HOME BANCSHARES INC
Form 424B5
September 11, 2009

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The information in this preliminary prospectus supplement and the accompanying prospectus is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Filed pursuant to Rule 424(b)(5)
Registration No. 333-161198
Subject to Completion, dated September 11, 2009

PRELIMINARY PROSPECTUS SUPPLEMENT
(To prospectus dated August 10, 2009)

Shares

Common Stock

We are offering shares of our common stock.

Our common stock is listed on the NASDAQ Global Select Market under the symbol HOMB. On September , 2009, the last reported sale price of our common stock as reported on NASDAQ was $ per share.

Investing in our common stock involves risks that are described in the Risk Factors section beginning on page S-9 of this prospectus supplement.

	Per Share	Total
Public offering price	$	$
Underwriting discount	$	$
Proceeds, before expenses, to us	$	$

The underwriters may also purchase up to an additional shares in the aggregate from us at the public offering price, less the underwriting discount, within 30 days from the date of this prospectus supplement, to cover over-allotments.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

These securities are not savings accounts, deposits, or other obligations of any bank and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency.

The shares will be ready for delivery on or about , 2009.

Stephens Inc. **RBC Capital Markets**

Stifel Nicolaus **Howe Barnes Hoefer & Arnett**

The date of this prospectus supplement is September , 2009.

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Prospectus Supplement

ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering of our common stock and also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference into the accompanying prospectus. The second part, the accompanying prospectus, provides more general information. Generally, when we refer to this prospectus, we are referring to both parts of this document combined. To the extent there is a conflict between the information contained in this prospectus supplement and the information contained in the accompanying prospectus or any document incorporated by reference therein filed prior to the date of this prospectus supplement, you should rely on the information in this prospectus supplement. If any statement in one of these documents is inconsistent with a statement in another document having a later date   for example, a document incorporated by reference in the accompanying prospectus   the statement in the document having the later date modifies or supersedes the earlier statement.

You should rely only on the information contained in or incorporated by reference into this prospectus supplement and the accompanying prospectus. We have not, and the underwriters have not, authorized any other person to provide you with different or inconsistent information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer and sale is not permitted. You should assume that the information appearing in this prospectus supplement and the accompanying prospectus is accurate only as of their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Some of our statements contained in this document are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the Securities Act), and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act). Forward-looking statements relate to future events or our future financial performance and include statements about the competitiveness of the banking industry, potential regulatory obligations, our entrance and expansion into other markets, our other business strategies and other statements that are not historical facts. Forward-looking statements are not guarantees of performance or results. When we use words like may, plan, contemplate, anticipate, believe, intend, continue, expect, project, predict, estimate, and similar expressions, you should consider them as identifying forward-looking statements, although we may use other phrasing. These forward-looking statements involve risks and uncertainties and are based on our beliefs and assumptions, and on the information available to us at the time that these disclosures were prepared. These forward-looking statements involve risks and uncertainties and may not be realized due to a variety of factors, including, but not limited to, the following:

- the effects of future economic conditions, including inflation or a decrease in residential housing values;
- governmental monetary and fiscal policies, as well as legislative and regulatory changes;
- the risks of changes in interest rates or the level and composition of deposits, loan demand and the values of loan collateral, securities and interest sensitive assets and liabilities;
- the effects of terrorism and efforts to combat it;
- credit risks;
- the effects of competition from other commercial banks, thrifts, mortgage banking firms, consumer finance companies, credit unions, securities brokerage firms, insurance companies, money market and other mutual funds and other financial institutions operating in our market area and elsewhere, including institutions operating regionally, nationally and internationally, together with competitors offering banking products and services by mail, telephone and the Internet;
- the effect of any mergers, acquisitions or other transactions to which we or our subsidiaries may from time to time be a party, including our ability to successfully integrate any businesses that we acquire; and
- the failure of assumptions underlying the establishment of our allowance for loan losses.

All written or oral forward-looking statements attributable to us are expressly qualified in their entirety by this Cautionary Note. Our actual results may differ significantly from those we discuss in these forward-looking statements. For other factors, risks and uncertainties that could cause our actual results to differ materially from estimates and projections contained in these forward-looking statements, see the Risk Factors section provided below.

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PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights information contained elsewhere in, or incorporated by reference into, this prospectus supplement. Because this is a summary, it may not contain all the information that may be important to you. Therefore, you should also read the more detailed information set forth in this prospectus supplement, our financial statements, and documents incorporated by reference into this prospectus supplement and the accompanying prospectus before making a decision to invest in our common stock. See Where You Can Find Additional Information. Unless we indicate otherwise, the words we, our, us and Company refer to Home BancShares, Inc. and its wholly owned subsidiaries. Unless otherwise indicated, information presented herein is as of September , 2009.

Home BancShares, Inc.

Company Overview

We are a Conway, Arkansas headquartered bank holding company registered under the federal Bank Holding Company Act of 1956. Through our wholly owned community bank subsidiary Centennial Bank we provide a full range of banking services to individual and corporate customers in central Arkansas, north central Arkansas, southern Arkansas, the Florida Keys and southwestern Florida. As of June 30, 2009 we had total assets of $2.58 billion, total deposits of $1.83 billion, and total loans of $1.97 billion.

In 1998, an investor group led by John W. Allison, our Chairman, and Robert H. Bunny Adcock, Jr., our Vice Chairman, formed Home BancShares, Inc. We established First State Bank in Conway, Arkansas, in 1999, and subsequently acquired and integrated banks in Cabot, Little Rock, North Little Rock and Mountain View, Arkansas, and in Marathon, Florida. According to SNL Financial, as of June 30, 2008, we were ranked first by deposit market share in the cities of Cabot, Conway, Mountain View and North Little Rock and were ranked fifth by deposit market share in Little Rock.

We have recently combined the charters of our subsidiary banks into a single charter and adopted Centennial Bank as the common name. All of our banks now have the same name, logo and charter, allowing for a more customer-friendly banking experience and seamless transactions across our entire banking network. We remain committed, however, to our community banking philosophy and will continue to rely on local community bank boards and management built around experienced bankers with strong local relationships.

Our senior management team has a combined 134 years of experience in the banking sector, and our three regional presidents have an average of 31 years industry experience. Our management team and board members together hold a combined 31% beneficial interest in the Company, which we believe closely aligns their interests with those of our shareholders.

Our principal executive office is located at 719 Harkrider, Suite 100, Conway, Arkansas, and our telephone number is (501) 328-4770. We maintain a website at *http://www.homebancshares.com*. The information found on our website is not a part of this prospectus supplement or the accompanying prospectus.

Community Banking Philosophy

Our community banking philosophy consists of four basic principles:

manage our community banking franchise with experienced bankers and community bank boards who are empowered to make customer-related decisions quickly;

provide exceptional service and develop strong customer relationships;

pursue the business relationships of our community bank boards, executive officers, shareholders, and customers to actively promote our community bank; and

maintain our commitment to the communities we serve by supporting civic and nonprofit organizations.

These principles which make up our community banking philosophy are the driving force for our business. As we have streamlined our business by moving to a unified banking network, we have preserved lending authority with local management in most cases and transitioned our former bank boards of directors into five community bank boards that maintain an integral connection to the communities we serve. We have empowered most of our community bank boards with lending authority of up to $6 million in their respective geographic areas. This allows us to capitalize on the strong relationships that our community bank board members and officers have established in their respective communities to maintain and grow our business. Through experienced and empowered local bankers and board members, we are committed to maintaining a community banking experience for our customers.

Operating Goals

Our operating goals focus on maintaining strong credit quality, increasing profitability, finding experienced bankers, and maintaining a fortress balance sheet:

Maintain strong credit quality Credit quality is our first priority. We employ a set of credit standards designed to ensure the proper management of credit risk. Our management team plays an active role in monitoring compliance with these credit standards in the different communities served by Centennial Bank. We have a centralized loan review process, which we believe enables us to take prompt action on potential problem loans. This centralized review process also applies to our banking operations in Florida, where the majority of our current non-performing loans were originated, and provides for close monitoring of the quality of our Florida loans. These efforts are supplemented by the recent relocation of our former director of loan review from our corporate headquarters in Arkansas to Florida to monitor our Florida operations and collections directly. In addition, the chief lending officer for our Conway region has assumed responsibility in that capacity over lending in our Florida market.

Continue to improve profitability We intend to improve our profitability and achieve high performance ratios as we continue to utilize the available capacity of our newer branches and employees. Since December 2008, we have consolidated our six bank charters into one as part of our Build a Better Bank (B3) program. During 2009, we have begun to see the benefits of the B3 program. Our core efficiency ratio improved from 59.7% for the first fiscal quarter in 2009 to 56.2% for the second fiscal quarter in 2009 and to 53.1% for the two month period ended August 31, 2009. Efficiency ratio is calculated by dividing non-interest expense less amortization of core deposit intangibles by the sum of net interest income on a tax equivalent basis and non-interest income. Our core efficiency ratio is calculated similarly using core non-interest expense and core non-interest income, which exclude nonrecurring items such as the expenses associated with the consolidation of our bank charters in 2008 and 2009 and the one-time gain on the sale of our 20% interest in White River Bancshares in 2008. These improvements in core operating efficiency are being driven by, among other factors, improvements in our net interest margin, growth in fee income and the streamlining of processes in our lending and retail operations and improvements in our purchasing power.

Attract and motivate experienced bankers We believe a major factor in our success has been our ability to attract and motivate bankers who have experience in and knowledge of their local communities. For our newest branch in Heber Springs, Arkansas, that opened in 2009 we were able to attract a four-person banking team. Hiring and retaining experienced relationship bankers has been integral to our ability to grow quickly when entering new markets.

Maintain a fortress balance sheet We intend to maintain a strong balance sheet through a focus on four key governing principles: (1) maintain strong loan loss reserves; (2) remain well capitalized; (3) pursue high performance metrics including return on tangible equity (ROTE), return on assets (ROA), core efficiency ratio and net interest margin; and (4) retain liquidity at the bank holding company level that can be utilized should attractive acquisition opportunities be identified or for internal capital needs.

Our Growth Strategy

Our goals are to achieve growth in earnings per share and to create and build shareholder value. Our growth strategy entails the following:

Organic growth We believe that our current branch network provides us with the capacity to grow within our existing market areas. Twenty-three of our 61 branches (including branches of banks we have acquired) have been opened since the beginning of 2004. We also believe we are well positioned to attract new business and additional experienced personnel as a result of ongoing changes in our competitive markets as well as economic opportunities related to the recent relocation of out-of-state businesses to central Arkansas and the recently discovered Fayetteville Shale natural gas reserve in north central Arkansas.

Strategic acquisitions We believe that properly priced bank acquisitions can complement our organic growth and *de novo* branching growth strategies. In the near term, our principal acquisition focus will be to expand our presence in Arkansas and other nearby markets, and in Florida, through pursuing FDIC-assisted acquisition opportunities. We are continually evaluating potential bank acquisitions to determine what is in the best interests of our Company. Our goal in making these decisions is to maximize the return to our shareholders.

De novo branching As opportunities arise we will continue to open new (commonly referred to as *de novo*) branches in our current markets and in other attractive market areas. During 2009, we opened a branch location in the Arkansas community of Heber Springs. We have no current plans for any additional *de novo* branch locations.

Acquisitions

Since establishing First State Bank in Conway, Arkansas in 1998, we have completed acquisitions that have significantly expanded our Arkansas footprint and given us a presence in the Florida Keys and southwest Florida.

Acquired Bank	Headquarters	Year Acquired	At Acquisition Assets (In millions)	At Acquisition Deposits (In millions)	Year Charter Consolidated
Community Bank	Cabot, Arkansas	2003	$ 326.2	$ 279.6	Q1, 2009
Twin City Bank	North Little Rock, Arkansas	2005(1)	633.4	500.1	Q2, 2009
Marine Bank	Marathon, Florida	2005(2)	257.6	200.7	Q4, 2008
Bank of Mountain View	Mountain View, Arkansas	2005	202.5	158.0	Q1, 2009
Centennial Bank	Little Rock, Arkansas	2008	234.1	178.8	Q1, 2009

(1) Prior to the date of the acquisition, we owned approximately 32% of the shares of TCBancorp, the parent company of Twin City Bank.

(2) In 1995, John W. Allison, our Chairman, was a founding board member of Marine Bancorp, the parent company of Marine Bank. He owned approximately 14% of Marine Bancorp s shares at the time of our acquisition.

The charters of First State Bank and our acquired banks have recently been combined into a single charter, and all now operate under the Centennial Bank name.

Our Market Areas

As of June 30, 2009, we conducted our business principally through 61 branches: 44 in central Arkansas, three in north central Arkansas, two in southern Arkansas, nine in the Florida Keys and three in southwestern Florida. Our branch footprint includes markets in which we are the deposit market share leader as well as markets in which we believe we have significant opportunities for deposit market share growth. These markets make up three internally-designated banking regions Cabot (including Mountain View and our northeastern Arkansas markets), Conway (including north central Arkansas and our Florida market) and Little Rock (including North Little Rock and our southern Arkansas markets). Each region has a regional president, selected from our existing management team prior to the consolidation of our bank charters, who has retained authority over the management of his respective region.

Asset Quality

Our non-performing assets totaled $52.9 million, or 2.05% of total assets at June 30, 2009. Of the $52.9 million in total non-performing assets, $37.2 million, or 70.3% of total non-performing assets, are related to our Florida operations. Excluding our Florida operations, our non-performing assets totaled $15.7 million at June 30, 2009, which represented 29.7% of our total non-performing assets at June 30, 2009.

TARP Preferred Stock and Warrant

The Emergency Economic Stabilization Act of 2008 (EESA) authorized the United States Department of the Treasury (the Treasury) to take actions to restore stability and liquidity to the financial system in the U.S., and created the Troubled Asset Relief Program, or TARP . Using TARP s authority, the Treasury established the Capital Purchase Program allowing qualified financial institutions to sell senior preferred stock and warrants to the Treasury, with the proceeds of those sales qualifying as Tier 1 regulatory capital in an amount of between 1% and 3% of risk-weighted assets.

On January 16, 2009, we issued and sold to the Treasury 50,000 shares of the Company s Fixed Rate Cumulative Perpetual Preferred Stock Series A, liquidation preference of $1,000 per share, and a ten-year warrant to purchase up to 288,129 shares of the Company s common stock, par value $0.01 per share, at an exercise price of $26.03 per share. The aggregate purchase price for the securities was $50.0 million in cash. Cumulative dividends on the Series A preferred shares will accrue on the liquidation preference at a rate of 5% per annum for the first five years, and at a rate of 9% per annum thereafter.

The Series A preferred shares qualify as Tier 1 capital. They are callable at par after three years. Under our agreement with the Treasury, prior to January 16, 2012, the shares may only be redeemed after a qualifying equity offering of any Tier 1 perpetual preferred or common stock. However, under the American Recovery and Reinvestment Act of 2009 (ARRA), subject to consultation with our federal banking regulator, the Treasury must permit us to redeem the shares at any time without regard to whether we have replaced such funds from any other source or to any waiting period. The Treasury must approve any quarterly cash dividend on our common stock above $0.06 per share or share repurchases until January 16, 2012, unless the Series A preferred shares are paid off in whole or transferred to a third party.

If the Company completes a qualifying equity offering on or prior to December 31, 2009, the proceeds of which exceed the aggregate purchase price of the Series A preferred shares ($50.0 million), the number of shares of common stock underlying the ten-year warrant will be reduced by half, resulting in the Treasury then holding a warrant to purchase 144,064 shares of our common stock at an exercise price of $26.03 per share. We believe this offering, if successful in raising over $50.0 million, will trigger this reduction in the shares underlying the warrant. If we repay the TARP funds, we have the right to repurchase the warrant for fair market value. Fair market value for repurchase of the warrant will be subject to negotiation, and there can be no assurance that we will be able to repurchase the warrant.

Recent Developments

Selected financial highlights for the two-month period ended and as of August 31, 2009 are summarized below. These highlights are not necessarily indicative of anticipated or actual results for the third quarter of 2009 or future periods. In the near term, we expect that non-performing assets may continue to rise and we may record provisions for loan losses higher than our historical averages.

Our taxable equivalent net interest rate margin improved 17 basis points, from 4.08% for the quarter ended June 30, 2009, to 4.25% for the two-month period ended August 31, 2009.

Our core efficiency ratio improved from 56.2% for the quarter ended June 30, 2009, to 53.1% for the two-month period ended August 31, 2009.

Our ratio of non-performing assets to total assets changed from 2.05% as of June 30, 2009, to 2.25% as of August 31, 2009.

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The Offering

Common stock we are offering	shares, par value $0.01 per share
Common stock to be outstanding after this offering	shares
Public offering price per share	$
Use of proceeds	We intend to use the net proceeds of this offering to fund possible future acquisitions of other financial services businesses, for general corporate purposes, our working capital needs and investments in our subsidiaries to support our continued growth. We may also use proceeds from this offering to repurchase all or a portion of the Series A preferred shares and warrant we have issued to the U.S. Treasury.
NASDAQ Global Select Market symbol	HOMB
Risk factors	Investing in our securities involves risks. You should carefully consider the information under Risk Factors beginning on page S-9 and the other information included in this prospectus supplement before investing in our securities.

The number of shares of our common stock to be outstanding after the offering is based on actual shares outstanding as of September , 2009 and does not include shares of common stock reserved for issuance in connection with the underwriters option to purchase additional shares to cover over-allotments. In addition, the number of shares of common stock to be outstanding after this offering excludes 928,491 shares of common stock issuable upon exercise of options outstanding under our various equity incentive plans, having a weighted average exercise price of $11.93 per share, and 288,129 shares of common stock issuable upon exercise of the warrant issued to the Treasury in connection with the issuance of the Series A preferred shares, having an exercise price of $26.03 per share. The shares issuable upon exercise of the warrant issued to the Treasury will be reduced to 144,064 shares if we are successful in raising proceeds of more than $50 million in this offering.

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SELECTED HISTORICAL FINANCIAL DATA

The following tables set forth selected consolidated historical financial and other data for the periods ended and as of the dates indicated. The selected consolidated balance sheet data presented below as of December 31, 2008 and 2007, and the selected consolidated income statement data presented below for the years ended December 31, 2008, 2007 and 2006, are derived from our audited consolidated financial statements incorporated by reference herein, except the per share data described in detail below. The selected consolidated balance sheet data as of December 31, 2006, 2005 and 2004, and the selected consolidated income statement data for the years ended December 31, 2005 and 2004, are derived from our audited consolidated financial statements, which are not included or incorporated by reference herein. The summary consolidated financial data for the three-month and six-month periods ended June 30, 2009 and 2008, are derived from our unaudited consolidated financial statements incorporated by reference herein and should be read in conjunction with those unaudited consolidated financial statements and notes thereto. In the opinion of management, our unaudited consolidated financial statements for the three and six months ended June 30, 2009 and 2008, include all normal recurring adjustments necessary for a fair presentation of results for the unaudited interim periods. Results from past periods are not necessarily indicative of results that may be expected for any future period. These selected historical financial data should be read in conjunction with the section entitled Management s Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the year ended December 31, 2008, and with our consolidated financial statements and related notes incorporated by reference herein.

llars in thousands, ept per share data)	As of or for the Three Months Ended June 30, 2009 (unaudited)	2008	As of or for the Six Months Ended June 30, 2009 (unaudited)	2008	As of or for the Years Ended December 31, 2008	2007	2006	2005	2004
ome statement data:									
l interest income	$ 32,996	$ 36,540	$ 66,104	$ 74,936	$ 145,718	$ 141,765	$ 123,763	$ 85,458	$ 36,6
l interest expense	10,275	14,799	21,572	32,364	59,666	73,778	60,940	36,002	11,5
interest income	22,721	21,741	44,532	42,572	86,052	67,987	62,823	49,456	25,1
vision for loan losses	2,750	704	3,750	5,513	27,016	3,242	2,307	3,827	2,2
interest income after vision for loan losses	19,971	21,037	40,782	37,059	59,036	64,745	60,516	45,629	22,8
l non-interest me	7,990	5,667	15,605	19,201	28,717	25,754	19,127	15,687	18,0
l non-interest ense	20,298	18,497	39,590	37,180	75,717	61,535	56,478	44,935	26,1
me before income s and minority rest	7,663	8,207	16,797	19,080	12,036	28,964	23,165	16,381	14,7
	2,222	2,553	5,111	6,148	1,920	8,519	7,247	4,935	5,0

vision for income s ority interest									5
income	5,441	5,654	11,686	12,932	10,116	20,445	15,918	11,446	9,1
erred stock dends	670		1,236				359	574	5
income available to mon stockholders	$ 4,771	$ 5,654	$ 10,450	$ 12,932	$ 10,116	$ 20,445	$ 15,559	$ 10,872	$ 8,6

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As of or for the	As of or for the