



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

January 15, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Liberty National Bank
Charter Number 23147**

**201 Liberty Road
Granbury, Texas 76049**

**Comptroller of the Currency
1600 Lincoln Plaza
500 North Akard Street
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 **Liberty National Bank, Granbury, Texas** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of January 15, 1998. 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 lending performance of Liberty National Bank reflects satisfactory responsiveness to its community's credit needs. The loan to deposit ratio exceeds the ratios of area banks of similar or larger size in Hood County. In addition, a majority of the bank's lending is within the Hood County assessment area. Finally, the lending pattern shows a reasonable penetration among borrowers of all income levels.

The following table indicates the performance level of **Liberty National Bank** with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	Liberty National Bank 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		X	
Response to Complaints	No complaints have been received by the bank.		

DESCRIPTION OF INSTITUTION

Liberty National Bank (LNB) is located in the city of Granbury, Hood County, Texas. LNB is a newly chartered bank and opened for business in April 1997. The bank is independent and locally owned.

Total assets are approximately \$18 million as of November 30, 1997. Loans outstanding totaled \$12 million with a loan to deposit ratio of 84 percent. The bank offers a standard variety of loan products and will emphasize 1-4 family mortgages upon relocating into a permanent banking facility. Management actively markets loan and deposit products to all consumers and small commercial businesses. The loan portfolio is segregated as follows:

Commercial Real Estate	35%
Consumer	24%
Commercial	20%
1-4 family mortgages	12%
Interim Construction	9%

The bank offers a variety of deposit products including regular checking, savings, NOW, money market, certificates of deposit, and IRA.

LNB's financial condition does not inhibit its ability to meet credit needs in its assessment area. Additionally, there are no legal impediments that would inhibit its ability to meet community credit needs. Community contacts did not identify any unmet credit needs.

This is the first CRA performance evaluation for this newly chartered bank.

DESCRIPTION OF ASSESSMENT AREA

The Board has designated Hood County as the bank's assessment area. Hood County is part of the Fort Worth-Arlington, Texas, Metropolitan Statistical Area (MSA), and consists of five whole and contiguous census tracts. This designation meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income areas.

According to 1990 census data, four of the census tracts in Hood County are middle-income, while the fifth is a moderate-income. There are no low-income census tracts. The population of the county is 28,981 and the median family income is \$36,562.

According to the same data, low-income families comprise 23 percent of the population, moderate-income families comprise 18 percent, middle-income families comprise 20 percent, and upper-income families comprise the remaining 39 percent.

Granbury includes a large population of retired individuals and serves as a bedroom community to Fort Worth. Deposits in the area are quite substantial and competition for limited loan demand is very strong. The local economy is strong and growing, as is the population. The economic base is primarily service and recreational oriented because of Lake Granbury.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

LNB's lending performance is satisfactory. The bank offers many types of loan products to consumers and small businesses. LNB makes loans throughout the assessment area to individuals and businesses with differing income levels. We found no evidence of discriminatory practices or violations of anti-discrimination laws or regulations.

Loan to Deposit Ratio

The loan to deposit ratio gauges the bank's volume of lending in comparison to other institutions of similar size, capacity, and location in the assessment area. LNB's lending performance is good and reflects management's commitment to extend credit in the assessment area. As of November 30, 1997, the loan to deposit ratio (LTD) is 84 percent. This ratio compares well to other banks in the assessment area that had LTD ranging from 34 to 65 percent.

Lending in Assessment Area

A majority of LNB's loans are made within the Hood County assessment area. As of November 30, 1997, 79 percent of the loan volume and 66 percent of the number of loans are within the assessment area.

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

The bank has been active in providing credit to small businesses. LNB's loan distribution reflects a satisfactory penetration among borrowers of different income levels and to businesses of different sizes. Approximately 38 percent of the consumer loans were made to low- or moderate-income individuals. Approximately 80 percent of commercial loans to businesses with revenues under \$1 million.

Geographic Distribution of Loans

The bank's assessment area contains no low-income census tracts but does contain one moderate-income census tract. LNB's loan distribution reflects a satisfactory penetration among borrowers of different income levels and throughout all census tracts. Approximately 18 percent of all loans made within the assessment area were in the moderate-income census tract.

Response to Complaints

LNB has received no complaints concerning its performance in meeting their assessment area's credit needs.