

**REGULAR MEETING
OF THE
ARKANSAS STATE BANKING BOARD
October 18, 2018**

A Regular 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 October 18, 2018. The following Board Members were present: Randy Scott, Gary Hudson, Ronald Mobley, and David Leech. Board Member Lana Hampton was absent. Representing the State Bank Department were Commissioner Candace A. Franks, Deputy Commissioner Susannah Marshall, Deputy Commissioner and Chief Counsel John Ahlen, Certified Examinations Manager John Ashby, 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. Zach McClendon resigned from the board for health reasons.

Bank Commissioner, Candace A. Franks, called this Regular Meeting of the State Banking Board. Notice of the Regular Meeting was sent by regular mail to each member of the State Banking Board on September 10, 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 then asked the visitors and guests to stand and introduce themselves and state who they represent. Representing Helena National Bank, Helena-West Helena, Arkansas was Tommie Shackelford, Larry Delk, Jerry Kelley, Harry Stephens, Vance St. Columbia, Joe Tom Cunningham, and John O. Moore. Randy Dennis, Fred Wood, Thomas Rudbum, Adam Gilbert, Joshua Dennis with DD&F represented the bank. The Commissioner turned the meeting over to Chairman-Elect Randy Scott.

The first item on the agenda was consideration of the Minutes of the June 28, 2018 Regular Board Meeting. A motion was made by Gary Hudson, seconded by David Leach, to approve the Minutes as presented. Motion carried and the Commissioner concurred.

CHAIRMAN-ELECT SCOTT: Our next item was the application for Helena National Bank, and we appreciate all of you all coming. Got a good attendance here today, so we are looking forward to hearing what you all have to present to us.

MR. RANDY DENNIS: Well, thank you so much for entertaining the application. You know, Henry Ford once said, "If I would have asked people what they wanted, they would have said faster horses instead of a car." But when I asked Helena National Bank what they wanted, there was no hesitation. They said, "We want a state bank charter." And so it is our pleasure to provide that application today and look forward to a future with this group of fine folks.

Joshua is going to talk a little bit about the application, and then Mr. Moore is going to share a little bit.

MR. JOSHUA DENNIS: We filed the application with the State Bank Department on September 4, 2018. A little history about Helena National Bank: They were established in 1940, so they have been faithfully serving the Delta and eastern Arkansas for almost 80 years. Since they were started in 1940, they have grown to six offices. They have got an office in Marvell, Marion, Wynne, two in Helena, and one in West Helena.

They are currently at \$182 million in assets. They are adequately capitalized. Their risk base capital is 30.2 percent. Their Tier 1 risk base capital is 28.9 percent. Their leverage ratio is 14.5 percent. I will now turn it over to Mr. Moore, and he can give you some of their plans going forward.

MR. MOORE: Thank you. My name is John Moore. I am the President and CEO of Helena National Bank. I wanted to thank the directors for being here, certainly the Commissioner and all of you, for the opportunity to present this application to you.

The gentlemen that are here from Helena National Bank represent well over 150 years of collective experience, commitment, and dedication to the bank, to its customers, to its communities and its shareholders. Oddly, I am the neophyte. I have been with the bank for probably four weeks. But, I was born and raised in Helena. Helena is still home for me. And I am still passionate and proud about our community.

We started talking probably back in March of this year. For me, it was coming home. Several of these men I have grown up around and respected them and admired them. They have known me since as early as I could walk.

How I got here, I have been in banking and around banking for probably 20 years now. I started off as an attorney with Mitchell Williams, representing banks in various capacities, loan closings, certainly mergers and acquisitions, regulatory, and corporate governance. I got the opportunity to get into banking directly in 2004 with a group of young, ambitious college friends that were able to put together what we now call "Old Centennial." It was sold to Home BancShares in 2008, at which time I went to work for Home BancShares as effectively the chief credit officer, and was the chairman of a group that at that time was working through an efficiency study and trying to improve the lending side of the bank or the institution during that time. Ultimately, it became Centennial Bank. From there, I went to Delta Bank & Trust, Parkdale and served as its chief credit officer and general counsel. Then in 2012 I got the opportunity to move to Northwest Arkansas and become a part of a group that led what I consider the restoration and the resurgence of Chambers Bank in Northwest Arkansas and all of its markets.

During all of those times, literally I always felt like there was something in the back of my head, a voice in the back of my head telling me that there is something more to this. You know, you want to do more than just go to work, have a job, have a career, collect a paycheck. I always knew that I wanted to try to be a part of something that carried a lot more weight than just income. What I did not realize was that voice was actually Helena calling me back home. So when we first started talking, it became clear to me that I knew what I wanted to do. Between

March and recently, I think it was a matter of the board of directors of Helena National Bank to make a determination in terms of what the long-term strategy was for the bank. We all want that bank to maintain a presence in Helena. We want to do everything we can to continue to provide opportunities in Helena, certainly Wynne and Marion and any other market that we may get into. In order to do that as a small town bank, we know we have got to evolve. We know that we have got to change. We have got to adapt to a brand new banking environment and certainly new expectations. We do want to grow. We feel like we have to grow. We feel like we are positioned to grow. But we want to be responsible, we want to be prudent, and we want to be very strategic about that. And that actually leads us to the application.

We felt like the first step that we needed to take in this journey was to seek conversion of the charter from a national bank to a state charter. We appreciate your consideration of it. I hope that you will find it favorable, and we are looking forward to the opportunity to always work for the State Bank Department and the FDIC and each of you as we move forward.

We thank you for your time.

CHAIRMAN-ELECT SCOTT: Any questions?

MR. HUDSON: I see you are looking to possibly do an LPO in Central Arkansas sometime in the future?

MR. MOORE: Yes, sir.

MR. HUDSON: Any plans about that?

MR. MOORE: That is the plan. It is hard to put a definite date on it, because we know that there are some things that we need to take care of from making sure that we have got a solid foundation before breaking into a new market like Little Rock. We are probably easily in a position to move vertically along the Delta. We feel like there are some opportunities there. But I know, with my background in credit administration, we want to make sure that we have got a solid foundation and a support group from which we can springboard going forward, whether it is in Little Rock or even Northwest Arkansas. Having said that, I think it is going to take us

probably at least six to 12 months before that foundation is even in place. And then I think it will take a little bit more time to work, there are always kinks, and I want to make sure that the directors and myself have complete confidence that we can take on those new types of loans and opportunities as we move forward.

MR. HUDSON: I know the challenges you are facing. Being an ag bank predominantly, we have had the same challenges, and to be able to diversify your portfolio will be very helpful, and your experience in Central Arkansas, particularly in Conway, will be very beneficial in going forward with that.

MR. MOORE: Yes. Thank you for that.

CHAIRMAN-ELECT SCOTT: What is the composition of your stockholders? Is it just a few large stockholders, or is it very diluted?

MR. MOORE: It is diluted, and diluted in the sense that I think that we all like that. There is no one shareholder that really has enough voting control to dictate exactly what the bank should or should not do. So it really comes back to the board of directors, which the majority of which have an ownership interest in the bank, so they certainly want to ensure that it is going to prosper and do well. The largest shareholder that we have right now is in the range of 13 to 14 percent. Beyond that, it drops down to another couple that may be at 10 percent, 11 percent, and then it really gets diluted after that. We feel like that is actually a good thing.

MR. LEECH: I looked at your board. They are very experienced movers and shakers in that town, without a doubt. But the question I have is you have got some of those people that own 10 to 13 percent?

MR. MOORE: Yes.

MR. LEECH: None of them are on your board.

MR. MOORE: No, they are not. The largest shareholder is actually a lady. It is second-generation ownership of that stock. We obviously keep her informed. But she is at an age where she does not want to participate in the regular activities of the bank. A couple of the other shareholders, we have debated from time to time whether we need to reach out to them. In a

small town, there is always a little bit of politics that play into decisions such as that. A lot of times you get folks that kind of have different priorities than others. And several of those next-level shareholders, to tell you the truth, they were expecting and wanting more than what the bank could provide in terms of a board position. Oddly, several of those shareholders are actually looking to be able to sell some of their shares. So I think that we will still have quite a few shareholders, because of age and because now we are looking at third generation on some of them, they are looking basically to divest themselves of their interest in the bank. I know that that is going to open up for opportunities outside of Phillips County, which we are ready to embrace, and we want to be able to include some of those folks on the board as we move forward. Our biggest concern right now is probably the generational gap between the existing board and the next generation of leadership right there in Helena and for the bank. We are the process of working through that. We have got a couple of directors, as many as three, that are looking to retire from the board over the next three to four months. And we will replace those seats with someone of my age and maybe a little bit younger, but it will definitely be that next generation of leadership within the community. We have two other seats that we want to hold open for if/when we get into other markets, that we will an opportunity to bring a board member in from those areas. Does that answer your question?

MR. LEECH: It does.

CHAIRMAN-ELECT SCOTT: Any other questions? If not, I will entertain a motion to accept the application, approve the application for Helena National Bank to convert to a state chartered bank.

MR. LEECH: So moved.

MR. HUDSON: And I will second.

CHAIRMAN SCOTT: All in favor signify by saying "aye."

BOARD MEMBERS: Aye.

CHAIRMAN-ELECT SCOTT: All those opposed?

BOARD MEMBERS: (No response.)

COMMISSIONER FRANKS: And the Commissioner concurs. Congratulations.

MR. HUDSON: Congratulations.

MR. MOORE: We appreciate it.

COMMISSIONER FRANKS: We look forward to working with all of you.

MR. MOORE: Thank you all.

MR. RANDY DENNIS: Thank you so much.

MR. HUDSON: I think that was the first time with applause.

MR. MOORE: You all have no idea how excited these men are behind me.

COMMISSIONER FRANKS: Let me just say that I commend all of you all for the kind of forward-thinking that you have had for this institution and what your vision is for the future, because, you know, a lot of people don't do that. And I think that is very commendable on your part to be doing that and making these changes when that is not something necessarily you had to do, for you, for the community, and for the bank, for the long haul, and I think that is great. So congratulations.

MR. MOORE: Thank you.

CHAIRMAN-ELECT SCOTT: And I think you will be very pleased with the regulatory environment of the State Bank Department.

MR. MOORE: Oh, I know them well. So I am looking forward continuing to learn a lot from the State.

The next item of business is consideration of a Resolution for Zach McClendon acknowledging his service to the Arkansas Banking Board.

Commissioner Franks read the resolution.

CHAIRMAN-ELECT SCOTT: I will entertain a motion to accept the resolution for Zach McClendon.

MR. MOBLEY: So moved.

MR. LEECH: And I will second.

CHAIRMAN SCOTT: All in favor signify by saying "aye."

BOARD MEMBERS: Aye.

CHAIRMAN-ELECT SCOTT: All those opposed?


BOARD MEMBERS: (No response.)

COMMISSIONER FRANKS: And the Commissioner concurs.

Being no further business, a motion was made by Gary Hudson, seconded by Ronald Mobley, to adjourn the meeting. Motion carried. Commissioner concurred.



RANDY SCOTT, CHAIRMAN-ELECT
State Banking Board



Date

ATTEST:

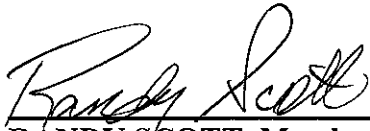


CYNTHIA NIXON, Secretary
State Banking Board



CANDACE A. FRANKS
Bank Commissioner

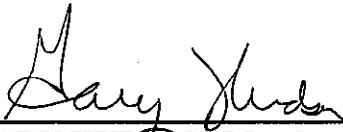
Board Members in Attendance:



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

2-28-19

Date



**GARY HUDSON, Member
State Banking Board**

2-28-19

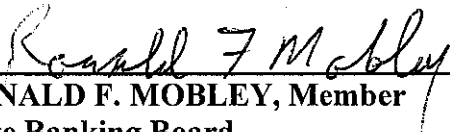
Date



**DAVID LEECH, Member
State Banking Board**

2-28-19

Date



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

2-28-19

Date

Board Members not in Attendance

**LANA HAMPTON
State Banking Board**

Date

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