

REGULAR MEETING
OF THE
ARKANSAS STATE BANKING BOARD

October 20, 2022

A Regular 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 October 20, 2022. The following Board Members were present: Chairman Todd Smith, Vice-Chairman Russell Meeks, III, D. Scott Miller, and Andy Davis. Representing the State Bank Department were Commissioner Susannah Marshall, Deputy Commissioner John Ahlen, Deputy Commissioner Dharmin Patel, Certified Examinations Manager John Ashby, Database Specialist Larry Tate, Database Specialist Darla Bryant, Secretary to the Board Cynthia Nixon, Research Project Analyst Barbara Robinson, Examiner Trainee Paige Whitley, Examiner Trainee Andrew Griggs, Examiner Trainee Tyler Lucas, and Examiner Trainee Shawn Smith. Notice of a Regular Meeting was sent by regular mail to each member of the State Banking Board on September 13, 2022. The notice was also given to the news media in accordance with state law.

COMMISSIONER MARSHALL: I want to welcome everyone. I do see a quorum of the Board present. I would like to thank you for joining us for this Regular Meeting of the State Banking Board. I will ask our guests to go around and introduce themselves.

DEPUTY COMMISSIONER AHLEN: Good morning, John Ahlen, State Bank Department.

DEPUTY COMMISSIONER PATEL: Dharmin Patel, State Bank Department.

MR. PITTILLO: Scott Pittillo, Relyance Bank, National Association, President.

MR. MORGAN: Chuck Morgan, Relyance Bank, National Association, Chairman and Chief Executive Officer.

MR. NEATHERY: Michael Neathery, Relyance Bank, National Association, Senior Vice President and Chief Financial Officer.

MR. DENNIS: Randy Dennis, DD&F Consulting Group, Little Rock, Arkansas.

MR. SHADID: Kyle Shadid, DD&F Consulting Group, Little Rock, Arkansas.

MR. DENNIS: Joshua Dennis, DD&F Consulting Group, Little Rock, Arkansas.

MS. NIXON: Cynthia Nixon, Bank Department.

MS. WHITLEY: Paige Whitley, Bank Department.

MR. GRIGGS: Andrew Griggs, Bank Department.

MR. LUCAS: Tyler Lucas, Bank Department.

MR. SMITH: Shawn Smith, Bank Department.

MR. DAVIS: Andy Davis, State Banking Board.

MR. MILLER: Scott Miller, State Banking Board.

VICE-CHAIRMAN MEEKS: Russell Meeks, State Banking Board.

CHAIRMAN SMITH: Todd Smith, State Banking Board.

MS. BRYANT: Darla Bryant, Bank Department.

MS. ROBINSON: Barbara Robinson, Bank Department.

MR. ASHBY: John Ashby, Bank Department.

MR. TATE: Larry Tate, Bank Department.

COMMISSIONER MARSHALL: Yes, welcome. For everyone's information the four individuals we have in the back of the room, as I told many of you, are our newest employees at the Bank Department from the examination staff. They have been on less than six months and I wanted them to join us today. They do not get to see Bank Board events happen live very often, and so I thought attending the meeting would be a great learning experience and a way to learn a little bit more about the other side of the Bank Department and our operations. I am glad for them to join us; they are doing a great job. They will see you all one of these days, I am sure. So, with that, Mr. Chairman, I turn the meeting over to you.

CHAIRMAN SMITH: Thank you, Commissioner. Welcome everyone. We are proud to have you here today and excited for the business before us. The first aspect of business today is to consider the Minutes from our June 28, 2022, Special Board Meeting. The Minutes were previously provided to the Board.

VICE-CHAIRMAN MEEKS: Mr. Chairman, I make a motion to approve the Minutes.

CHAIRMAN SMITH: We have a motion by Russ Meeks. Is there a second?

MR. MILLER: Second.

CHAIRMAN SMITH: Second by Scott Miller. All in favor, please say aye.

(UNANIMOUS CHORUS OF AYES)

CHAIRMAN SMITH: Any opposed? There being none, motion carries.

COMMISSIONER MARSHALL: Commissioner concurs.

CHAIRMAN SMITH: The second order of business is the application for the conversion of Relyance Bank, National Association into a state-chartered bank known as Relyance Bank and at this time we will accept DD&F and the bank or whoever wants to speak on behalf of that application, please.

MR. SHADID: Good morning. Thank you all. It is my privilege to introduce Relyance Bank, as they seek to convert from a national chartered bank to a state-chartered Federal Reserve member bank. Just to give a little background on the bank, it was established in 1965. It is the sole subsidiary of Jefferson Bancshares, Inc. This past summer they relocated their main office from Pine Bluff, Arkansas, to White Hall, Arkansas. The Bank operates another 19 branches throughout the state. As of September 30, 2022, they had total assets of \$1.2 billion, year-to-date return on average assets of .99 percent, and return on average equity of 8.2 percent. The bank is led by a strong management team, with Chuck Morgan having served as Chairman since January 2020, and Chief Executive Officer since 2006. The transaction meets the requirements pursuant to Arkansas Code Section 23-48-504, which includes the following:

Relyance Bank, National Association, is a federally chartered bank; Relyance Bank, National Association, submitted an application for a state charter to the Bank Commissioner, on August 30, 2022. Jefferson Bancshares, Inc., acting as the sole shareholder of the bank, approved and consented to the proposed charter conversion.

A Public Hearing is being held today, October 20, 2022, at the Arkansas State Bank Department. A legal notice of the Public Hearing was published in the Arkansas Democrat-Gazette on September 16, 2022, September 30, 2022 and October 7, 2022. At today's hearing, the following facts have been established:

Relyance Bank's main office will continue to be located in White Hall, Arkansas. As of September 30, 2022, the bank had a Tier 1 Leverage Ratio of 12.96 percent, Common Equity Tier 1 of 13.49 percent, Tier 1 Capital of 13.49 percent, and Total Capital of 14.41 percent.

And, finally, the requirements of all applicable state and federal laws have been complied with as required by Arkansas Code Section 23-48-504. I would also note that the bank's membership application with the Federal Reserve was approved on October 12, 2022. I believe the Bank Department will be very pleased with the bank joining the Department's fold. They have an excellent bank and have a great management team. With that, I will turn it over to Mr. Morgan. Thank you.

CHAIRMAN SMITH: Thank you.

MR. MORGAN: Thank you all for accepting our application and entertaining the approval of this application. I will just tell you we have burned our bridges at the Office of the Comptroller of the Currency (OCC) by now, so, anyway, this has been a long time coming. We have always been a National Bank. I have never been regulated by anybody, other than the OCC, and I assure you we are not running from anything. We had a very good, long-standing relationship with the OCC. I became acquainted with now Commissioner Marshall, and then Commissioner Franks back in 2008 or 2009. We had a project we worked on for a long time and I gained great respect for the State Bank Department. So, we respect the regulatory process, we embrace it, we will probably call you more than you call us, we think it makes us a better bank, we are very happy and glad this day has finally come, and if you all have any questions of us, I would be glad to entertain.

CHAIRMAN SMITH: Thank you. Do we have anybody else to speak on behalf of the bank? (No response) We have a packet from DD&F on the application. We also have a summary packet from the Bank Department. Does anyone have any questions or observations on the information provided that you would like answered at this time?

VICE-CHAIRMAN MEEKS: Mr. Chairman, I would like to thank our staff for the good job they did presenting this application to the Board.

CHAIRMAN SMITH: Sure, certainly, so noted.

VICE-CHAIRMAN MEEKS: Mr. Chairman, I will make a motion that we approve the application submitted to the Commissioner for approval.

CHAIRMAN SMITH: We have a motion to approve the application by Russ Meeks. Is there a second?

MR. DAVIS: I will second it.

CHAIRMAN SMITH: Second by Andy Davis. All in favor, please signify by saying aye.

(UNANIMOUS CHORUS OF AYES)

CHAIRMAN SMITH: Any opposed? There being none, motion carries. You are approved. Congratulations to you and we look forward to your relationship as a state-chartered bank.

COMMISSIONER MARSHALL: Commissioner concurs. Congratulations.

MR. MORGAN: Thank you very much.

CHAIRMAN SMITH: I do not believe we have any other business. Is there anything else for the Board?

MR. MILLER: I just had an observation, not a question. I enjoyed reading about the seasoned board members that you have and their diverse backgrounds. It has probably contributed greatly to your good management. I just wanted to make that comment.

MR. MORGAN: Thank you.

CHAIRMAN SMITH: Excellent. Well, if there is no other business, I will entertain a motion to adjourn this meeting.

MR. MILLER: So moved.

VICE-CHAIRMAN MEEKS: Second.

CHAIRMAN SMITH: All in favor?

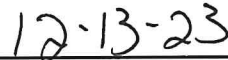
(UNANIMOUS CHORUS OF AYES)

CHAIRMAN SMITH: Any opposed? There being none, motion carries. We are adjourned.

COMMISSIONER MARSHALL: Commissioner concurs.



TODD SMITH, Chairman
State Banking Board



Date

ATTEST:



CYNTHIA NIXON, Secretary
State Banking Board



SUSANNAH T. MARSHALL
Bank Commissioner