

InBankshares focused on organic growth but could use M&A to scale up, CEO says

By Nate Trela

12/28/2018

InBankshares, a Denver-based bank holding company, is focused on organic growth but will consider M&A if needed to become large enough to support an IPO, said CEO Ed Francis.

InBankshares has been public and explicit in media reports about its desire to eventually conduct an IPO, something Francis told this news service is likely five to seven years off. To be able to go public, Francis said the company likely needs to grow to between USD 1bn and USD 1.5bn in assets from its current USD 328m. Francis said he believes the bank can get there organically but could consider "a strategic acquisition or two" to accelerate that process.

"The goal is to get to a size where taking the company public is efficient and makes sense," Francis said. InBankshares, founded with USD 70m in equity from founders, friends, family and private equity houses including **Castle Creek Capital**, launched with the USD 46.3m acquisition of Raton Capital, the holding company for International Bank, in June. The bank has seven locations in northern New Mexico, southern Colorado and the Denver metro area.

Francis said he wants International Bank to remain an independent community bank. He said there was an opportunity created by bank consolidation in the space, pointing to the USD 1bn acquisition of **CoBiz Financial** by **BOK Financial** in 2018 and the USD 1bn acquisition of **Guaranty Bancorp** by **Independent Bank Group** in 2017. Both deals sold Colorado-based bank holding companies to new owners headquartered in other states.

"It seems like there is a void in the market for that entrepreneurial community bank that has the expertise to bank business clients and the ability to be nimble and efficient," Francis said.

While the bank will look to add locations in its current two-state footprint, that will not be a driver of M&A, Francis said. Many customers still prefer to go to physical offices, but Francis said innovative fintech products on the drawing board and the demonstrated preference of younger adults to do banking online mean there is less need for as many offices as in prior years.

As of now, the bank expects to organically grow by adding bankers and opening locations where the best geographic fits are. In the future, that growth will happen on the front range but Francis left open the chance to opportunistically acquire in new markets.

Francis said building up core deposits is the major focus for the company, which will go hand in hand with growing through its liability side. Building those deposits will be done in part by "banking both the business and the business owner," and the customer base could further expand by acquiring new customers and the bank leveraging its new fintech tools.

InBankshares uses Raymond James as a financial advisor. Hunton Andrews Kurth was its lawyer on the Raton deal.

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