



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

January 12, 2004

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

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

**301 West Broadway
Thomas, Oklahoma 73669**

**Assistant Deputy Comptroller
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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.

Table of Contents

Institution's CRA Rating.....	1
Description of Institution.....	2
Description of Assessment Area.....	3
Conclusions about Performance Criteria.....	4
Loan to Deposit Ratio.....	4
Lending in Assessment Area.....	5
Lending to Borrowers of Different Incomes.....	5
Geographic Distribution of Loans.....	6
Responses to Complaints.....	6
Fair Lending or Other Credit Practices.....	6

INSTITUTION'S CRA RATING

This institution is rated Satisfactory.

The major factors that support this rating include:

- A majority of the loans are made within the assessment area.
- The performance is satisfactory for lending to borrowers of different incomes and farms of different sizes.
- The bank is adequately meeting the lending needs of its assessment area.
- The bank has not received any consumer complaints regarding Community Reinvestment Act (CRA) performance.

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

DESCRIPTION OF INSTITUTION

First National Bank (FNB) of Thomas is headquartered in Thomas, Oklahoma. The bank is entirely owned by First Thomas Bancorp, of Thomas, Oklahoma. The bank is affiliated by common ownership with Southwest National Bank, Weatherford, Oklahoma. FNB operates a single full service bank and drive-through in Thomas at 301 West Broadway. The bank offers an Automated Teller Machine (ATM) within Thomas, although not attached to the bank. It also provides access to Southwest National Bank's ATM at no extra charge. No branch locations have been opened or closed since the previous CRA examination. The bank's primary focus is to serve the agricultural community in and around Thomas. The bank is known for meeting the loan and deposit needs of the local community.

As of September 30, 2003, the bank reported \$33 million in total assets, of which about half is invested in various types of loans to small farms, businesses, and individuals. At year-end December 2003, the bank reported the loan totals reported on the graph below.

Loan Category	\$ (000)	%
Agricultural	5,587	37
Commercial Real Estate Loans	4,170	27
Consumer Loans	3,649	24
Residential Real Estate Loans	1,347	9
Commercial Loans	493	3
Total	\$15,246	100

The bank received an overall rating of "Satisfactory" at the previous Community Reinvestment Act Examination dated August 16, 1999. There are no legal or financial impediments to prevent the Bank from meeting the credit needs of the designated assessment area. The bank is highly dependent on loan customers in the wheat and cattle markets; however, management remains conservative in lending practices. The customer base is loyal, but deposits are slowly eroding as former customer's estates are settled and funds tend to leave the community. The bank's ownership is well respected and willing to be involved in the community's financial needs and support.

DESCRIPTION OF THE FNB THOMAS ASSESSMENT AREA

The bank's assessment area meets the requirements of the regulation and does not arbitrarily exclude low or moderate-income areas. The assessment area is described as the three contiguous Census Tract Block Number Areas in Custer and Dewey counties in Northwest Oklahoma. These are represented by #9591 & #9593 in Dewey county and #9610 in Custer county. FNB is in #9610 in Custer County.

The total population of the assessment area is just under 7,000 people and is predominantly white, (89 percent). The minority population consists primarily of American Indians (6 percent) and Hispanics (3 percent).

DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF AA	
Population	
Number of Families	1,961
Number of Households	2,762
Geographies	
Number of Census Tracts/BNA	3
% Low-Income Census Tracts/BNA	0
% Moderate-Income Census Tracts/BNA	0
% Middle-Income Census Tracts/BNA	3
% Upper-Income Census Tracts/BNA	0
Median Family Income (MFI)	
1990 MFI for AA	\$36,902
2000 HUD-Adjusted MFI	\$39,400
Economic Indicators	
Unemployment Rate	2%
2000 Median Housing Value	\$39,964
% of Households Below Poverty Level	15%

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 2,762 households, 15 percent are below the poverty level. The median housing value is \$39,964 with the median age of housing stock at 42 years.

The economy is reliant on the agricultural industry and public school system. The largest single employers are the public school district, WW Manufacturing, and the local nursing home.

A community contact was performed in the bank's assessment area to help ascertain the credit needs of the community. According to the contact, the immediate needs of the community are being met. The contact indicated that the community is very close-knit and the financial institutions are responsive to individual and business credit needs.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

This Performance Evaluation (PE) assesses FNB's performance focusing primarily on five performance criteria: the loan-to-deposit ratio; lending in the assessment area (AA); lending to borrowers of different incomes and to businesses/farms of different sizes; geographic distribution of loans; and, responses to complaints. Because FNB's assessment area does not include any low- or moderate-income census tracts, a geographic distribution of the bank's loans within the assessment area was not performed.

To evaluate the bank's lending performance, a random sample of 63 loans was reviewed. Major loan products offered by the bank were sampled and consisted of 23 consumer loans, 20 residential loans, and 20 business/farm loans, which originated between September 1, 2002 and September 30, 2003.

Based on the analysis and consistent with available resources and capabilities, the bank is meeting the credit needs of its assessment area in a satisfactory manner.

Loan-to-Deposit Ratio

The loan-to-deposit ratio is on low end of the satisfactory range. This determination is based on the bank's quarterly average loan to deposit ratio of 47 percent. The actual ratio at September 30, 2003 was 54 percent. The bank's loan-to-deposit ratio fluctuates due to the seasonal agricultural lending.

The average loan-to-deposit ratio for the 19 banks in the assessment area and contiguous counties at September 30, 2003 was 63 percent, with actual ratios ranging from 26 percent to 99 percent. The average loan-to-deposit ratio for the banks in the trade area (listed below) is 59 percent.

Institution	Assets (as of 09/30/03 (000s)	Average LTD Ratio
Bank of the West	\$91,772	69.97%
FNB & T of Weatherford	\$88,731	62.75%
Southwest National Bank	\$39,440	55.04%
<i>FNB Thomas</i>	<i>\$33,569</i>	<i>47.20%</i>

Factors affecting the lower than average loan to deposit ratio are consistent with the low loan demand from the agricultural industry. A dry weather environment and fluctuations in cattle prices are forcing most small farm operators out of the agricultural business.

The elderly represent 20 percent of the population, and 49 percent of the total population is dependent on social security or retirement income. Fifteen percent of the population earns below the poverty income level. A review of consumer loans noted that the bank does extend credit to low-and moderate-income level persons. Due to the short-term maturities of small consumer loans and the normally lower dollar amount, the impact is not accurately measured in the loan to deposit ratio.

Southwest National Bank is affiliated through common ownership and serves a larger population. First National Bank & Trust of Weatherford serves the same population as the bank's affiliate. Bank of the West is headquartered in Thomas; however, it has branches in Oklahoma City, Clinton and Leedey, Oklahoma.

Lending in Assessment Area

A majority of credit is extended within the assessment area. The number of credits extended and percentage meets the standard for satisfactory performance.

TOTAL LOANS REVIEWED								
	IN ASSESSMENT AREA				OUT OF ASSESSMENT AREA			
LOAN TYPE	#	% of #	\$ (000s)	% of \$	#	% of #	\$ (000s)	% of \$
Residential	19	95	616	92	1	5	58	8
Consumer	13	57	134	61	10	33	86	39
Business	17	85	864	54	3	15	727	46
TOTAL REVIEWED	49	78	\$1,621	65	14	22	\$871	35

The sample data and analysis by management corroborates this analysis. Management has been able to show that at least 75 percent of the loans have been made within the assessment area.

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

FNB exceeds the standard in meeting the performance for lending to borrowers of different incomes and businesses of different sizes. The following tables represent a favorable distribution of lending to all sectors of the community.

RESIDENTIAL AND CONSUMER LOANS								
BORROWER INCOME LEVEL	LOW		MODERATE		MIDDLE		UPPER	
% of AA Families	19%		18%		22%		41%	
LOANS BY PRODUCT	% of Number	% of Amount						
Residential	10	5	45	37	25	32	20	26
Consumer	27	17	41	49	23	21	9	13
Total	19%	8%	43%	39%	24%	30%	14%	23%

BORROWER DISTRIBUTION OF SMALL LOANS TO BUSINESSES		
Business Revenues	≤\$1,000,000	>\$1,000,000
% of AA Businesses	95%	5%
% of FNB Loans in AA #	85%	15%
% of FNB Loans in AA \$	54%	46%

Geographic Distribution of Loans

No analysis of geographic distribution of credit within the assessment area was performed, as the assessment area contains no low- or moderate-income Census Tracts.

Responses to Complaints

No CRA related complaints have been received since the previous August 19, 1999 examination.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

We found no evidence of illegal discrimination or other illegal credit practices during our review.