



Comptroller of the Currency
Administrator of National Banks

Licensing Operations

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Corporate Decision #2002-05
April 2002

Decision Document

DECISION OF THE COMPTROLLER OF THE CURRENCY ON THE APPLICATION TO CONSOLIDATE THE SECURITY STATE BANK, BIRD CITY, KANSAS WITH FIRST NATIONAL BANK, GOODLAND, KANSAS, UNDER THE CHARTER AND TITLE OF FIRST NATIONAL BANK.

Introduction

On January 2, 2002, application was made to the Comptroller of the Currency for prior authorization to consolidate The Security State Bank, Bird City, Kansas with First National Bank, Goodland, Kansas under the charter and the title of First National Bank. This application was based on an agreement entered into between the proponents on January 10, 2002.

Participating Financial Institutions

As of December 31, 2001, The Security State Bank, a state non-member bank, had total deposits of \$14 million and operated one office. On the same date, First National Bank had total deposits of \$259 million and operated eight offices. First National Bank is 100% owned and controlled by First National Bancshares, Inc., a one bank holding company.

Competitive Analysis

The relevant geographic market for this proposal is the Cheyenne County banking market. This is the area from which Security derives the bulk of its deposits and where competition between Security and FNB is direct and immediate. Within this banking market, Security operates its only office in Bird City and FNB operates one branch office in St. Francis. Cheyenne County has a population of 3,165. The OCC considers an area with such a small population to be economically insignificant from a competitive standpoint. (See Decision of the Comptroller of the Currency on the application to merge The National Bank and Trust Company of Norwich, New York, with National Bank of Oxford, Oxford, New York, dated April 8, 1983.) Because the OCC does not recognize the market as being economically significant, any anticompetitive effects resulting from this transaction are considered de minimis.

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 The Security State Bank and First National Bank do not raise concerns that would cause the application to be disapproved. 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 as no offices will be closed.

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 USC 1828(c)) and/or 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/

James A. Bundy, Licensing Manager
Western District

February 21, 2002

Dated: _____

Control Number: 2002-WE-02-0001