



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

March 17, 2003

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Liberty National Bank
Charter Number 23516**

**4005 West Gore Boulevard
Lawton, Oklahoma 73505**

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

TABLE OF CONTENTS

INSTITUTION’S CRA RATING.....2
DESCRIPTION OF INSTITUTION.....3
DESCRIPTION OF ASSESSMENT AREA.....4
CONCLUSION ABOUT PERFORMANCE CRITERIA.....6

INSTITUTION'S CRA RATING

This institution is rated Satisfactory.

The major factors that support this rating include:

- A substantial majority of the bank's loans are made within the Assessment Area (AA).
- The bank's loan-to-deposit ratio exceeds the standards for satisfactory performance.
- The bank meets the standard for satisfactory performance for lending to borrowers of different incomes and businesses of different sizes.
- The bank meets the standard for satisfactory performance for the distribution of loans in the various income tract levels.
- The bank has not received any consumer complaints regarding Community Reinvestment Act (CRA) performance.

Liberty National Bank is committed to serving the community. This is demonstrated by satisfactory lending performance as described in this Public Disclosure.

DESCRIPTION OF INSTITUTION

Liberty National Bank (LNB), is headquartered in Lawton, Oklahoma. It is a subsidiary of B.O.E. Bancshares, Incorporated, a small one bank holding company, which is also headquartered in Lawton, Oklahoma.

The main bank and drive-through facility are located at 4005 W. Gore, Lawton, Oklahoma. Full-service branches with drive-through facilities are located at 629 S.W. "C" Avenue, Lawton, Oklahoma, 701 8th Street, Elgin, Oklahoma, and 102 East "H" Avenue, Cache, Oklahoma. Automated Teller Machines (ATMs) are located at 4900 N.W. Cache Road, Lawton, Oklahoma, and at the 3 branches. Since the last evaluation, the bank has added the Lawton and Cache branches and the ATMs, as well as an ATM on Cache Road. LNB's primary focus is to serve commercial, consumer and agricultural customers in its AA. LNB meets these needs by providing various types of loan and deposit products and services.

As of December 31, 2002, LNB's total assets equaled \$94 million, of which \$65.6 million, or 70 percent, were composed 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)	%
Commercial Real Estate Loans	19,327	29.44
Residential Real Estate Loans	14,713	22.41
Agricultural Loans	11,266	17.16
Consumer Loans	10,699	16.30
Commercial Loans	9,641	14.69
Total	65,646	100.00

There are no legal or financial impediments to prevent the bank from meeting the credit needs of the AA. The bank received an overall rating of Satisfactory at the last CRA examination dated June 11, 1998.

DESCRIPTION OF LNB'S ASSESSMENT AREA

The assessment area adopted by LNB 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.

DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF AA	
<i>Population</i>	
Number of Families	69,665
Number of Households	91,899
<i>Geographies</i>	
Number of Census Tracts/BNA	73
% Low-Income Census Tracts/BNA	4.11%
% Moderate-Income Census Tracts/BNA	28.77%
% Middle-Income Census Tracts/BNA	52.05%
% Upper-Income Census Tracts/BNA	15.07%
<i>Median Family Income (MFI)</i>	
1990 MFI for AA	25,214
2002 HUD-Adjusted MFI	36,337
<i>Economic Indicators</i>	
Unemployment Rate	3.80%
1990 Median Housing Value	41,748
% of Households Below Poverty Level	19.16%

The AA is defined as Comanche, Caddo, Cotton, Grady, Kiowa, Stephens, and Tillman Counties. The AA encompasses seventy-three contiguous census tracts/block numbering areas in southwestern Oklahoma. Of these, 3 tracts are considered low income, 21 tracts are considered moderate income, 38 tracts are considered middle income and 11 tracts are considered upper income tracts. The main bank and 3 branches are located in Comanche County. The main bank is in an upper income census tract, the branches in Elgin and Cache are in middle-income tracts and the branch downtown is located in a moderate-income tract.

Based on the 1990 census data, the total population of the assessment area is 253,464. Of the 107,744 total housing units, 63,159 or 59 percent are owner occupied. Households below the poverty level total 17,612 or 19 percent and households that receive public assistance total 7,262 or 8 percent of the total number of households.

The local economy is good. The economy of Lawton is dependent on consumer goods and service businesses and the military. However, over the past 10 years Lawton has become less dependent on Fort Sill and the oil and gas and agriculture industries. The major employers in the AA consist of Lawton Public Schools, Goodyear Tire & Rubber Company, Halliburton Energy Services, Fort Sill civilian labor force and Comanche County Memorial Hospital. The current economic concern in the area is the budget shortfall in the school system and the loss of 137 teaching jobs that was recently announced.

Local banking competition includes several other national and state chartered banks and branches of other banks and financial intuitions.

A community contact was conducted during this review to help ascertain the credit needs of the assessment area. The contact reported that the economy is dynamic and doing well. There continues to be new industries and businesses coming to the Lawton area. The immediate credit needs of the community are being fulfilled, according to the contact. The bank is considered to be involved in the various community development activities and projects in the area.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

The Performance Evaluation (PE) assesses the bank'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/farms of different sizes, geographic distribution of loans, and responses to complaints.

In evaluating the bank's lending performance, home purchase, home improvement, and refinance loans extended in 2002 as recorded on LNB's Home Mortgage Disclosure Application – Loan Application Register (HMDA-LAR) were assessed (87 loans). We also randomly sampled 20 consumer loans, and 20 loans to businesses/farms.

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 bank's lending activity within their AA is excellent and exceeds the standard for satisfactory performance. The bank is active in extending HMDA loans and residential construction loans. Loan growth has been significant in the past few years, with 2002 growth at 21 percent.

Further evidence of the bank's lending activity is the bank's quarterly average loan-to-deposit ratio from June 30, 1998 through December 31, 2002 of 82.36 percent. The low ratio for the period was 76.05 percent at September 30, 2001. The high ratio for the period was 92.31 percent at December 31, 2000. The average loan-to-deposit ratio for the 23 banks operating in Comanche County and the 6 surrounding counties at December 31, 2002 was 63.82 percent. The ratios of the group ranged from 22.02 percent to 101.07 percent. As the table below illustrates, the bank's ratio is high compared to similarly situated banks in the area.

Institution	Assets as of 12/31/02 (000)	Average LTD Ratio
Anadarko Bank and Trust, Anadarko	53,101	57.10
Bank of the Wichitas, Snyder	49,770	59.01
City National Bank & Trust Company of Lawton	167,192	62.70
Chickasha Bank & Trust, Chickasha	104,521	84.88
<i>Liberty National Bank, Lawton</i>	<i>94,015</i>	<i>82.36</i>

Lending in Assessment Area

LNB's lending in their AA exceeds the standard for satisfactory performance. This conclusion is based on an analysis of 87 HMDA loans and the sample of consumer and business/farm loans, as depicted in the following table:

TOTAL LOANS REVIEWED								
LOAN TYPE	IN ASSESSMENT AREA				OUT OF ASSESSMENT AREA			
	#	%	\$ (000s)	%	#	%	\$ (000s)	%
Consumer	18	90.00	125	88.85	2	10.00	16	11.15
Business & Agricultural	20	100.00	1,130	100.00	0	0	0	0
Home Purchase	48	96.00	1,500	86.96	2	4.00	225	13.04
Home Improvement	24	100.00	617	100.00	0	0	0	0
Home Refinance	13	100.00	734	100.00	0	0	0	0
Total Reviewed	123	96.85	4,106	94.46	4	3.15	241	5.54

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

LNB meets the standard for satisfactory performance for lending to borrowers of different incomes and businesses of different sizes.

The following tables represent a reasonable distribution of lending based on the 85 HMDA loans and the random sample of 18 consumer loans and 20 business and agricultural loans extended within the AA.

RESIDENTIAL REAL ESTATE								
Borrower Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Families	20.7		17.3		21.4		40.6	
	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
Home Purchase*	2.08	3.13	16.67	12.67	18.75	13.73	60.42	68.47
Home Improvement	12.50	1.62	29.17	21.39	12.50	20.75	45.83	56.24
Home Refinance	0	0	23.08	9.67	30.77	23.98	46.15	66.35
Total	4.71	2.00	21.18	13.79	18.82	17.89	54.12	65.28

*One home loan application did not disclose income information

The number and amount of real estate loans extended to low- and moderate-income families compares reasonably to the percentages of those families represented in the AA. The low number and amount of low-income borrowers in which the bank has extended residential loans, can be attributed to the fact that lower income individuals have less resources to enable them to purchase residential real estate. Additionally, the low level of lending to low- and moderate-income families can also be attributed to the significant number of military personnel who rotate through Fort Sill. These personnel are less likely to purchase a residence due to the typically short-term of their stay in the Lawton area.

CONSUMER								
Borrower Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Households	24.10		15.70		18.20		41.90	
Sample Loans	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
	27.78	29.80	27.78	24.18	22.22	16.65	22.22	29.37

The number and amount of consumer loans extended to low- and moderate-income households compares favorably to the percentages of those households represented in the AA.

BORROWER DISTRIBUTION OF SMALL LOANS TO BUSINESSES		
Business Revenues	≤\$1,000,000	>\$1,000,000
% of AA Businesses*	81.22	4.28
% of Bank Loans in AA #	100.00	0
% of Bank Loans in AA \$	100.00	0

*14.50 percent of Businesses did not report revenues.

The level of business/agricultural loans revealed that a majority of loans were extended to small businesses with annual gross revenues of less than \$1 million per year.

Geographic Distribution of Loans

The distribution of loans meets the standard for satisfactory performance. The dollar volume and number of loans extended in the various income tracts is representative of the percentage of the population that those tracts represent. This conclusion is also based on the analysis of the HMDA loans and consumer loans, as depicted in the following tables:

RESIDENTIAL REAL ESTATE								
Census Tract Income Level	LOW		MODERATE		MIDDLE		UPPER	
%of AA Owner Occupied	1.70		14.70		61.10		22.60	
	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
Home Purchase	0	0	20.84	19.07	77.08	78.87	2.08	2.06
Home Improvement	0	0	4.17	5.67	87.50	93.84	8.33	.49
Home Refinance	0	0	0	0	92.31	94.69	7.69	5.31
Totals	0	0	12.94	11.26	82.35	86.18	4.71	2.56

CONSUMER								
Census Tract Income Level	LOW		MODERATE		MIDDLE		UPPER	
%of AA Households	2.10		17.60		59.50		20.80	
Sample Loans	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
Totals	0	0	5.56	4.00	88.89	90.40	5.55	5.60

The lack of loans in the low-income tracts can be explained by the fact that only 3 of the 73 census tracts in the AA are considered low-income tracts. Additionally, two of the three low income tracts in the AA are not located in Commanche County, but in counties in the AA which border Commanche County. The above table also reflects that only 1.70 percent of the residences in the low-income tracts are owner occupied and that only 2.10 percent of the households are in the low-income tracts.

Responses to Complaints

There have been no consumer complaints regarding the bank's CRA performance during the evaluation period.

Fair Lending Review

An analysis of 1999-2002 public comments and consumer complaint information was performed according to the OCC's risk based fair lending approach. The bank has a good history of complying with anti-discrimination laws. Based on analysis of the information, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation this year.