



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

March 23, 2009

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Fort Sill National Bank
Charter Number 14546

1647 Randolph Road
Fort Sill, OK 73503-0000

Office of the Comptroller of the Currency

OKLAHOMA CITY
301 NW 63rd Street Harvey Parkway Building, Suite 490
Oklahoma City, OK 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.

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

The major factors supporting the institution's rating include the following;

- The bank's loan-to-deposit ratio is reasonable in light of performance context issues and meets the standard for satisfactory performance,
- The bank's distribution of vehicle and unsecured consumer loans reflects excellent penetration to individuals of different income levels and exceeds the standard for satisfactory performance,
- Since the bank predominantly serves military personnel, the bank's AA is the active and retired military personnel they serve. This AA has no defined geographic boundaries and, as a result, a geographic distribution analysis is not applicable. An analysis of lending inside versus outside of the bank's AA is also not applicable.

SCOPE OF EXAMINATION

FSNB was evaluated using "Small Bank" CRA procedures. The CRA defines a "Small Bank" as one that had total assets of less than \$277 million for both of the prior two calendar years. This evaluation reflects the bank's CRA performance since the previous evaluation dated February 23, 2004.

The bank's customer base consists predominately of U.S. military personnel located throughout the world. As a result, the bank's CRA performance was based on lending to their military customer base. Lending performance was based on all consumer vehicle and unsecured loans originated in 2007 and 2008 to military customers. These are major loan products for the bank. The bank does not market commercial loans or residential real estate loans. The bank is primarily a retail lender with a significant majority of the bank's loan portfolio being consumer related.

DESCRIPTION OF INSTITUTION

Fort Sill National Bank (FSNB) is a \$295 million dollar bank headquartered on the Fort Sill Army Post, located in Lawton, Oklahoma. FSNB is a subsidiary of J.R. Montgomery Bancorporation (JRMB). JRMB is a two-bank holding company, also headquartered in Lawton, Oklahoma. FSNB's affiliate bank is City National Bank, located in Lawton, Oklahoma, with total assets of \$279 million at December 31, 2008.

FSNB operates a main office, in addition to 54 full-service branches located throughout the United States, both on and off military installations. The bank has branch facilities in Oklahoma, Texas, Tennessee, North Carolina, South Carolina, California, and Delaware. FSNB primarily serves the banking needs of the military community. Included in this are the military

communities of active duty, retired military, civil service personnel, or their dependents serving or working on the military installations of Fort Sill, Oklahoma, Sheppard Air Force Base, Texas, Marine Corps Recruit Depot, Parris Island, South Carolina, Dover Air Force Base, Delaware, Camp Lejeune/Camp Geiger/Camp Johnson/New River Air Station, and Fort Bragg, North Carolina, and Marine Air Ground Task Force Training Command, Twentynine Palms, California. A Service center is located near Camp Pendleton, California. FSNB is also serving to meet the needs of the following communities in which the bank has Wal-Mart and stand alone branches that are not located on a military installation, which include the cities of Jacksonville, Wilmington, Hope Mills, Fayetteville, Spring Lake, Rockingham, Wake Forest, Raleigh, and Mebane, North Carolina, Hermitage, Clarkville, Covington, Antioch, Nashville, Murfreesboro, Gallatin, Millington, Knoxville, White House, Oakland, Cookeville, Clinton, Athens, Johnson City, Kingsport, and Elizabethton, Tennessee, and Lawton, Oklahoma.

The table below provides detailed information regarding FSNB’s branch locations:

Fort Sill National Bank Branch Locations			
State	Location	Address	City
Oklahoma	Sheridan Road	Sheridan Rd., Bldg. 3282	<i>Fort Sill Post</i>
	AAFES Main Exchange	1718 Macomb Rd.	
	Quarry Hill PX	6036 Bessinger Rd.	
	Welcome Center	4700 Moway Rd., Room 127N	
	Main Bank	1647 Randolph Rd.	Lawton
	Annex	511 S.W. A Ave.	
	Lawton West	6212 W. Cache Rd.	
Texas	Sheppard Bank	Bldg 200 - 2 nd and East Ave.	<i>Sheppard AFB</i>
	AAFES Main Exchange	Bldg 220 Community Center Dr.	
Delaware	Main Bank	Bldg 267, Tuskegee Dr.	Dover AFB
	AAFES Main Exchange	Bldg 266 Galaxy Ave.	
South Carolina	Parris Island Bank	Bldg 292, Boulevard DeFrance	<i>Paris Island -Marine Corps Recruit Depot</i>
North Carolina	Wal-Mart	2025 N. Marine Blvd.	Jacksonville – <i>Camps Lejeune, Geiger, & Johnson</i>
	Marine Corps Exchange	Curtis Rd & Schmidt, Bldg AS-4040	
	College Plaza	461 Western Blvd., Ste. 116	Jacksonville
	Wal-Mart	5226 Sigmon Rd.	Wilmington
	Wal-Mart	5135 Carolina Beach Rd.	
	New Centre	4720 New Centre Dr., Unit B	
	Wal-Mart	3030 N. Main	Hope Mills
	Wal-Mart	1550 Skibo Rd.	Fayetteville
	Yadkin Road	6243 Yadkin Rd., Ste. 102	
	Wal-Mart	7707 S. Raeford Rd.	
	Reilly Road	163 N. Reilly Rd.	

Fort Sill National Bank Branch Locations

State	Location	Address	City
North Carolina	Wal-Mart Bragg Blvd.	670 Lillington Hwy. 501 N. Bragg Blvd.	Spring Lake
	Wal-Mart	2114 S. Main St.	Wake Forest
	Wal-Mart Wal-Mart	4431 New Bern Ave. 1725 New Hope Church Rd.	Raleigh
	Wal-Mart Broad Ave.	720 US Hwy 74 Business East 1300 E. Broad Ave.	Rockingham
	Wal-Mart	1318 Mebane Oaks Rd.	Mebane
California	Main Bank	Bldg 1515, Brown St.	Twentynine Palms
	Service Center	3825 Mission Ave., Ste. D9	<i>Camp Pendleton</i>
Tennessee	Wal-Mart	3035 Hamilton Church Rd.	Antioch
	Wal-Mart	2315 Madison St.	Clarksville
	Wal-Mart	201 Lanny Bridges Ave.	Covington
	Wal-Mart	4424 Lebanon Pike	Hermitage
	Wal-Mart Wal-Mart	7044 Charlotte Pike 5520 Nolensville Pike	Nashville
	Wal-Mart Wal-Mart	2000 Old Fort Parkway 2900 S. Rutherford Blvd.	Murfreesboro
	Wal-Mart	1112 Nashville Pike	Gallatin
	Wal-Mart	8445 Hwy 51 North	Millington
	Wal-Mart	6777 Clinton Hwy.	Knoxville
	Wal-Mart	222 Wilkinson Lane	White House
	Wal-Mart	105 Chickasaw Ridge Dr.	Oakland
	Wal-Mart	768 S. Jefferson Ave.	Cookeville
	Wal-Mart	168 Obed Plaza, Ste. 104	Crossville
	Wal-Mart	150 Tanner Lane	Clinton
	Wal-Mart	1815 Decatur Pike	Athens
	Wal-Mart Wal-Mart	3111 Browns Mill Rd. 2915 W. Market St.	Johnson City
	Wal-Mart Wal-Mart	3200 Fort Henry Dr. 2500 W. Stone Dr.	Kingsport
	Wal-Mart	1001 Over Mountain Ave.	Elizabethton

FSNB's primary business focus is to provide a wide range of consumer loan products and services to meet the needs of the military community. A predominant amount of the bank's deposit and loan accounts are to enlisted military personnel whose incomes are considered low-to moderate in relation to the 2007 U.S. Median Household Income of \$50,233.

As of December 31, 2008, the bank reported total assets of \$295 million with Tier 1 capital of \$44 million. Loans totaled \$82 million and represent 28 percent of total assets. Approximately 77 percent of the bank's loans are consumer loans. The table below illustrates the banks distribution of loans by major loan types, as of December 31, 2008:

Loan Category	\$ (000)	%
Commercial Real Estate	\$11,820	14.48
Residential Real Estate	\$23,559	28.86
Commercial and Industrial	\$337	0.41
Individual Loans	\$39,181	48.00
Other	\$6,738	8.25
Total	\$81,635	100.00

There are no legal or financial impediments to prevent the bank from meeting the credit needs of the military community and assessment areas. The bank received an overall rating of “Outstanding” at the last Community Reinvestment Act evaluation dated February 23, 2004.

A community contact was conducted during this review to help ascertain the credit needs of the Lawton community. The contact felt that the local economy is stable and benefits from continued growth from Fort Sill Army Post. Retail sales are holding but the real estate market has slowed. There continues to be new industries and businesses locating to the Lawton area and surrounding municipalities. According to the contact, the immediate credit need will be affordable housing and infrastructure to handle upwards of 12,000 in army personnel to be relocated to Lawton as a result of the Air Defense Artillery School coming to Fort Sill from Fort Bliss, El Paso, Texas. The contact stated the local banks are very involved in community development opportunities.

DESCRIPTION OF ASSESSMENT AREAS

FSNB operates 54 full service branches and one Service Center located throughout the United States, both on and off military installations. The bank has branch facilities in Oklahoma, Texas, Tennessee, North Carolina, South Carolina, California and Delaware.

FSNB defines its AA as all active duty, retired military, civil service personnel, or their dependents throughout the world. The CRA regulation allows this option to bank’s whose business predominately consists of serving the needs of military personnel or their dependents that are not located within a defined geographical area. With regard to the Wal-Mart branch locations, FSNB has designated the city in which the Wal-Mart branch is located as the applicable AA. Refer to the table above under “*Description of Institution*” for a detailed listing of Wal-Mart branch locations and their applicable assessment area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The bank’s performance under the Lending Test is rated “**Outstanding**”.

Loan-to-Deposit Ratio

FSNB's loan-to-deposit ratio is reasonable and meets the standard for satisfactory performance when considering performance context issues. FSNB is primarily a consumer lender offering several small dollar loan products to the military and Wal-Mart customers with loans starting at as little as \$500. As a result, FSNB's loan-to-deposit ratio will not be as favorably impacted as the comparable banks below, which have larger commercial loan portfolios. Therefore, more weight was placed on the number of loans originated than the dollar amount of loans. Lending volume in terms of the number of loans originated is significant. FSNB originated 10,197 loans totaling \$48,441 million in 2007 and 6,059 loans totaling \$31,017 million in 2008. The average dollar amount of loans originated during those years was less than \$5,000.

FSNB's loan-to-deposit ratio at December 31, 2008 was 32.88 percent. The bank's average quarterly loan-to-deposit ratio from March 31, 2004 through December 31, 2009 was 30.94 percent. This average was compared to the average of three similar military banks with total assets between \$200 million and \$900 million, for the same time period. These averages are listed in the following table:

Loan-To-Deposit Ratios		
Institution	Total Assets \$000's (As of 12/31/08)	Average Loan –to- Deposit Ratio
Fort Hood National Bank, TX	215,820	19.23%
Fort Sill National Bank, Lawton, OK	295,097	30.94%
Armed Forces Bank, N.A., Ft Leavenworth, KS	866,323	66.23%
First National Bank of Midwest City, OK	358,850	51.50%

Source: Institution Reports of Condition from March 31, 2004 to December 31, 2008

Lending in Assessment Area

According to Regulation BB, section 228.41(f), a bank whose business predominately consists of serving the needs of military personnel or their respective dependents who are not located within a defined geographic area may consider its entire deposit customer base as its assessment area. The bank serves a military community of depositors consisting of active duty and retired personnel and their dependents. Customers of FSNB reside at various locations throughout the United States and at United States military installations throughout the world. Therefore, the bank's record of lending to any defined geographic AA was not evaluated.

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

FSNB’s borrower distribution of vehicle and unsecured consumer loans is excellent and exceeds the standard for satisfactory performance. The 2007 U.S. median household income of \$50,233 was used to determine low, moderate, middle and upper-income household levels within the United States.

As depicted in the table below, the percentage of the number of vehicle loans extended to low-income borrowers exceeds percent of low-income households in the United States and the percentage of the amount of vehicle loans extended to low-income individuals is near to the percentage of moderate-income households in the United States. The number and dollar amount of vehicle loans extended to moderate-income borrowers significantly exceeds the percentage of moderate-income households in the United States.

Military Borrower Distribution of Vehicle Loans								
Borrower Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Households ²	24.86%		18.73%		16.73%		39.68%	
Vehicle Loans	% of Number	% of Amount						
Totals	27.68%	23.08%	32.63%	32.18%	25.39%	26.56%	14.30%	18.18%

Source: Vehicle loans originated in 2007- 2008..

As depicted in the table below, the percentage of the number and amount of unsecured loans extended to low-income borrowers significantly exceeds the level of low-income households in the United States. The percentage of the number of unsecured loans to moderate-income borrowers is less than the percentage of moderate-income households in the United States. The percentage of the dollar amount of unsecured loans to moderate-income borrowers significantly exceeds the percentage of moderate-income households in the United States.

Military Borrower Distribution of Unsecured Loans								
Borrower Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Households ²	24.86%		18.73%		16.73%		39.68%	
Vehicle Loans	% of Number	% of Amount						
Totals	30.96%	62.79%	14.29%	29.88%	51.97%	6.12%	2.78%	1.21%

Source: Loan sample of 2007- 2008 unsecured loans.

The tables below reflect the annual basic pay ranges for enlisted personnel and officers as compared to the 2008 U.S. median family income (MFI) of \$67,019. The tables reflect only basic pay and exclude housing and other benefits. The basic pay ranges are based not only on rank, but on years of service. As the tables illustrate, enlisted service members and the lower ranked officers are far more likely to be classified as low- or moderate-income. No numbers were available to show the actual percentage of enlisted personnel as compared to officers; however, the organizational structure of the military dictates that enlisted personnel would far outnumber officers.

2008 Military Basic Pay – Enlisted		
<i>Pay Grades</i>	<i>Annual Basic Pay Ranges</i>	<i>Income-Level</i>
E-1 to E-5	\$16,164 to \$32,664	Low
E-6 to E-7	\$25,128 to \$52,212	Low to Moderate
E-8 to E-9	\$41,796 to \$79,260	Moderate to Middle

Source: Office of the Secretary of Defense

2008 Military Basic Pay – Officers		
<i>Pay Grades</i>	<i>Annual Basic Pay Ranges</i>	<i>Income-Level</i>
O-1	\$30,672 to \$38,580	Low to Moderate
O-2	\$35,328 to \$48,888	Moderate
O-3 to O-4	\$40,889 to \$77,652	Moderate to Middle
O-5	\$53,904 to \$91,572	Moderate to Upper
O-6	\$64,660 to \$114,468	Middle to Upper
O-7 to O-10	\$87,240 to \$172,200	Upper

Source: Office of the Secretary of Defense

Geographic Distribution of Loans

Because the bank’s AA is its entire deposit customer base and it has no defined geographic boundaries, a review of the geographic distribution of the bank’s loans was not conducted.

Responses to Complaints

There have been no consumer complaints regarding the bank’s Community Reinvestment Act

performance during the 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.