



Comptroller of the Currency
Administrator of National Banks

SMALL BANK

PUBLIC DISCLOSURE

August 16, 1999

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

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

**301 West Broadway
Thomas, Oklahoma 73669**

**Comptroller of the Currency
Oklahoma City Field Office
301 NW 63rd Street, Suite 490
Oklahoma City, Oklahoma 73116**

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**, (FNB), as prepared by **The Comptroller of the Currency**, the institution's supervisory agency, as of **August 16, 1999**. 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**. Consistent with its resources and capabilities, the bank is meeting the credit needs of its assessment area, including those of low- and moderate-income individuals, in a reasonable manner. This is demonstrated by the following:

- C FNB's willingness to provide a wide variety of loan and deposit products.
- C An average loan to deposit ratio which meets the standards for satisfactory performance.
- C A majority of the loans extended are within the assessment area.
- C FNB has demonstrated the willingness to extend loans to individuals and businesses of different income levels.

DESCRIPTION OF INSTITUTION

FNB is headquartered in Thomas, Oklahoma. It is 100 percent owned by First Thomas Bancorp of Thomas, Oklahoma, a \$6,610,000 one-bank holding company. FNB has a 20 percent ownership in First Ag Financial, Inc., which funds agriculture related loans that are originated and serviced by the bank. FNB is affiliated by common ownership with Southwest National Bank, Weatherford, Oklahoma. The bank and drive-in facility are located at 301 West Broadway, Thomas, Oklahoma. The bank does not have an Automated Teller Machine (ATM), but customers have access to Southwest National Bank's ATM at no charge. No branch locations have been opened or closed since the previous CRA examination. The bank's primary focus is to serve agricultural customers in Thomas and immediate areas surrounding Thomas. The bank meets these needs by providing various loan and deposit products, as well as other financial services.

As of June 30, 1999, FNB's total assets equaled \$39,496,000, of which \$14,074,000 or 35.63 percent, were composed of various types of loans to individuals and businesses. The \$14,074,000 in loans and leases outstanding consisted of \$5,751,000 in agricultural loans (40.86 percent), \$4,586,000 in real estate loans (32.59 percent), \$2,013,000 in consumer loans (14.30 percent), \$1,285,000 in commercial loans (9.13 percent), and \$439,000 in miscellaneous loans (3.12 percent).

There are no known legal, financial, or other factors impeding management's ability to help meet the credit needs of the assessment area. The bank participates in meeting the local needs by providing banking related materials and handouts to area schools and conducting presentations on banking at the schools. Seminars are periodically held for various senior citizen groups to answer banking related questions and to educate them about potential scams and fraud against the elderly. The bank has a major role in the local Future Farmers Association (FFA) and 4-H agricultural youth programs. A community contact was conducted in the bank's area with a local business person. The community contact indicated the major credit needs in the assessment area are middle income housing and small business loans. Management also recognizes the credit needs of the community to be middle income housing. FNB's performance under the CRA was previously reviewed as of February 3, 1997 and rated **Satisfactory**.

DESCRIPTION OF THE ASSESSMENT AREA

The assessment area adopted by FNB's Board of Directors meets the requirements of the regulation. It does not arbitrarily exclude any low- or moderate-income geographies. The assessment area is described in more detail below.

The First National Bank of Thomas Assessment Area

The assessment area encompasses four contiguous Block Number Areas (BNAs) in portions of Custer and Dewey Counties in northwest Oklahoma. These are BNA #9601 and #9602 in Custer County and BNA #9591 and #9593 in Dewey County. Dewey and Custer Counties are non-MSA counties. FNB is located in BNA #9601 in Custer County.

Based on the 1990 census data, the United States Census Bureau identifies all four of the BNAs as middle income. There are no low- or moderate-income BNAs in the assessment area.

United States Census Bureau information as of 1990 reflected a total population of 6,526 in the assessment area. The area contained 3,270 housing units with 2,109 or 64.50 percent owner occupied. The median housing value in the assessment area is \$29,924. Additionally, there were 1,896 families and 2,609 households in the area. Sixty-nine percent of the households derive their income from wages or salaries and 38 percent from social security. The largest employers are Thomas-Fay-Custer Public School System and an elder care facility. The unemployment level as of June 1999 for Dewey County was 3.9 percent and 2.8 percent for Custer County. Per the 1990 census, the families are divided among the income categories as follows:

Description	% Low Income (<50% of Median)*	% Moderate Income (50-80% of Median)*	% Middle Income (80-120% of Median)*	% Upper Income (>120% of Median)*
% of Families (1896 in total)	16.98%	17.35%	25.16%	40.51%

* 1990 census median family income for the assessment area was \$24,139. 1998 updated median family income for non-MSA locations in the State of Oklahoma was \$31,100.

The assessment area is served by three other chartered banks with headquarters in the assessment area. There are no additional branch locations of other financial institutions in the assessment area.

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

The loan to deposit ratio is reasonable and meets the standard for satisfactory performance given the institution's size, financial condition, and assessment area credit needs. The average quarterly loan to deposit ratio from March 31, 1997 through June 30, 1999 was 40.67 percent, which excludes loans originated and serviced by First Ag Financial, Inc. The ratio as of June 30, 1999 was 39.51 percent. The low ratio for the period was 35.34 percent at September 30, 1997. The high ratio for the period was 43.41 percent at December 31, 1997. The trend of the quarterly loan to deposit ratio has slightly increased since the February 1997 review. The average loan to deposit ratio last examination was 39.29 percent.

FNB's ratio is lower than the average loan to deposit ratio for the twenty-two banks operating in the bank's assessment area and the four contiguous counties surrounding Dewey and Custer counties. The average ratio for this group of banks was 47.35 percent at June 30, 1999. The low ratio in this group was 22.70 percent and the high ratio was 78.01 percent.

FNB's ratio is also low compared to the average loan to deposit ratio for the four banks headquartered in the assessment area. The average for this group of banks was 51.66 percent at June 30, 1999. The low ratio in this group was 35.39 percent and the high ratio was 73.06 percent.

FNB generates additional agricultural loans for First Ag Financial, Inc. that are not reflected in the loan to deposit ratio. Since the last evaluation in February 1997 and through June 1999, the bank has originated twenty-four agricultural loans for a total of \$2,286,440. The addition of these loans would improve the bank's loan to deposit ratio.

Additional factors affecting the loan to deposit ratio include the low loan demand in the small communities in the assessment area and the declining income of farmers due to the poor agriculture economy. FNB also generates a large volume of low dollar consumer loans. Fifty-six percent of the 323 consumer loans on the books as of August 31, 1999 are less than \$5,000, with an average origination size of \$2,188.

Lending in Assessment Area

A majority of credit extended is within the assessment area and meets the standard for satisfactory performance. Analysis of a sample of twenty residential real estate loans extended from October 1, 1997 to July 31, 1999, twenty agricultural loans extended in 1999, and thirty-two consumer loans extended from June 1, 1998 to July 31, 1999, noted the following results:

Loan Sample	% of Loans Inside Area	% of Loans Outside Area	% of Loan Dollars Inside Area	% of Loan Dollars Outside Area
Residential Real Estate (20 loans for \$520,230)	85.00%	15.00%	87.52%	12.48%
Agricultural (20 loans for \$932,107)	85.00%	15.00%	81.33%	18.67%
Consumer (32 loans for \$63,426)	75.00%	25.00%	79.02%	20.98%
Combined Totals (72 loans for \$1,515,763)	80.56%	19.44%	83.35%	16.65%

The sample data corroborates the internal zip code analysis performed by management to justify the assessment area. This information indicates that 79.1 percent of the dollar volume of loans are within the bank's assessment area.

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

The distribution of borrowers reflects a reasonable penetration among individuals as well as businesses of different income levels. This is indicative of performance that meets the standard for satisfactory performance. The following table uses income data collected from the sample of consumer loans extended from June 1, 1998 to July 31, 1999. (Note, twenty of the thirty-two consumer loans reviewed contained income information).

Description	% to Low Income Borrowers	% to Moderate Income Borrowers	% to Middle Income Borrowers	% to Upper Income Borrowers
Consumer Loans by # (20)	45.00%	35.00%	15.00%	5.00%
Consumer Loans by \$ (\$44,328)	53.40%	32.75%	11.15%	2.70%

The following table uses income data collected from the sample of residential real estate loans extended from October 1, 1997 to July 31, 1999.

Description	% to Low Income Borrowers	% to Moderate Income Borrowers	% to Middle Income Borrowers	% to Upper Income Borrowers
Residential Real Estate Loans by # (20)	10.00%	20.00%	35.00%	35.00%
Residential Real Estate Loans by \$ (\$520,230)	7.56%	10.72%	33.00%	48.72%

The number of loans to each income group compares well to the distribution of families by income level, as illustrated on page three of this evaluation.

Additionally, the sample of twenty agricultural loans originated in 1999 revealed that 100 percent were extended to entities with annual gross revenues of less than \$1 million per year.

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- or moderate-income census tracts.

Responses to Complaints

No complaints concerning the Community Reinvestment Act have been received since the February 3, 1997 examination.

Fair Lending Matters

The fair lending review compared rates and terms of thirty unsecured consumer loans originated between June 1, 1998 and July 31, 1999. Seventeen individual male applicants were compared to thirteen individual female applicants. No practices were noted which are intended to discourage applicants from applying for the types of credit offered. Management solicits credit applications from all segments of its community, including low- and moderate-income neighborhoods. Our review revealed substantial compliance with all 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.