SPECIAL MEETING

OF THE

ARKANSAS STATE BANKING BOARD

May 12, 2022

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 May 12, 2022. The following Board Members were present: Chairman Todd Smith, Vice-Chairman, Russell Meeks, III, D. Scott Miller and Randy Scott. Representing the State Bank Department were Commissioner Susannah Marshall, Deputy Commissioner John Ahlen, Deputy Commissioner Dharmin Patel, Chief Counsel Eric Roberts, Certified Examinations Manager John Ashby, IT Director Frank Fields, Secretary to the Board Cynthia Nixon, Research Project Analyst Barbara Robinson, and Research Project Analyst Barbara Mahoney. Notice of a Special Meeting was sent by regular mail to each member of the State Banking Board on April 5, 2022. The notice was also given to the news media in accordance with state law.

COMMISSIONER MARSHALL: It is wonderful to see everyone here today. This is a Special called meeting of the State Banking Board to hear a transaction and any other business coming before the Board. I do see a quorum present, and so with that I am going to ask for introductions. I want to point out before we go around the room, in the back corner are three gentlemen who can introduce themselves. They are some of our newest hires at the Bank Department, and those of us that are Bank Department employees can appreciate being in those seats. It is a rare opportunity that they are in training and get to have a chance to sit in on a Bank Board hearing and see how the process comes full circle. So, I wanted to include them today, and welcome them, and certainly make them available for you to meet and greet some of our finest group of individuals.

So, with that, I will turn around to John.

MR. AHLEN: John Ahlen, Bank Department.

MR. PATEL: Dharmin Patel, Bank Department.

MR. GINN: Tyler Ginn, Premier Bank.

MR. UNDERWOOD: Donny Underwood, Premier Bank.


MR. OLAIMEY: John Olaimey with Southern Bancorp Bank.

MR. SHADID: Kyle Shadid with DD&F Consulting.
MR. DENNIS: Joshua Dennis with DD&F Consulting.

MR. WEWERS: Chris Wewers, Southern Bancorp Bank.

MS. NIXON: Cynthia Nixon, Bank Department.

MR. FIELDS: Frank Fields, Bank Department.

MR. MILLER: Scott Miller, State Bank Board.

MR. MIDDLETON: Reed Middleton, Bank Department.

MR. BALLARD: Tanner Ballard, Bank Department.

MR. HARDEE: Lane Hardee, Bank Department.

MS. MAHONEY: Barbara Mahoney, Bank Department.

MS. ROBINSON: Barbara Robinson, Bank Department.

MR. ASHBY: John Ashby, Bank Department.

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

CHAIRMAN SMITH: Thank you, Commissioner. Welcome, everyone. Our first order of business is consideration of the minutes from our Special Board meeting on March 10, 2022. You have been distributed those and had time to review those.

MR. MEEKS: Mr. Chairman, I move that we adopt the minutes based on the April 21, 2022, memo, and that we received them.

CHAIRMAN SMITH: Thank you, Mr. Meeks. Is there a second?

MR. SCOTT: Second.

CHAIRMAN SMITH: Thank you, Mr. Scott. All in favor?

BOARD MEMBERS: (Collectively): Aye.

CHAIRMAN SMITH: Any opposed?

(No audible responses given.)

CHAIRMAN SMITH: Motion passes.
COMMISSIONER MARSHALL: Commissioner concurs.

CHAIRMAN SMITH: Thank you. We have an application by Southern Bancorp Bank, Arkadelphia, Arkansas (Southern) to merge Premier Bank of Arkansas, Jonesboro, Arkansas (Premier) with and into Southern Bancorp Bank, Arkadelphia, Arkansas. Josh, would you like to speak first and maybe follow up with Mr. Olaimey? Is that the order you would like to speak?

MR. DENNIS: Yes, sir, if that is all right.

CHAIRMAN SMITH: Please.

MR. DENNIS: Good morning, everybody. This morning the application before you is the merger of Premier with and into Southern. According to the Arkansas Banking Code, five distinct points have to be confirmed before the application can be approved.

The first point is that the merger must provide for an adequate capital structure. Both Premier and Southern are well-capitalized as of now, and as of the time of the merger they will continue to be well-capitalized. The leverage ratio in the applications that are before you show that at the time of merger it is projected to be 11.3%. A year after the merger the combined institutions will still be well-capitalized at 12.1%. Common equity tier 1 at the time of merger will be 15.4%, and a year after the merger will grow to 16.4%. And then, lastly, the tier – or the total risk based capital at the time of merger will be 16.5%. A year out, that will have grown to 17.3%, so adequate capital structure is maintained.

The second point is the terms of the merger must be fair. Both parties have looked at the terms, have agreed that they are fair, and have decided to move forward with the transaction.

Third, the merger must not be contrary to the public interest. Southern has a very unique and specialized business mission. The way they go into the communities and introduce the financial literacy, the financial education, the credit counseling, really adds a lot of value to those communities. So, with their addition to Jonesboro, West Memphis, and Marion, those communities will definitely benefit. The customers of the bank will receive great benefit from this merger.

Fourth, dissenters’ rights must be adequately provided for. At the time of the merger, Southern Bancorp Inc. will be the sole shareholder of both Premier and Southern, and I do not think there will be dissenters. So, we will have unanimous approval on that.

And lastly, all applicable state and federal laws must be complied with. In addition to this application, we filed a change of control application with this office on February 25, 2022, and with the Federal Reserve Bank we filed a merger application and a Y3 the same day. The change of control was approved by this office on April 14, 2022. And the Federal Reserve Bank applications were both approved on April 13, 2022. We have demonstrated that all five of the requirements have been met. At this point, I will turn it over to Mr. Olaimey.
MR. OLAIMEY: Thank you, Josh. I am not sure what I can add. You did a fantastic job outlining the points. Southern Bancorp Bank, as you know, is a very unique organization. Everything we do balances margin and mission. We are thrilled about the opportunity to partner with Premier Bank. We think we are getting a lot of talent in this transaction, and we think that we can bring our unique bundle of financial products, but also financial development services, which are much needed in the areas where we are. We are excited about the transaction, and I will be happy to answer any questions from the Commissioner or anybody from the Board who might have them.

CHAIRMAN SMITH: I would like to open it up for questions at this time. Anyone from the Board have questions?

COMMISSIONER MARSHALL: I will add, just for clarification, since this is what I would consider a little bit of a unique transaction. This is what we would consider a buy and hold. It is a two-part merger, whereas many times when the Bank Board hears a merger application, everything is handled in a contemporaneous event sequence. The transaction is proposed to where the bank holding company and the bank will be acquired by Southern Bancorp’s holding company and held as two separate banks for a period of time, until they determine that the timing of the merger is appropriate.

So, one holding company, two subsidiary banks, for a period of time, and then two banks merging at some point. The action today, if the merger were to be approved, that action grants the authority for that timeframe to be up to a year before the two institutions are merged.

MR. SCOTT: Looks like two really clean banks. A lot of capital in the CDFI. ECIP funds really help with the capital. DD&F and the Bank Department does a good job vetting all of this, so I really do not have any questions.

MR. MILLER: Mr. Chair, I have a comment, too, on how well you all have done with the CDFI model, and how willing you all have been to share your success and help other banks. We appreciate that, Mr. Chair.

CHAIRMAN SMITH: Could you possibly provide a little more color on what are the moving parts in deciding on when to merge the bank in that up to a year period.

MR. OLAIMEY: We just completed our transaction with Arkansas County Bank, and what we did at that time was, we actually merged and did a conversion the exact same day. We realized that caused a little bit of stress on the organization. This bank is operating on FIS and we have been told that with our conversion there, it needs to get pushed out a little bit. It was going to hit holiday season, so as soon as we can structure the conversion, we will merge the two banks. So, it is really just about a conversion issue, and to make sure we do not put too much stress on the organization.

CHAIRMAN SMITH: Very good. Thank you.
CHAIRMAN SMITH: All in favor?

BOARD MEMBERS: (Collectively): Aye.

CHAIRMAN SMITH: All right. Unanimous, again. Thank you very much.

COMMISSIONER MARSHALL: Commissioner concurs. And we will have the Resolution and a plaque to get to Mr. Leech, and I look forward to visiting with him in person to present the Resolution and plaque. In addition, I think it is appropriate to announce to the Board that we have also received the resignation of Mr. George French, citing personal and family reasons. He felt like his time and availability of being a Board Member was not in the best service for him and for the Board. As I understand, he has notified the Governor's office, and I expect to work with them and visit with them in the near future to identify his replacement. We may need to call upon some folks to ensure that we have quorums for the future. Those processes do take a little bit of time to fulfill, but I will work with the Governor's office to get that accomplished. For that reason, we already have the next board meeting set. We will be meeting at a Special called meeting on June 28, 2022, and that is a Tuesday. The goal is to be able to have a meeting before June 30, 2022. I am happy to announce that the transaction has been filed and I can announce what that Special Meeting will be for. We will hear an application to convert a national bank to a state charter. First National Bank of North Arkansas, Berryville, has applied for conversion to an Arkansas state charter. We will be hearing that application at the end of June.

CHAIRMAN SMITH: Thank you very much. If there is no other business, I will accept a motion to adjourn.

MR. MILLER: So moved.

CHAIRMAN SMITH: Is there a second?

MR. SCOTT: Second.

CHAIRMAN SMITH: Thank you. Any opposed?

(No response)

CHAIRMAN SMITH: Meeting is adjourned.

COMMISSIONER MARSHALL: Commissioner concurs.

CHAIRMAN SMITH: Thank you all, very much.

We wish you the very best and appreciate you being here today.
TODD SMITH, Chairman
State Banking Board

ATTEST:

CYNTHIA NIXON, Secretary
State Banking Board

SUSANNAH T. MARSHALL
Bank Commissioner

Date: JUNE 28, 2023
TODD SMITH, Chairman
State Banking Board

RUSSELL MEEKS, Vice-Chairman
State Banking Board

D. SCOTT MILLER, Member
State Banking Board

RANDY SCOTT, Member
State Banking Board

JUNE 28, 2022
Date

6/28/2022
Date

6-28-22
Date

6-28-22
Date