

**REGULAR MEETING
OF THE
ARKANSAS STATE BANKING BOARD
JANUARY 15, 2015**

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 15, 2015. The following Board Members were present: Chairman John Freeman, Vice-Chairman Elizabeth Bowles, Gary Hudson, Lana Hampton, Marcus McCain, and Gary Smith. 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 Bank Senior Examiner Gregg Qualls, and Administrative Analyst Barbara Mahoney. Lynn LaSalle from Bushman Court Reporting was the recording reporter for the applicants. Julie Chavis was present from the Attorney General's office. No representatives from the media were present.

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. In attendance were Garland Binns with Dover, Dixon, and Horne PLLC, Little Rock, Arkansas, representing RiverBank Savings & Loan, Corning, Arkansas; Bob Fegtly and Joshua Dennis with DD&F Consulting Group, Little Rock, Arkansas, representing Farmers Bank and Trust Company, Magnolia, Arkansas; Bruce Maloch with Farmers Bank and Trust Company, Magnolia, Arkansas; and Robert Smith with Friday Law Firm, Little Rock, Arkansas, representing First Bank, Hampton, Arkansas. She then turned the meeting over to Chairman John Freeman.

First on the agenda was the election of Chairman and Vice-Chairman for 2015. A motion was made by Marcus McCain, seconded by Gary Smith, to elect Elizabeth Bowles as Chairman and Gary Hudson as Vice-Chairman for 2015. The motion passed unanimously and the Commissioner concurred. Chairman Elizabeth Bowles then presided over the meeting.

Next on the agenda was consideration of the Minutes of the November 20, 2014, Special Board Meeting. A motion was made by Gary Hudson, seconded by Gary Smith, to approve the Minutes as presented. Motion carried and the Commissioner concurred.

Next was approval of expenses for the Board for 2015. A motion was made by Gary Hudson, seconded by John Freeman, to approve the Board's expenses. Motion carried and the Commissioner concurred.

Next on the agenda was an application by Farmers Bank and Trust Company, Magnolia, Arkansas, to merge 1st Bank, NA, Texarkana, Texas, with and into Farmers Bank and Trust Company, Magnolia, Arkansas. Mr. Bob Fegtly with DD&F Consulting Group, represented and spoke for the application.

Mr. Fegtly stated the terms of the merger were fair, the Board of Farmers Bank carefully evaluated the transaction, the merger is not contrary to public interest, and both 1st Bank and Farmers Bank have complied with the requirements of the Arkansas Banking Code. Mr. Fegtly stated the sole shareholder of 1st Bank and Farmers Bank have approved the merger, there were no dissenting shareholders, and the requirements of all applicable state and federal laws have been complied with.

Mr. Joshua Dennis with DD&F Consulting Group, stated the merger will increase the branch network from 15 branches to 23 branches, with two additional Texas branches, and six additional Arkansas branches. Mr. Dennis stated total assets will increase from \$883 million to \$1.2 billion, total loans will increase from \$663 million to \$917 million, and deposits will increase from \$750 million to just a shade over a billion. Mr. Dennis stated

the bank would remain well capitalized with a leverage ratio of 8.2%, Tier 1 risk based ratio of 10.6%, and total risk based of 11.9%. Mr. Dennis stated the Interagency Bank Merger Act Application with the Federal Reserve was filed on November 4, 2014, and approved on December 12, 2014.

Mr. Bruce Maloch, COO of Farmers Bank, stated they saw the acquisition as a good strategic move and, geographically they are in the southwest part of the state in Magnolia, Camden, and Malvern, then adding Hope, Texarkana, and east Texas, it's easy to monitor. Mr. Maloch stated they are not closing any branches and the current services offered to 1st Bank customers will be enhanced by additional services Farmers Bank can offer.

Vice-Chairman Gary Hudson requested and received permission to be recused from voting on the application.

A motion was made by Gary Smith, seconded by John Freeman, to approve the application, the motion carried and the Commissioner concurred.

Next on the agenda was an application by RiverBank Savings and Loan Association, Corning Arkansas, to convert to a state-chartered bank and relocate its main office to Pocahontas, Arkansas. Mr. Garland Binns with Dover, Dixon, and Horne PLLC, represented and spoke for the application.

Mr. Binns stated Riverbank Savings and Loan, as long as he can remember, has been the only state-chartered savings and loan in Arkansas. Mr. Binns stated the applicant filed the necessary application to convert to a state-chartered bank, the name will remain the same, except it does not have savings and loan in the name, and the bank's main office will be located in Pocahontas, Arkansas. Mr. Binns stated the requirements of the Arkansas Banking Code are as follows: The location of RiverBank must meet the requirements of the Arkansas Banking Code; the existing officers and directors of RiverBank must meet the requirements for incorporation of an Arkansas state-chartered

bank; and RiverBank must have adequate capital structure. Mr. Binns stated the Bank Department has reviewed the application and to his knowledge has found that RiverBank meets all three requirements and they request the application be approved.

Vice-Chairman Gary Hudson asked if all the people would stay the same, would they have the same branches, and the headquarters is just moving from Corning to Pocahontas. Mr. Binns stated that was correct. Vice-Chairman Hudson asked if the services will be available to customers in all the locations they had been previously. Mr. Binns stated that was right. Mr. Binns stated other than the statutory change and its incorporation from a state-charter savings and loan to an Arkansas state-chartered bank, everything would remain the same. Vice-Chairman Hudson asked if this included the people running the bank. Mr. Binns stated there is no change and they are very excited about this.

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

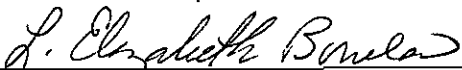
Next on the agenda was a revision of an Order previously approved by the Board for the merger of First Community Bank of Crawford County, Van Buren, Arkansas, with and into First Bank, Hampton, Arkansas. Chairman Elizabeth Bowles asked the Board Members if there was any discussion regarding the revised Order. Vice-Chairman Gary Hudson asked if there were changes that had happened and developments from discussion and he knew it was the opinion of the Bank Department this go forward. Commissioner Candace Franks stated Julie Chavis represented the Attorney General's office and requested that Ms. Chavis go through why the Board is doing this today.

Ms. Chavis stated that her predecessor, Mark Ohrenberger and Attorney Eric Roberts with the Bank Department worked on the Order. Ms. Chavis stated it was directed on remand by the Judge to have the Board make more specific findings of fact and conclusions of law. Ms. Chavis stated this is in the nature of a supplemental order to

beef up a prior order. Chairman Bowles stated so there aren't any specific changes to it, it's just augmenting what was in the previous one. Ms. Chavis stated that was her understanding.

A motion was made by John Freeman, Seconded by Vice-Chairman Gary Hudson, to approve the revised Order, the motion carried and the Commissioner concurred.

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



ELIZABETH BOWLES, CHAIRMAN
State Banking Board

ATTEST:



LUTHER GUINN, Secretary
State Banking Board




CANDACE A. FRANKS
Bank Commissioner

Board Members in Attendance:



ELIZABETH BOWLES Chairman
State Banking Board

8-4-2015
Date




GARY HUDSON, Vice-Chairman
State Banking Board

8-4-2015
Date

MARCUS McCAIN, Member
State Banking Board

Date



JOHN FREEMAN, Member
State Banking Board

8-4-15
Date

LANA HAMPTON, Member
State Banking Board

Date



GARY SMITH, Member
State Banking Board

8/4/15
Date