

**SPECIAL MEETING  
OF THE  
ARKANSAS STATE BANKING BOARD  
May 3, 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 May 3, 2018. The following Board Members were present: Zach McClendon Randy Scott, David Leech, Gary Hudson, and Ronald Mobley. 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 Bank Senior Examiner Kevin Mosley, Secretary to the Board Cynthia Nixon, Research Project Analyst Barbara Mahoney and 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 March 27, 2018. 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 introduced Mr. Ronald Mobley from Morrilton who was recently appointed to the Board by Governor Hutchinson. Commissioner Franks then asked the visitors and guests to stand and introduce themselves and state who they represent. Representing Simmons Bank, Pine Bluff, Arkansas were Marty Casteel, George Makris, Jr., George Makris, III, and General Counsel Patrick Burrow. Dave Dickson and John McClendon with Union Bank And Trust Company, Monticello. Brad Chambless with Farmers & Merchants Bank, Stuttgart. Randy Dennis and Josh Dennis with DD&F Consulting.

The first item on the agenda was consideration of the Minutes of the January 25, 2018 Special Board Meeting. A motion was made by Randy Scott, seconded by David Leech, 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 Bank SNB, an Oklahoma chartered bank, with and into Simmons Bank, Pine Bluff, Arkansas.

MR. BURROW: I will address that issue for the board. The application for the merger of Bank SNB, an Oklahoma chartered bank, into Simmons Bank was filed on March 8, 2018 with the Bank Department, and also, the same day, we filed with the Federal Reserve. The Federal Reserve and Bank Department have reviewed the applications. The Federal Reserve granted us approval for the merger on April, 16, 2018. I will provide a little bit more background. In December 2016, Simmons First National Corporation and Southwest Bancorp, the parent company of Bank SNB, entered into a merger agreement. That merger was closed in October 2017. Thereafter the two banks entered into an agreement, a merger dated January 23, 2018. We filed our applications in early March 2018. And we have gone through the review process with the Bank Department. We expect the merger to be effective, if approved, on May 29, 2018. We will have our systems conversion over the Memorial Day weekend, and then their 29 offices will re-open on Tuesday, May 29, 2018 as Simmons Bank branches.

I will close by saying we think that the applicable statutory standards have been satisfied. There is no de novo charter. We believe that there's adequate capital structure for the bank. Fairness in terms of the merger, it's all owned by the same company, and the company is satisfied with the terms of the merger. We believe it satisfies the public interest. There were no dissenters, so there's adequate provision for dissenters' rights, and we believe we're in full compliance with all applicable state and federal laws, and we'd ask the board to approve the merger as applied.

CHAIRMAN McCLENDON: What questions do you have of Simmons?

MR. HUDSON: I don't have a question. I will just say I want to commend the Simmons group. It looks like you all are expanding your footprint into some really good markets that is going

to help your 54 percent efficiency ratio right now, and it is going to drop it down into the 40s. I can see that pretty soon. But I think it is a great move on your behalf.

MR. GEORGE MAKRIS, JR.: Thank you, Gary.

VICE-CHAIRMAN SCOTT: What is the composition of the bank? Do you make commercial real estate, primarily, loans?

MR. CASTEEL: Lot of CRE, C&I loans, as well. Not much in the consumer realm, but healthcare, a little energy, some CRE, obviously, but a good cross-section.

MR. BURROW: We have locations in Oklahoma, Texas, Kansas and Colorado, mainly focused in Oklahoma.

CHAIRMAN McCLENDON: How do you buy a bank and pay book and a half and fold it into your bank without it diluting your book to some extent?

MR. GEORGE MAKRIS, JR.: Well, I will attempt to answer that. You know, it is that funny accounting, Mr. McClendon, you have to do these days when you acquire an institution. And I am certainly no expert, but those transactions are actually dilutive when we book them as a stand-alone acquisition. And our metric at Simmons Bank is that on a stand-alone basis the earnings from that transaction need to pay back that dilution within a three-year period. But the company, overall, because of the earnings' power, makes that dilution look less than it is as a company. So we look at it two ways. One is a stand-alone transaction and how quickly will that book of business pay back that dilution. But the company overall, it is accretive from day one.

CHAIRMAN McCLENDON: Thank you.

MR. GEORGE MAKRIS, JR.: Yes, sir.

CHAIRMAN McCLENDON: I don't understand it, but --

MR. GEORGE MAKRIS, JR.: I don't, either, and I hope I didn't misstate that.

CHAIRMAN McCLENDON: I am sure Randy Dennis can figure all that out.

MR. GEORGE MAKRIS, JR.: He can.

COMMISSIONER FRANKS: Yes.

CHAIRMAN McCLENDON: Any other questions?

**MR. HUDSON:** I would make a motion to approve the transaction as presented, Mr. Chairman.

**VICE-CHAIRMAN SCOTT:** Second.

**CHAIRMAN McCLENDON:** There is a motion and a second. All in favor say aye.

**BOARD MEMBERS:** Aye.

**CHAIRMAN McCLENDON:** Any opposed?

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

**COMMISSIONER FRANKS:** And the Commissioner concurs. Thank you.

**CHAIRMAN McCLENDON:** Congratulations.

**MR. CASTEEL:** Thank you. Appreciate it.

**CHAIRMAN McCLENDON:** Now, we want to talk about a big bank competing in a small market like Monticello? No. You all are good competition.

Next on the agenda was a Resolution in recognition of Gary Smith for his service to the State Banking Board (see copy of appendices to these minutes). Motion was made by David Leech, seconded by Gary Hudson to adopt the Resolution, the motion carried and the Commissioner concurred.

Being no further business, a motion was made by Gary Hudson seconded by Randy Scott, to adjourn. Motion carried.

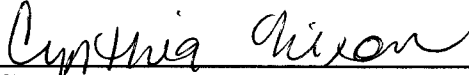
Being no further business, the meeting was adjourned.

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**ZACH McCLENDON, CHAIRMAN**  
**State Banking Board**

Resigned from Board - 9-12-18

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**

\_\_\_\_\_  
**Date**

Resigned from Board - 9-12-18

*Randy Scott*

*10-18-18*

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

\_\_\_\_\_  
**Date**

*Gary Hudson*

*10-18-18*

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**GARY HUDSON, Member**  
**State Banking Board**

\_\_\_\_\_  
**Date**

*David Leech*

*10-18-18*

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

\_\_\_\_\_  
**Date**

*Ronald F. Mobley*

*10-18-18*

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**RONALD F. MOBLEY, Member**  
**State Banking Board**

\_\_\_\_\_  
**Date**

**Board Members not in Attendance**

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**LANA HAMPTON**  
**State Banking Board**

\_\_\_\_\_  
**Date**

# UNION BANK & TRUST CO.

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September 12, 2018

Honorable Asa Hutchinson  
Governor of Arkansas  
500 Woodlane Ave.  
Little Rock, AR 72201

Dear Governor Hutchinson,

It is with deep regret that I must resign my appointment to the Arkansas State Bank Commission Board of Directors. Please consider this letter notification of my resignation effective immediately.

Recent health challenges and advancing age prevent me from contributing at a level of service that the State Bank Commission deserves. This appointment has been one of the greatest honors of my career, and it was a privilege to serve the banking industry and the people of Arkansas at your request.

I humbly thank you for that opportunity.

Please know that I leave the Commission Board in excellent hands: the board members are some of the wisest I have ever known, and Commissioner Franks and her experienced staff are guiding the banking industry in Arkansas through both opportunities and challenges with unprecedented success.

Again, I regret resigning this appointment but genuinely appreciate your understanding.

Sincerely,

*Zach McClendon*  
Zach McClendon

Cc:

Bruce Campbell  
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Boards & Commissions  
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Little Rock, AR 72201

Candace Franks, Commissioner  
Arkansas State Bank Commission  
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