

**SPECIAL MEETING  
OF THE  
ARKANSAS STATE BANKING BOARD  
January 25, 2018**

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 January 25, 2018. The following Board Members were present: Randy Scott and David Leech. Attending via phone were Zach McClendon and Gary Hudson. Representing the State Bank Department were Commissioner Candace A. Franks, Deputy Commissioner Susannah Marshall, Deputy Commissioner and Chief Counsel John Ahlen, Assistant Deputy Bank Commissioner Wilks Marshall, Certified Examinations Manager John Ashby, Secretary to the Board Cynthia Nixon, Research Project Analyst Barbara Mahoney and Examiner Trainee J. B. Maus. Lynn LaSalle from Bushman Court Reporting was the recording reporter for the applicants. No representatives from the media were present.

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 December 18, 2017. The notice was also given to the news media in accordance with state law.

Commissioner Franks opened the meeting and declared a quorum was present. Commissioner Franks then asked the visitors and guests to stand and introduce themselves and state who they represent. Representing Simmons Bank was, Marty Casteel, Patrick Burrow, General Counsel, George Makris, Jr. and George Makris, III.

The first item on the agenda was the election of a new Chairman and Vice-Chairman for 2018. Zach McClendon was nominated as Chairman by Randy Scott seconded by David Leech. Mr. McClendon was voted in as Chairman. Randy Scott was nominated as Vice-Chairman by Zach McClendon seconded by David Leech. Mr. Scott

was voted in as Vice-Chairman. The Commissioner concurred. She then turned the meeting over to Chairman Zach McClendon.

Next on the agenda was consideration of Board member expenses for 2018. A motion was made by Gary Hudson to approve the expenses and seconded by David Leech, motion carried and the Commissioner concurred.

Next on the agenda was consideration of the Minutes of the December 7, 2017 Special Board Meeting. A motion was made by Randy Scott, seconded by Gary Hudson, to approve the Minutes as presented. Motion carried and the Commissioner concurred.

Next on the agenda was an application by Simmons Bank, Pine Bluff, Arkansas, to merge Southwest Bank, Fort Worth, Texas, with and into Simmons Bank, Pine Bluff, Arkansas.

**MR. BURROW:** I'm Patrick Burrow. I'll speak on behalf of the bank. This is an application for a merger of Southwest Bank, a Texas-chartered bank, into Simmons Bank, an Arkansas-chartered bank, as a surviving bank. This application was filed on November 21, 2017. On the same date, we also filed an FR 2070 interagency bank merger application with the Federal Reserve Bank. Both the Federal Reserve Bank and the State Bank Department have done their reviews, and we received the approval of the merger from the Federal Reserve Bank of St. Louis on January 2, 2018.

Just a little background on our affiliation with Southwest Bank, on January 23, 2017, Simmons First National Corporation entered into an agreement to plan a merger, with First Texas BAC, Inc., the parent holding company of Southwest Bank. This transaction was closed on October 19, 2017. And thereafter, an agreement and plan of merger to merge Southwest Bank into Simmons Bank was signed by the banks on October 25, 2017. As I previously said, we then filed applications on November 21, 2017 with both the State Bank Department and Federal Reserve Bank and since the October closing and the holding company merger, Southwest Bank has continued to operate as a Texas-chartered bank as a subsidiary of our holding company. This merger that we are

requesting approval for today is the final step in integrating that bank into Simmons Bank. We expect that, if approved, to be effective on February 20, 2018. We will go through the conversion during the Presidents' Day Weekend and then reopen on Tuesday after that. Their 16 branches will reopen as Simmons Bank branches. The statutory requirements for the proposed merger provides for adequate capital structure. Both banks are adequately capitalized, at the September 30, 2017 call report and will be at the December 31, 2017 call report.

The terms of the merger are fair. Simmons First National Corporation is the sole stockholder of both banks. It is fully satisfied with the terms of the merger. It is, as I say, the sole shareholder. It voted all of its shares of both banks to approve the merger. The merger is not contrary to public interest. We believe that the merger will expand available banking services that Southwest Bank offers in its Texas markets, and we also believe that there's certain lending expertise that they have that we will be able to utilize in all of our markets. So we think that the public is generally going to be better served after the consummation of this merger.

The proposed merger adequately provides for dissenters' rights, as, again, there were no dissenters. They had a sole shareholder of Simmons First National Corporation that voted for both of them. The requirements of all applicable state and federal laws have been complied with. We have filed the federal application, and they have approved the merger. So, with that summary, we would ask for the Board's approval of the merger application.

**COMMISSIONER FRANKS:** Thank you.

**CHAIRMAN McCLENDON:** Do we have a motion to approve?

**VICE-CHAIRMAN SCOTT:** So moved.

**MR. LEECH:** Second.

**CHAIRMAN McCLENDON:** And a second.

**COMMISSIONER FRANKS:** Is there any questions the board has?

**VICE-CHAIRMAN SCOTT:** It looks like very strong asset quality. What is the composition of their loans? I noticed no ORE and 0.65 percent classified assets.

**MR. CASTEEL:** They are a commercial real estate lender, for the most part, and they do have an extremely clean portfolio. I think that the bank examination group that went down and did the review would attest to that. They have some very good people, some strong relationships in a good market. And, you know, it's just a real clean bank.

**VICE-CHAIRMAN SCOTT:** Okay.

**MR. LEECH:** October the 19th, did the shareholders of the bank you are taking over receive Simmons stock as of that date?

**MR. BURROW:** Well, they started the process as of that date. I mean, the shares they voted for -- they'd previously voted for it. The closing happened that date. And then from that point on, we start the process through our transfer agent for the -- to exchange the shares. So I can't say they all got them on October 19th, but --

**MR. LEECH:** They did quite well, then --

**MR. BURROW:** -- shortly thereafter, they did.

**MR. LEECH:** -- since October.

**MR. BURROW:** Yeah. Yeah. I think so.

**MR. LEECH:** I would say.

**COMMISSIONER FRANKS:** Any other questions?

**CHAIRMAN McCLENDON:** Any other questions or comments? If not, the chair is ready for a motion.

**COMMISSIONER FRANKS:** Yes. We have a motion and a second, so we are ready for a vote.

**CHAIRMAN McCLENDON:** Okay.

**COMMISSIONER FRANKS:** All in favor?

**BOARD MEMBERS: Aye.**

**COMMISSIONER FRANKS: Great. Any opposed?**

**BOARD MEMBERS: (No response.)**

**COMMISSIONER FRANKS: And the motion carries, and the Commissioner concurs. Thank you, gentlemen. Congratulations.**

**MR. BURROW: Thank you.**

**MR. CASTEEL: Thanks.**

**Being no further business, a motion was made by David Leech, seconded by Randy Scott, to adjourn. Motion carried.**

**Being no further business, the meeting was adjourned.**

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**ZACH McCLENDON, CHAIRMAN  
State Banking Board**

**ATTEST:**

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**CYNTHIA NIXON, Secretary  
State Banking Board**

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**CANDACE A. FRANKS  
Bank Commissioner**

**Board Members in Attendance:**

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**ZACH McCLENDON, Chairman**  
**State Banking Board**  
**(Via conference call)**

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**Date**

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**RANDY SCOTT, Member**  
**State Banking Board, Vice-Chairman**

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**Date**

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**LANA HAMPTON**  
**State Banking Board**  
**(Not in attendance)**

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**Date**

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**GARY HUDSON, Member**  
**State Banking Board**  
**(Via conference call)**

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**Date**

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**DAVID LEECH, Member**  
**State Banking Board**

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**Date**