



**Conditional Approval #1287
May 2022**

April 19, 2022

Pam Gates O'Quinn, Esq.
Fenimore Kay Harrison LLP
14643 Dallas Parkway, Suite 625
Dallas, TX 75254

Via EMAIL

Re: Application to Merge The First State Bank, Rice, Texas with and into The First National Bank of Kemp, Kemp, Texas
OCC Control No.: 2022-SO-Combination-325736
Charter No.: 5932

Dear Ms. O'Quinn:

The Office of the Comptroller of the Currency (OCC) hereby conditionally approves your application to merge The First State Bank, Rice, Texas (FSB) with and into The First National Bank of Kemp, Kemp, Texas (Kemp or Bank), under the charter and the title of the latter. This conditional approval is granted based on a thorough review of all information available including commitments and representations made in the application, merger agreement, and those of your representatives.

The OCC reviewed the proposed merger transaction under the criteria of the Bank Merger Act, 12 USC 1828(c), law and applicable OCC regulations and policies. Among other matters, we found that the proposed transaction would not have significant anticompetitive effects. We also considered the financial and managerial resources of the banks, their future prospects, their effectiveness in combating money laundering activities, the convenience and needs of the communities to be served and the risk of the transaction to the stability of the United States banking or financial system. Furthermore, OCC reviewed records of compliance with the Community Reinvestment Act, 12 USC 2903(a)(2). The OCC considered these factors and found them consistent with approval.

As part of the merger, Kemp seeks approval to retain as branches, the main office and branches of FSB. The branch acquisitions are authorized under 12 USC 36(c).

This approval is subject to the following condition:

The Bank shall: (i) give the OCC's Dallas Supervisory Office at least sixty (60) days prior written notice of its intent to significantly deviate or change from its business plan or operations,¹ and (ii) obtain the OCC's written determination of no objection before the Bank engages in any significant deviation or change from its business plan or operations. The OCC may impose additional conditions it deems appropriate in a written determination of no objection to a bank's notice. This condition shall remain in effect during the first three years following the effective date of the merger.

The condition of this approval is a condition "imposed in writing by a Federal banking agency in connection with any action on any application, notice, or other request" within the meaning of 12 USC 1818. As such, the condition is enforceable under 12 USC 1818.

Please note, the District Office must be advised in writing ten (10) days in advance of the desired effective date for the merger, so it may issue the necessary certification letter. The effective date must follow the applicable Department of Justice's injunction period and any other required regulatory approval.

The OCC will issue a letter certifying consummation of the transaction when we receive:

- A copy of the waiver or approval by the Federal Reserve Bank of Dallas of the related holding company application.

If the merger is not consummated within six months from the approval date, the approval shall automatically terminate, unless the OCC grants an extension of the time.

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 United States, any agency or entity of the United States, or any officer or employee of the United States, and do not affect the ability of the OCC to exercise its supervisory, regulatory, and examination authorities under applicable law and regulations. Our approval is based on the Bank's representations, submissions, and information available to the OCC as of this date. The OCC may modify, suspend or rescind this approval, if a material change in the information on which the OCC relied occurs prior to the date of the transaction to which this decision pertains. The foregoing may not be waived or modified by any employee or agent of the OCC or the United States.

A separate letter is enclosed requesting your feedback on how we handled the referenced application. We would appreciate your response so we may improve our service. Please include

¹ If such deviation is the subject of an application filed with the OCC, no separate notice to the Supervisory Office is required.

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the OCC Control Number on any correspondence related to this filing. If you have any questions, please contact Senior Licensing Analyst Laurie Powell at 312-360-8863 or laurie.powell@occ.treas.gov.

Sincerely,

/s/

Carolina M. Ledesma
Director for District Licensing

Enclosure: Survey Letter