

# 2012 ANNUAL REPORT



**STRENGTH** in **NUMBERS**



EQUITY  
BANCSHARES, INC.

# to my fellow **SHAREHOLDERS,**



The year 2012 brought many changes to Equity Bancshares, and we couldn't be more excited for the company's future.

We nearly doubled our earnings prior to our acquisition of First Community Bancshares, which doubled the size of our company in assets, employees, and regional footprint. We're truly on the way to becoming the best bank in our region.

The economy continued to show signs of recovery in 2012, and the steps we've taken to grow will help position us for further growth and success in the future. Net income of Equity Bancshares in 2012 was nearly \$4.2 million, an increase of \$1.9 million over 2011.

Our leap in earnings would have been accomplished even without the acquisition of First Community Bancshares, holding company of First Community Bank in Lee's Summit, Mo. We closed this purchase on October 25, 2012, and we're now a regional community bank with approximately \$1.2 billion in assets, with 29 bank offices throughout Kansas and Missouri.

Not only did we grow in size, we also welcomed talented and dedicated people into our Equity Bancshares family. Also, we've

**\$1.2  
BILLION  
ASSET SIZE**

more than doubled our ability to create earnings in the future. Now serving strong, vibrant and diverse communities in western Missouri and throughout the Kansas City metro, we are a top-10 bank within our footprint.

If 2011 was a capstone year for Equity Bank, 2012 represented another sizable leap forward.

**29  
BANK  
LOCATIONS**

We're truly a community bank, and we're proud of the hard work and dedicated service our employees provide to business and personal customers. Our team is key for our future growth, and we thank our employees for the considerable hours, effort, and energy during the changes in 2012.

We continue to be proud of our solid foundation for future growth, and our strength as evidenced by our results, our associates, and our growing footprint. As a \$1.2 billion bank with unmatched service and skill, we're ready for the future, and poised for continued success.

## **Acquisitions**

On October 25, 2012, we successfully completed our acquisition of First Community Bancshares and became a \$1.2 billion bank. We now operate branches in Clinton, Higginsville, Knob Noster, Sedalia, Sweet Springs, Warrensburg, Warsaw, and Windsor, Missouri, and we added locations in Lee's Summit and Kansas City, Missouri, and De Soto, Kansas.

The merger represented a significant step forward for Equity Bank, and we continue to explore acquisition opportunities in 2013. Much like our previous acquisitions, new opportunities must be a good fit culturally and operationally as well as financially.

## **On the Way Up**

In 2013, the dust may have settled from a few tumultuous years for others in our industry. Fortunately, because of our capital position and our commitment to strong lending, our communities, and our employees, we're positioned for opportunities ranging from western Kansas to central Missouri. We have the strength, capability, power, and agility to compete in all of our markets.

**\$4  
MILLION  
NET INCOME  
AFTER TAXES**

And we continue to work daily, from the teller to the loan officer to the director, operating with diligence and care, with our mission delivered to customers, associates, and shareholders:

**“We never forget it’s your money!”**

On behalf of Equity Bank associates and our Board of Directors, thank you for your continued support!

Brad Elliott Chairman & CEO

**10  
YEARS**



The Board of Directors and Executive Team photos were taken at the Kansas City Federal Reserve, located at 1 Memorial Drive in Kansas City. On the cover, the flags of the United States, Kansas, and Missouri fly in front of the main building and Money Museum.

The 600,000-square foot building is the newest in the U.S. Federal Reserve system, completed in 2008, and more than 1000 employees support the Tenth Federal District: western Missouri, Nebraska, Kansas, Oklahoma, Wyoming, Colorado and northern New Mexico. Statues, hand-carved stone panels and three water fountains serve as tribute to Kansas City. Equity Bank is a Member bank of the Federal Reserve.

## other 2012 FINANCIAL HIGHLIGHTS

### Capital

In 2012, Equity Bancshares (the “Company”) remained in a financially strong position. With Tier 1 Capital of approximately \$125.8 million, the Company’s capital ratios exceed regulatory requirements.

### Net Earnings

Net income was \$4.186 million for the year ended December 31, 2012, as compared to \$2.272 million for the prior year ended December 31, 2011, an increase of \$1.914 million. Net income allocable to common shareholders was \$3.814 million for the year ended December 31, 2012; an increase of \$2.443 million compared to the year ended December 31, 2011. Basic earnings per share were \$0.66 and \$0.30 for the years ended December 31, 2012 and 2011, respectively.

Net interest income was almost \$25.6 million for the year ended December 31, 2012, up from \$17.9 million for the comparable

period in 2011, an increase of nearly \$7.7 million. The net interest margin on average assets was 3.51% in 2012 compared to 3.54% in 2011. Non-interest income, which includes service charges, debit and credit card income and mortgage income, was \$4.8 million for the year ended December 31, 2012, an increase of \$2.6 million from the comparable period in 2011.

### Shareholder Equity

The Company’s book equity as of December 31, 2012 totaled approximately \$138.2 million, up \$57.4 million from \$80.8 million on December 31, 2011. This increase reflects the net proceeds after costs of the current-year capital raise and the issuance of common and preferred stock in connection with the acquisition of FCB. As of December 31, 2012, the Company had 7,431,513 common shares outstanding and the book value per common share was \$14.30. Tangible book value stood at \$11.78 per common share on December 31, 2012, compared to \$11.08 as of December 31, 2011.

**\$720  
MILLION IN LOANS**

**\$993  
MILLION  
IN DEPOSITS**

# FINANCIAL STATEMENTS

Balance Sheet	2012	2011
Cash & Cash Equivalents	\$100,371	\$40,005
Total Investments	\$256,045	\$197,889
Loans, net of allowance for loan losses of \$4,353 and \$3,647	\$720,689	\$329,526
Total Other Assets	\$111,745	\$42,578
<b>Total Assets</b>	<b>\$1,188,850</b>	<b>\$609,998</b>
Total Deposits	\$993,128	\$479,410
Total Liabilities	\$1,050,681	\$529,182
Total Equity Capital	\$138,169	\$80,816
<b>Total Liabilities &amp; Capital</b>	<b>\$1,188,850</b>	<b>\$609,998</b>

Income Statement	2012	2011
Net Interest Income	\$25,570	\$17,890
Provision for Loan Losses	(\$1,656)	(\$1,202)
Net Interest Income After Provision	\$23,914	\$16,688
Total Noninterest Income	\$4,826	\$2,252
Total Noninterest Expense	(\$22,900)	(\$15,918)
Income Before Taxes	\$5,840	\$3,022
Provision for Income Taxes	(\$1,654)	(\$750)
Net Income After Taxes	<b>\$4,186</b>	<b>\$2,272</b>
Less: Dividends and Accretion on Preferred Stock*	(\$372)	(\$901)
<b>Net Income Allocable to Common Shareholders</b>	<b>\$3,814</b>	<b>\$1,371</b>

Shareholder Data	2012	2011
Earnings Per Share	\$0.66	\$0.30
Fully Diluted Earnings Per Share	\$0.65	\$0.30
Weighted Average Shares Outstanding	5,820,054	4,550,206
Fully Diluted Weighted Average Shares Outstanding	5,863,543	4,550,206
Shares Outstanding	7,431,513	4,550,206
Fully Diluted Shares Outstanding	7,475,002	4,550,206
Book Value Per Share	\$14.30	\$14.17
Book Value Per Share-Fully Diluted	\$14.22	\$14.17
Tangible Book Value	\$11.78	\$11.08
Tangible Book Value-Fully Diluted	\$11.70	\$11.08

CAPITAL RATIOS   Equity Bancshares, Inc.	12/31/12	Regulatory Standard
Core capital (leverage) ratio	12.56%	4.00%
Tier 1 risk-based capital ratio	15.92%	4.00%
Total risk-based capital ratio	16.48%	8.00%

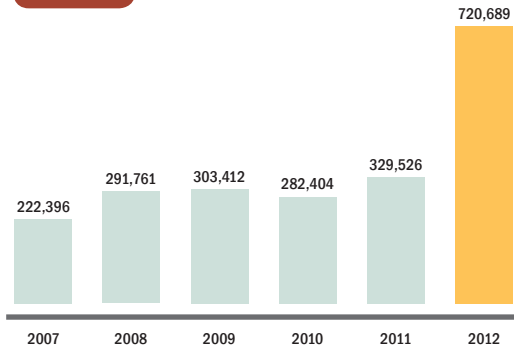
All numbers are in thousands of dollars except for the number of shares and per share amounts. This financial information is internally prepared by bank management and is accurate to the best of our knowledge, but is not audited or reviewed. Some items in the prior year financial information were reclassified to conform to the current year presentation.

\*All dividends and accretion on Preferred Stock are paid to the U. S. Treasury under the CPP and/or SBLF programs.

## Net Loans

(thousands of dollars)

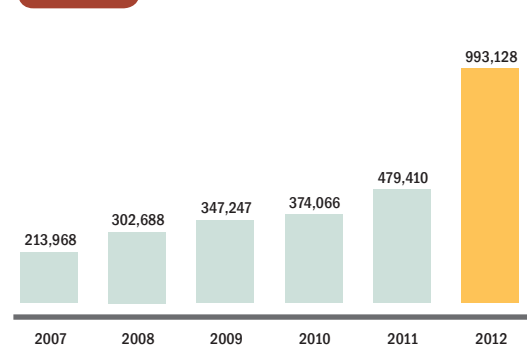
CAGR 27%



## Total Deposits

(thousands of dollars)

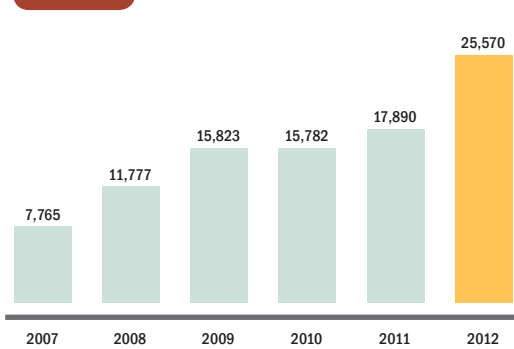
CAGR 36%



## Net Interest Income

(thousands of dollars)

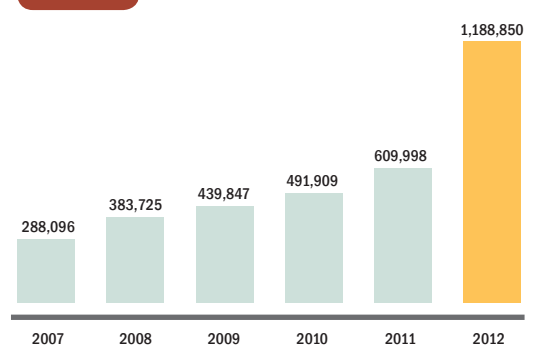
CAGR 27%



## Total Assets

(thousands of dollars)

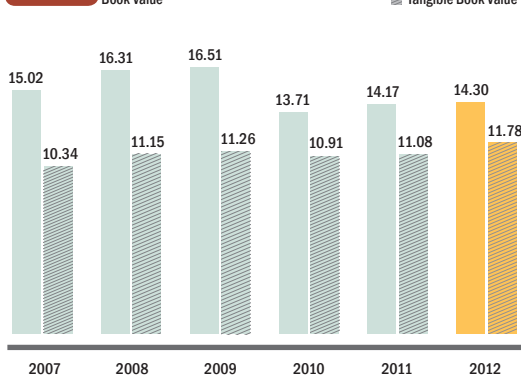
CAGR 33%



## Book Value & Tangible Book Value

(dollars per share)

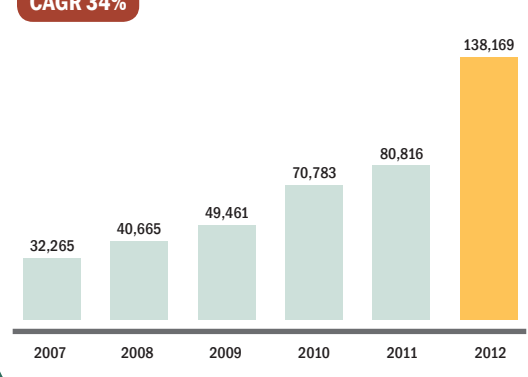
CAGR 3%



## Stockholder's Equity

(thousands of dollars)

CAGR 34%



# our LOCATIONS

De Soto



Spring Hill



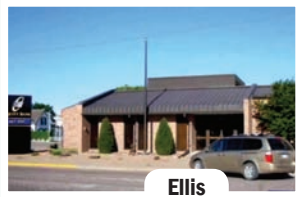
Overland Park



Hays



Ellis



Haddam

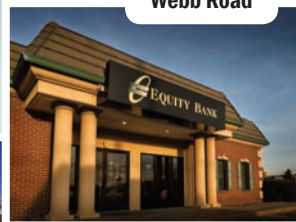
Topeka

Ellis

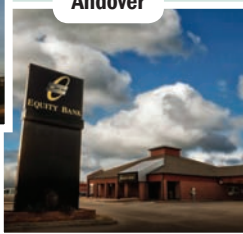
Hays

Wichita

Webb Road



Andover



8th Street



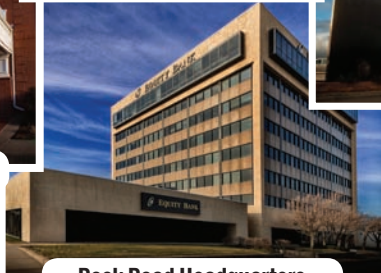
29th & Gage



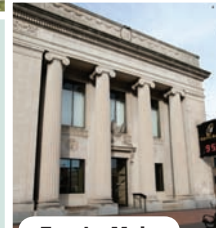
Wichita West



Rock Road Headquarters



Topeka Main



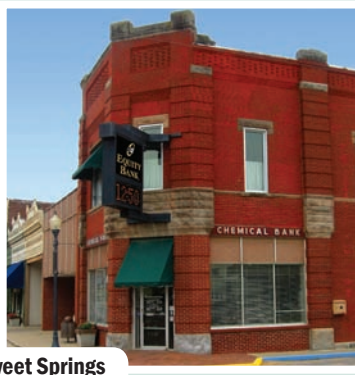
Wanamaker



KANSAS



Higginsville



Sweet Springs



Sedalia

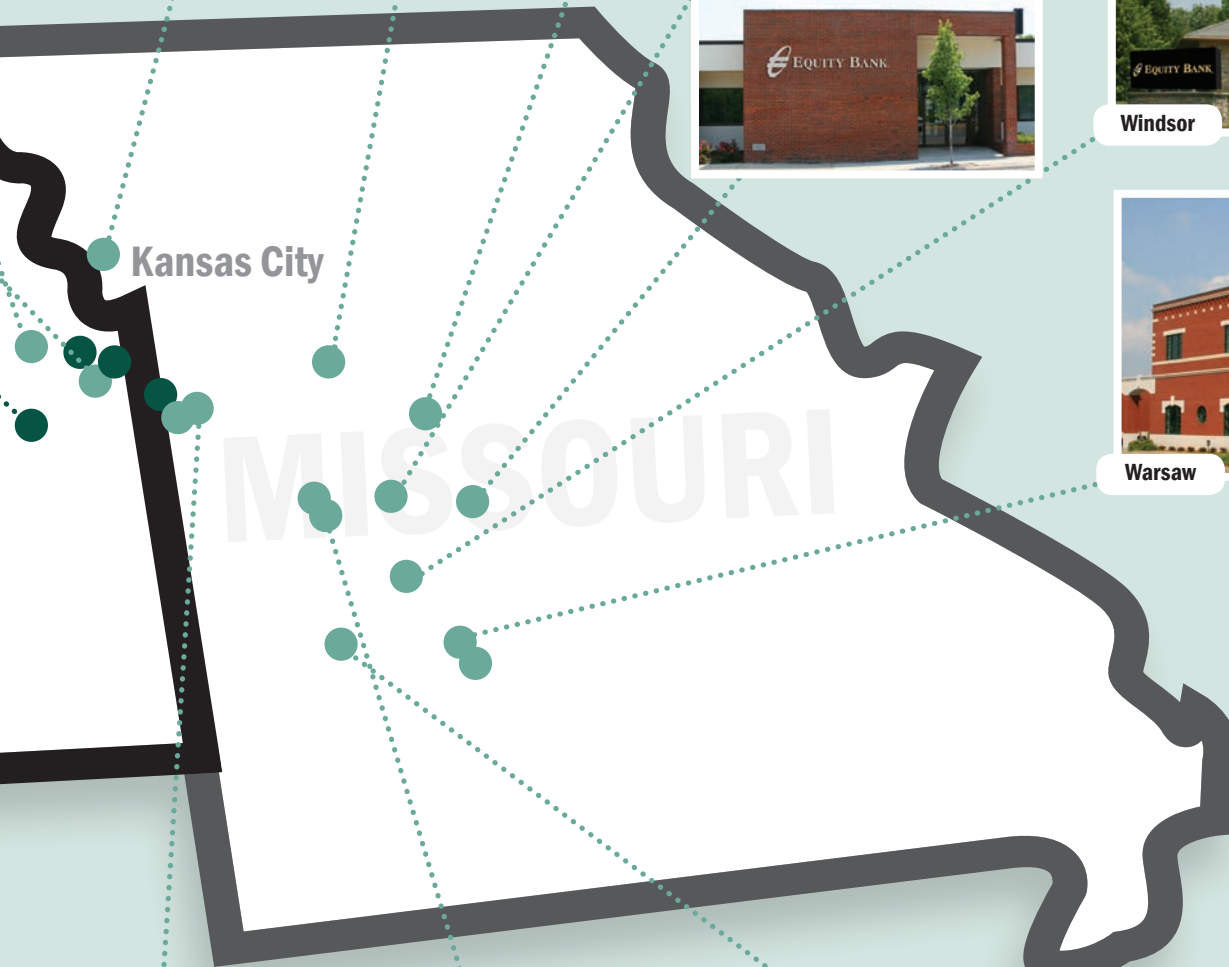


Kansas City, North

Knob Noster



Windsor



Kansas City



Warsaw

Warrensburg



Clinton



Lee's Summit



43  
10  
79  
5

## Board of Directors

Brad Elliott	Chairman/CEO, Equity Bancshares, Inc., Wichita, Kan.
Jim Berglund	Bank Advisor, Retired President/CEO, Sunflower Bank, Salina, Kan.
Roger Buller	SVP/Regional Manager, Benjamin F. Edwards & Co., Wichita, Kan.
Michael Downing	Retired Owner/President, Ellis State Bank, Ellis, Kan.
P. John Eck	Owner, AGV Corp., Eck Agency, Inc., Attica, Kan.
Greg Gaeddert	Managing Partner, B12 Capital Partners, LLC, Kansas City, Mo.
Michael High	Managing Principal, Patriot Financial Partners, Philadelphia, Pa.
Randee Koger	Attorney/Partner, Wise & Reber, L.C., McPherson, Kan.
Greg Kossover	President & Chief Financial Officer, Physician's Development Group, Wichita, Kan.
John McCarthy	Chief Investment Officer, Centaur Capital Partners, Inc., Chicago, Ill.
David B. Moore	Managing Principal, Marathon Capital Holdings, Inc., San Diego, Calif.
Shawn Penner	Owner, Shamrock Development, LLC, Wichita, Kan.
Harvey Sorensen	Attorney/Partner, Foulston Siefkin LLP, Wichita, Kan.

Left to Right: Julie Huber, Brad Elliott, Drayton Alldritt



Left to right: Greg Gaeddert, Randee Koger, Shawn Penner, Michael High, David B. Moore, P. John Eck, Jim Berglund, Brad Elliott, Michael Downing, Harvey Sorensen, Greg Kossover, Roger Buller, John McCarthy





## Senior Leadership

Brad Elliott	Chairman of the Board/CEO	Patrick Harbert	President, Community Markets
Julie Huber	EVP • Chief Risk Officer	Dana Cass	President, Western Missouri
Bruce Benyshek	EVP • Chief Financial Officer	Mark Parman	SVP • Special Assets Manager
Jennifer Johnson	EVP • Chief Operations & Information Officer	Drayton Alldritt	President, Equity Bancshares
Patrick Salmans	SVP • Human Resources Director	Brian Roby	President, Kansas City
Travis Whitacre	SVP • Chief Accounting Officer	Beth Money	SVP • Retail Director



**Left to Right:** Mark Parman, Dana Cass, Brian Roby, Beth Money



**Left to Right:** Patrick Salmans, Bruce Benyshek, Jennifer Johnson, Patrick Harbert, Travis Whitacre

# our MISSION

Build the *most attractive* commercial banking franchise in our region from the perspective and positive experience of our customers, our shareholders, our associates and our peers.



# EQUITY BANK LEAD OFFICERS

## Commercial Services

Jody Barker	President, Clinton
Matthew Baty	VP • Treasury Management
Bradley Cole	VP • Commercial Lender, Kansas City
Dan Dewitt	VP • Commercial Lender, Overland Park
Michael Doyle	VP • Commercial Lender, Overland Park
Tracey Dreiling	VP • Business Services
Randall Eaton	President, Warsaw
Jake Esser	VP • Commercial Lender, Overland Park
Keith Fenwick	VP • Commercial Lender, Lee's Summit
Greg Hall	VP • Commercial Lender, Warrensburg
Larry Hillier	VP • Commercial Lender, Lee's Summit
Stephen Kelly	VP • Credit Manager, Overland Park
David King	President, West Wichita
Donald Knehans	President, Higginsville
Ted Krause	VP • Commercial Lender, Higginsville
Brent Lathrom	VP • Commercial Lender, De Soto
Joseph Lollis	VP • Commercial Lender, Sedalia
Jeremy Machain	VP • Commercial Lender
Larry McCoig	President, Topeka
Don Olson	VP • Commercial Lender, Lee's Summit
Brian Orr	VP • Investment Sales, Lee's Summit
Michelle Pfister	VP • Treasury Management, Overland Park
James Ragan	SVP • Investment Sales Manager, Overland Park
Sandra Rice	VP • Investment Sales, Sedalia
Chris Ryan	VP • Commercial Lender, Lee's Summit

Rhonda Scott	President, Windsor
Jason Shaffer	VP • Commercial Lender
Duane Vogelsmeier	President, Sweet Springs
Tim Waite	President, Western Kansas
Jill Warren	VP • Investment Sales, Higginsville
Allen Weber	VP • Branch Manager, Ellis

## Finance

Rhonda Bethel	VP • Finance Officer
Barbara Noyes	VP • Controller

## Operations

Jim Brunsell	VP • IT Manager
Kristi Bueno	VP • BSA/Compliance Officer
Aaron Ferguson	SVP • Director of Loan Operations
John Hanley	VP • Senior Marketing Director
Jesse Nienke	VP • Systems Administrator

## Retail

Belinda DeWerff	VP • Branch Manager, Hays
Sharon Holmes	VP • Retail Sales Manager, Lee's Summit
Mandi Martinson	VP • Retail Support Manager
Melinda Mitchell	VP • Retail Sales Manager, Western Missouri
Linda North	VP • Branch Manager, Warrensburg
Patty Sellers	VP • Branch Manager, Knob Noster
Janet Thayer	VP • Branch Manager, Topeka Main/8th Street
Debra Vickrey	VP • Branch Manager, Higginsville

Located in Wichita unless otherwise noted.

# 2002

Equity Bancshares, Inc. formed by Brad Elliott, present Chairman/CEO.

# 2003

Equity Bancshares, Inc. purchases the National Bank of Andover.

# 2004

National Bank of Andover changes name to Equity Bank.

# 2005

Equity Bancshares, Inc. purchases two Wichita branches of Hillcrest Bank.

# 2006

Equity Bancshares, Inc. opens a loan production office in Lee's Summit, Missouri, and later begins operating a full service branch in Missouri.

# 2007

Equity Bancshares, Inc. merges with Signature Bancshares, Inc. and two Signature branches begin operating under the Equity Bank banner.

# 2008

Equity Bancshares, Inc. acquires Ellis State Bank, adding locations in Hays and Ellis, Kansas. A new retail branch is opened in Lee's Summit, Missouri.

# 2009

Equity Bank opens the Kansas City Commercial & Retail Branch in Overland Park, KS at 107th & Roe in February and a new retail branch at 151st Street in March.

# 2010

\$20 Million Capital Raise completed in October.

# 2011

In December, Equity Bank welcomes customers after the acquisition of four Topeka locations from Citizens Bank & Trust.

# 2012

Equity Bank becomes state-chartered financial institution in June. Equity Bancshares merges Signature Bank into Equity Bank. Equity Bancshares, Inc. acquires First Community Bancshares, Inc. on October 25.



**EQUITY**  
**BANCSHARES, INC.**



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**Kansas** Andover • De Soto • Ellis • Hays • Haddam • Overland Park • Spring Hill • Topeka • Wichita

**Missouri** Clinton • Higginsville • Kansas City • Knob Noster • Lee's Summit • Sedalia • Sweet Springs • Warrensburg • Warsaw • Windsor