

**SPECIAL MEETING
OF THE
ARKANSAS STATE BANKING BOARD
DECEMBER 16, 2015**

A special 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 December 16, 2015. The following Board Members were present: Chairman Elizabeth Bowles, Vice-Chairman Gary Hudson, Zach McClendon, John Freeman, and Gary Smith. Representing the State Bank Department were Commissioner Candace A. Franks, Deputy Commissioners Luther Guinn and Susannah Marshall, Bank Chief Counsel Amanda Andrews, Certified Examinations Manager John Ashby, and Administrative Analyst Barbara Mahoney. Christian Olsen from the Governor's office was also in attendance. Lynn LaSalle from Bushman Court Reporting was the recording reporter for the applicant.

Bank Commissioner, Candace A. Franks, called this special meeting of the State Banking Board. Notice of the special meeting was sent by regular mail to each member of the State Banking Board on November 5, 2015. The notice was also given to the news media in accordance with state law.

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 Randy Dennis and Kyle Shadid with DD&F Consulting Group, representing The Citizens Bank; Phil Baldwin and Jeff Teague with The Citizens Bank; and Robert Taylor with Parkway Bank. She then turned the meeting over to Chairman Elizabeth Bowles.

First on the agenda was consideration of the Minutes of the October 15, 2015, Regular Board Meeting. A motion was made by Gary Smith, seconded by John Freeman, to approve the Minutes as presented. Motion carried and the Commissioner concurred.

Next on the agenda was an application by The Citizens Bank, Batesville, Arkansas, to merge Parkway Bank, Rogers, Arkansas, with and into The Citizens Bank. Mr. Randy Dennis and Kyle Shadid with DD&F Consulting Group represented and spoke for the application.

Mr. Dennis stated the merger application was filed on October 30th and pursuant to Section 23-48-503 of the Arkansas Banking Code, there are five criteria that have to be met for the transaction to be approved; the merger must provide an adequate capital structure; the terms of the merger must be fair; the merger is not contrary to the public interest; the merger adequately provides for dissenters rights; and the requirements for all applicable state and federal laws have been complied with. Mr. Dennis stated the resulting institution will be well capitalized as Kyle will address. Mr. Dennis stated the terms of the merger were fair with The Citizens Bank's Board having evaluated the transaction and found it to be fair and reasonable, and Parkway Bank's stockholders, Board, and holding company have reviewed and evaluated the transaction and found it to be fair.

Mr. Dennis stated the merger is not contrary to public interest as laid out in the application. Mr. Dennis stated both parties have complied with the requirements of the Code and the merger is not contrary to the law. Mr. Dennis stated that both holding companies and sole shareholders of Parkway Bank and The Citizens Bank have approved the mergers. Mr. Dennis stated the requirements of all applicable state and federal laws have been complied with.

Mr. Kyle Shadid, with DD&F Consulting Group, stated the figures in the application were as of June 30, 2015, and The Citizens Bank will be acquiring an approximated 130 million in total assets, 93 million in loans, and 102 million in deposits. Mr. Shadid stated the resulting institution will remain well capitalized with a leverage ratio of 10.12%. Mr. Shadid stated The Citizens Bank will acquire five branches, all in Arkansas, and will result in 17 total branches for the resulting bank. Mr. Shadid stated

all approvals have been received from the Federal Reserve and expectations are to consummate on December 21, 2015. Mr. Shadid stated a fictitious name application was filed for the five branches of Parkway Bank to continue to operate under the Parkway Bank name until data conversion is consummated in July 2016.

Mr. Phil Baldwin, CEO and President of The Citizens Bank, thanked the Banking Board for having a special meeting and stated they were excited about the merger for a number of reasons. One is that both The Citizens Bank and Parkway Bank were good strong banks and looked forward to running a combined bank as a good and strong bank servicing rural communities across the State of Arkansas. Mr. Baldwin stated another reason they are excited is the folks at Parkway Bank who will come on board with The Citizens Bank led by Bob Taylor, a really outstanding banker in Arkansas. Mr. Baldwin stated they will make a good team and be a good bank to be proud of. Mr. Baldwin stated plans were to retain all of the Parkway Bank branches and all of the Parkway Bank people.

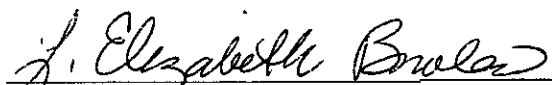
Mr. Baldwin stated they are working with Jack Henry, the data processing provider, to begin the computer conversion, and July is the earliest Jack Henry can sequence them in. Mr. Baldwin stated plans are to run and operate the bank as Parkway Bank until July to avoid any disruption with the Parkway Bank customer base.

Mr. John Freeman asked if that is when the name would change. Mr. Baldwin stated, yes, the name would change to The Citizens Bank. Mr. Randy Dennis stated the merger will be effective on the 21st, though, for legal purposes.

Vice-Chairman Gary Hudson stated it is going to be a good merger and The Citizens Bank is picking up a top-flight guy in Bob Taylor, who is going to be handling a lot of the lending aspects, so it is a good union and will be very beneficial to all involved. Mr. John Freeman stated it is nice to see two strong banks merging together, which is the case here.


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

Being no further business, a motion was made by Gary Hudson, seconded by Gary Smith, 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

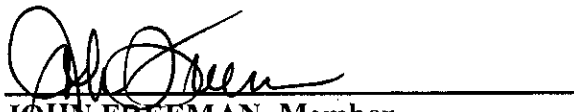
1/21/2016
Date


GARY HUDSON, Vice-Chairman
State Banking Board

1/21/2016
Date


ZACH McCLENDON, Member
State Banking Board

1/21/16
Date


JOHN FREEMAN, Member
State Banking Board

1/21/16
Date

LANA HAMPTON, Member
State Banking Board

Date


GARY SMITH, Member
State Banking Board

1/21/16
Date

