A Special Meeting of the Arkansas State Banking Board was held in the Rockefeller Conference Room located at the Department of Commerce, 1 Commerce Way, Little Rock, Arkansas, at 10:00 a.m. on September 2, 2021. The following Board Members were present: Chairman D. Scott Miller, Vice-Chairman Todd Smith, David Leech, Russell Meeks, III, and Randy Scott. George French was absent. Representing the State Bank Department were Commissioner Susannah Marshall, Deputy Commissioner John Ahlen, Deputy Commissioner Dharmin Patel, Chief Counsel Eric Roberts, Secretary to the Board Cynthia Nixon, Administrative Analyst Barbara Robinson and Research Project Analyst Barbara Mahoney. Tiffanie N. Harrison, CCR from Bushman Court Reporting was the recording reporter for the applicant. Notice of a Special Meeting was sent by regular mail to each member of the State Banking Board on July 26, 2021. The notice was also given to the news media in accordance with state law.

COMMISSIONER MARSHALL: Good morning. I never get tired of saying it is wonderful to see everyone in person. I appreciate everybody being comfortable, and willing to attend. We can make it work electronically, but I think it is great to gather and visit with each other one-on-one, and especially for an opportunity to work with one of our banks on new ventures. This is one of the first out-of-state activities we have had since 2019, so congratulations on having that return, and we are happy to gather here today, and work with you, and visit with you, and hear the transactions you have to offer. I am going to ask everyone to introduce themselves. We do have a quorum, but Mr. French is unable to join us today. Let us begin with our guests.

MR. FEHLMAN: Bob Fehlman. I am President and Chief Operating Officer of Simmons Bank.

MR. MASSANELLI: Steve Massanelli, Senior Executive Vice President, and Chief Administrative Officer.

MR. CLIFTON: Jacob Clifton, Assistant General Counsel.

MR. GEORGE MAKRIS, III: George Makris, III, General Counsel.

MR. GEORGE MAKRIS: George Makris, CEO of Simmons Bank.

MS. NIXON: Cynthia Nixon, State Bank Department.

MR. ASHBY: John Ashby, State Bank Department.

MS. ROBINSON: Barbara Robinson, State Bank Department.

MS. MAHONEY: Barbara Mahoney, State Bank Department.
MR. ROBERTS: Eric Roberts, Chief Counsel, State Bank Department.

MR. AHLEN: John Ahlen, Deputy Commissioner, State Bank Department.

MR. PATEL: Dharmin Patel, Deputy Commissioner, State Bank Department.

COMMISSIONER MARSHALL: Thank you everyone. Mr. Chairman, I will turn the meeting over to you.

CHAIRMAN MILLER: Thank you. On behalf of State Banking Board, we welcome each one of you, and we are glad to entertain these transactions as well. This is an efficient meeting, with two transactions in one, so we are glad to entertain those on your behalf.

First item we have on the agenda is consideration of the minutes, from the April 13, 2021, Special Meeting.

MR. MEEKS: Mr. Chairman, I move that we adopt the minutes as presented, with one modification I believe that has been made.

CHAIRMAN MILLER: We have a motion to approve.

MR. SMITH: Second.

CHAIRMAN MILLER: We have a second to approve the minutes. I will pause for any other thoughts or comments.

(No audible responses given.)

CHAIRMAN MILLER: There being none, all in favor say “Aye.”

BOARD MEMBERS (Collectively): Aye.

Are there any opposed?

(No audible responses given.)

CHAIRMAN MILLER: Very good. The minutes are approved.

COMMISSIONER MARSHALL: And the Commissioner concurs.

CHAIRMAN MILLER: Thank you. We have an application by Simmons Bank, Pine Bluff, Jefferson County, Arkansas to merge Landmark Community Bank, Collierville, Shelby County, Tennessee, with and into Simmons Bank, Pine Bluff, Jefferson County, Arkansas. Who would like to speak on behalf of Simmons Bank?

MR. GEORGE MAKRIS: We are going to let the new guy.

CHAIRMAN MILLER: You have the floor.
MR. CLIFTON: I am Jacob Clifton. I am the Assistant General Counsel at Simmons Bank as I previously mentioned. Joining me on behalf of the bank are my colleagues, who also introduced themselves. For your consideration today we present two applications for the mergers of Landmark Community Bank and Triumph Bank, with and into Simmons Bank. Unless there is a preference otherwise, I will discuss these applications jointly, as much of the information in the application is reflective of the transactions on a consolidated basis. Will that be permissible?

CHAIRMAN MILLER: We will vote on each separately.

MR. CLIFTON: I would like to open with a little bit of background on the applications. The first application is for the merger of Landmark Community Bank with and into Simmons Bank, pursuant to an agreement and plan of merger, executed on June 4, 2021. Landmark Community Bank is headquartered in Collierville, Tennessee, and is regulated by the Federal Deposit Insurance Corporation, and the Tennessee Department of Financial Institutions. Landmark Community Bank does not currently have a holding company.

The second application concerns the merger of Triumph Bank, with and into Simmons Bank, pursuant to an agreement and plan of merger executed on June 28, 2021. Triumph Bank is headquartered in Memphis, Tennessee, and is regulated by the Federal Reserve Bank of St. Louis and the Tennessee Department of Financial Institutions. To facilitate this transaction, Simmons First National Corporation, which is the holding company of Simmons Bank, also entered into an agreement and plan of merger with Triumph Bancshares, which is Triumph Bank’s holding company, on June 4, 2021. Through that merger, Simmons First National Corporation will acquire all the outstanding capital stock of Triumph Bank, such that at the time Triumph Bank merges with and into Simmons Bank, both banks will be affiliates.

A condition precedent to the bank merger is that the holding company merger is consummated. The expected closing date of all the mergers is October 8, 2021, and importantly, none of the transactions involve a de novo charter. In accordance with applicable law Simmons Bank also filed interagency merger act applications with the Federal Reserve Bank of St. Louis for both the Landmark Community Bank merger and the Triumph Bank merger. In addition, Simmons applied for a waiver of the application requirement for the merger of Triumph Bancshares and Simmons First National Corporation.

The approvals of both applications, as well as the waiver, were received on August 8, 2021. We also provided copies of these documents to the Tennessee Department of Financial Institutions and the Federal Deposit Insurance Corporation. Neither expressed any concern, nor required any additional findings. With that background, I will turn to the five statutory factors the Commissioner and the Board consider in approving mergers, and how Simmons Bank believes that these factors have been satisfied. I, as well as the rest of the representatives of Simmons Bank, are happy to answer any questions either during the presentation or at its conclusion.

The first factor requires that the proposed merger provide for adequate capital structure. As outlined in both applications, the capital structure of Simmons Bank will be more than adequate, both pre- and post-mergers. More specifically, both prior to, and subsequent to the mergers, Simmons Bank will maintain capital ratios in excess of the minimum, to be considered well-capitalized, and as such, we believe that this factor is satisfied.
The second factor under consideration is whether the terms of the merger agreements are fair. Both mergers were negotiated at arm's length by sophisticated parties. Furthermore, all parties were represented and advised by counsel. Moreover, subject matter experts were utilized on an as-needed basis, including advisors who rendered fairness opinions regarding the transactions. Therefore, we believe that we have demonstrated that the transactions are fair.

The third statutory factor seeks to affirm that the merger is not contrary to the public interest. The Memphis and national markets where Landmark and Triumph operate are already within the Simmons Bank footprint, and pre-merger, there are approximately forty Simmons Bank locations within the state of Tennessee, as well as over $2 billion in deposits in that state. These mergers will provide the customers of Landmark Community Bank and Triumph Bank with the same general banking services that those institutions provided to customers prior to the mergers; but subsequent to the merger, customers will also receive access to an expanded network of Simmons banking options, which spans six states, as well as additional products and services that an institution of Simmons' size and scale can provide. The mergers will also have a very minimal impact on competition in the Memphis and national markets, based on a pre- and post-merger competitive review, using the Herfindahl-Hirschman Index, which is a common measure of market concentration and is frequently used to determine market competitiveness in the bank's geographic market. Only minor changes in the index were noted and those changes did not trigger any additional screening, from a competitive standpoint, under the standards used in the analysis. Based on the foregoing, we believe this factor is satisfied.

The fourth statutory factor assesses whether the proposed merger provides dissenter's rights. In this case, both merger agreements provide for dissenter's rights, should any shareholders who are entitled to them choose to exercise them. Up to this point we are not aware of any shareholders, who are entitled to dissenter's rights that, have indicated they will exercise them, nor do we anticipate this to occur in the future. However, should anyone choose to exercise dissenter's rights, to which they are entitled, those rights do exist; therefore we believe that this factor has been satisfied.

The fifth and final statutory factor establishes a requirement that all applicable state and federal laws are complied with for each merger. In conducting these transactions, we have considered and believe we have complied with applicable laws. Among other things, as previously mentioned, the Federal Reserve Bank of St. Louis has approved both bank merger applications, as well as the waiver for the holding company merger application. Furthermore, the Tennessee Department of Financial Institutions received a copy of all the applications and expressed in writing that they have no objections to the mergers. The shareholders' meetings for Landmark Community Bank and Triumph Bank are each scheduled for September 7, 2021, and currently there is no indication that there will be material opposition to either merger. As such, in connection with these transactions, we believe that this factor will be satisfied.

Once again, on behalf of Simmons Bank, I would like to thank you for considering these applications. We believe that these acquisitions will benefit our bank, our customers, our shareholders, and the communities in which we do business. We are excited about expanding our footprint in a region that we already call home. I, or any of the other representatives of Simmons Bank, are happy to answer any questions from the Commissioner or the Board. Thank you.
CHAIRMAN MILLER: Thank you for the thorough report. At this time, are any questions from the Board? We can entertain questions that could apply to the Landmark transaction, and may apply to both, but we will entertain the Landmark transaction, in item two of the agenda, at this time.

MR. SCOTT: Both look like very clean transactions, very straightforward information, and I complement the Bank Department for putting together informative packets for the Board. I was just curious why you are doing the mergers simultaneous? Is there reason for that? They both have the same conversion dates and going through the same process. It looks like that would be more difficult having two sets of banks and stockholders that you are dealing with.

MR. GEORGE MAKRIS: You know, believe it or not, we did not cram that down the back-office’s throat. They came to us and said, “It really makes sense for us to do them both at the same time.” When you think about it from a customer perspective, it would be really confusing if we converted one and left the other one as a standalone operating bank, even though it was part of the Simmons’ organization. So, because we have a market presence there, we have staff that can move in, if you will, to the locations, and hold hands during that conversion. We all decided that we would give it a try. So far things are looking good, but it is a challenge doing two at one time, but we feel comfortable.

CHAIRMAN MILLER: Other questions? Thoughts?

MR. SMITH: There is very little change in the HHI index. I know there is no competitive concern, but can you provide any color on what goes into that calculation? I looked at the Cassidy reports that were provided. I really could not make out how that is determined. Would you provide a little color on that?

MR. CLIFTON: Basically, the Cassidy report, what it does, is it takes all the banks in the area, and the number of deposits, and weights. There is a non-weighted and a weighted. The only difference between the unweighted and the weighted, is that in the, I believe the weighted, credit unions get 50 percent of deposits weighted. So basically, what it does is it indexes all the deposits in the area, and basically, it takes us as a standalone, and combines us with the other two, and then based on the equation, spits out a number of how concentrated it is. So because we are so large, and these are relatively small, and with respect to our institution, it only moves the needle a little bit when an institution of our size merges with a smaller institution, and that is kind of the standard index that they use to measure market concentration. And the movement is only slightly, because we are only really assuming a small amount of deposits. And there is a fairly large number of institutions in each of those markets. So, it does not really move the needle as much, with respect to increasing our deposit concentration. Does that answer your question?

MR. SMITH: It does very much. Now, if it was a smaller institution, making the acquisition, would that be a larger discrepancy?

MR. CLIFTON: It would depend on, I guess, the market. It is very market specific. Some markets are very, very concentrated, and some are more diffuse. These just happen to be more diffuse, but lots of competition. So, for example, if it was a smaller town, and two entities were emerging in that town, it could have a really big impact because there is just not a lot of competition
there. And in this case, this is a major metropolitan market where there is a lot of institutions. So it really does not have a large competitive impact in this case.

MR. FEHLMAN: In Memphis, it would be if you had First Horizon and Regions. You would have an issue.

MR. CLIFTON: Yes. That would be an issue.

MR. FEHLMAN: But Simmons, we only have, a billion dollars or so, so out of that market, it is a very small piece of it.

MR. SMITH: Excellent. Thank you very much.

CHAIRMAN MILLER: Good questions. Other questions? There being none, I would entertain a motion to approve the transactions.

MR. LEACH: I so move.

CHAIRMAN MILLER: Referring to item two on the agenda, we have a motion.

MR. MEEKS: Second.

CHAIRMAN MILLER: We have a second. Any other comments or questions? All in favor say “Aye.”

BOARD MEMBERS (Collectively): Aye.

CHAIRMAN MILLER: Are there any opposed?

(No audible responses given.)

COMMISSIONER MARSHALL: And the Commissioner concurs.

CHAIRMAN MILLER: Thank you. Motion carried; the application is approved.

For the record, I will read the next transaction. It is an application by Simmons Bank in Pine Bluff, Jefferson County, Arkansas, to merge Triumph Bank in Memphis, Shelby County, Tennessee with and into Simmons Bank Pine Bluff, Jefferson County, Arkansas.

MR. MEEKS: Motion to approve.

MR. SMITH: Second.

CHAIRMAN MILLER: We have a motion and the second to approve the application. I will pause for any questions on this transaction.

(No audible responses given.)

CHAIRMAN MILLER: It appears there is none, so we will vote. All in favor, say “Aye.”
D. SCOTT MILLER, Chairman
State Banking Board

9-2-21
Date

ATTEST:

CYNTHIA NIXON, Secretary
State Banking Board

SUSANNAH T. MARSHALL
Bank Commissioner
D. SCOTT MILLER, Chairman
State Banking Board

Date

TODD SMITH, Vice-Chairman
State Banking Board

Date

DAVID LEECH, Member
State Banking Board

Date

RUSSELL MEEKS, III, Member
State Banking Board

Date

GEORGE FRENCH, Member
State Banking Board

Date

PARTICIPATED BY WEBEX

RANDY SCOTT, Member
State Banking Board

Date