



**SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks  
Washington, DC 20219

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## **PUBLIC DISCLOSURE**

**August 22, 2007**

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**Liberty National Bank  
Charter Number 23516**

**629 S. W. "C" Avenue  
Lawton, OK 73501**

**Kyle M. Jones  
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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.**

## **INSTITUTION'S CRA RATING:**

**This institution is rated Outstanding.**

The major factors that support this rating include:

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

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

## DESCRIPTION OF LIBERTY NATIONAL BANK

Liberty National Bank (LNB) is a community bank 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 a drive-thru facility are located at 629 S.W. "C" Avenue, Lawton, Oklahoma. Full-service branches and drive-thru facilities are located at 4005 W. Gore, Lawton, Oklahoma, 8232 State Highway 17, Elgin, Oklahoma, 102 East "H" Avenue, Cache, Oklahoma, 2601 N.W. Cache Road, Lawton, Oklahoma, and 23975 State Highway 49, Lawton, Oklahoma. Automated Teller Machines (ATMs) are located at the main bank, the five branches, and in Fletcher, Oklahoma at 102 State Highway 277. Since the previous Community Reinvestment Act (CRA) examination, several changes have taken place. The main bank location was changed from Gore Street to "C" Avenue. In September 2004, the branches on Cache Road and on Highway 49 were opened. A stand-alone ATM located on Cache Road was closed, but four new ATMs have been added. They are located at the two new branches, the Gore Street branch and in Fletcher, Oklahoma at a stand-alone location. No other locations have been opened or closed since the previous CRA examination.

The bank's primary focus is to serve consumer, agricultural and commercial customers in Comanche, Caddo, Cotton, Grady, Kiowa, Stephens, and Tillman Counties. The bank meets these needs by providing traditional loan and deposit products. The bank also provides various government guaranteed loan products. The bank opened a Mortgage Loan Department at the main bank location since the last evaluation. The bank also offers 24 hour account access by telephone and since the last review Internet Banking with Bill Payment Services was added.

As of June 30, 2007, the bank's total assets equaled \$182.6 million, of which \$149 million, or 82 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:

<b>Loan Category</b>	<b>\$ (000)</b>	<b>%</b>
Commercial Loans	61,593	41%
Residential Real Estate Loans	47,806	32%
Agricultural Loans	19,895	14%
Consumer Loans	19,714	13%
<b>Total</b>	<b>149,008</b>	<b>100%</b>

There are no known legal or financial impediments to prevent the bank from meeting the credit needs within the assessment area. LNB 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 March 17, 2003.

## 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.

LNB’s assessment area is identified as all of Comanche, Caddo, Cotton, Grady, Kiowa, Stephens, and Tillman Counties. The assessment area includes the Lawton, OK Metropolitan Statistical Area.

The assessment area includes 68 contiguous census tracts in southwest Oklahoma. Of these, 3 tracts are considered low-income, 17 tracts are considered moderate-income, 40 tracts are considered middle-income and 8 tracts are considered upper-income tracts. The main bank and the 5 branches are all located in Comanche County. The main bank is in a low-income census tract and all of the branches are in middle-income tracts. The following table describes the 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	69,756
Number of Households	96,101
<i>Geographies</i>	
Number of Census Tracts/BNA	68
% Low-Income Census Tracts/BNA	4.41%
% Moderate-Income Census Tracts/BNA	25.00%
% Middle-Income Census Tracts/BNA	58.82%
% Upper-Income Census Tracts/BNA	11.77%
<i>Median Family Income (MFI)</i>	
2000 MFI for AA	37,929
2006 HUD-Adjusted MFI	46,304
<i>Economic Indicators</i>	
2000 Median Housing Value	58,368
% of Households Below Poverty Level	16.40%

The total population of the assessment area is 259,972 persons. Although there are only three low-income census tracts in the assessment area, there are low- and moderate-income families in the assessment area. Of the 69,756 families, 21 percent are low-income families and 19 percent are moderate-income families. Of the 96,101 households, 16 percent are below the poverty level. The median housing value is \$58,368, with the median age of housing stock at 40 years.

Local economic conditions are good. The economy of Lawton is dependent on consumer goods and service businesses and the military. However, over the past 10 -15 years Lawton has become less dependent on Fort Sill and the oil and gas and agriculture industries. The housing market has been expanding and overflowing into the towns surrounding Lawton. The major employers in the area consist of Lawton Public Schools, Goodyear Tire & Rubber Company, Halliburton Energy Services and the Fort Sill civilian labor force.

LNB faces strong competition from several other national and state chartered banks and branches of other banks and financial institutions.

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 residential real estate loans and consumer loans due to the increasing population. LNB is involved in community development activities and programs in the area.

## CONCLUSIONS ABOUT PERFORMANCE CRITERIA

This Performance Evaluation assesses LNB'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 LNB's lending performance, a sample of 48 loans was reviewed. Major loan products offered by the bank were randomly sampled and consisted of 25 commercial loans and 23 residential real estate loans that originated from January 1, 2005 thru July 31, 2007. Based on the analysis and consistent with available resources and capabilities, LNB is meeting the credit needs of the assessment area in an outstanding manner.

### *Loan-to-Deposit Ratio (LTD)*

LNB's loan-to-deposit (LTD) ratio exceeds the standard for satisfactory performance. The average quarterly LTD ratio from January 1, 2003 through June 30, 2007 is 93 percent. The average quarterly LTD ratio of the twenty-two banks chartered in Comanche, Caddo, Cotton, Grady, Kiowa, Stephens, and Tillman Counties in Oklahoma is 69 percent and range from a low of 26 percent to a high of 112 percent. The quarterly average LTD ratios for the three similarly situated banks in the area are listed in the table below.

Institution	Assets as of 6/30/2007 \$ (000)	Average LTD Ratio
Chickasha Bank & Trust Company	164,946	94%
<b>Liberty National Bank, Lawton, Ok</b>	<b>182,608</b>	<b>93%</b>
Bank of Commerce, Duncan, Ok	90,691	88%
City National Bank and Trust Company of Lawton, Ok	221,774	81%

### ***Lending in Assessment Area***

LNB's lending in their assessment area exceeds the standard for satisfactory performance. A substantial majority of the number and dollar volume of loans sampled originated in the bank's assessment area. This conclusion is based on the samples of 23 residential real estate loans and 25 business loans that originated in 2005, 2006 and as of July 31, 2007, as depicted in following table.

<b>Total Loans Reviewed</b>										
<b>Loan Type</b>	<b>Number of Loans</b>					<b>Dollars of Loans</b>				
	<b>Inside</b>		<b>Outside</b>		<b>Total</b>	<b>Inside</b>		<b>Outside</b>		<b>Total (000s)</b>
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>		<b>\$(000s)</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>	
Residential Real Estate	22	96%	1	4%	23	1,499	97%	45	3%	1,544
Business	24	96%	1	4%	25	1,467	97%	40	3%	1,507
Totals	46	96%	2	4%	48	2,965	97%	85	3%	3,051

Source: Sample of 48 loans used to determine CRA performance.

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

LNB exceeds 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 24 business loans and 22 residential real estate loans extended within the assessment area.

<b>Borrower Distribution of Loans to Businesses</b>				
<b>Business Revenues (or Sales)</b>	<b>≤\$1,000,000</b>	<b>&gt;\$1,000,000</b>	<b>Unavailable/ Unknown</b>	<b>Total</b>
% of AA Businesses	48%	3%	49%	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 loan sample.

LNB's loan distribution to businesses exceeds the standard. The sample of business loans revealed that all of the loans were extended to small businesses with annual gross revenues of less than \$1 million per year. The table also reflects that a large percentage of the businesses in the assessment area did not report revenues or revenues were unavailable or unknown.

<b>Borrower Distribution of Residential Real Estate Loans</b>								
<b>Borrower Income Level</b>	<i>Low</i>		<i>Moderate</i>		<i>Middle</i>		<i>Upper</i>	
	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Residential Real Estate Loans	21%	24%	19%	28%	22%	5%	38%	43%

Source: U.S. Census data and residential real estate loan sample. Income information was not available on 1 loan.

LNB's distribution of residential real estate loans to borrowers of different income levels is excellent. The number of real estate loans extended to low- and moderate-income borrowers exceeds the percentage of low- and moderate-income families represented in the assessment area.

### ***Geographic Distribution of Loans***

The distribution of business loans and residential real estate loans to geographies of different income levels meets the standard for satisfactory performance. The following tables represent the distribution of lending based on the sample of 24 business loans and 22 residential real estate loans extended within the assessment area.

<b>Geographic Distribution of Loans to Businesses</b>								
<b>Census Tract Income Level</b>	<i>Low</i>		<i>Moderate</i>		<i>Middle</i>		<i>Upper</i>	
	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Commercial Loans	4%	0%	24%	17%	63%	62%	9%	21%

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

The number of business loans extended in the moderate-income census tracts compares reasonably to the businesses in those tracts. The lack of loans in the low-income tracts can be attributed to a couple of factors. There are only 3 low-income census tracts in the 7 county assessment area. Two of the low-income tracts are smaller tracts located in downtown Lawton. The other low income census tract is several miles away from any of the branches and in the town of Chickasha. All three of these areas are served by multiple financial institutions.



<b>Geographic Distribution of Residential Real Estate Loans</b>								
<b>Census Tract Income Level</b>	<b><i>Low</i></b>		<b><i>Moderate</i></b>		<b><i>Middle</i></b>		<b><i>Upper</i></b>	
	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Residential Real Estate Loans	1%	4%	20%	14%	66%	64%	13%	18%

Source: U.S. Census data and residential real estate sample.

The number of real estate loans extended to the low- and moderate-income census tracts compares reasonably to the families in those tracts.

### ***Responses to Complaints***

LNB 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.