



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

February 3, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

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

**301 West Broadway
Thomas, Oklahoma 73669**

Comptroller of the Currency

**1600 Lincoln Plaza
500 North Akard
Dallas, Texas 75201-3394**

NOTE: 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.

GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the 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. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

*This document is an evaluation of the Community Reinvestment Act (CRA) performance of The First National Bank of Thomas, Thomas, Oklahoma as prepared by **The Comptroller of the Currency**, the institution's supervisory agency, as of December 31, 1996. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

INSTITUTION'S CRA RATING: This institution is rated Satisfactory.

The First National Bank of Thomas (FNB Thomas) does a satisfactory job of meeting the credit needs of the community which it serves. This is demonstrated by the level of direct lending to borrowers with different income levels, particularly to low-income individuals and or families within the assessment area, as well as lending to small businesses and small farms.

The following table indicates the performance level of The First National Bank of Thomas, Thomas, Oklahoma, with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>The First National Bank of Thomas</u> PERFORMANCE LEVELS		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does not meet Standards for Satisfactory Performance
Loan to Deposit Ratio		X	
Lending in Assessment Area	X		
Lending to Borrowers of Different Incomes and to businesses of Different sizes	X		
Geographic Distribution of Loans	Geographic distribution analysis is not meaningful as the assessment area contains no low-to-moderate census tracts.		
Response to Complaints	No complaints were received since the last CRA examination.		

DESCRIPTION OF INSTITUTION

FNB Thomas is a subsidiary of First Thomas Bancorp, a one bank holding company, and has sufficient resources to devote to meeting community credit needs. There are no known legal, financial, or other miscellaneous factors impeding management's ability to help meet the credit needs of the assessment area. FNB Thomas has one main bank office and drive-in facility located at 301 West Broadway, Thomas, Oklahoma. Hours for the bank lobby are 9:00 AM to 3:00 PM M-F. The drive-in facility is open from 8:00 AM to 4:00 PM M-F. FNB Thomas does not have any branch locations or automatic teller machines (ATMs). As of December 31, 1996, the bank had total assets of 40 million, gross loans of 14 million, and a loan-to-deposit ratio of 47 percent. A breakdown by type of loan is reflected in the table below.

Percentage of Loans by Type as of December 31, 1996	
Agricultural	50 percent
Real Estate	31 percent
Commercial/Industrial	10 percent
Instalment	9 percent

As depicted in the table above, FNB Thomas' primary lending focus is agricultural related loans and real estate loans for a variety of purposes. Participation in agricultural programs include the FmHA guarantee loan program and the Oklahoma Ag Link program. As of December 31, 1996, FNB has originated nine FmHA guaranteed loans totaling 791 thousand dollars. Sixteen Oklahoma Ag Link loans have been originated totaling 4.5 million dollars. Other loan products offered consist of a variable rate loan program which was started in November 1992. There are currently thirty one loans in the program totaling 630 thousand dollars. FNB Thomas also offers credit cards and debit cards with 296 and 76 accounts, respectively. No branch locations have been opened or closed since the previous CRA examination. FNB Thomas' performance under the CRA was previously evaluated as of February 14, 1994.

DESCRIPTION OF THE FNB THOMAS ASSESSMENT AREA:

FNB Thomas' assessment area consists of the four contiguous census tracts surrounding the Thomas community, which are located within the counties of Dewey and Custer. The assessment area does not arbitrarily exclude low or moderate income geographies. 1990 demographic information for all census tracts reflects a middle income population totaling 6,526 with a median family income of 24 thousand.

The local economy is primarily dependent on agriculture and is depressed due to extended drought conditions. Several businesses, a hospital, and a savings and loan have closed in the past six years. Efforts to attract new businesses to the area have not materialized although the hospital has since been converted to an elder care facility with one full-time physician. Principal employers in the trade territory are the Thomas-Fay-Custer Public School System, and the elder care facility.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Overall, the bank is satisfactory in meeting the credit needs of the entire assessment area, consistent with available resources and capabilities.

Loan-to-Deposit Ratio

FNB Thomas' loan-to-deposit ratio meets the standards for satisfactory performance. This determination is based on the average loan-to-deposit ratio for the previous twelve quarters. As of December 31, 1996, the twelve quarter average for FNB Thomas was 39.29 percent. For comparison purposes, the loan-to-deposit ratio was compared to the 38 banks in Custer county and the six contiguous counties. Based on available data, as of September 30, 1996, these 38 banks had loan-to-deposit ratios ranging from 21 percent to 86 percent with the average being 51 percent.

The loan-to-deposit ratio was adjusted by removing the amount of public funds on deposit with FNB Thomas. Public funds are required to be secured or collateralized under Oklahoma state law and are maintained at management's discretion. Removing the public funds from the analysis increases the loan-to-deposit ratio to 47 percent and compares with similarly-situated lenders in the assessment area under review.

Lending in Assessment Area

Examiners reviewed management's internal analysis of credit extensions made during the examination period. Based on this analysis, a substantial majority of FNB Thomas' lending was conducted within the designated assessment area. The review concluded that 664 loans totaling 14.3 million dollars or 83 percent were in the assessment area.

One community contact was conducted during the examination with a representative from a local business development organization. The representative stated that the overall economic conditions are stagnant. Primarily, local businesses are dependent on the depressed agricultural industry for revenues. Likewise, opportunities for lenders were limited by the slow economy. The representative is well aware of the need to attract new businesses to the area for economic growth and better employment opportunities. He was not aware of any discriminatory practices by the banks.

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

Distribution of loans to borrowers of different income levels, as well as to small businesses and farms is good. A sample of 29 loans made within the last six months was used to determine the number of loans made within the assessment area by income. This analysis revealed seventeen loans were made to low income individuals or families, seven loans were made to upper income individuals or families, three loans were made to moderate income individuals or families, and two loans were made to middle income individuals or families. The level of commercial and agricultural lending was also assessed. This review revealed that 100 percent of the commercial loans were made to either small businesses or small farms.

Geographic Distribution of Loans

No analysis of the geographic distribution of credit within the assessment area was performed as the assessment area contains no low-to-moderate census tracts.

No practices were noted which were intended to discourage types of credit offered. Management solicits credit applications from all segments of the community, including low- and moderate-income individuals and families. Our review revealed substantial compliance with all the provisions of the antidiscrimination laws and regulations. The board and management have developed adequate policies, procedures, and training programs to prevent discriminatory or other illegal credit practices.

Response to Complaints

No complaints concerning the CRA have been received since the last examination.