

**SPECIAL MEETING
OF THE
ARKANSAS STATE BANKING BOARD
FEBRUARY 25, 2016**

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 February 25, 2016. The following Board Members were present: Chairman Gary Hudson, Vice-Chairman Gary Smith, Zach McClendon, Elizabeth Bowles, and John Freeman. Representing the State Bank Department were Commissioner Candace A. Franks, Deputy Commissioners Luther Guinn and Susannah Marshall, Chief Counsel Amanda Andrews, and Certified Bank Senior Examiner Kevin Mosley. Carlton Saffa from the Governor's Office was also in attendance. Lynn LaSalle from Bushman Court Reporting was the recording reporter for the applicants.

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 January 19, 2016. 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, Little Rock, Arkansas, representing Bank of the Ozarks, and Dennis James and Helen Brown with Bank of the Ozarks, Little Rock, Arkansas. She then turned the meeting over to Chairman Gary Hudson.

First on the agenda was consideration of the Minutes of the January 21, 2016, Regular Board Meeting. Commissioner Candace Franks noted a correction to the minutes in that Deputy Commissioner Susannah Marshall would serve as Secretary to the Board for one meeting in the absence of Deputy Commissioner Luther Guinn.

A motion was made by Gary Smith, seconded by Elizabeth Bowles, to approve the Minutes as corrected. Motion carried and the Commissioner concurred.

Next on the agenda was an application by Bank of the Ozarks, Little Rock, Arkansas, to merge Community & Southern Bank, Atlanta, Georgia, with and into Bank of the Ozarks. Mr. Randy Dennis with DD&F Consulting Group represented and spoke for the application.

Mr. Dennis stated the merger application was filed on November 19th 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 in his presentation. Mr. Dennis stated the terms of the merger were fair with both Bank of the Ozarks and Community & Southern Bank having retained outside firms that provided opinions indicating the terms were fair for shareholders. Mr. Dennis stated the merger is not contrary to public interest as detailed in the application, and the application is not contrary to the laws as both parties have complied with the requirements of the Arkansas Banking Code, as well as the requirements of all applicable state and federal laws. Mr. Dennis stated that both holding companies as sole shareholders have approved the transaction.

Mr. Kyle Shadid with DD&F Consulting Group, stated the financials in the application were as of September 30, 2015, and Bank of the Ozarks will be acquiring approximately \$4.4 billion in total assets, \$3 billion in loans, and \$3.7 billion in deposits. Mr. Shadid stated the post-purchase Tier 1 leverage ratio will be 12.15 percent. Mr. Shadid stated Bank of the Ozarks will acquire 48 branches in Florida and Georgia, which will leave the bank with 215 total branches.

Mr. Shadid stated that applications have been filed with the FDIC and Federal Reserve and neither of those applications have been approved yet due to a public protest with the Federal Reserve. Mr. Shadid stated the FDIC had indicated they will act on the application as soon as the Federal Reserve acts, and the Federal Reserve has indicated they will act in March of this year.

Mr. Dennis James with Bank of the Ozarks, stated that Community & Southern Bank has been a significant presence in the state of Georgia. Behind Arkansas, Georgia has been Bank of the Ozarks' second largest branch state. Mr. James stated with this acquisition, they are significantly increasing their presence in Georgia, and are very pleased with that.

Mr. John Freeman asked about the growth history of the Georgia bank and if it was as dynamic as Bank of the Ozarks. Mr. James stated "no" from an organic standpoint, they were formed in 2009 and began doing acquisitions from the FDIC. They did some 13 or 14 acquisitions over the course of the last five or six years. Mr. James stated he met with them almost a year ago for the first time and they have had very extensive conversations and studies, and been very involved in the integration. Mr. James stated Community & Southern Bank was a good bank that had some very good parts that Bank of the Ozarks wants to keep intact, and even migrate into their entire footprint. Mr. James stated the bank they were acquiring had a 3 or 4 percent range of growth per year, nothing like what Bank of the Ozarks has been doing.

Ms. Elizabeth Bowles stated she was curious as to what the public protest was. Mr. James stated they had been warned by the FDIC for some time they should expect a protest as some point as there were a lot of activist groups and this time it happened. Mr. James stated it is a one-person activist group in New York City that looks for opportunities to file a protest and it was a brief and unsubstantial protest that alleged poor performance from the CRA standpoint. Mr. James stated that once a protest is filed with the Federal Reserve, they have to follow-up and there is considerable back-and-forth

interaction answering questions, and it is very close to being completed. Mr. James stated another fortunate aspect is the FDIC had just completed, prior to any of this, their own compliance examination of the bank.

Chairman Gary Hudson stated there seems to be groups that are out there that just typically do this and I know they have been very active in Texas, particularly in the Houston area. Chairman Hudson stated we have been fortunate in Arkansas that we have not had this activity happening before, but evidently it's getting around to cover everybody and is not an indictment on Bank of the Ozarks or the target, it's more a way of life in the acquisition world right now.

Mr. John Freeman asked if Bank of the Ozarks is ready to be regulated as a \$10 billion bank. Mr. James stated they have been getting ready for some time and is going to say "yes" they are. Mr. James stated they were in a meeting that morning and the Federal Reserve had three people there to begin their ongoing monitoring process.

Mr. Freeman asked if someone would be onsite all the time. Ms. Helen Brown with Bank of the Ozarks, stated only quarterly. Mr. James stated they think they are ready, but there is going to be some new procedures they will need to get used to.

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

Next on the agenda was an application by Bank of the Ozarks, Little Rock, Arkansas, to merge C1 Bank, St. Petersburg, Florida, with and into Bank of the Ozarks. Mr. Randy Dennis with DD&F Consulting Group, represented and spoke for the application.

Mr. Dennis stated the application was filed in December 2015. Mr. Dennis stated the transaction will be well capitalized and the two banks will be well capitalized in their current and pro forma capital ratios, which Kyle will share with you.

Mr. Dennis stated the terms of the merger are fair and was evaluated and confirmed by the board of Banks of the Ozarks, and C1 Bank received a fairness opinion from

Sandler O'Neal affirming the fairness. Mr. Dennis stated the merger is not contrary to public interest, as detailed in the application, and Mr. Dennis James with Bank of the Ozarks, would be available for comments. Mr. Dennis stated both holding companies have approved the transaction and the shareholders of C1 Bank will hold a meeting on March 3rd. Mr. Dennis stated all applicable state and federal laws have been complied with, and no protest have been filed on this application, but anticipation is the Federal Reserve will approve both applications at the same time.

Mr. Kyle Shadid with DD&F Consulting Group, stated the total assets to be acquired are approximately \$1.7 billion, \$1.3 billion in loans, and \$1.26 billion in deposits. Mr. Shadid stated the post-purchase Tier 1 leverage ratio will be 12.88 percent. Mr. Shadid stated Bank of the Ozarks will acquire 32 branches, all in Florida, which will bring the total branch count to 247. Mr. Shadid stated the application was not protested and was filed with the FDIC and the Federal Reserve. Both have indicated they will not act on the C1 Bank application until the protest and everything with Community & Southern Bank is resolved.

Mr. Dennis James with Bank of the Ozarks, stated this was an interesting acquisition as they are on the same core system, Fiserv Premier, as Bank of the Ozarks. Mr. James stated that from the very beginning when C1 Bank organized in 2009/2010, they really focused on technology and technological enhancements and has a programming team call C1 Labs that work and focuses on building ancillary additions to Fiserv Premier to make it much more efficient, and provide more convenience to the customer and really provide a competitive advantage.

Mr. James stated they will be adding a good presence in the state of Florida, and will also be adding that programming team under the leadership of the CEO, who is going to become the Chief Innovations Officer.

Vice-Chairman Gary Smith asked with so many acquisitions, if the bank had a permanent transition team. Mr. James stated they started in 2010 doing FDIC

acquisitions, and did seven of those, and are now on the eighth live bank acquisition. Over that time they have developed very clear processes for how to do that involving integration teams. Mr. James stated he was clearly focused on mergers and acquisitions, and it was his job to coordinate all from their active department and it has really got down to a very fine science with numerous checklists, programs, and policy guides, to guide them through that process.

Mr. Smith asked if there was a regional manager in Georgia, and one in Florida, that oversees the day-to-day management of all of those branches. Mr. James stated they were a very fast growing bank that welcomes new talent and one of the things they are very enthusiastic about is that the Chief Credit Officer of C1 Bank, a long time veteran who has been with the bank from the beginning, is going to be the Georgia Division President and will provide better leadership in Georgia as a result of the transaction. Mr. James stated he already mentioned the new Chief Innovation Officer, but that individual will also be Florida Division President, and lead the 32 branch expansion initially.

Mr. Smith asked if any kind of packages were extended to ensure these people stay with the organization. Mr. James stated it was individualized or person-by-person, but they have a very specific package that has been outlined for both of those two gentlemen and stock option incentives that are purposefully negotiated with each one.

Mr. John Freeman asked about the rotation of some of the executive officers to Bank of the Ozarks' board. Mr. James stated this was started a couple of years ago when Chief Operating Officer and Vice Chairman Mark Ross retired, a decision was made to take that seat and designate it as being rotational initially between Chief Operating Officer Tyler Vance and Chief Financial Officer Greg McKinney. Trevor Burgess is going to be added and they will rotate every three years, but all three will attend each board meeting.

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

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



GARY HUDSON, CHAIRMAN
State Banking Board

ATTEST:

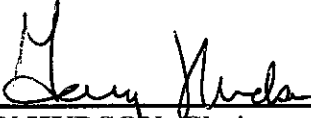


LUTHER GUINN, Secretary
State Banking Board



CANDACE A. FRANKS
Bank Commissioner


Board Members in Attendance:



GARY HUDSON, Chairman
State Banking Board

3-31-16

Date



GARY SMITH, Vice-Chairman
State Banking Board

3-31-16

Date

Zach McClendon
Attended and voted by phone
Approved minutes by phone

ZACH McCLENDON, Member
State Banking Board

02/25/2016

Date

ELIZABETH BOWLES, Member
State Banking Board

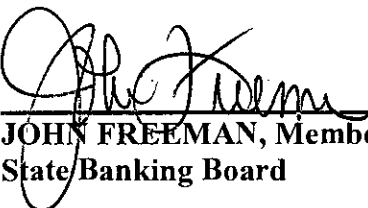
Date

Lana Hampton
Attended and voted by phone
Approved minutes by phone

LANA HAMPTON, Member
State Banking Board

02/25/2016

Date



JOHN FREEMAN, Member
State Banking Board

3-31-16

Date