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ARTICLES OF INCORPORATION
OF
SHELBY BANCSHARES, INC.

The undersigned, acting as an incorporator under the Alabama Business Corporation Act, as amended, adopts the following Articles of Incorporation:

ARTICLE I
NAME

The name of the corporation (herein the "Corporation") shall be:

"SHELBY BANCSHARES, INC."

ARTICLE II
DURATION & EXISTENCE

The Corporation shall have perpetual duration and existence.

ARTICLE III
PURPOSES & POWERS

The nature of the Corporation's business, and its purposes and powers are as follows:

(a) To purchase or otherwise acquire, to own, and to hold the stock of banks and other corporations, and to do every act and thing covered generally by the denominations "holding corporation" and "bank holding company", and especially to direct the operations of other corporations through the ownership of stock therein.

Since, Permit # T-1000000
P.O. Box 55727
Birmingham, AL 35255

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(b) To manufacture, purchase, acquire, hold, maintain, improve, construct, pledge, hypothecate, exchange, sell, invest and deal in and otherwise dispose of, alone or in syndicate or otherwise in conjunction with others, commodities, merchandise and other personal property of every kind, character, and description whatsoever and wheresoever situated, and any interest therein.

(c) To purchase, acquire, lease, own, hold, sell, convey or mortgage and otherwise deal in real estate, property, tenements, and hereditaments, as well as any interest therein, and directly or through the ownership of stock in any corporation, to maintain and improve the same by erecting, constructing, rebuilding, repairing, equipping, any and all kinds of buildings and other structures and erections, and to install therein such furniture and appliances which at any time may be necessary to the conduct thereof.

(d) To acquire bonds or stocks of this Corporation or otherwise, the good will, rights, assets and property; to undertake, guarantee or assume the whole or any part of the obligations or liabilities of any person, firm, association or corporation; to pay for the same in cash, the stock or other securities of the Corporation or otherwise; to hold, or in any manner dispose of the whole or any part of the property so acquired; to conduct in any lawful manner the whole or any part of the business so acquired, and to

exercise all the powers necessary or convenient in and about the conduct and management of any such business.

(e) To acquire, hold, use, sell, assign, lease, grant licenses in respect of, mortgage or otherwise dispose of letters patent of the United States of America or any foreign country, patent rights, licenses and privileges, inventions, improvements and processes, copyrights, trademarks and trade names, relating to or useful in connection with any business of this Corporation.

(f) To acquire by purchase, subscription, contract, underwriting or otherwise, to hold for investment or otherwise, to pledge, hypothecate, exchange, sell, deal in and with and dispose of or to turn to account or to realize upon, alone or in syndicate or otherwise in conjunction with others, stocks, securities and investments of every kind and description, including, but not by way of limitation, shares, stocks, scrip, notes, bonds, debentures, rights, participating certificates, certificates of interest, mortgages, acceptances, commercial paper and choses in action, evidence of indebtedness and other obligations of every kind and description (all of which is hereinafter sometimes called "securities") of any private, public or quasi-public corporation, association, partnership, common law trust, syndicate, firm or individual or of any combinations, organizations or entities whatsoever, irrespective of their form or the names by which they may be described, and, while

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the owner or holder of any such securities, to exercise all the rights, powers and privileges of ownership in respect thereto; and, to the extent now or hereafter permitted by law, to aid by loan, guarantee or otherwise those issuing, creating or responsible for any such securities.

(g) To borrow and lend money and to give or take security therefor by way of mortgage, pledge, transfer or assignment of real or personal property, of every nature and description.

(h) To enter into, make and perform contracts of every kind for any lawful purpose without limit as to amount with any person, firm, association or corporation, town, city, county, state, territory, government or governmental subdivision.

(i) To draw, make, accept, endorse, discount, execute and to issue promissory notes, drafts, bills of exchange, warrants, debentures and other negotiable or transferable instruments.

(j) To issue bonds, debentures or obligations of this Corporation from time to time, for any of the purposes of the Corporation, and to secure the same by mortgage, pledge, deed of trust or otherwise.

(k) To have one or more offices to carry on all or any of its operations and business and, without restriction or limit as to amount, to purchase or otherwise

acquire, hold, own, mortgage, pledge, sell, assign and transfer, convey or otherwise dispose of, invest, trade, deal in and deal with goods, wares and merchandise, and real and personal property of every class and description in any of the states, districts, territories or colonies of the United States, and in any and all foreign countries, subject to the laws of such state, district, territory, colony and country.

(l) To purchase or otherwise acquire its own shares of stock (so far as may be permitted by law) and its bonds, debentures, notes, scrip or other securities, or evidence of indebtedness, and to hold, sell, transfer, or reissue the same.

(m) To enter into any plan or project for the assistance and welfare of its employees.

(n) To enter into any legal arrangements for sharing of profits, union of interests, reciprocal concessions or cooperation with any person, partnership, corporation, association, combination, organization, entity or body whatsoever, domestic or foreign, carrying on or proposing to carry on any business which this Corporation is authorized to carry on, or any business or transaction deemed necessary, convenient or incidental to carrying out any of the objects of this Corporation.

(o) To assume, guarantee or become surety for the payment and performance of any and all debts and

obligations of another or others, and to guarantee the payment of dividends upon any security or securities.

(p) To do all and everything necessary and proper for the accomplishment of the objects herein enumerated or necessary or incidental to the protection and benefit of the Corporation, and in general, to carry on any lawful business necessary or incidental to the protection and benefit of the Corporation, and in general, to carry on any lawful business necessary or incidental to the attainment of the purposes of the Corporation, whether such business is similar in nature to the objects and powers hereinabove set forth or otherwise.

(q) To engage in the transaction of any or all lawful business for which corporations may be incorporated under the laws of Alabama.

ARTICLE IV CAPITALIZATION

(a) Capital Stock. The total number of shares of capital stock ("Capital Stock") which the Corporation shall have the authority to issue is 150,000 shares of common of the par value of \$.01 per share ("Common Stock"), and 500,000 shares of such other Preferred Stock ("Preferred Stock") at a par value of \$.01 per share, as the Board of Directors may decide to issue pursuant to this Article IV, paragraph (a)(v) constituting a total authorized capital of \$6,500. The

designations and powers, preferences and rights, and the qualifications, limitations or restrictions thereof are as follows:

(i) Voting Rights. Subject to the provisions of any applicable law or except as otherwise provided by the resolution or resolutions providing for the issue of any series of preferred stock, pursuant to this Article IV, Paragraph (a)(v), the holders of the Common Stock of the Corporation issued and outstanding, shall have and possess the exclusive right to notice of Shareholders' meetings and the exclusive voting rights and powers, and the holders of all other shares shall not be entitled to any notice of Shareholders' meetings or to vote upon the election of Directors or upon any question affecting the management or affairs of the Corporation except where such notice or vote is required by law.

(ii) Dividends. To the extent provided by law, the holders of the Common Stock shall be entitled to receive dividends as and when same shall be declared by the Board of Directors. Dividends may be paid in cash, property, or in shares of the Corporation's Capital Stock of any kind, class or in stock or securities of any other issuer, from any funds lawfully available therefore. Except as otherwise provided by the resolution or resolutions providing for the issue of any series of preferred stock, pursuant to this Article IV, Paragraph (a)(v), no stock of the Corporation shall have any dividend preferences.

(iii) Redemption. Shares of any series of preferred stock which have been redeemed (whether through the operation of a sinking fund or otherwise) or which, if convertible or exchangeable, have been converted into or exchanged for shares of stock of any other class or classes shall have the status of authorized and unissued shares of preferred stock of the same series and may be reissued as a part of the series of which they were originally a part or may be reclassified and reissued as part of a new series of preferred stock to be created by resolution or resolutions of the Board of Directors or as part of any other series of preferred stock, all subject to the conditions and the restrictions on issuance set forth in the resolution or resolutions adopted by the Board of Directors providing for the issue of any series of preferred stock.

(iv) Liquidation. Except as otherwise provided by the resolution or resolutions providing for the issue of any series of preferred stock, pursuant to this Article IV,

Paragraph (a)(v), in the event of any liquidation or dissolution or winding up, whether voluntary or involuntary, of the Corporation, no stock of the Corporation shall have any priorities and preferences upon liquidation.

(v) Preferred Stock. The Board of Directors of the Corporation is authorized, subject to limitations prescribed by law and the provisions of this Article IV, Paragraph (a)(v), to provide for the issuance from time to time in one or more series of any number of shares of preferred stock, and, by filing a certificate pursuant to the Alabama Business Corporation Act, to establish the number of shares to be included in each such series, and to fix the designation, relative rights, preferences, qualifications and limitations of the shares of each such series. The authority of the Board of Directors with respect to each such series shall include, but not be limited to, a determination of the following:

1. The number of shares constituting that series and the distinctive designation of that series;
2. The dividend rate on the shares of that series, whether dividends shall be cumulative, and if so, from which date or dates, and whether they should be payable in preference to, or in another relation to, the dividends payable on any other class or classes or series of stock;
3. Whether that series shall have voting rights, in addition to the voting rights provided by law, and, if so, the terms of such voting rights;
4. Whether that series shall have conversion or exchange privileges, and, if so, the terms and conditions of such conversion or exchange, including provision for adjustments for the conversion or exchange rate in such events as the Board of Directors shall determine;
5. Whether or not the shares of that series shall be redeemable, and, if so, the terms and conditions of such redemption, including the manner of

selecting shares for redemption if less than all shares are to be redeemed, the date or dates upon or after which they shall be redeemable, and the amount per share payable in case of redemption, which amount may vary under different conditions and at different redemption dates;

6. Whether that series shall be entitled to the benefit of a sinking fund to be applied to the purchase or redemption of shares of that series, and, if so, the terms and amounts of such sinking funds;
7. The right of the shares of that series to the benefit of conditions and restrictions upon the creation of indebtedness of the Corporation or any subsidiary, upon the issuance of any additional stock (including additional shares of such series or of any other series) and upon the payment of dividends or the making of other distributions on, and the purchase, redemption or other acquisition by the corporation or any subsidiary of any outstanding stock of the Corporation;
8. The right of the shares of that series in the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation and whether such rights shall be in preference to, or in other relation to, the comparable rights of any other class or classes or series of stock; and
9. Any other relative, participating, optional or other special rights, qualifications, limitations or restrictions of that series."

(b) Restrictions on Capital Stock.

(1) No shares of the Capital Stock of the Corporation may be sold, pledged, or otherwise transferred or conveyed unless such shares shall have been either registered pursuant to an effective registration statement in accordance with all state and federal securities laws, rules, regulations, orders and requirements or prior to the transfer thereof, the record owner of such shares has obtained and delivered to the Corporation an opinion, in form and substance acceptable to the Corporation, or counsel experienced in the area of securities regulation to the effect that an exemption from registration is available or that registration is not required.

(2) Each certificate evidencing ownership of any share or shares of Corporation Capital Stock shall bear the following legend:

"The securities represented by this certificate have not been registered under the Securities Act of 1933 or under state securities laws and may not be offered, sold, transferred, pledged, or hypothecated unless such securities shall have so registered pursuant to an effective registration statement or the record holder hereof shall have obtained and delivered an opinion issued by counsel experienced in the area of securities regulation and in form and substance acceptable to the Corporation, stating that an exemption from registration is available."

This legend is non-exclusive and is in addition to other transfer restrictions which may be imposed. Other transfer restrictions and legends for purposes of complying with

applicable securities laws and regulations may be imposed by action of the Board of Directors from time to time.

(3) Unless the foregoing terms and conditions regarding the sale, pledge, assignment, transfer or other disposition of shares of Capital Stock of the Corporation shall have been complied with, neither the Corporation, nor any of its officers or directors, shall be under any obligation to evidence such disposition on the stock transfer books of the Corporation.

(c) Transfer Restrictions. In addition to any restrictions imposed by Section (b) above, written restrictions on the transfer or registration of transfer of the Corporation's Capital Stock, securities or evidences of indebtedness or any interest therein may be imposed by the Corporation, entered into as part of an agreement, adopted as By-Laws, or recognized by the Corporation as the Corporation's Board of Directors may determine by resolution or resolutions. The Corporation may from time to time enter into any agreement to which all, or less than all, holders of record of the issued and outstanding shares of the Corporation's Capital Stock are parties, restricting the transfer or registration of transfer of any or all shares of the Corporation's Capital Stock, upon such reasonable terms and conditions as may be approved by resolution or resolutions adopted by the Corporation's Board of Directors.

Any such transfer restrictions shall be noted conspicuously on the security or evidence of indebtedness.

ARTICLE V
MISCELLANEOUS

In furtherance and not in limitation of the powers conferred by law, the following provisions for the regulation of the Corporation, its directors and shareholders are hereby established:

(a) The Corporation shall have the right to purchase, take, receive or otherwise acquire, hold, own, pledge, transfer or otherwise dispose of its own Capital Stock to the full extent of undivided profits, earned surplus, capital surplus or other funds lawfully available therefor.

(b) No contract or other transaction between the Corporation and one or more of its directors or any other person, corporation, firm, association or entity in which one or more of its directors or officers is financially interested, shall be void or voidable because of such relationship or interest, or because such director or directors are present at the meeting of the Board of Directors or a committee thereof which authorizes, approves or ratifies such contract or transaction, if the contract or transaction is fair and reasonable to the Corporation, and if:

(1) The fact of such relationship or interest is disclosed to the Board of Directors or committee which authorizes, approves or ratifies the contract or transaction by a vote sufficient for the purpose, without counting the votes of such interested directors and without considering such interested directors as present for purposes of constituting a quorum; or

(2) The fact of such relationship or interest is disclosed to the shareholders entitled to vote and they authorize, approve or ratify such contract or transaction by vote or written consent.

(c) To the extent not inconsistent with any other provision of these Articles of Incorporation or applicable law, the Corporation reserves the right to amend, alter, change or repeal any provision contained in these Articles of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon shareholders herein are granted subject to this reservation.

ARTICLE VI SPECIAL VOTING OF SHARES

Except as otherwise expressly provided in this Article VI, the affirmative vote of the holders of at least seventy percent (70%) of the outstanding shares of capital stock of the Corporation issued and outstanding and entitled to vote shall be required to effect or validate (i) any

merger or consolidation of the Corporation or any of its majority owned subsidiaries with or into any other corporation, person or entity; (ii) any sale, lease, exchange or other disposition of all or substantially all of the assets of the Corporation or any of its majority owned subsidiaries to or with any other corporation, person or entity; or (iii) any sale or lease to the Corporation or any subsidiary thereof of any assets (except assets having an aggregate fair market value of less than \$1,000,000.00) in exchange for voting securities (or securities convertible into voting securities or options, warrants or rights to require voting securities or securities convertible into voting securities) of the Corporation or any subsidiary by any other corporation, person or entity. The Board of Directors shall have the power and duty to determine for the purposes of this Article VI, on the basis of information known to the Corporation, whether (i) the assets being acquired by the Corporation, or any subsidiary thereof, have an aggregate fair market value of less than \$1,000,000.00 or (ii) the memorandum of understanding referred to in (i) below is substantially consistent with the transaction covered thereby. Any such determination shall be conclusive and binding for all purposes of this Article VI.

The provisions of this Article VI shall not apply to (i) any of the following transactions if the Board of Directors of the Corporation has approved, by the affirmative

vote of 75% of the members of the entire Board of Directors, a memorandum of understanding with respect to such transactions among the Corporation and such other corporations as may be involved: (a) any merger or consolidation of the Corporation or any of its majority owned subsidiaries with or into any other corporation, person or entity; (b) any sale, lease, exchange or other disposition of all or substantially all of the assets of the Corporation or any of its majority owned subsidiaries to or with any other corporation, person or entity; or (c) any sale or lease to the Corporation or any subsidiary thereof of any assets (except assets having an aggregate fair market value of less than \$1,000,000.00) in exchange for voting securities (or securities convertible into voting securities or options, warrants or rights to require voting securities or securities convertible into voting securities) of the Corporation or any subsidiary by any other corporation, person or entity; or (ii) any merger or consolidation of the Corporation with, or any sale or lease to the Corporation or any subsidiary thereof of any assets of, or any sale or lease by the Corporation or any subsidiary thereof of any assets to, any corporation of which a majority of the outstanding shares of all classes of stock entitled to vote at elections of directors is owned of record or beneficially by the Corporation and its subsidiaries.

ARTICLE VII
AMENDMENTS

An affirmative vote of the holders of at least seventy percent (70%) of the outstanding shares of the Capital Stock of the Corporation entitled to vote thereon shall be required to amend, alter or repeal any provision of these Articles of Incorporation.

ARTICLE VIII
INITIAL REGISTERED OFFICE & AGENT

The address of the Corporation's initial registered office shall be Highway 31 South, Pelham, Alabama and its initial registered agent at such address shall be K. R. Kirkland.

ARTICLE IX
INITIAL BOARD OF DIRECTORS

The initial Board of Directors of the Corporation shall consist of eight (8) persons, who shall serve until the first annual meeting of shareholders or until his successor(s) are elected and qualified. The names and addresses of the members of the initial Board of Directors are as follows:

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<u>NAME</u>	<u>ADDRESS</u>
M. M. Argo, Jr.	Highway 31 South, Pelham, Alabama 35124
D. H. Ballard	Highway 31 South, Pelham, Alabama 35124
Ben F. Grubbs	Highway 31 South, Pelham, Alabama 35124
K. R. Kirkland	Highway 31 South, Pelham, Alabama 35124
Roy L. Martin	Highway 31 South, Pelham, Alabama 35124
James H. Strickland, Jr.	Highway 31 South, Pelham, Alabama 35124
Lloyd A. Rafalsky	Highway 31 South, Pelham, Alabama 35124
Louie P. Wilson	Highway 31 South, Pelham, Alabama 35124

ARTICLE X
REMOVAL OF DIRECTORS

The shareholders may remove any director or the entire Board of Directors, with or without cause, at a meeting of the shareholders expressly called for that purpose, by a vote of the holders of seventy percent (70%) of the shares then entitled to vote at an election of directors.

ARTICLE XI
INCORPORATOR

The name and address of the sole incorporator is:

K. R. Kirkland
Highway 31 South
Pelham, Alabama 35214

Dated as of Jan. 3, 1984.5

K. R. Kirkland (SEAL)
K. R. Kirkland

INCORPORATOR

Ref: ALW/B020841116

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STATE OF ALABAMA

I, Don Siegelman, Secretary of State, of the State of Alabama, having custody of the Great and Principal Seal of said State, do hereby certify that pursuant to the provisions

of Section 10-2A-26, Code of Alabama 1975, the corporate name _____

Shelby Bancshares, Inc.

is reserved as available based only upon an examination of the corporation records on file in this office for the exclusive use of _____ Shelby Bancshares, Inc.

for a period of one hundred twenty days from this date. In the case of a domestic corporation, the name of the county in which the corporation was or is proposed to

be incorporated is _____ Shelby _____. I further certify that as set out in

the application for reservation of corporate name, the Secretary of State's

office does not assume any responsibility for the availability of the corporate

name requested nor for any duplication which might occur.

In Testimony Whereof, I have hereunto set my hand and affixed the Great Seal of the State, at the Capitol, in the City of Montgomery, on this day.

December 14, 1984 - expires 4-14-85

Date

A handwritten signature in cursive script, appearing to read "Don Siegelman".

Don Siegelman

Secretary of State



State of Alabama

SHELBY

County

CERTIFICATE OF INCORPORATION

OF

SHELBY BANCSHARES, INC.

The undersigned, as Judge of Probate of SHELBY County, State of Alabama, hereby certifies that duplicate originals of Articles of Incorporation for the incorporation of SHELBY BANCSHARES, INC., duly signed pursuant to the provisions of Section 64 of the Alabama Business Corporation Act, have been received in this office and are found to conform to law.

ACCORDINGLY the undersigned, as such Judge of Probate, and by virtue of the authority vested in him by law, hereby issues this Certificate of Incorporation of SHELBY BANCSHARES, INC., and attaches hereto a duplicate original of the Articles of Incorporation.

GIVEN Under My Hand and Official Seal on this the 7th day of FEBRUARY, 1985.



STATE OF ALA. SHELBY CO.
I CERTIFY THIS
INSTRUMENT WAS FILED

1985 FEB -7 PM 3:21

Thomas A. Brundage, Jr.
JUDGE OF PROBATE

Thomas A. Brundage, Jr.
Judge of Probate

Rec 35.00
Jud 1.00
36.00