

**REGULAR MEETING
OF THE
ARKANSAS STATE BANKING BOARD
APRIL 18, 2013**

A regular meeting of the Arkansas State Banking Board was held in the conference room of the Arkansas State Bank Department, 400 Hardin Road, Suite 100, Little Rock, Arkansas, at 10:00 a.m. on April 18, 2013. The following Board Members were present: Chairman Marcus McCain, Rodney Parks, Gary Hudson, and Elizabeth Bowles. Vice-Chairman John Freeman was called by phone and participated in the meeting by conference call. Representing the State Bank Department were Commissioner Candace A. Franks, Deputy Commissioners Luther Guinn and Susannah Marshall, Attorney Brent Taylor, and Administrative Analyst Lori Morrison. Lynn LaSalle from Bushman Court Reporting was the recording reporter for the applicant.

Commissioner Franks opened the meeting. Secretary Luther Guinn declared a quorum was present. Commissioner Franks then asked the visitors and guests to stand and introduce themselves and state who they represent. Kyle Shadid and Bob Fegtly, with DD&F Consulting Group, were in attendance. Representing Bank of the Ozarks was Dennis James, Director of Mergers and Acquisitions. She then turned the meeting over to Chairman Marcus McCain.

Next on the agenda was consideration of the Minutes of the February 28, 2013, Special Board Meeting. A motion was made by Gary Hudson, seconded by Rodney Parks, to approve the Minutes as presented. Motion carried and the Commissioner concurred.

Next on the agenda was an application by Bank of the Ozarks, Little Rock, Arkansas, to merge The First National Bank of Shelby, Shelby, North Carolina, with and into Bank of the Ozarks, Little Rock, Arkansas. Mr. Kyle Shadid represented and spoke for the applicant.

Mr. Shadid stated that as of December 31, 2012, Bank of the Ozarks was about \$4 billion in total assets and The First National Bank of Shelby is about \$730 million in total assets, with \$420 million in loans and \$660 million in deposits. Mr. Shadid stated that all 14 of The First National Bank of Shelby's branches were in North Carolina, and that approval had been granted by the Federal Reserve and the FDIC.

Mr. Dennis James, Director of Mergers and Acquisitions with the Bank of the Ozarks, stated Shelby is about 45 minutes west of Charlotte and is a market they know well. Mr. James stated Bank of the Ozarks had a loan production office in Charlotte for over ten years and that office recently became a full service branch. Mr. James stated The First National Bank of Shelby is a long-standing bank in that community, has been there since 1874, has a rich tradition, and has a 40 percent deposit share in Cleveland County. Mr. James stated The First National Bank of Shelby experienced some asset problems in 2008 with a 20 million dollar loss on a private backed mortgage securities package, and after that began discovering they had problems in their loan assets. Mr. James also stated The First National Bank of Shelby has done well, made good progress, and has about 11.5 percent capital.

Mr. James also stated they had done an extensive due diligence and they were paying \$64 million for a bank with \$99 million of stockholders' equity as of December 31, 2012.

Board member, Mr. Gary Hudson, asked about the management team. Mr. James stated Helen Jeffers will be the Division President. She was previously CFO. Mr. Darrell Russell, the Chief Credit Officer, has been participating in the loan committee, along with Cindy Wolfe, who is President of the Charlotte division.

Chairman Marcus McCain asked if Bank of the Ozarks would ensure that the asset quality remains the same. Mr. James stated yes they were already very focused and working closely with The First National Bank of Shelby on disposition of problem assets.

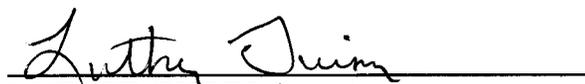
A motion was made by Vice-Chairman John Freeman, seconded by Elizabeth Bowles, to approve the application, the motion carried and the Commissioner concurred.

Being no further business, a motion was made by Gary Hudson, seconded by Rodney Parks, to adjourn. Motion carried.



MARCUS McCAIN, CHAIRMAN
State Banking Board

ATTEST:


LUTHER GUINN, Secretary
State Banking Board
CANDACE A. FRANKS
Bank Commissioner

Board Members in Attendance:



**MARCUS McCAIN, Chairman
State Banking Board**

8/28/13

Date



**JOHN FREEMAN, Vice-Chairman
State Banking Board**

8-28-2013

Date

**CHARLES SMITH, Member
State Banking Board**

Date



**RODNEY PARKS, Member
State Banking Board**

8-28-2013

Date



**GARY HUDSON, Member
State Banking Board**

Aug 28, 2013

Date



**ELIZABETH BOWLES, Member
State Banking Board**

Aug 28, 2013

Date