

**SPECIAL MEETING
OF THE
ARKANSAS STATE BANKING BOARD
APRIL 18, 2017**

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 April 18, 2017. The following Board Members were present: Chairman, Gary Smith, Randy Scott, and Gary Hudson. Board Member David Leech 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, Chief Counsel John Ahlen, Certified Examinations Manager John Ashby, and Research Project Analyst Barbara Mahoney. 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 March 14, 2017. 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 Chris Wewers, Joseph Ricotta, and John Olaimcy with Southern Bancorp Bank; Joshua Dennis with DD&F Consulting Group representing Southern Bancorp Bank; and Brad Harrison with Mississippi County Electric Cooperative. She then turned the meeting over to Chairman Gary Smith.

First on the agenda was consideration of the Minutes of the February 16, 2017, Special meeting. A motion was made by Gary Hudson, seconded by Randy Scott, to approve the Minutes as presented. Motion carried and the Commissioner concurred.

Next on the agenda was an application by Southern Bancorp Bank, Arkadelphia, Arkansas, to merge Farmers Bank, Hamburg, Arkansas, with and into Southern Bancorp Bank. Mr. Joshua Dennis with DD&F Consulting Group represented and spoke for the application.

Mr. Dennis stated the merger application was filed on February 24, 2017, and pursuant to A.C.A. § 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 that the pre-merger leverage ratio is 8.45 percent and then one year out is projected to be 8.54 percent. Mr. Dennis stated the terms of the merger are fair with both Southern and Farmers Board of Directors having evaluated the transaction and determined it to be fair to all parties. Mr. Dennis stated the merger is not contrary to public interest as detailed in the application. Mr. Dennis stated the transaction was approved by the sole shareholder of Southern so there are no dissenting shareholders. Mr. Dennis stated the merger is not contrary to laws as the parties have complied with the requirements of the Arkansas Banking Code, as well as the requirements of all applicable state and federal laws.

Mr. John Olaimy stated Southern Bancorp Bank is a very unique organization and in everything they do, they balance mission and margin, including their acquisition strategy. Mr. Olaimy stated Hamburg has a population of a little more than 2,800 people and they believe Southern can provide both responsive and responsible financial products, as well as their development products. Mr. Olaimy stated Southern would do a bunch of credit counseling, as well as their voluntary income tax proposals for the community.

Board Member Gary Hudson asked if the other terms and conditions of the agreement had been met.

Mr. Olaimy stated yes.

Chairman Gary Smith asked if Mr. Allbritton would be retained.

Mr. Olaimy stated yes, Mr. Allbritton would be retained.

Board Member David Leech stated he noticed that the Line of Credit with Simmons Bank would be used to pay a cash portion at a 3 percent fixed rate and wanted to know for how long the rate was fixed.

Mr. Olaimy stated three years.

Mr. Leech wanted to confirm that the three million dollars carry forward loss the bank in Hamburg has would go straight to Southern.

Mr. Olaimy stated yes, and to be taken over several years.

Mr. Leech stated with the three million dollar loss, the Hamburg Bank is basically selling for 72 percent of book.

Mr. Olaimy stated there is a percent value of the net operating loss they take over time and it's about a \$700,000 benefit to Southern Bancorp Bank.

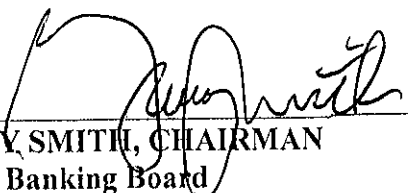
Mr. Chris Wewers stated they must take a certain amount annually through 2031.

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

Next was a Resolution in Recognition of Deputy Bank Commissioner Luther Guinn for his years of service as Secretary to the State Banking Board (see copy of Resolution as appendices to these minutes).

A motion was made by Gary Hudson, seconded by Randy Scott, to adopt the Resolution, the motion carried and the Commissioner concurred.

Being no further business, the meeting was adjourned.



GARY SMITH, CHAIRMAN
State Banking Board

ATTEST:

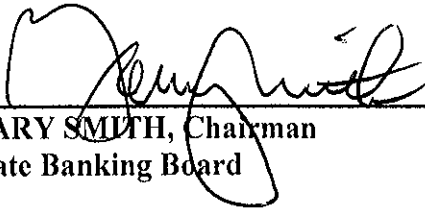


LUTHER GUINN, Secretary
State Banking Board




CANDACE A. FRANKS
Bank Commissioner

Board Members in Attendance:



GARY SMITH, Chairman
State Banking Board

6-22-17
Date



LANA HAMPTON, Vice-Chairman
State Banking Board

6-22-17
Date

ZACH McCLENDON, Member
State Banking Board

Date

GARY HUDSON, Member
State Banking Board

Date



DAVID LEECH, Member
State Banking Board

6-22-17
Date



RANDY SCOTT, Member
State Banking Board

6-22-17
Date