



**Comptroller of the Currency
Administrator of National Banks**

Southwestern District Office
Analysis Division
1600 Lincoln Plaza
500 North Akard
Dallas, Texas 75201-3394

**Corporate Decision #96-65
December 1996**

DECISION OF THE COMPTROLLER OF THE CURRENCY ON THE APPLICATION OF AUSTIN BANK, NATIONAL ASSOCIATION, JACKSONVILLE, TEXAS TO PURCHASE THE ASSETS AND ASSUME THE LIABILITIES OF THE ATHENS, BULLARD, MABANK, TYLER & MALAKOFF, TEXAS BRANCHES OF BANK OF AMERICA TEXAS, NATIONAL ASSOCIATION, IRVING, TEXAS.

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Introduction

On September 25, 1996, application was made to the Office of the Comptroller of the Currency (OCC), pursuant to the Bank Merger Act, 12 U.S.C. 1828(c), for prior authorization for Austin Bank, National Association, Jacksonville, Texas (Jacksonville) to purchase the assets and assume the liabilities of the above referenced branches of Bank Of America Texas, National Association, Irving, Texas (BOA).

The Financial Institutions Involved

As of June 30, 1996, Jacksonville, a wholly-owned subsidiary of Austin BanCorp, Inc., Jacksonville, Texas had total assets of \$127 million, total deposits of \$113 million and operated two offices. On the same date, the target branches of BOA had combined total deposits of \$80 million.

Competitive Analysis

The relevant geographic markets for this proposal are Kaufman, Smith and Henderson Counties where competition between Jacksonville and its affiliates and BOA is direct and immediate. The OCC reviewed the competitive effects of this proposal in the Kaufman and Smith County markets by using its standard procedures for determining whether a purchase and assumption clearly has minimal or no adverse competitive effects. The Office finds that the proposal satisfies the criteria for a purchase and assumption that clearly has minimal or no adverse competitive effects.

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Jacksonville indirectly competes in the Henderson County market through a state bank affiliate, First State Bank. Jacksonville has assigned its rights to purchase the Henderson County branches to this affiliate. Within the Henderson County market, eight commercial banks and one thrift compete for approximately \$515 million in deposits. BOA is the sixth largest depository institution with approximately five percent of the total deposits. Jacksonville's affiliate ranks second in the market with approximately 26 percent of the deposits. As a result of this transaction, Jacksonville and its affiliate will remain the second largest depository institution with their market share increasing to approximately thirty-one percent. While the proposed transaction would eliminate some direct competition in the Henderson market, any adverse competitive effects would be mitigated by the presence of a number of other banking alternatives. Accordingly, consummation of this transaction would not have a significantly adverse effect on competition in the relevant geographic markets.

Banking Factors

The Bank Merger Act requires this Office to consider "...the financial and managerial resources and future prospects of the existing and proposed institutions, and the convenience and needs of the community to be served". We find that the financial and managerial resources of both institutions do not raise concerns that would cause the application to be disapproved. The future prospects of the combined entity are considered favorable and the resulting bank is expected to meet the convenience and needs of the community to be served.

Upon consummation of the proposed transaction, the target branches will remain open as branches of the resulting bank. Current customers of BOA will continue to be served by Jacksonville. No change in community services is planned.

Community Reinvestment Act (CRA)

A review of the record of this application and other information available to this Office as a result of its regulatory responsibilities has revealed no evidence that the applicant's record of helping to meet the credit needs of their communities, including low and moderate income neighborhoods, is less than satisfactory.

Conclusion

We have analyzed this proposal to the Bank Merger Act (12 U.S.C. 1828(c)) and find that it will not significantly lessen competition in the relevant market. Other factors considered in evaluating this proposal are satisfactory. Accordingly, the application is approved.

s/
Michael K. Hughes
Licensing Manager

November 27, 1996
Date

ACN# 96SW020056