



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

Bank Organization and Structure
Southwestern District Office
1600 Lincoln Plaza
500 North Akard
Dallas, Texas 75201-3342

**Corporate Decision #2000-20
November 2000**

DECISION OF THE COMPTROLLER OF THE CURRENCY ON THE APPLICATION FOR THE LIBERTY NATIONAL BANK, PARIS, TEXAS TO PURCHASE THE ASSETS AND ASSUME THE LIABILITIES OF THE PARIS, TEXAS BRANCH OF GUARANTY FEDERAL BANK, F.S.B., DALLAS, TEXAS

Introduction

On August 21, 2000, application was made to the Office of the Comptroller of the Currency (hereafter "OCC") for prior authorization for The Liberty National Bank (hereafter "Liberty"), Paris, Texas to purchase the assets and assume the liabilities of the Paris, Texas branch of Guaranty Federal Bank, F.S.B. (hereafter "Guaranty"), Dallas, Texas. The application was based on an agreement entered into between the proponents on August 8, 2000.

Participating Financial Institutions

As of June 30, 2000, the Paris, Texas branch of Guaranty subject to the purchase and assumption agreement had total deposits of \$61 million. On the same date, Liberty had total deposits of \$158 million and operated two offices. Liberty is owned and controlled by Paris Bancshares, Inc.

Competitive Analysis

The relevant geographic market for this proposal is Lamar County, Texas. This is the area where competition between The Liberty National Bank and the Paris, Texas branch of Guaranty Federal Bank is direct and immediate. Within this market, seven commercial banks and two thrifts compete for approximately \$670 million in deposits. Liberty National Bank is the largest depository institution with approximately twenty-five percent of the market's total deposits. Guaranty Federal Bank ranks seventh with approximately eight percent of the market's deposits. Upon consummation of this transaction, Liberty National Bank would remain the largest depository institution with approximately thirty-three percent of the market's deposits. 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 numerous other banking alternatives in the relevant market, including a branch affiliated with one of the largest

banking companies in the country. 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 Liberty and Guaranty do not raise concerns that would cause the application to be disapproved. Liberty currently offers a full line of banking services and there will be no changes in its products or services as a result of the 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 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.

/s/

Karen H. Bryant
Licensing Manager

Dated: 10-2-00