



Comptroller of the Currency
Administrator of National Banks

Licensing Operations
Southwestern District Office
1600 Lincoln Plaza
500 North Akard
Dallas, Texas 75201-3342

Corporate Decision #2002-10 July 2002

DECISION OF THE COMPTROLLER OF THE CURRENCY ON THE APPLICATION TO PURCHASE CERTAIN ASSETS AND ASSUME CERTAIN LIABILITIES OF THE TAYLOR, GIDDINGS & ROCKDALE BRANCHES OF INTERNATIONAL BANK OF COMMERCE, LAREDO, TEXAS BY CITIZENS NATIONAL BANK OF MILAM COUNTY, CAMERON, TEXAS, CHARTER NUMBER 5484. APPLICATION CONTROL NUMBER 2002 SW 02 0014

Introduction

On April 30, 2002, application was made to the Office of the Comptroller of the Currency (hereafter "OCC") for approval of the purchase of certain assets and assumption of certain liabilities of the Taylor, Giddings and Rockdale, Texas branches of International Bank of Commerce, Laredo, Texas (hereafter "IBC") by Citizens National Bank of Milam County, Cameron, Texas (hereafter "CNB"). The application was based on a purchase and assumption agreement entered into between the proponents on April 17, 2002.

Participating Financial Institutions

As of March 31, 2002, the Taylor, Giddings and Rockdale, Texas offices of IBC subject to the purchase and assumption agreement had total deposits of \$101 million. On the same date, CNB had total deposits of \$104 million and operated two offices. CNB is not owned by a bank holding company.

Competitive Analysis

CNB does not presently compete with IBC in Williamson County, where IBC's Taylor branch is located, or in Lee County, where IBC's Giddings branch is located. Thus, the acquisition of these two branches clearly has no adverse impact on competition in those two counties.

The relevant geographic market for IBC's three Rockdale branches is Milam County, Texas. This is the area where competition between CNB and IBC is direct and immediate. As of June 30, 2001, five commercial banks competed for approximately \$241 million in deposits in this market. CNB (with total assets of \$126 million as of March 31, 2002) ranked first in Milam County with \$100 million in deposits, or 42 percent of the market share of total deposits. The three IBC branches ranked third in the market with \$48 million in deposits, or 20 percent of the market share of total deposits. After the transaction, CNB will have a 62 percent market share of total deposits and compete with three other banking alternatives. The second largest competitor (with total assets of \$135 million as of March 31, 2002) holds \$56 million in deposits or a 23 percent market share of total deposits in Milam County.

The other two banks have a market share in Milam County of 9% and 6%. While the proposed transaction would eliminate some direct competition in the relevant geographic market, any adverse competitive effects would be mitigated by the presence of three other banking alternatives in Milam County. Therefore, consummation of this proposal would not have a significantly adverse effect on competition in the relevant geographic market.

Banking Factors

The Bank Merger Act requires the OCC 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 CNB do not raise concerns that would cause the application to be disapproved. Customers of both banks will continue to have access to the resulting bank. CNB currently offers a full line of banking services and there will be no changes in its products or services as a result of this transaction. The future prospects of the proponents, individually and combined, are considered favorable and the resulting bank is expected to meet the convenience and needs of the community to be served.

Community Reinvestment Act

A review of the record of this application and other information available to the OCC as a result of its regulatory responsibilities has revealed CNB and IBC's record of meeting the credit needs of their communities, including low- and moderate-income neighborhoods, is satisfactory. Therefore, there is no reasonable basis for objecting to this application due to concerns with the Act.

Conclusion

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

This 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 U.S., any agency or entity of the U.S., or an officer or employee of the U.S., and do not affect the ability of the OCC to exercise its supervisory, regulatory and examination authorities under applicable law and regulations. The foregoing may not be waived or modified by any employee or agent of the OCC or the U.S.

/s/ Karen H. Bryant

Karen H. Bryant
Licensing Manager

Date: June 26, 2002

ACN# 2002 SW 02 0014