



**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 #2003-1
January 2003**

DECISION OF THE COMPTROLLER OF THE CURRENCY ON THE APPLICATION OF AMERICAN NATIONAL BANK, GONZALES, TEXAS (CHARTER NUMBER 18303) TO PURCHASE CERTAIN ASSETS AND ASSUME CERTAIN LIABILITIES OF THE GONZALES, TEXAS BRANCH OF GUARANTY FEDERAL BANK, FSB, DALLAS, TEXAS (FDIC CERTIFICATE NUMBER 32618); APPLICATION CONTROL #2002-SW-02-0028

DECISION

Introduction

On October 10, 2002, 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 American National Bank, Gonzales, Texas (ANB Gonzales) to purchase certain assets and assume certain liabilities of the Gonzales, Texas branch of Guaranty Federal Bank, FSB, Dallas, Texas (Guaranty).

The Financial Institutions Involved

As of September 30, 2002, ANB Gonzales, located in Gonzales, Texas, had total assets of \$134 million and total deposits of \$122 million. On the same date, the target branch of Guaranty, located in Gonzales, Texas, had total assets to be acquired of \$29 million and total deposits to be acquired of \$29 million.

Competitive Analysis

The relevant geographic market for this proposal is Gonzales County. This is the area where competition between ANB Gonzales and Guaranty Bank is direct and immediate. In this area, the resulting and target bank each have an office located in Gonzales, across the street from each other. Within Gonzales County, seven banks currently compete for \$209 million in deposits. ANB Gonzales (with \$52.9 million in deposits) and the Guaranty Bank branch (with \$31 million in deposits) rank first and fourth in market share of county deposits, respectively. After consummation of this transaction, the resulting bank would continue to rank first with a 40% market share of county deposits and will compete with five remaining financial institutions. The largest remaining competitors would be Wells Fargo Bank with \$51.6 million in deposits (or a 25% market share) and Central Texas Bank with \$37 million in deposits (or a 18% market

share). Accordingly, consummation of this proposal would not have a significantly adverse effect on competition in Gonzales County due to the presence of other banking alternatives.

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.

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 applicants’ record of helping to meet the credit needs of their communities, including low and moderate income neighborhoods, is less than satisfactory. Guaranty has not entered into any commitments with community organizations, civic associations or other entities regarding providing banking services to the relevant community. No change in community services is planned.

The newly acquired branch will be closed upon consummation of the proposed transaction. The acquired assets and deposits will be consolidated with those of the ANB Gonzales head office, which is located across the street from the target branch. It is anticipated that all current offices of ANB Gonzales will remain open. No change in community services is planned. Current customers of Guaranty will continue to be served by ANB Gonzales upon consummation of the transaction.

Conclusion

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

-signed-

12/05/02

Karen H. Bryant
Licensing Manager

Date