

FEDERAL RESERVE SYSTEM

Equity Bank
Andover, Kansas

Order Approving the Acquisition of Assets, Assumption of Liabilities, and the
Establishment of Branches

Equity Bank, Andover, Kansas, the state member bank subsidiary of Equity Bancshares, Inc. (“Equity Bancshares”), Wichita, Kansas, has requested the Board’s approval under section 18(c) of the Federal Deposit Insurance Act (“Bank Merger Act”)¹ to acquire certain assets and assume certain liabilities of MidFirst Bank, a federal savings bank subsidiary of Midland Financial Co. (“Midland Financial”), both of Oklahoma City, Oklahoma.² In addition, Equity Bank has applied under section 9 of the Federal Reserve Act (“FRA”)³ to establish and operate branches at the locations of the acquired branches of MidFirst Bank.

Under the proposal, Equity Bank would assume approximately \$100 million of MidFirst Bank’s \$8.3 billion in deposits, as well as acquire approximately \$7 million of MidFirst Bank’s loans and related assets.

Notice of the proposal, affording interested persons an opportunity to submit comments, has been given in accordance with the Bank Merger Act and the Board’s Rules of Procedure.⁴ The time for submitting comments has expired, and no

¹ 12 U.S.C. § 1828(c).

² In particular, Equity Bank seeks to acquire the branches of MidFirst Bank located at 1754 North Academy Street, Guymon, Oklahoma (“North Academy Branch”); 2602 North Highway 64, Guymon, Oklahoma (“North Highway Branch”); and 110 East 1st Street, Cordell, Oklahoma.

³ 12 U.S.C. § 321.

⁴ 12 U.S.C. § 1828(c)(3); 12 CFR 262.3(b).

comments were received. The Board has considered the proposal in light of the factors set forth in the Bank Merger Act and the FRA. As required by the Bank Merger Act, a report on the competitive effects of the proposal was requested from the United States Attorney General, and a copy of the request has been provided to the Federal Deposit Insurance Corporation.

Equity Bancshares, with consolidated assets of approximately \$3.7 billion, is the 268th largest insured depository organization in the United States, controlling deposits of approximately \$2.6 billion, which represent less than 1 percent of the total amount of deposits of insured depository institutions⁵ in the United States.⁶ Equity Bancshares controls Equity Bank, which has offices in Arkansas, Kansas, Missouri, and Oklahoma. Equity Bank is the 37th largest insured depository institution in Oklahoma, with approximately \$442.2 million in deposits, which represent less than 1 percent of the total amount of deposits of insured depository institutions in that state.⁷

Midland Financial, with consolidated assets of approximately \$15.4 billion, is the 103rd largest insured depository organization in the United States, controlling deposits of approximately \$8.3 billion, which represent less than 1 percent of the total amount of deposits of insured depository institutions in the United States. Midland Financial controls MidFirst Bank, which has offices in Arizona, California, Colorado, Oklahoma, and Texas. MidFirst Bank is the third largest insured depository institution in Oklahoma, with approximately \$5.2 billion in deposits, which represent 6 percent of the total amount of deposits of insured depository institutions in that state.

On consummation of the proposal, Equity Bancshares would remain the 268th largest depository organization in the United States, with consolidated assets of approximately \$3.7 billion. Equity Bancshares would control approximately \$2.7 billion

⁵ In this context, insured depository institutions include commercial banks, savings banks, and savings associations.

⁶ Nationwide asset and deposit data are as of June 30, 2018.

⁷ State deposit data are as of June 30, 2018.

in deposits, representing less than 1 percent of the total deposits of insured depository institutions in the United States. Equity Bancshares would become the 24th largest insured depository organization in Oklahoma, controlling deposits of approximately \$542.2 million, which represent approximately 0.6 percent of the total deposits of insured depository institutions in that state.

Interstate and Deposit Cap Analysis

The Bank Merger Act generally provides that the Board may not approve an application to engage in a transaction under the Bank Merger Act if the transaction involves insured depository institutions with different home states and the applicant controls or would control upon consummation of the proposed transaction more than 10 percent of the total amount of deposits of insured depository institutions in the United States.⁸ For purposes of the Bank Merger Act, the home state of Equity Bank is Kansas and the home state of MidFirst Bank is Oklahoma.⁹ Upon consummation of the proposal, Equity Bank would control less than 1 percent of the total amount of deposits of insured depository institutions in the United States. Accordingly, in light of all the facts of record, the Board is not required to deny the proposal under the interstate merger provisions of the Bank Merger Act.

Competitive Considerations

The Bank Merger Act prohibits the Board from approving a proposal that would result in a monopoly or would be in furtherance of an attempt to monopolize the business of banking in any relevant market.¹⁰ The Bank Merger Act also prohibits the Board from approving a proposal that would substantially lessen competition or tend to create a monopoly in any banking market, unless the anticompetitive effects of the

⁸ 12 U.S.C. § 1828(c)(13).

⁹ A state bank's home state is the state by which the bank is chartered. 12 U.S.C. § 1828(c)(13)(C)(ii)(II). A federal savings association's home state is the state in which the home office of the savings association is located. 12 U.S.C. § 1828(c)(13)(C)(ii)(III).

¹⁰ 12 U.S.C. § 1828(c)(5)(A).

proposal are clearly outweighed in the public interest by the probable effect of the proposal in meeting the convenience and needs of the communities to be served.¹¹

Equity Bank and MidFirst Bank compete directly in the Guymon, Oklahoma, banking market (“Guymon market”), and two of the branches that Equity Bank proposes to acquire are located in that market.¹² The Board has considered the competitive effects of the proposal in this banking market. In particular, the Board has considered the number of competitors that would remain in the market; the relative share of total deposits of insured depository institutions in the market (“market deposits”) that Equity Bank would control;¹³ the concentration level of market deposits and the increase in that level, as measured by the Herfindahl-Hirschman Index (“HHI”) under the Department of Justice Bank Merger Competitive Review guidelines (“DOJ Bank Merger Guidelines”);¹⁴ and other characteristics of the Guymon market.

¹¹ 12 U.S.C. § 1828(c)(5)(B).

¹² The Guymon market is defined as Cimarron and Texas counties (less the city of Texhoma), Oklahoma, and Morton County, Kansas. The North Highway Branch and the North Academy Branch are located in this market.

¹³ Local deposit and market share data are as of June 30, 2018, and are based on calculations in which the deposits of thrift institutions are included at 50 percent. The Board previously has indicated that thrift institutions have become, or have the potential to become, significant competitors to commercial banks. See, e.g., Midwest Financial Group, 75 Federal Reserve Bulletin 386 (1989) and National City Corporation, 70 Federal Reserve Bulletin 743 (1984). Thus, the Board regularly has included thrift deposits in the market share calculation on a 50 percent weighted basis. See, e.g., First Hawaiian, Inc., 77 Federal Reserve Bulletin 52 (1991).

¹⁴ Under the DOJ Bank Merger Guidelines, a market is considered unconcentrated if the post-merger HHI is under 1000, moderately concentrated if the post-merger HHI is between 1000 and 1800, and highly concentrated if the post-merger HHI exceeds 1800. The Department of Justice (“DOJ”) has informed the Board that a bank merger or acquisition generally would not be challenged (in the absence of other factors indicating anticompetitive effects) unless the post-merger HHI is at least 1800 and the merger increases the HHI by more than 200 points. Although the DOJ and the Federal Trade Commission issued revised Horizontal Merger Guidelines in 2010, the DOJ has confirmed that its Bank Merger Guidelines, which were issued in 1995, were not

The competitive effects of the proposal in the Guymon market warrant a detailed review because the concentration levels on consummation would exceed the thresholds in the DOJ Bank Merger Guidelines when using initial competitive screening data. Equity Bank is the largest competitor in the Guymon market, controlling approximately \$133.3 million in deposits, which represent approximately 22.3 percent of market deposits. MidFirst Bank is the seventh largest depository institution in the Guymon market, controlling approximately \$32.5 million in weighted deposits, which represent approximately 5.4 percent of market deposits. On consummation of the proposal, Equity Bank would remain the largest depository institution in the Guymon market, controlling approximately \$198.2 million in market deposits, which would represent approximately 31.5 percent of market deposits. The HHI in the market would increase by 369 points, from 1467 to 1836.

The Board has considered whether factors either mitigate the competitive effects of the proposal or indicate that the proposal would not have a significantly adverse effect on competition in the Guymon market.¹⁵ Factors indicate that the increase in concentration in the Guymon market, as measured by the above HHI and market share, overstates the potential competitive effects of the proposal in the market. In particular, after consummation of the proposal, seven depository institutions would compete with Equity Bank in the Guymon market. These include one depository institution with a more than 19 percent market share and four depository institutions each with an approximately 10 percent share of market deposits. The presence of these market competitors suggests that Equity Bank would have limited ability unilaterally to offer less attractive terms to consumers, and these competitors would be able to exert competitive pressure on Equity Bank in the Guymon market. Further, MidFirst Bank engages in low

modified. See Press Release, Department of Justice (August 19, 2010), available at www.justice.gov/opa/pr/2010/August/10-at-938.html.

¹⁵ The number and strength of factors necessary to mitigate the competitive effects of a proposal depend on the size of the increase in, and resulting level of, concentration in a banking market. See NationsBank Corporation, 84 Federal Reserve Bulletin 129 (1998).

levels of small business lending in the Guymon market, and analysis of available data suggests the transaction is unlikely to have an adverse competitive impact on small business lending in the market.

The DOJ also has conducted a review of the potential competitive effects of the proposal and has advised the Board that consummation of the proposal would not likely have a significantly adverse effect on competition in any relevant banking market, including the Guymon market. In addition, the appropriate banking agencies have been afforded an opportunity to comment and have not objected to the proposal.

Based on the facts of record, the Board concludes that consummation of the proposal would not have a significantly adverse effect on competition or on the concentration of resources in the Guymon market or in any other relevant banking market. Accordingly, the Board determines that competitive considerations are consistent with approval.

Financial, Managerial, and Other Supervisory Considerations

In reviewing a proposal under the Bank Merger Act, the Board considers the financial and managerial resources and the future prospects of the institutions involved.¹⁶ In its evaluation of financial factors, the Board reviews information regarding the financial condition of the organizations involved on both parent-only and consolidated bases, as well as information regarding the financial condition of the subsidiary depository institutions and the organizations' significant nonbanking operations. In this evaluation, the Board considers a variety of information regarding capital adequacy, asset quality, liquidity, and earnings performance. The Board evaluates the financial condition of the combined organization, including its capital position, asset quality, liquidity, earnings prospects, and the impact of the proposed funding of the transaction. The Board also considers the ability of the organization to absorb the costs of the proposal and to complete effectively the proposed integration of the operations of the institutions. In assessing financial factors, the Board considers capital adequacy to be

¹⁶ 12 U.S.C. § 1828(c)(5).

especially important. The Board considers the future prospects of the organizations involved in the proposal in light of their financial and managerial resources and the proposed business plan.

Equity Bank is well capitalized and would remain so on consummation of the proposal. Equity Bank appears to have adequate financial resources to effect the proposal.¹⁷ The asset quality, earnings, and liquidity of Equity Bank are consistent with approval, and Equity Bank appears to have adequate resources to absorb the costs of the proposal and to complete the integration of the deposits to be assumed and assets to be purchased. In addition, the future prospects of Equity Bank are considered consistent with approval.

The Board also has considered the managerial resources of the organizations involved and of Equity Bank after consummation of the proposal. The Board has reviewed the examination record of Equity Bank, including assessments of its management, risk-management systems, and operations. In addition, the Board has considered information provided by Equity Bank; the Board's supervisory experiences with the institution; and Equity Bank's record of compliance with applicable banking, consumer protection, and anti-money-laundering laws.

Equity Bank is considered to be well managed. The directors and senior executive officers of Equity Bank have substantial knowledge of and experience in the banking sector, and the bank's risk-management program appears consistent with approval of this expansionary proposal. Equity Bank has conducted comprehensive due diligence and is devoting sufficient financial and other resources to address the post-integration process for this proposal. Equity Bank would apply its risk-management policies, procedures, and controls at the acquired branches, and these policies, procedures, and controls are considered acceptable from a supervisory perspective. In addition, Equity Bank's management has the experience and resources to ensure that the bank operates in a safe and sound manner after consummation of the proposal.

¹⁷ Equity Bank would fund the transaction with available cash on hand.

Based on all of the facts of record, including Equity Bank’s supervisory record, managerial and operational resources, and plans for operating the bank after consummation, the Board concludes that considerations relating to the financial and managerial resources and the future prospects of the organizations involved in the proposal, as well as the records of effectiveness of Equity Bank and MidFirst Bank in combatting money-laundering activities, are consistent with approval.

Convenience and Needs Considerations

In acting on a proposal under the Bank Merger Act, the Board considers the effects of the proposal on the convenience and needs of the communities to be served.¹⁸ In its evaluation, the Board considers whether the relevant institutions are helping to meet the credit needs of these communities, as well as other potential effects of the proposal on the convenience and needs of the communities to be served, and places particular emphasis on the records of the relevant depository institutions under the Community Reinvestment Act (“CRA”).¹⁹ The CRA requires the federal financial supervisory agencies to encourage insured depository institutions to help meet the credit needs of the local communities in which they operate, consistent with the institutions’ safe and sound operation,²⁰ and requires the appropriate federal financial supervisory agency to assess a depository institution’s record of helping to meet the credit needs of its entire community, including low- and moderate-income (“LMI”) neighborhoods, in evaluating bank expansionary proposals.²¹

In addition, the Board considers the banks’ overall compliance records, including with respect to fair lending. Fair lending laws require all lending institutions to provide loan applicants with equal access to credit, regardless of their race, ethnicity, or certain other characteristics. The Board also considers assessments of other relevant

¹⁸ 12 U.S.C. § 1828(c)(5).

¹⁹ 12 U.S.C. § 2901 et seq.

²⁰ 12 U.S.C. § 2901(b).

²¹ 12 U.S.C. § 2903.

supervisors, the supervisory views of examiners, other supervisory information, and information provided by the applicant. The Board also may consider the institution's business model, its marketing and outreach plans, the organization's plans after consummation, and any other information the Board deems relevant.

In assessing the convenience and needs factor in this case, the Board has considered all of the facts of record, including reports of examination of the CRA performance of Equity Bank and MidFirst Bank; the consumer compliance, including fair lending, records of Equity Bank and MidFirst Bank; confidential supervisory information; and information provided by Equity Bank.

Records of Performance under the CRA

In evaluating the CRA performance of the institutions involved, the Board generally considers each institution's most recent CRA performance evaluation, as well as other information and supervisory views, from the relevant federal financial supervisor or supervisors, which in this case are the Federal Reserve Bank of Kansas City ("Reserve Bank") and the Office of the Comptroller of the Currency ("OCC").²²

The CRA requires that the appropriate federal financial supervisor for a depository institution prepare a written evaluation of the institution's record of helping to meet the credit needs of its entire community, including LMI neighborhoods.²³ An institution's most recent CRA performance evaluation is a particularly important consideration in the applications process because it represents a detailed, on-site evaluation by the institution's primary federal financial supervisor of the institution's overall record of lending in its communities.

In general, federal financial supervisors apply lending, investment, and service tests to evaluate the performance of large insured depository institutions, such as MidFirst Bank, in helping to meet the credit needs of the communities they serve. The

²² See *Interagency Questions and Answers Regarding Community Reinvestment*, 81 Fed. Reg. 48506, 48548 (July 25, 2016).

²³ 12 U.S.C. § 2906.

lending test specifically evaluates an institution's lending to determine whether the institution is helping to meet the credit needs of individuals and geographies of all income levels. As part of the lending test, examiners review and analyze an institution's data reported under the Home Mortgage Disclosure Act ("HMDA"),²⁴ in addition to small business, small farm, and community development loan data collected and reported under the CRA regulations, to assess an institution's lending activities with respect to borrowers and geographies of different income levels. The institution's lending performance is based on a variety of factors, including (1) the number and amounts of home mortgage, small business, small farm, and consumer loans (as applicable) in the institution's CRA Assessment Areas ("AAs"); (2) the geographic distribution of the institution's lending, including the proportion and dispersion of the institution's lending in its AAs and the number and amounts of loans in low-, moderate-, middle-, and upper-income geographies; (3) the distribution of loans based on borrower characteristics, including, for home mortgage loans, the number and amounts of loans to low-, moderate-, middle-, and upper-income individuals;²⁵ (4) the institution's community development lending, including the number and amounts of community development loans and their complexity and innovativeness; and (5) the institution's use of innovative or flexible lending practices to address the credit needs of LMI individuals and geographies.²⁶ Large institutions also are subject to an investment test, which evaluates the number and amounts of qualified investments that benefit their AAs, and a service test, which evaluates the availability and effectiveness of their systems for delivering retail banking services and the extent and innovativeness of their community

²⁴ 12 U.S.C. § 2801 et seq.

²⁵ Examiners also consider the number and amounts of small business and small farm loans to businesses and farms with gross annual revenues of \$1 million or less, small business and small farm loans by loan amount at origination, and consumer loans, if applicable, to low-, moderate-, middle-, and upper-income individuals. See, e.g., 12 CFR 228.22(b)(3).

²⁶ See 12 CFR 228.22(b).

development services.²⁷ Intermediate small banks, such as Equity Bank, are subject to the lending test, as well as a community development test that evaluates the number and amounts of their community development loans and qualified investments, the extent to which they provide community development services, and their responsiveness to community development lending, investment, and service needs.²⁸

CRA Performance of Equity Bank

Equity Bank was assigned an overall rating of “Satisfactory” at its most recent CRA performance evaluation by the Reserve Bank, as of November 28, 2016 (“Equity Bank Evaluation”).²⁹ Equity Bank received a “Satisfactory” rating for the Lending Test and an “Outstanding” rating for the Community Development Test.³⁰

Examiners found that Equity Bank’s average net loan-to-deposit ratio reflected a reasonable effort to extend credit given the bank’s size, business activities, and financial condition and the credit needs of the bank’s AAs. Examiners noted that a majority of the bank’s loans were originated within the bank’s AAs. Examiners found that Equity Bank’s geographic distribution of HMDA and small business loans reflected reasonable dispersion throughout the bank’s AAs. Examiners noted that the distribution of the bank’s lending reflected reasonable penetration among borrowers of different income levels and businesses of different revenue sizes within the bank’s AAs.

²⁷ See 12 CFR 228.21 *et seq.*

²⁸ See 12 CFR 228.26(c).

²⁹ The Equity Bank Evaluation was conducted using Intermediate Small Institution CRA Examination Procedures. Examiners reviewed residential mortgage loans from January 1, 2014, through December 31, 2015, and small business loans from January 1, 2015, through December 31, 2015. Examiners reviewed community development activities from September 9, 2013, through November 28, 2016.

³⁰ The Equity Bank Evaluation included full-scope evaluations of the Wichita, Kansas Metropolitan Statistical Area (“MSA”) AA; the Kansas City Missouri-Kansas Multistate MSA AA; the Western Kansas MSA AA; and the State of Missouri/Western Missouri AA. Limited-scope evaluations were performed in the Topeka, Kansas MSA AA; the Southeast Kansas MSA AA; and the Crawford County, Kansas MSA AA.

Examiners found that Equity Bank’s level of qualified community development loans, investments, donations, and services demonstrated an excellent responsiveness to the needs of the AAs considering the bank’s capacity and the availability of community development opportunities in the AAs. Examiners noted that Equity Bank’s community development activities were excellent in the Kansas City Missouri-Kansas Multistate MSA AA and the Wichita, Kansas MSA AA and adequate in the State of Missouri/Western Missouri AA and the Western Kansas MSA AA.

CRA Performance of MidFirst Bank

MidFirst Bank was assigned an overall rating of “Satisfactory” at its most recent CRA performance evaluation by the OCC, as of October 30, 2017 (“MidFirst Bank Evaluation”).³¹ The bank received an “Outstanding” rating for the Lending Test, a “Low Satisfactory” rating for the Investment Test, and a “High Satisfactory” rating for the Service Test.³²

Examiners found that MidFirst Bank’s lending activity was good, and the bank originated a majority of loans inside its AAs. Examiners noted that MidFirst Bank’s overall geographic distribution of loans was excellent. Examiners also found the bank’s distribution of home mortgage loans by income level of borrower and distribution of loans to businesses with different revenue sizes to be good.

Examiners noted that the bank’s community development lending was excellent and helped to support revitalization and stabilization efforts, affordable housing,

³¹ The MidFirst Bank Evaluation was conducted using Large Bank CRA Examination Procedures. Examiners reviewed residential mortgage and small business loans from January 1, 2014, through December 31, 2016. The evaluation period for community development loans, investments, and services was from January 1, 2014, through October 30, 2016.

³² The MidFirst Bank Evaluation included full-scope evaluations of the Oklahoma City, Oklahoma MSA AA; Oklahoma non-MSA AA; Phoenix-Mesa-Scottsdale, Arizona MSA AA; and Denver-Aurora-Lakewood, Colorado MSA AA. A limited-scope evaluation was performed in the Tulsa, Oklahoma MSA AA.

and community services to LMI individuals. Examiners determined that MidFirst Bank's overall investment performance was adequate.

Examiners noted that MidFirst Bank's service delivery systems were accessible to essentially all portions of the bank's AAs, commensurate with the size and scope of the institution's operations. Examiners also noted that MidFirst Bank provided an excellent level of community development services, including loan modifications for LMI borrowers.

Additional Supervisory Views

In its review of the proposal, the Board has considered the results of the most recent consumer compliance examination of Equity Bank conducted by Reserve Bank examiners, which included a review of the bank's consumer compliance risk-management program and the bank's compliance with consumer protection laws and regulations. The Board also has considered the supervisory record of MidFirst Bank, including with respect to consumer compliance.

The Board has taken the information discussed above into account in evaluating the proposal, including in considering whether Equity Bank has the experience and resources to help meet the credit needs of the communities within its AAs.

Additional Convenience and Needs Considerations

The Board also considers other potential effects of the proposal on the convenience and needs of the communities to be served. Equity Bank states that it is committed to providing products and services that benefit the customers of the branches to be acquired. Equity Bank represents that it would offer a wide range of products and services to the customers of the branches, including consumer and commercial deposit and loan products, free nationwide ATM services, online banking, remote deposit capabilities, and investment services. Equity Bank further represents that it would not discontinue any products or services currently offered by MidFirst Bank at the branches.

Conclusion on Convenience and Needs Considerations

The Board has considered all the facts of record, including the records of the relevant depository institutions under the CRA, the institutions' records of

compliance with consumer protection laws, confidential supervisory information, information provided by Equity Bank, and other potential effects of the proposal on the convenience and needs of the communities to be served. Based on its review, the Board concludes that the convenience and needs factor is consistent with approval.

Financial Stability

The Bank Merger Act requires the Board to consider the risk of the proposal “to the stability of the United States banking or financial system.”³³

To assess the likely effect of a proposed transaction on the stability of the United States banking or financial system, the Board considers a variety of metrics that capture the systemic “footprint” of the resulting firm and the incremental effect of the transaction on the systemic footprint of the acquiring firm. These metrics include measures of the size of the resulting firm, the availability of substitute providers for any critical products and services offered by the resulting firm, the interconnectedness of the resulting firm with the banking or financial system, the extent to which the resulting firm contributes to the complexity of the financial system, and the extent of the cross-border activities of the resulting firm.³⁴ These categories are not exhaustive, and additional categories could inform the Board’s decision. In addition to these quantitative measures, the Board considers qualitative factors, such as the opaqueness and complexity of an institution’s internal organization, that are indicative of the relative degree of difficulty of resolving the resulting firm. A financial institution that can be resolved in an orderly manner is less likely to inflict material damage on the broader economy.³⁵

The Board’s experience has shown that proposals involving an acquisition of less than \$10 billion in assets, or that result in a firm with less than \$100 billion in total

³³ 12 U.S.C. § 1828(c)(5).

³⁴ Many of the metrics considered by the Board measure an institution’s activities relative to the United States financial system.

³⁵ For further discussion of the financial stability standard, see Capital One Financial Corporation, FRB Order No. 2012-2 (February 14, 2012).

assets, are generally not likely to pose systemic risks. Accordingly, the Board presumes that a proposal does not raise material financial stability concerns if the assets involved fall below either of these size thresholds, absent evidence that the transaction would result in a significant increase in interconnectedness, complexity, cross-border activities, or other risk factors.³⁶

In this case, the Board has considered information relevant to risks to the stability of the United States banking or financial system. The proposal involves an acquisition of less than \$10 billion in assets and a pro forma organization of less than \$100 billion in assets. The pro forma organization would have minimal cross-border activities and would not exhibit an organizational structure, complex interrelationships, or unique characteristics that would complicate resolution of the firm in the event of financial distress. In addition, the organization would not be a critical services provider or so interconnected with other firms or the markets that it would pose a significant risk to the financial system in the event of financial distress.³⁷

In light of all the facts and circumstances, this transaction would not appear to result in meaningfully greater or more concentrated risks to the stability of the United States banking or financial system. Based on these and all other facts of record, the Board determines that considerations relating to financial stability are consistent with approval.

³⁶ See People's United Financial, Inc., FRB Order No. 2017-08 at 25-26 (March 16, 2017). Notwithstanding this presumption, the Board has the authority to review the financial stability implications of any proposal. For example, an acquisition involving a global systemically important bank could warrant a financial stability review by the Board, regardless of the size of the acquisition.

³⁷ Equity Bank and MidFirst Bank are predominately engaged in retail and commercial banking activities. Equity Bank has, and as a result of the proposal would continue to have, a small market share in these products and services on a nationwide basis.

Establishment of Branches

Equity Bank has applied under section 9 of the FRA to establish and operate branches at the locations of the acquired branches of MidFirst Bank.³⁸ The Board has assessed the factors it is required to consider when reviewing an application under that section. Specifically, the Board has considered Equity Bank's financial condition, management, capital, actions in meeting the convenience and needs of the communities to be served, CRA performance, and investment in bank premises.³⁹ For the reasons discussed in this order, the Board finds those factors to be consistent with approval.

Conclusion

Based on the foregoing and all the facts of record, the Board determines that the applications should be, and hereby are, approved. In reaching its conclusion, the Board has considered all the facts of record in light of the factors that it is required to consider under the Bank Merger Act, the FRA, and other applicable statutes. The Board's approval is specifically conditioned on compliance by Equity Bank with all of the conditions imposed in this order, including receipt of all required regulatory approvals, and on the commitments made to the Board in connection with the proposal. For purposes of this action, the conditions and commitments are deemed to be conditions imposed in writing by the Board in connection with its findings and decision herein and, as such, may be enforced in proceedings under applicable law.

³⁸ See 12 U.S.C. § 321. Under section 9 of the FRA, state member banks may establish and operate branches on the same terms and conditions as are applicable to the establishment of branches by national banks. A national bank may establish and operate a new branch within a state in which it is situated, if such establishment and operation is authorized under applicable state law. 12 U.S.C. § 36(c). A national bank also may retain any branch following a merger that under state law may be established as a new branch of the resulting bank or retained as an existing branch of the resulting bank. See 12 U.S.C. § 36(b)(2), (c). Upon consummation, Equity Bank's branches would be permissible under applicable state law. See 6 Okl. St. Ann. § 501.1.

³⁹ 12 U.S.C. § 322; 12 CFR 208.6. Upon consummation of the proposed transaction, Equity Bank's investment in bank premises would remain within the legal requirements of 12 CFR 208.21.

The proposal may not be consummated before the fifteenth calendar day after the effective date of this order or later than three months thereafter, unless such period is extended for good cause by the Board or the Reserve Bank, acting under delegated authority.

By order of the Board of Governors,⁴⁰ effective January 23, 2019.

Margaret McCloskey Shanks (signed)

Margaret McCloskey Shanks
Deputy Secretary of the Board

⁴⁰ Voting for this action: Chairman Powell, Vice Chairman Clarida, Vice Chairman for Supervision Quarles, and Governors Brainard and Bowman.