

MINUTES OF THE REGULAR MEETING
OF THE STATE BANKING BOARD

MARCH 16, 2005

As first item in order of business on the agenda, Acting Chairman Griffith called the Banking Board meeting to order at 10:00 a.m., pursuant to the Agenda that was posted for public display prior to 10:00 a.m. on March 15, 2005. The meeting was held in the Conference Room of the State Banking Department, Oklahoma City, Oklahoma.

Second item on the agenda was roll call; the following members were present:

Charles R. Griffith, Acting Chairman
Cheri Cartwright
Chris Conn
John Goad
Gordon Greer
Gary Huckabay
Bob Newcomb

Also present: Dudley Gilbert, Legal Counsel; Sherbie Kiffin, Assistant Deputy Commissioner; Randy Brooks, Director of Examinations; and Angela Morris, Secretary.

The Chairman noted for the record that a quorum was present.

Third item on the agenda, Acting Chairman Griffith called for approval or discussion of the Minutes of the Regular Meeting of the State Banking Board held January 19, 2005. Member Conn made the motion for approval. Motion was seconded and approved as follows:

Cheri Cartwright – voted yes
Chris Conn – voted yes
Gary Huckabay – voted yes
John Goad – voted yes
Gordon Greer – voted yes
Bob Newcomb – (arrived late – did not vote)

Fourth item on the agenda, Commissioner's Monthly Reports:

A. Department Status Update

Acting Commissioner Griffith said Commissioner Thompson, Examiner Mike Faulkenberry, Examiner Rick Nelson, and Examiner Wayne Arbuthnot are attending a CSBS conference in Washington D.C.

Acting Commissioner Griffith said all Board members should have received the Department's annual report. He said several people work on this report every year. He said Deron Brubaker and Stacey Taylor put the book together once everyone submits their information.

B. Examination Report .

Acting Chairman Griffith gave the monthly examination report showing that during the month of February four fed member banks, two nonmember banks, two credit unions, one trust company, one money order company and two cemeteries were examined. Examinations in process at the end of February were five banks, three credit unions, five cemeteries, and one money order company.

One (1) Examiner attended the CSBS Trust Forum in Orlando, Florida.

C. Legislative Update

Acting Commissioner Griffith said H.B. 1234 passed the House 97-0. He said now it will go to the Senate Finance Committee.

D. Pending Applications

Acting Commissioner Griffith said all Board members should still be receiving pending applications.

Fifth item on the agenda, Consideration of Request for Approval of Merger and Application for Certificate to Maintain and Operate a Branch by Acquisition:

- A. Application for Merger of Farmers & Merchants State Bank of Krum, Krum, Texas, with and into First United Bank and Trust Company, Durant, Oklahoma, pursuant to Title 6 O.S. § 1103.
- B. Branch Application of First United Bank and Trust Company, Durant, Oklahoma, pursuant to Title 6 O.S. § 501.1 and O.A.C. 85:10-9-2.
Branch by Acquisition – proposed bank to be acquired and converted to a branch:
Farmers & Merchants State Bank of Krum, Krum, Texas.
Proposed Name: "First United Bank & Trust Company"

Bruce Crum, Attorney, and William Fahrendorf, Executive Vice President of First United Bank & Trust Company, Durant, were present to answer questions. Randy Brooks worked on the department analysis.

Mr. Crum said Farmers & Merchants State Bank of Krum has three branches in Denton and one in Sanger. He said First United Bank and Trust Company has one branch in McKinney and has received approval for another branch in McKinney. He said the Krum holding company is being merged into a subsidiary of Durant's holding company and then merging the banks together, resulting in the bank in Krum being a branch of Durant.

Member Huckabay asked what the difference is between Krum Bancshares and Krum Acquisition.

Mr. Crum said Krum Bancshares is the current holding company of the Krum bank. Krum Acquisition is a Texas subsidiary being established, first a subsidiary of Durant Bancorp and once that is established that is the entity used for the merger. He said Krum Acquisition will merge into Krum

Bancshares and Krum Acquisition will go away. Krum Bancshares will become a subsidiary of Durant holding company and it will be liquidated into the Durant holding company.

Member Huckabay asked if some shareholders of Krum are not going to be around after the merger?

Mr. Crum said all shareholders are being paid the same cash price and will go away. All stockholders of Krum will be gone.

Member Newcomb made the motion for approval of the merger. Motion was seconded and approved as follows:

Cheri Cartwright – voted yes
Chris Conn – voted yes
Gary Huckabay – voted yes
John Goad – voted yes
Gordon Greer – voted yes
Bob Newcomb – voted yes

Member Greer made the motion for approval of the branch. Motion was seconded and approved as follows:

Cheri Cartwright – voted yes
Chris Conn – voted yes
Gary Huckabay – voted yes
John Goad – voted yes
Gordon Greer – voted yes
Bob Newcomb – voted yes

Member Conn made the motion to adjourn at 10:11 a.m. Motion was seconded and unanimously approved as follows:

Cheri Cartwright – voted yes
Chris Conn – voted yes
Gary Huckabay – voted yes
John Goad – voted yes
Gordon Greer – voted yes
Bob Newcomb – voted yes

Charles R. Griffith, Acting Chairman

Gary Huckabay

Gordon Greer

John Goad

Chris Conn

Cheri Cartwright

Bob Newcomb