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Comptroller of the Currency  
Administrator of National Banks

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Southern District Licensing  
500 North Akard, Suite 1600  
Dallas, Texas 75201-3323

**Conditional Approval #987**  
**January 2011**

December 28, 2010

Rusty N. LaForge  
Attorney  
McAfee & Taft, PC  
Tenth Floor, Two Leadership Square  
211 N. Robinson  
Oklahoma City, Oklahoma 73102-7103

RE: First National Bank of Borger, Borger, Texas; Main Office Relocation (2010-SO-07-0029); Branch Application (2010-SO-05-0071); and Reduction in Capital (2010-SO-12-0241)

Dear Mr. LaForge:

The Office of the Comptroller of the Currency (“OCC”) conditionally approves the following applications for First National Bank of Borger, Borger, Texas, (“First National Bank”) charter number 23511. This conditional approval is granted based on a thorough review of all information available, including commitments and representations made in the application and by the bank’s representatives. These approvals are also subject to the conditions set out herein.

**Main Office Relocation**

First National Bank is conditionally approved to relocate its main office from 531 North Deahl, Borger, Texas 79008 to 400 North Main, Panhandle, Texas 79068. If the main office is not relocated within 18 months from this approval date, the approval automatically terminates unless the OCC grants an extension. Within 10 days after relocating, the bank must advise this office of the main office’s relocation date, so the OCC may complete its records.

**Branch Establishment**

First National Bank is conditionally approved to establish a branch at 531 North Deahl, Borger, Texas 79008. If the branch is not established within 18 months from this approval date, the approval automatically terminates unless the OCC grants an extension. Within 10 days of opening, the bank must advise this office of the branch’s opening date, so the OCC may complete its records. First National Bank must comply with branch closing procedures set forth in 12 U.S.C. § 1831r-1 and 12 C.F.R. § 5.30(j) should the bank decide to close any branches after consummation of the merger.

### **Decrease in Surplus Capital**

First National Bank is conditionally approved to reduce its surplus account in the amount of \$2,301,000 as outlined in your letter of November 1, 2010. The change in capital should be completed within one year of the date of this letter.

### **Conditions**

These approvals are subject to the following conditions:

1. Olney Bancshares of Texas, Inc. (“Olney Bancshares”) and First National Bank shall notify the OCC (“Notification”) and shall submit a plan acceptable to the OCC to wind up the affairs of First National Bank and to terminate its status as a national bank (“Plan”), and immediately implement and thereafter adhere to such plan, if:
  - a. The acquisition of First National Bank by BSW Capital Group (“BSW”) fails to consummate by March 30, 2011, for any reason, and all required federal and state applications (“Applications”) by Union Bank, Oklahoma City, Oklahoma (“Union Bank”) to acquire First National Bank by merger or consolidation are not filed on or before April 1, 2011; or,
  - b. All such Applications are timely filed by Union Bank, but, for any reason, the merger or consolidation of Union Bank and First National Bank does not occur on or before June 30, 2011.
2. The Notification to the OCC shall be made, as appropriate, immediately upon the failure of BSW to consummate the acquisition no later than March 30, 2011; or upon the failure of Union Bank to consummate the merger or consolidation by June 30, 2011.
3. The Plan shall be submitted to the OCC no later than April 15, 2011, or July 15, 2011, as appropriate.

The conditions of this approval are conditions “imposed in writing by a Federal banking agency in connection with any action on any application, notice, or other request” within the meaning of 12 U.S.C. § 1818. As such, the condition is enforceable under 12 U.S.C. § 1818.

### **Background**

First National Bank is wholly-owned by Olney Bancshares. Olney Bancshares currently owns 100% of eight nationally chartered banks in Texas and two state-chartered banks in Oklahoma. The largest of Olney Bancshares’s state-chartered banks is Union Bank. Union Bank recently received approval from the Federal Reserve Bank of Kansas City and the State Banking Department of Oklahoma to acquire all the banks in the holding company (except the First National Bank charter). First National Bank has requested approval for a series of transactions in which Union Bank will ultimately assume all of the assets and liabilities associated with First National Bank’s Borger and Stinnett offices. Specifically, First National Bank has requested approval for the following transactions: (1) to relocate its main office from 531 North Deahl,

Borger, Texas to 400 North Main, Panhandle, Texas; (2) to establish its former main office at 531 North Deahl, Borger, Texas as a branch of First National Bank; and, (3) to reduce its surplus account in the amount of \$2,301,000. Union Bank was approved to acquire the two branches of First National Bank that will result from these transactions.

Olney Bancshares entered into an agreement for BSW to purchase the charter and certain assets and liabilities of First National Bank. The assets and liabilities to be acquired by BSW are those associated with the Panhandle Branch only. Olney Bancshares committed in the application that should BSW not be able to acquire First National Bank on or before March 30, 2011, First National Bank "intends to merge with Union Bank . . . promptly after termination of the BSW Merger Agreement."

### **Conclusion**

This conditional approval and the activities and communications by OCC employees in connection with the filing do not constitute a contract, express or implied, or any other obligation binding upon the OCC, the United States, any agency or entity of the United States, or any officer or employee of the United States, and do not affect the ability of the OCC to exercise its supervisory, regulatory and examination authorities under applicable law and regulations. Our approval is based on the bank's representations, submissions, and information available to the OCC as of this date. The OCC may modify, suspend or rescind this approval if a material change in the information on which the OCC relied occurs prior to the date of the transaction to which this decision pertains. The foregoing may not be waived or modified by any employee or agent of the OCC or the United States.

All correspondence regarding this application should reference the application control number. We have enclosed a letter requesting your feedback on how we handled your application. We would appreciate your response to improve our service.

If you have any questions, contact Senior Licensing Analyst Brenda E. McNeese at (214) 720-7052 or email [brenda.mcneese@occ.treas.gov](mailto:brenda.mcneese@occ.treas.gov).

Sincerely,

*Joseph T. Burbridge*

Joseph T. Burbridge  
Acting Director for District Licensing

Enclosure