if we haven't had the chance to meet you personally, please come up and greet us. In addition, keep in mind, you can always submit comments or questions to us or topics for potential discussion in our newsletters at any time, so don't hesitate to do that if there is something you would like for us to address.

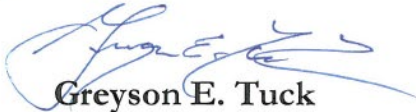
We also have an exciting development to announce as it relates to the annual Board Chair Forum. As most of you know, the annual in-person Board Chair Forum Conference sponsored by Barret School of Banking is held in January of each year, and the past several years has been held in Marco Island, Florida. Because of the tremendous response we have received from that, and often having to limit the number of participants, we are expanding the Forum in 2027 and holding two Forums at different times of the year in different locations. The new additional date and location where a second Forum will be held is August 30-31, 2027 in Whitefish, Montana. So, if some of you out West have hesitated making the trip across the country to go to Florida, this will hopefully provide you with an alternative venue to consider in 2027. For more information about the Forums which we host in conjunction with the Barret School of Banking, please visit the following links:

[January 2027 Community Banking Board Chair Forum - Barret School of Banking](#)
[August 2027 Community Banking Board Chair Forum - Barret School of Banking](#)

Until next time,


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