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Equity Bancshares, with PE investors as founders, poised to double size using capital raise funds

By [Kiah Lau Haslett](#)

Wichita, Kan.-based [Equity Bank A NA](#), a community bank formed and funded by private equity investors, has stepped up its game in Missouri with a deal to purchase a slightly larger bank.

The purchase of Lee's Summit, Mo.-based [First Community Bank](#), a subsidiary of \$643.0 million-asset-size Overland Park, Kan.-based [First Community Bancshares Inc.](#), includes the repayment of outstanding TARP money and uses money from private equity investors earmarked for growth. Equity Bank is the subsidiary of [Equity Bancshares Inc.](#), which has \$600.2 million in assets. The deal is poised to double Equity Bank's size to \$1.3 billion in assets.

Acquisition talks began more than 12 months ago but accelerated in February, said Equity Bancshares Chairman and CEO Brad Elliott. The bank completed a branch deal and underwent a capital raise in December 2011, which concluded at the beginning of May and was announced at the end of the month. First Community had been exploring different options on how to navigate the banking environment, Elliott said. The deal was an all-stock transaction with undisclosed terms and will be instantly accretive to bank earnings; he declined to provide specifics.

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— Dennis Gibney, principal and managing director at FinPro Capital Advisors and advisor to Equity Bancshares Inc.

"From our viewpoint, we are able to merge with an institution that has good core deposits, good core customers and good core employees," he said, adding the franchise was in "economically viable markets."

Equity has looked at doing deals with 30 to 40 institutions, said Dennis Gibney, principal and managing director at FinPro Capital Advisors and advisor to Equity. First Community's TARP and the question of its repayment was a large factor that made the sale increasingly timely, he said.

"This transaction is very significant for Equity Bancshares in terms of gaining size, scale and a very attractive branch footprint. It's a good tack onto their existing franchise," he said. "Franchise growth, both through acquisitions and organic means, has been a goal of the financial institution. This is not the first transaction they've looked at where the target was larger than Equity Bancshares."

Equity Bancshares was formed in 2003 when a group of private investors purchased [National Bank of Andover](#), Gibney said. The bank bought two branches from Overland Park-based [Hillcrest Bancshares Inc.](#), which was announced in 2004, and four branches from Chillicothe, Mo.-based [Citizens Bancshares Co.](#), announced in 2011. It did whole bank deals for [Signature Bank KC](#), announced in 2007, and [Ellis State Bank](#), announced in 2008. The Kansas market is dotted with very small S corporations or family-owned structures, which provide many opportunities for consolidators like Equity Bancshares.

"It's a fairly unique market, and that was something Brad Elliot had identified from the start, that there's significant opportunity in that market for acquisitions because of the high number of very, very small institutions," Gibney told SNL.

