



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

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

**Corporate Decision #2004-14
September 2004**

**DECISION OF THE COMPTROLLER OF THE CURRENCY ON THE APPLICATION OF THE
FIRST NATIONAL BANK OF EMORY, EMORY, TEXAS TO PURCHASE CERTAIN ASSETS
AND ASSUME CERTAIN LIABILITIES OF THE EMORY BRANCH OF THE CITY
NATIONAL BANK OF SULPHUR SPRINGS, SULPHUR SPRINGS, TEXAS**

APPLICATION CONTROL NUMBER 2004-SO-02-0051

Introduction

On July 12, 2004, application was made to the Comptroller of the Currency (hereafter “OCC”) for approval of the purchase of certain assets and assumption of certain liabilities of the Emory, Texas Branch of The City National Bank of Sulphur Springs, Sulphur Springs, Texas (hereafter “CNB”) by The First National Bank of Emory, Emory, Texas (hereafter “FNB”). This application was based on a purchase and assumption agreement entered into between the proponents on June 25, 2004.

Participating Financial Institutions

As of June 30, 2004, FNB had total assets of \$72 million, total deposits of \$64 million, and operated its main office in Emory, Texas and operated one branch in Alba, Texas. FNB is wholly owned by Emory Bancshares, Inc., a one-bank holding company. On the same date, the Emory Branch of CNB had total deposits of \$2.7 million.

Competitive Analysis

The OCC considered the potential anticompetitive effects of this proposal in light of the reduction in the number of depository and/or lending institutions in the relevant geographic market. Based upon a competitive review, the OCC finds that the proposed purchase of assets and assumption of liabilities will not have a significant anticompetitive effect in the relevant geographic market. In addition, the OCC considered the report of the Department of Justice, which found no significant anticompetitive effect.

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 and FNB do not raise concerns that would cause the application to be disapproved. Customers of both banks will continue to be served by the resulting bank. FNB 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 no evidence that the applicants’ records 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 pursuant to the Bank Merger Act (12 USC1828(c)) and 12 CFR 5.33, 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.

/s/ Karen H. Bryant

Karen H. Bryant
Licensing Manager

8-25-04

Dated: _____