



Comptroller of the Currency
Administrator of National Banks

Western District Office
50 Fremont Street, Suite 3900
San Francisco CA 94105

Corporate Decision #2001-15 June 2001

DECISION OF THE COMPTROLLER OF THE CURRENCY ON THE APPLICATION TO PURCHASE AND ASSUME THE "OBERLIN, KANSAS AND THE COLBY, KANSAS BRANCHES" OF COMMERCIAL FEDERAL BANK, OMAHA, NEBRASKA, BY FIRST NATIONAL BANK, GOODLAND, KANSAS, UNDER THE CHARTER AND TITLE OF FIRST NATIONAL BANK.

DECISION

Introduction

On April 18, 2001, application was made to the Office of the Comptroller of the Currency (OCC) for prior authorization to purchase and assume the "Oberlin, Kansas and the Colby, Kansas branches" of Commercial Federal Bank, Omaha, Nebraska, by First National Bank, Goodland, Kansas, under the charter and the title of First National Bank. This application was based on an agreement entered into and between the proponents on April 12, 2001.

Participating Financial Institutions

As of March 31, 2001, the Oberlin, Kansas and the Colby, Kansas offices of Commercial Federal Bank, subject to the purchase and assumption agreement, had total deposits of \$33 million. On the same date, First National Bank had total deposits of \$235 million. First National Bancshares, Inc., Goodland, Kansas owns 100% of First National Bank.

Competitive Analysis

First National Bank does not presently compete in the Decatur County, Kansas banking market, where Commercial Federal Bank's Oberlin branch is located. Thus, the acquisition of this branch clearly has no adverse impact on competition in that market. Competition between First National Bank and Commercial Federal Bank is direct and immediate in Thomas County, Kansas. Within this market, six commercial banks and one thrift compete for approximately \$165 million in deposits. First National Bank is the third largest depository institution with approximately nineteen percent of the market's total deposits. Commercial Federal Bank ranks sixth with approximately seven percent of the market's deposits. Upon consummation of this transaction, First National Bank would become the second largest depository institution with approximately twenty-six percent of the market's deposits. Seven financial institutions will

continue to operate in Thomas County because Peoples State Bank of McDonald, Kansas recently opened a branch in Colby, Kansas. While the proposed transaction would eliminate some direct competition in Thomas County, any adverse competitive effects would be mitigated by the presence of numerous other banking alternatives. In addition, Thomas County has a population of approximately 8,000. 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, Norwich, New York, with National Bank of Oxford, Oxford, New York, dated April 8, 1983). Therefore, since the market is not recognized as being economically significant, any anticompetitive effects resulting from the transaction are considered *de minimis*.

Therefore, consummation of this proposal would not have a significantly adverse effect on competition in any banking markets.

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 Commercial Federal 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.

Convenience and Needs

The proposed transaction will not result in significant inconvenience or loss of financial services to the marketplace. First National Bank, the acquiring bank, will continue to operate the Oberlin branch. First National Bank intends to consolidate the Commercial Federal Branch in Colby with the branch they currently operate in Colby. The distance between the two locations is short and will not significantly diminish the convenience of obtaining banking services to the local residents.

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' record 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.**

-signed-

Maeve O'Meara
Acting Licensing Manager, Western District

May 31, 2001

Dated: _____

Control Number: 2001-WE-02-0014