



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

April 28, 2008

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The First National Bank of Thomas
Charter Number 7278**

**301 West Broadway
Thomas, Oklahoma 73669**

**Kyle M. Jones,
Assistant Deputy Comptroller,
Comptroller of the Currency
Oklahoma City Field Office
The Harvey Parkway Building, Suite 490
301 NW 63rd Street
Oklahoma City, Oklahoma 73116**

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

INSTITUTION'S CRA RATING:

This institution is rated Satisfactory.

The major factors that support this rating include:

- The bank's lending performance is satisfactory given its size, financial condition, and known credit needs in its assessment area.
- The loan-to-deposit ratio is reasonable and meets the standard for satisfactory performance.
- The bank generates a majority of its loans within the defined assessment area.
- The bank meets the standard for satisfactory performance for lending to borrowers of different incomes and businesses of different sizes.

The First National Bank of Thomas is committed to serving the community. This is demonstrated by satisfactory lending performance as described in this Public Evaluation.

DESCRIPTION OF THE FIRST NATIONAL BANK OF THOMAS

The First National Bank of Thomas (FNB) is a community bank headquartered in Thomas, Oklahoma. FNB is wholly-owned by First Thomas Bancorp, of Thomas, Oklahoma. The bank is affiliated by common ownership with Southwest National Bank, Weatherford, Oklahoma. A single full service bank and a drive-in facility are located at 301 West Broadway, Thomas, Oklahoma. An Automated Teller Machine (ATM) is located at the Terrier Express Convenience Store at 200 East Broadway in Thomas. FNB also provides access to Southwest National Bank's ATM in Weatherford at no extra charge. No locations have been opened or closed since the previous Community Reinvestment Act (CRA) examination.

The bank's primary focus is to serve consumer, agricultural and commercial customers in Thomas and the surrounding areas. The bank meets these needs by providing traditional loan and deposit products. Since the last evaluation, FNB has begun offering Internet access services.

As of December 31, 2007, the bank's total assets equaled \$36.4 million, of which \$15.8 million, or 43 percent, were comprised of various types of loans to individuals, commercial businesses, and agricultural related enterprises. Specifically, the bank's loan portfolio consists of the following:

Loan Category	\$ (000)	%
Agricultural Loans	7,485	48%
Commercial Real Estate Loans	2,918	19%
Residential Real Estate Loans	2,069	13%
Commercial Loans	1,804	11%
Consumer Loans	1,490	9%
Total	15,766	100%

There are no known legal or financial impediments to prevent the bank from meeting the credit needs within the assessment area. FNB is involved in and provides support to the community's financial needs. The bank received an overall rating of Satisfactory at the last CRA examination dated January 12, 2004.

DESCRIPTION OF FNB's ASSESSMENT AREA

The assessment area adopted by FNB consists of whole geographies, does not reflect illegal discrimination, and does not arbitrarily exclude low- or moderate-income geographies. It meets the requirements of the CRA regulation.

FNB's assessment area is identified as the northern portion of Custer County and the southern portion of Dewey County in West Central Oklahoma. The assessment area includes census tract 9610 in Custer County and census tracts 9591 and 9593 in Dewey County. The bank is located in middle-income census tract 9610. The following table describes major demographic and economic characteristics of the assessment area, based on 2000 U.S. Census data.

DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF ASSESSMENT AREA	
<i>Population</i>	
Number of Families	1,961
Number of Households	2,762
<i>Geographies</i>	
Number of Census Tracts/BNA	3
% Low-Income Census Tracts/BNA	0%
% Moderate-Income Census Tracts/BNA	0%
% Middle-Income Census Tracts/BNA	100%
% Upper-Income Census Tracts/BNA	0%
<i>Median Family Income (MFI)</i>	
2000 MFI for AA	36,902
2006 HUD-Adjusted MFI	42,600
<i>Economic Indicators</i>	
2000 Median Housing Value	44,814
% of Households Below Poverty Level	15%

The total population of the assessment area is 6,871 persons. Although there are no low- or moderate-income census tracts in the assessment area, there are low- and moderate-income families in the assessment area. Of the 1,961 families, 19 percent are low-income families and 19 percent are moderate-income families. Of the 2,762 households, 15 percent are below the poverty level. The median housing value is \$44,814, with the median age of housing stock at 46 years.

Local economic conditions are stable. The economy continues to be dependent on agriculture and the oil and gas industries. The major employers in the area are: the local school district, Danlin Industries (oil field equipment), WW Manufacturing (livestock equipment), and the local nursing home. Some Thomas residents commute to Weatherford and other surrounding communities for work. FNB faces strong competition from a larger financial institution located in Thomas that has several branches, and other financial institutions located in the surrounding towns.

A community contact was made during the examination to help ascertain the credit needs of the assessment area. The immediate credit needs of the community are being fulfilled, according to the contact. The main financial need in the area is for agricultural and consumer loans. There is generally a need for middle-income housing. FNB is involved in community development activities and programs in the area.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

This Performance Evaluation assesses FNB’s performance focusing primarily on five performance criteria: the loan-to-deposit ratio; lending in the assessment area; lending to borrowers of different incomes and to businesses of different sizes; geographic distribution of loans; and responses to CRA related complaints.

To evaluate FNB’s lending performance, a random sample of 48 loans was reviewed. Major loan products offered by the bank were sampled and consisted of 23 consumer loans and 25 business/farm loans that originated since December 31, 2005. Based on the analysis and consistent with available resources and capabilities, FNB is meeting the credit needs of the assessment area in a satisfactory manner.

Loan-to-Deposit Ratio (LTD)

FNB’s loan-to-deposit (LTD) ratio is reasonable and meets the standard for satisfactory performance. The average quarterly LTD ratio from December 31, 2003 through December 31, 2007 is 49 percent. The average quarterly LTD of the twenty-seven banks chartered in Beckham, Blaine, Custer, Dewey, Major, Roger Mills, Washita, and Woodward Counties in Oklahoma range from a low of 18 percent to a high of 107 percent and average 61 percent. The quarterly average LTD ratios for the four similarly situated banks in the area are listed in the table below.

Institution	Assets as of 12/31/2007 \$ (000)	Average LTD Ratio
Bank of Cordell	33,176	71.52%
First State Bank, Watonga	36,372	67.13%
Southwest National Bank, Weatherford	48,761	55.34%
<i>The First National Bank of Thomas</i>	36,442	49.33%
State Guaranty Bank, Okeene	31,021	46.11%

Lending in Assessment Area

FNB's lending in their assessment area meets the standard for satisfactory performance. The majority of the loans are originated in the bank's assessment area. This conclusion is based on the samples of 23 consumer loans and 25 business/agricultural loans that originated in 2006, 2007 and by April 29, 2008, as depicted in following table.

Total Loans Reviewed										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total #	Inside		Outside		Total \$
	#	%	#	%		\$	%	\$	%	
Consumer	20	87%	3	13%	23	93,402	84%	18,159	16%	111,561
Business/Agricultural	18	72%	7	28%	25	991,683	88%	134,408	12%	1,126,091
Totals	38	79%	10	21%	48	1,085,085	88%	152,567	12%	1,237,652

Source: Sample of 48 loans used to determine CRA performance

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

FNB meets the standard for satisfactory performance for lending to borrowers of different incomes and businesses of different sizes. The following tables represent the distribution of lending based on the sample of 20 business/farm loans and 20 consumer loans extended within the assessment area.

Borrower Distribution of Loans to Businesses/Farms				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	45%	3%	52%	100%
% of Bank Loans in AA by #	100%	0%	0%	100%
% of Bank Loans in AA by \$	100%	0%	0%	100%

Source: U.S. Census data and business/farms loan sample

FNB's loan distribution to businesses/farms is excellent. The sample of business and farm loans revealed that all of the loans were extended to small businesses and farms with annual gross revenues of less than \$1 million per year. A large percentage of the businesses and farms in the assessment area did not report revenues or revenues were unavailable or unknown.

Borrower Distribution of Consumer Loans								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans						
Consumer Loans	20%	25%	18%	15%	18%	25%	44%	35%

Source: U.S. Census data and consumer loan sample

FNB's distribution of consumer loans to borrowers of different income levels is good. The number of consumer loans extended to low- and moderate-income borrowers is comparable to the percentage of low- and moderate-income households represented in the assessment area.

Geographic Distribution of Loans

An analysis of the geographic distribution of loans would not be meaningful since there are no low- or moderate-income census tracts in the assessment area.

Responses to Complaints

FNB has not received any complaints about its performance in helping to meet assessment area needs during this evaluation period.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.