



Comptroller of the Currency
Administrator of National Banks

Midwestern District Office
2345 Grand Blvd., Suite 700
Kansas City, Missouri 64108-2625

Corporate Decision #98-27 June 1998

DECISION OF THE COMPTROLLER OF THE CURRENCY ON THE APPLICATION TO MERGE THE SECURITY TRUST AND SAVINGS BANK, SHENANDOAH, IOWA INTO THE FIRST NATIONAL BANK, RED OAK, IOWA, UNDER THE CHARTER OF THE FIRST NATIONAL BANK AND TITLE OF BANK IOWA, NATIONAL ASSOCIATION

Introduction

On March 20, 1998, application was made to the Comptroller of the Currency for prior authorization to merge The Security Trust and Savings Bank, Shenandoah, Iowa 51601 (hereinafter referred to as "Security Trust") into The First National Bank, Red Oak, Iowa 51566 (hereinafter referred to as "First National") under the charter of The First National Bank and the title of Bank Iowa, National Association. This application was based on an agreement entered into between the proponents on February 11, 1998.

Participating Financial Institutions

As of December 31, 1997, Security Trust, a state member bank, had total deposits of \$32.3 million and operated one office. On the same date, First National had total deposits of \$38.9 million and operated one office. First National is 100 percent owned and controlled by Panhandle Aviation, Inc., a multi-bank holding company.

Competitive Analysis

The relevant geographic market for this proposal is the area including and immediately surrounding Shenandoah, Iowa. This is the area from which Security Trust derives over 75 percent of its deposits, and where competition between First National and Security Trust is considered direct and immediate. This is an area with a population of less than 10,000 persons. 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, because the market is not recognized as being economically significant, any anticompetitive effects resulting from the 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 Security Trust and First National do not raise concerns that would cause the application to be disapproved. The future prospects of the proponents, individually and combined, are considered favorable. The resulting bank will retain all existing facilities, and will retain Security Trust's home office as a branch. No products or services will be discontinued. Therefore, 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 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/
Michael E. Copeland
Acting Licensing Manager

Dated: May 11, 1998

ACN# 98 MW 02 018