

**REGULAR MEETING
OF THE
ARKANSAS STATE BANKING BOARD
JANUARY 16, 2014**

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 January 16, 2014. The following Board Members were present: Chairman Marcus McCain, Vice Chairman John Freeman, Gary Hudson, Rodney Parks, and Elizabeth Bowles. Board Member Charles Smith 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 Eric Roberts, Certified Examinations Manager John Ashby, Certified Examiner Cara Lank, and Administrative Analyst Barbara Mahoney. 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. She then turned the meeting over to Chairman Marcus McCain.

Chairman Marcus McCain announced that the first order of business was the election of a new Chairman and Vice-Chairman for the year. A motion was made by Gary Hudson, seconded by Rodney Parks, to elect John Freeman as Chairman and Elizabeth Bowles as Vice-Chairman for 2014. The motion passed unanimously and the Commissioner concurred. Chairman John Freeman then presided over the meeting.

Next was approval of expenses for the Board for 2014. A motion was made by Elizabeth Bowles, seconded by Gary Hudson, to approve the Board's expenses. Motion carried and the Commissioner concurred.

Next on the agenda was consideration of the Minutes of the November 21, 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 First Bank, Hampton, Arkansas, to merge First Community Bank of Crawford County, Van Buren, Arkansas, with and into First Bank, Hampton, Arkansas. Mr. Robert Smith with Friday, Eldredge, and Clark, represented and spoke for the application.

Mr. Smith stated that they were here for consideration of a merger application, which has also been filed with the FDIC. Mr. Smith stated the banking code set forth five requirements for consideration and approval and require the State Banking Board and Commissioner to find that each exists and are satisfied. Mr. Smith stated one item in the application was that First Bank would evaluate branch locations of First Community Bank and a decision has been made to close a branch in Van Buren on Fayetteville Road. Chairman Freeman asked if the purpose of the closing of the branch was due to overlapping. Mr. Smith stated the branch building would require some maintenance that would be cost prohibitive and feels confident customers can be adequately served at the other locations in Van Buren.

Mr. John Harrell stated they were contacted in early August about the possibility of the acquisition of First Community Bank and took a team of experienced lending staff from Northwest Arkansas and the external loan review officer, and spent one week poring through approximately 65 percent of the \$55 million loan portfolio. Mr. Harrell stated they anticipated bringing on approximately \$60 million in assets, which would make First Bank about \$320 million and fits well with the immediate and long term objectives to try and grow smart.

Mr. Harrell stated they plan to retain Terry Carson as Market President for Crawford County, and they are impressed with the staff as they are tenured at the bank, know the customers, and are involved in the community.

Mr. Harrell stated they have a commitment letter from Signature Bank of Arkansas for a \$5 million line of credit at the holding company level and anticipate drawing down \$4 million at the time of acquisition, pushing that down to the bank level to support the increased growth and provide an opportunity to work through issues in the next 12 to 24 months. Mr. Harrell stated they hired Greg Pennington as Chief Credit Officer, which is a new position for the bank, and Greg was uniquely qualified and has held positions in First Community Bank's sister bank in Crossett, Arkansas, and at a problem bank in Tulsa, Oklahoma.

Mr. Harrell stated the main short term goal was to reduce the level of other real estate owned and address the classified assets. Mr. Harrell stated they anticipated, with earnings generated throughout 2014 and the contributions from the holding company, the Tier 1 capital ratio would be around 9.49 percent and committed to the State Banking Board that it will not drop below 9 percent at any time on this acquisition.

Mr. Charles Smith stated he was concerned about the citizens of Van Buren and the branch closure. Mr. Harrell stated the facility to be closed is a modular drive-through facility with limited hours. Mr. Terry Carson stated the location to be closed is less than one mile from the primary office, has one employee, and does less than 20 to 25 transactions on a busy day. Chairman Freeman asked if the existing board of First Community Bank would be dissolved. Mr. Harrell stated that the board of First Community Bank would be retained as an advisory board.

A motion was made by Gary Hudson, seconded by Marcus McCain, to approve the application, the motion carried and the Commissioner concurred.

Next on the agenda was an application by First National Banking Company, Ash Flat, Arkansas, to convert from a National Bank to a State-Chartered Bank. Mr. Pat Burrow with Quattlebaum, Grooms, Tull and Burrow represented and spoke for the application.

Mr. Burrow stated an application was filed with the state in November to convert to a state bank. Mr. Burrow stated a preliminary examination was completed and included staff from the Federal Reserve. Mr. Burrow stated the bank had applied for, and been accepted as, a Federal Reserve member bank upon conversion.

Mr. Martin Carpenter stated they started as a state bank but have been a national bank for 40 years. Mr. Carpenter stated that as a community bank they think going forward their interest is a little bit better aligned with the State Bank Department and feel there is a common interest, and that is providing banking to individual communities in the state and doing what is best for their communities and the state. Mr. Carpenter stated they were excited about becoming a state-chartered bank, looking forward to working with the State Bank Department, and had a good examination from the State and the Federal Reserve.

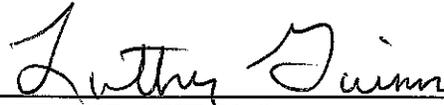
A motion was made by Gary Hudson, seconded by Rodney Parks, to approve the application, the motion carried and the Commissioner concurred.

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

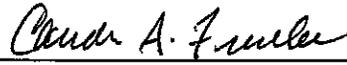


JOHN FREEMAN, CHAIRMAN
State Banking Board

ATTEST:

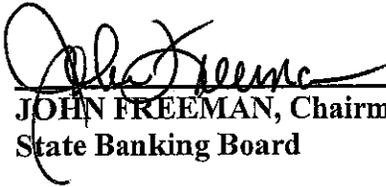


LUTHER GUINN, Secretary
State Banking Board



CANDACE A. FRANKS
Bank Commissioner

Board Members in Attendance:



JOHN FREEMAN, Chairman
State Banking Board

2-27-14

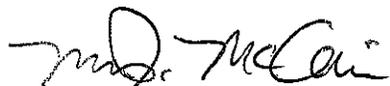
Date



ELIZABETH BOWLES, Vice-Chairman
State Banking Board

2-27-14

Date



MARCUS McCAIN, Member
State Banking Board

2-27-14

Date



RODNEY PARKS, Member
State Banking Board

2-27-14

Date

GARY HUDSON, Member
State Banking Board

Date

CHARLES SMITH, Member
State Banking Board

Date